

# Close to our customers

Annual Report and Group Financial Statements 2023/2024



# We deliver customer experiences built around ease, choice and understanding

This is how we live our purpose of helping families get more out of life.

#### **ABOUT US**

With annual revenue of £2.13bn, The Very Group is the largest UK-headquartered pureplay digital retailer and flexible payment provider.

We're here for the millions of online shoppers in the UK and Ireland – and especially for families. We combine over 2,000 famous brands across electrical, home, fashion and more, with a simple online experience and flexible ways to pay provided via our Very Pay platform. We receive 1.4m daily website visits from our 4.3m Group-wide active customers across the UK and Ireland, delivering nearly 45m items annually.



Find out more: www.theverygroup.com



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#### **GOVERNANCE**

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**FY24 HIGHLIGHTS** 

# Operating and financial highlights

**GROUP REVENUE** 

 $\pm 2,125.3$ m

(-1.0% YoY) – resilient top line performance with underlying retail performing ahead of the market<sup>1</sup>

FY20 FY21 FY22 FY23 **OPERATING COSTS AS % OF REVENUE** 

23.2%

(FY23: 24.0%. -0.8%pts YoY)



**ADJUSTED EBITDA<sup>2</sup>** 

£280.1m

(+1.3% YoY) – supported by strong cost control and improved gross margin performance



£264.4m £300.5m £291.4m £276.5m

£2.050.7m

£2.317.1m

£2,148.3m

£2,147.0m **£2,125.3m** 

#### ADJUSTED EBITDA MARGIN

13.2%

(+0.3%pts YoY)



3.7<sub>m</sub>

Very UK total active customers (0.0% YoY)

100%

renewable energy usage at our highly automated fulfilment centre

£435.0m

Group Very Finance revenue (+3.1% YoY)

21 minutes

fastest order processed at Skygate distribution centre

2,000

brands across fashion, home, electrical and more 44.8m

items delivered

40

our best ever Group net promoter score (NPS) 4/5

Glassdoor rating

Online non-food market, as per Company analysis of third party data.
 Adjusted EBITDA is defined on page 18 within the Financial Review.

**BRANDS OUR CUSTOMERS LOVE** 

# Our business at a glance



Representing 86% of Group revenue (FY23: 85%), Very UK is our flagship brand serving millions of families. Through our websites and dedicated app, customers can find products for almost all areas of life.

**VERY UK NPS** 41

(+7.9%)

**VERY UK REVENUE** £1,836.9m (+0.7%)

**VERY UK RETAIL SALES<sup>1</sup>** £1,403.5m (-0.9%)FY20 £1,229.6m FY21 £1,535.6m FY22 £1,417.3m £1,416.7m FY23 £1,403.5m **VERY UK TOTAL ACTIVE CUSTOMERS 3.68**<sub>m</sub> (0.0%)

## Littlewoods.com

The Very Group also operates



Littlewoods UK and Very Ireland. Established in 1923, Littlewoods is a family-focused digital store that continues

to serve a loyal customer

base. Very Ireland is amongst Ireland's largest pureplay digital

retailers and has traded in the country for over 40 years. **COMBINED REVENUE<sup>2</sup>** 

£288.4m

(-10.7%)

#### **COMBINED RETAIL SALES<sup>1, 2</sup>**

£258.9m

(-9.3%)



- Retail sales is on a management accounts basis and therefore excludes certain other adjustments. As such, it differs from the sale of goods as presented in note 4 of the accounts.
- 2 Combined figures comprise those for Littlewoods UK and Very Ireland.

#### PREPARING FOR THE FUTURE

# Chair's review



With our business-wide transformation supporting a customer-led strategy, we look to FY25 with confidence."

NADHIM ZAHAWI CHAIRMAN



# A GREAT COMPANY TO BE PART OF

I was delighted to be asked to become Chair of The Very Group ('the Group') and join the Board following the departure of Dirk Van den Berghe in December 2023, with Aidan Barclay acting as chair in the interim.

I would like to thank both Dirk and Aidan for their stewardship during their tenures. I look forward to using my experience in innovation and digital growth to oversee the exciting strategic opportunities ahead for the Group, whilst working alongside the management team as they further develop and grow the business.

#### **OUR NEW GROUP CEO**

On 9 April 2024, Robbie Feather was appointed Chief Executive Officer of the Group, succeeding Lionel Desclée, who left to pursue other opportunities. On behalf of the wider business, I would like to thank Lionel for his leadership over the past two years.

Having initially joined The Very Group in 2021, and before being appointed CEO, Robbie led the Group retail team, recently overseeing the development of the Company's successful new brand platform. He is steeped in retail experience and previous appointments include CEO of Fenwick and Commercial Director of Argos, during which time he oversaw the digital transformation of the business and led the commercial team.

His experience means he has an extensive understanding of both the business and the sector in which we operate.

There have also been a number of changes to the Group's Executive team through internal promotions. These changes set us up well for the next stage of growth.



Information on these can be found within the CEO Report on pages 5 to 6.

#### **GOVERNANCE**

My appointment as independent chair and the appointment of Nick Beighton and Paul O'Donnell as Non-Executive Directors after the FY24 year-end further strengthen the Group's Board, as well as the Company's well-formed governance framework. Good governance is critical to running a successful and sustainable business and adds value for both our customers and shareholders.

#### **OUTLOOK**

The headwinds faced by customers and the industry across recent years remain relevant as we turn toward FY25. However, The Very Group's rich history demonstrates how our resilient business model can perform strongly even during challenging economic periods. With our business-wide transformation supporting a customer-led strategy, we look to FY25 with confidence.

#### **FIND OUT MORE**





**PUTTING CUSTOMERS FIRST** 

# CEO's review of the year



Having resiliently navigated a challenging year for the UK retail market, we can look back at our FY24 performance with pride."

ROBBIE FEATHER
GROUP CHIEF EXECUTIVE



#### **REFLECTING ON THE YEAR**

I am delighted to have been appointed Chief Executive Officer, having led The Very Group's retail team since 2021. Ours is an exciting organisation to be part of, with brilliant people at its heart. I am committed to working with all of our Very colleagues as we continue to transform our business, delight our customers and deliver sustainable growth in the primary business, Very UK.

Our unique and resilient business model, combining multi-category digital retail with flexible ways to pay continues to prove relevant for our customers in light of the ongoing cost of living crisis. Faced with higher costs, we know they have been more careful about how and where they spend their money. By keeping our customers at the centre of everything we do, we continue to meet their needs, whether through enhancing our digital customer experience, adding further flexibility to our payment methods, or building even stronger relationships with brands to offer the best range of products for our families.

Our business counts its loyal customer base of 4.3m, market leading fulfilment and financial services propositions, and our large customer dataset as important strengths. I am confident that in the coming years, we can build further on these strengths, as well as finding new ways to provide ease, choice and understanding for the families we serve.

# CONTINUED RESILIENCE IN A CHALLENGING ENVIRONMENT

We are reporting resilient results for FY24 despite ongoing economic headwinds, underpinned by our colleagues' relentless focus on serving our customers.

The investments we have made in the digital customer experience have contributed to a record net promoter score of 40 and we have also maintained our active customers year-on-year, showing the changes we are making are working.

In a challenging market which contracted over the financial year, we recorded Group revenue of £2,125.3m (FY23: £2,147.0m), a decrease of 1.0% year-on-year. Within this however is growth in Very UK of 0.7% to £1,836.9m (FY23: £1,824.1m). This reflects not only a robust retail performance that remained ahead of the UK online non-food retail market, but also a strong Very Finance performance.

The Very Finance performance reflects growth in the Group average debtor book of 2.3% year-on-year to £1,753.1m (FY23: £1,713.3m), whilst the Very UK book grew 4.5% to £1,500.5m (FY23: £1,436.2m). Gross margin grew 0.2%pts to 35.6%, driven by the performance of the Very Finance business and an improved bad debt result.

We have delivered adjusted EBITDA of £280.1m (FY23: £276.5m), and an adjusted EBITDA margin of 13.2% (FY23: 12.9%).

Loss before tax of £15.8m in FY24 (FY23: profit before tax of £4.6m) is driven by heightened interest costs in FY24 as a result of the impact of the Bank of England's base rate and the resulting increase in SONIA.

We will manage the cost of interest in FY25 by continuing to focus on investment-led growth, effective working capital management, and considered cost reduction.

#### **FIND OUT MORE**







#### **PUTTING CUSTOMERS FIRST**

### **CEO's review of the year** (continued)

# PREPARING FOR FUTURE GROWTH

To ensure we are best placed operationally for the future, during the year we have made a number of changes to our executive team via internal promotions.

Previous Chief Risk Officer Nick McBrien has been promoted to be Chief Executive Officer of Financial Services, whilst Trading Director Sam Wright has been promoted to Chief Commercial Officer.

Chief Marketing Officer Jess Myers was promoted to the position of Chief Customer Officer and is now responsible for marketing and the entire digital customer experience, whilst Deputy Chief Financial Officer Ed Fry has been promoted to Group Finance Director and will work alongside Ben Fletcher in his role as Chief Finance and Transformation Officer.

We have also made additions to The Very Group's Board composition as a result as our new partnership with global investment firms Carlyle and IMI.



You can read more about this within the Chair's review on page 4.

#### **CUSTOMER-FOCUSED STRATEGY**

At The Very Group, we know our customers inside and out and we have consistently transformed to meet their needs.

Our continued ambition is to build a one stop shop where our customers can access our wide-ranging assortment covering almost all areas of life, with the convenience of our flexible ways to pay.

We help families get more out of life through our three strategic pillars – ease, choice and understanding.

Having played a part in shaping this customer led approach in my previous role as Retail Director, I am fully supportive of our current strategy and strive to further build on the milestones already achieved by previous CEO Lionel during his tenure.

#### **INVESTING IN OUR PROPOSITION**

# EASE: BUILDING A BEST-IN-CLASS PLATFORM

Work continues on our biggest ever technology transformation, as we move the business onto our new ecommerce platform.

This means more flexibility and scalability in introducing new innovations and being able to make customer experience changes faster and more frequently than ever before.

During the year we also rolled out artificial intelligence ('Al') powered product discovery across the Very website and app, and launched a new app for our Very Ireland brand. And as they use our new app, customers in Ireland can now access more flexible ways to pay, with the launch of Take 3 for Very Ireland.

# CHOICE: BRINGING THE BEST BRANDS TO OUR CUSTOMERS

This year we have added even more new brands to our retail offering including Fashion and Sport brands such as Veja and Oakley, as well as H Samuel and Rituals in Toys, Gifts & Beauty.

Within Very Finance, we are using our data and customer insight to better understand how the people we serve use our flexible ways to pay. This will allow us to offer bespoke flexible payments products to different customer cohorts.

# UNDERSTANDING: TURNING DATA INTO INSIGHTS AND ACTION

Our understanding of our customers is critical to our ability to deliver on our purpose. Insight derived from our rich dataset informs our decisions, from choosing our retail assortment, to how we market, and how we manage risk.

This customer understanding underpinned our new brand platform, 'Let's Make it Sparkle', which launched with our festive ad, ranked as the second most persuasive of Christmas 2023 by market research company Kantar. We will continue to build on the success of our new brand platform with 'Haus of Flamingo', our new fashion marketing proposition set to showcase some of the great products we have on offer within this category.

We also continue to embrace data science, machine learning and AI to improve how we deliver the right promotions and pricing at the right time, as well as ensuring we are replenishing the right stock at the optimum time to meet demand.

#### **SUMMARY**

Having resiliently navigated a challenging year for the UK economy and the retail market, we can look back at our FY24 performance with pride. It reflects the tireless work of our people and the inherent strength of our model, as well as the benefits of our customer-focused investment and the decisions we made to manage the external environment.

As we know from experience, the landscape in which we operate can change rapidly, and we cannot be complacent. We will continue to closely monitor the world we operate in, and remain responsive to changes, enabled by investment in our technology and systems. We will also continue to enhance our customer proposition, building on our pillars of ease, choice and understanding.



You can read more about this within our case study on pages 11 to 12.



#### AN INTEGRATED MODEL TO SERVE OUR CUSTOMERS

# Our business model

#### **OUR BRANDS AND BUSINESS**

Our business model brings together a compelling retail offer with flexible ways to pay, providing a valuable proposition for our customers, building strong relationships.

Our flagship brand, Very UK, serves millions of families through our website and dedicated app and is supported by Littlewoods and Very Ireland.



Littlewoods.com

#### **ONGOING ENGAGEMENT TO DRIVE HIGHER RETENTION**

We retain customers, using data and predictive models to deliver compelling, helpful content to encourage repeat purchases.

#### **SEAMLESS DELIVERY AND RETURNS EXPERIENCE**

Our highly automated fulfilment centre supports 10pm cut off next day delivery, nominated delivery, and standard delivery services, as well as click-and-collect options.

#### **HOW WE CREATE VALUE**

#### **INCREASINGLY PERSONALISED** MARKETING EXPERIENCE

Serving up timely, relevant marketing messages to customers, increasingly enabled by data, machine learning, and AI.



**HELPING FAMILIES GET** MORE OUT OF LIFE



#### THE VERY PAY PLATFORM

Our FCA-regulated flexible ways to pay – which are supported by advanced credit decisioning - allow customers to buy now, pay in three, buy now pay later, or pay monthly.

#### **USER CENTRIC ECOMMERCE PLATFORM**

Supported by the ongoing migration of our website and app customer journeys to our new ecommerce platform. and enhancements like Al-powered product discovery.

#### **CURATED MULTI-CATEGORY OFFERING**

Over 2.000 famous brands across Electrical. Home. Fashion & Sports, and Toys, Gifts & Beauty, as well as our own labels.

#### THE VALUE WE CREATE

#### FOR CUSTOMERS

40 (FY23: 36)

Group net promoter score in FY24



Read more in the Strategy in Action case study.

#### FOR OUR PEOPLE

4/5 (FY23: 4/5)

Glassdoor rating



Read more in People and Culture.

#### FOR OUR COMMUNITIES

10,223

Workers supported in our supply chain via education projects

Read more in the Sustainability section.

#### FOR THE ENVIRONMENT

-67%

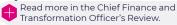
Reduction in Scope 1 and 2 emissions in FY23 compared with FY21 baseline

Read more in the Sustainability section.

#### FOR OUR FINANCIAL STAKEHOLDERS

£280.1m (FY23: £276.5m)

#### Adjusted EBITDA in FY24





#### A STRATEGY BUILT AROUND THE CUSTOMERS WE SERVE

# **Our strategy**

For over 100 years, we have been there for families, and as the way our families shop has changed, so have we. From catalogues, to bricks, to clicks, to mobile, we have consistently transformed to meet their needs.

As technology has advanced and the retail landscape has evolved, customers have more choice than ever as to where to spend their money.

And that means to fulfil our purpose of helping families get more out of life, we need to work harder to stand out. We believe we can do this by bringing to our families a brilliant customer experience, a curated range of products with market-leading flexible payment options, and a proposition that shows we truly understand and value them.

We already serve millions of customers in the UK, but there are still plenty of families in our core segment we can support by strengthening our proposition.

We will continue to improve what we do by focusing on ease, choice and understanding. All of this will be underpinned and delivered by our passionate colleagues, who are closer than ever to the customers we serve.

Our strategy doesn't just benefit the customer. We believe that an outstanding purpose delivering better service to customers also promises a more fulfilling experience for our people, and better growth and returns for suppliers and shareholders. This is underpinned by the transformation of our technology, as well as our commitment to ESG, which will help families get more out of life for generations to come.



Read more about how we support our colleagues on pages 13 to 14.



Read more about our ESG strategy on pages 26 to 38.



Read how we put our strategy in action on pages 11 to 12.

#### **OUR PURPOSE**

#### HELP FAMILIES GET MORE OUT OF LIFE

#### **FOR FAMILIES**

The most flexible ways to pay for all the brands, products, and services they want and need within a seamless digital experience.

#### **FOR BRANDS**

Be the smartest way to access families.

#### **OUR STRATEGY**

#### TO ACHIEVE OUR AMBITION, WE ARE FOCUSED ON THREE THINGS

#### FASE

Brilliant customer experience - from shopping on our app to receiving our products.

#### CHOICE

Best **assortment** of products and services curated for families, with marketleading payment options.

#### UNDERSTANDING

Showing we understand our customers better than anyone else.



**EASE** 



#### A STRATEGY BUILT AROUND THE CUSTOMERS WE SERVE

### **Our strategy** (continued)

#### **ACHIEVEMENTS IN FY24**

#### MIGRATION TO SKYSCAPE

#### Skyscape is the new platform that supports our business. It makes it easier for us to team up with best-in-class tech partners to bring a cutting-edge retail experience to our customers. Approximately 50% of our web traffic now flows through our new platform.

#### **ENHANCED PRODUCT DISCOVERY**

We have extended the use of artificial intelligence across the product discovery aspects of our customer journey. Now, customers benefit from more intelligent auto-suggest, and enhanced personalisation in their search results, meaning they find the right product faster and easier than before.

#### **VERY IRELAND APP**

We have launched a new app for our Very Ireland brand, bringing key features such as biometric login and augmented reality shopping to our Irish customers for an easier and more rewarding shopping experience. And as they use our new app, customers in Ireland can now access more flexible ways to pay, with the launch of Take 3 for Very Ireland.

#### CHOICE

#### **EVER-GROWING RETAIL ASSORTMENT**

We continued to expand our retail assortment so customers have more choice than ever. In particular, we brought in a number of new brands in Sports, such as Oakley and Veja, and in Fashion, such as Seasalt Cornwall and Diesel.

#### **CHOICE IN DELIVERY**

At the end of FY23 we introduced an enhanced next day home delivery service alongside standard home delivery. Following its success, in FY24 we introduced a two-speed click and collect service, giving customers the choice of standard or next day for when home delivery doesn't suit.

#### **VERY PLANS**

We are using our data and customer insight to better understand how the people we serve use our flexible ways to pay. This in turn will allow us to offer more bespoke flexible payment products to different customer cohorts. This year, we have trialled how we can use targeted minimum order values to drive a more efficient use of buy now pay later products.

#### **UNDERSTANDING**

#### **AMPLIFYING CUSTOMER VOICES**

Our new real-time customer feedback system means we can react to pain points in the customer experience faster than ever. This has supported our record-breaking customer satisfaction score in FY24.

Read more about this on pages 11 and 12.

#### A DISTINCTIVE NEW MARKETING CAMPAIGN

Our customer understanding underpins our new brand marketing campaign. This was kicked off with 'Let's Make it Sparkle' across the Golden Ouarter. Kantar ranked it as the second most persuasive advert of Christmas 2023, and customer feedback shows it resonated with them too, giving us confidence for future campaigns.

#### A MORE INTELLIGENT RETAIL OPERATION

We are embracing data science, machine learning and artificial intelligence to improve how we deliver on key retail fundamentals. In FY24 we stepped up how we combined this modern technology with our rich customer understanding, meaning we are better able to deliver the right promotions and pricing at the right time, or ensure we are replenishing stock in plenty of time to meet demand.



#### A STRATEGY BUILT AROUND THE CUSTOMERS WE SERVE

### Our strategy (continued)

#### **AMBITIONS FOR FY25**

#### **EASE**

We will continue to migrate our systems onto our new platform, bringing the benefits of our tech partnerships to more customers. Our ambition is to have completed this migration to Skyscape by the end of FY25.

We will also continue to see the development and uptake of our app for Very Ireland customers.

Alongside the focus on delivery, we aim to bring digital returns to our customers, delivering a new level of ease to this part of the shopping experience.

#### CHOICE

We will bring new brands to our retail proposition, with a particular focus on Fashion, Sport and Home.

And in flexible payments, our Very Plans trials will continue, with new credit plans being a focus for FY25.

Finally, we will explore even more ways to diversify and strengthen our delivery options, with more choices being a focus for FY25.

#### **UNDERSTANDING**

We will continue to build on the success of our new flamingo brand marketing campaigns, with 'Haus of Flamingo' fully embedded across our Fashion communications ecosystem, driving sales in this higher margin category.

This will be supported by increased relevancy in our customer messaging, using our customer insight and understanding alongside ever-growing CRM capabilities.

And for suppliers and brand partners, we will bring them this insight alongside our leading suite of advertising solutions through Very Media Group, to build our position as a provider of leading retail media.



STRATEGY IN ACTION

# Closer than ever to our families

Our purpose is to help families get more out of life, and we do that through our strategic pillars of ease, choice and understanding. These pillars aren't independent; understanding our customers helps us know what ease and choice mean to them. And this customer closeness has helped us deliver our record-breaking net promoter score<sup>1</sup> in FY24.

# GIVING VOICES TO OUR CUSTOMERS

So how do we get close to the customer? Through our contact centres, as well as proactive feedback surveys, we are able to build a detailed picture of how our customers feel at any one time. This insight is brought together in our monthly customer listening forums attended by colleagues across the business so they can work to drive change and improve the experience.

Similarly, our customer committee brings together business leaders so they are regularly updated on the issues customers face. This means the customer voice is present at all levels, and their feedback can be reflected in everything we do.

#### FEEDBACK, EVEN FASTER

We already listen in a number of ways, but we're always looking to do more. We know that when customers respond to our experience surveys, they may be actually looking for support. But in the past, because of the delay in accessing the feedback, we couldn't provide the help they needed. That meant unhappy customers stayed unhappy, and we wanted that to change.

With the help of our partnership with Ipsos and the Medallia platform, we have real-time access to customer feedback. This means we can call dissatisfied customers straight away to better understand their feedback and work to help resolve the issues they are facing. This direct interaction also means we can provide a truer reflection of the customer voice in our customer forums, providing better insight and leading to better solutions.

 Net promoter score is a measure of customer loyalty and satisfaction and is one of our key performance indicators, as noted on page 15.



#### STRATEGY IN ACTION

# Closer than ever to our families (continued)

# CUSTOMERS SPOKE, WE LISTENED, AND NOW WE'RE ACTING

Our record-breaking net promoter score isn't just because we listen, but because we understand and act.

Skyscape, our new tech platform, is doing lots to improve the customer experience, including tackling key pain points we know our customers face. The nature of Skyscape allows us to choose best-in-class tech partners in each area of the customer experience rather than compromise with a one-size fits all approach. One such partner, Constructor, has brought artificial intelligence technology to our product discovery functions. This means the search function. auto-suggest and the sort order are shown using learning from customer behaviours to ensure the most relevant results are presented first. And it will continue to learn and improve, providing ever more personalised experiences for the customer.

Whether its resolving challenges in accessing accounts or bringing new levels of intelligence to the product discovery journey, Skyscape is directly addressing customer feedback. But it isn't just about finding the right product; we need to price it right too.

We know from our customer feedback that the investment we make in the pricing of key products directly improves sentiment in feedback surveys, whilst driving top line performance too.

And when the product has been purchased, customers have more choice than ever on delivery. Following the positive reception to our enhanced next day home delivery service introduced at the end of FY23, we have now rolled out next day click-and-collect pick up service to complement the existing standard offer, so customers have choice when home delivery doesn't work.

#### THE POWER OF UNDERSTANDING

Being close to the people we serve is more than just resolving pain points and improving the digital shopping journey. Customer-centricity sits at the heart of our strategy and all our operations, and customer insight informs everything we do.

A key example is our new brand platform, which kicked off with our Black Friday and Christmas campaigns and is rooted in our insight into the families we serve. Alongside our existing extensive customer dataset, we used mobile ethnography to truly get to know the people we would be communicating

with over the 'Golden Quarter'. Through WhatsApp chats, customers shared their thoughts, songs and photos, giving us unparalleled insight into how they felt.

The result was a uniquely identifiable campaign that resonated with customers, brand partners and industry experts alike. The 'Let's make it sparkle' campaign introduced our customers to our new brand characters Kerry, Terry and Cherry and their vivid animated world. This tapped into our customers' mindset, their vibrancy, zest for life, fun and a touch of glamour, whilst also reflecting the energy and spirit of Very as a retailer.

Across a number of customer measures such as brand awareness and attribution, as well as commercial and financial measures, the campaign was a huge success. In fact, market research company Kantar named it the second most persuasive Christmas ad of 2023. This is testament to the power of understanding our families.

# CONTINUING TO LISTEN AND LEARN

We know our customers well. But in the fast-paced, competitive world in which we operate, we can't sit still. To fulfil our purpose of helping families get more out life, we need to stand out by delivering an exceptional customer experience and proposition, built around ease, choice and understanding. To that end, we will continue to further our customer insight, and bring ourselves closer to the people we serve.

#### **FY24 GROUP NET PROMOTER SCORE**



I am pleased that our efforts to bring the customer's voice into everything we do has helped us deliver another record-breaking customer satisfaction score. We will continue to listen to the families we serve so we can provide the ease, choice and understanding they value."

JESSICA MYERS, CHIEF CUSTOMER OFFICER





A VALUES-LED COMMUNITY

# People and culture

#### SUPPORTING OUR PEOPLE

The commitment and passion of our people allows us to deliver for our customers and fulfil our purpose of helping families get more out of life.

At The Very Group, we're led by our five values:

**PROUD** 

TRUSTED

**TOGETHER** 

**INNOVATIVE** 

**AMBITIOUS** 

By embedding these values in everything we do, we create the best experience for our people and our customers. To be really effective, we continuously listen to our colleagues and react to the changing landscape, ensuring we always have a workplace that our people are passionate about and proud to be a part of.

#### LISTENING TO OUR COLLEAGUES

Through our colleague engagement programme, Voice, teammates are able to offer their views on themes including career progression, recognition, wellbeing and D&I via regular surveys.

86% of our people completed the last survey and our engagement score for the year was 7.5/10 versus a target of 7.3/10. This indicates that, overall, people find Very a positive place to work and our efforts to deliver greater ease, choice, and understanding for colleagues, just as we do for our customers, are paying off.

Our people labs are a key element of our engagement and colleague listening agenda. The labs are colleague-led groups that listen to teams and help enact change to create an even better working experience at Very. The 21 labs now have over 300 members, giving our people a continuous voice and, alongside our leaders, work with us to evolve our culture.

4 out of 5

Overall Glassdoor rating

**4.3** out of **5** D&I Glassdoor rating

#### LEARNING AND DEVELOPMENT

We are passionate about being a workplace that empowers people to be the best versions of themselves. Not only is this about ensuring everybody feels welcome, but also giving our colleagues the tools they need to learn and develop.

Education remains a big part of our D&I agenda, with mandatory e-learning modules on conscious inclusion and our Inclusion@Very programme, which gives colleagues access to 40+ practical online resources, including what inclusion is, the many ways we can be different, and how to be an inclusive teammate at Very.

Over the past year, our most senior leaders have also participated in a values-led leadership programme, ensuring that our values are rolemodelled and led from the top.

We also continued our partnership with Udemy Business, the world's leading online learning library, which continues to play an important role in empowering our people to learn and develop. This has provided access to over 22,000 courses on a variety of topics.

In a recent survey, over 93% of our Very learners reported Udemy Business to be helpful in supporting their growth. In the last 12 months, over 1,200 users have consumed content across 1,700 courses, equating to over 6,200 hours of learning.

The most popular courses include fine-tuning feedback and mentoring skills, and skills development across certified courses such as AWS Cloud Practitioner, Developer Associate and Solutions Architect Associate.

# TOWARDS OUR 2025 COMMITMENTS

This year, our customers, people and business have faced challenges. From high interest rates and the cost of living, to global unrest – it's been a challenging year for everyone. Despite those challenges, we've remained committed to our diversity and inclusion goals and ensuring our people feel welcomed, represented and valued.

Our diversity and inclusion efforts are reflected in our Glassdoor D&I rating, which stands at 4.3 out of 5. But we know more can be done, and we are working towards five 2025 commitments to help us become an even more inclusive place.





#### A VALUES-LED COMMUNITY

### People and culture (continued)

#### **OUR 2025 D&I COMMITMENTS**

- Very will be a more inclusive workplace with all colleagues feeling welcomed, represented and valued
- We'll have more females in our senior management roles at Very
- Our Very colleagues will represent the ethnic diversity of our nation and our local communities
- We'll have created employment opportunities at Very for under-represented groups in our local communities
- Very will have actively contributed to shaping diversity and inclusion in the industries we operate in



We empower our people to drive change and currently have eight colleague-led networks across the business, including LGBTQ+, WAVE (Women at Very), RAVE (Race at Very) and MIND (Mental Health at Very). During the year, the DAWN (Disability Awareness at Very) network was set up to recognise the value disabled people and carers give to our business and to encourage our colleagues to bring their whole selves to work.

In tandem with the creation of DAWN, this year Very became a 'Disability Confident Committed Employer'. In doing so, we formalised our commitment to an inclusive and accessible recruitment process, and providing opportunities for disabled people to demonstrate their skills and talents.

Furthermore, we will continue to anticipate and provide reasonable adjustments for disabled people and support existing employees who become disabled or develop longterm health conditions. During the year, we continued to celebrate cultural moments that matter to promote inclusivity and help build connections, including Pride, Race Equality Week, International Women's Day and Ageism Awareness Day.

We also launched the Very Inclusion Pledge to build allyship across the business and almost 800 teammates have signed the pledge to drive awareness of bias, exhibit role-model behaviour and be an advocate for others.

# HEALTH, SAFETY AND WELLBEING

The health, safety and wellbeing of our people is of paramount importance. Our H&S management system, comprising 34 policies, is endorsed by our Executive Committee and audited by the British Standards Institute to ISO 45001 standard.

To ensure our teammates feel at their best, we have resources to support their physical, mental, and financial wellbeing. Colleagues also have access to wellbeing support through our membership of the Retail Trust.

We continue to encourage open conversations and support mental health in the workplace. Our MIND network provides a forum for colleagues to raise awareness and understanding of mental health.

This year, we launched a mental health crisis guide to signpost support services and help colleagues recognise signs that someone else may be struggling. Our 'Let's Talk' podcast, first launched in 2023, continues to be a huge success, with employees tuning into episodes which focus on talking away the stigma around mental health.

Our people, workplace, and culture reflect the values of our business. It is because of them that we are able to live our purpose of helping families get more out of life. As the world changes, we will continue to evolve our approach to ensure everybody at The Very Group loves what they do and where they do it. Our people and their passion are what help us serve our customers.



# Key performance indicators

The Board uses a range of key performance indicators (KPIs) to measure the progress against our economic value model and wider business strategy. These include both financial and non-financial targets, which are aligned to our purpose and the pillars of our strategy.

Among our KPIs, we use alternative performance measures (APMs). APMs are not defined by IFRS and therefore may not be directly comparable to other companies' APMs. These are reconciled to equivalent statutory balances in the Financial Review (pages 16 to 19).

APMs should not be viewed in isolation, but as supplementary information.

#### NON-FINANCIAL

**GROUP ACTIVE CUSTOMERS** 

**4.3**m

(-1.4%)

4.41m
4.36m
4.30m

GROUP AVERAGE ORDER FREQUENCY

**4.4**<sub>X</sub>

(-2.2%)

FY22		
FY23		
FY24		
		_

**GROUP AVERAGE ORDER VALUE** 

£157.2

(+4.1%)

**BOOK** (APM)

FY22	£144.5
FY23	£151.0
FY24	£157.2

**GROUP NET PROMOTER SCORE** 

40

(+11.1%)



(LOSS)/PROFIT BEFORE TAX

£(15.8)m

FY23

#### **FINANCIAL**

**GROUP REVENUE** 

£2,125.3m

**VERY UK REVENUE** 

£1,836.9m

**VERY FINANCE REVENUE** 

£435.0m

(+3.1%)

**GROUP GROSS MARGIN** 

**35.6**% (+0.2%pts)

ADJUSTED FREE CASHFLOW POST FUNDING (APM)

**GROUP COSTS AS % OF REVENUE** 

£**67.4**m



(-0.8%pts)

(APM)

£117.2m £128.4m **£67.4m** 

4.7x

4.5x

4.4x

£1,500.5m



**VERY UK AVERAGE DEBTOR** 

£1,346.7m £1,436.2m **£1,500.5m** 

6.3%

5.9%

4.8%

GROUP BAD DEBT AS % OF DEBTOR BOOK (APM)

4.8%

(-1.1%pts)



£280.1m

**ADJUSTED EBITDA (APM)** 



£291.4m £276.5m **£280.1m** 

£63.9m

£4.6m

£(15.8)m



# Financial review



I am pleased to present a robust set of financial results for FY24, a year in which we have performed ahead of the market and achieved a record customer net promoter score."

#### **BEN FLETCHER**

**GROUP CHIEF FINANCE AND TRANSFORMATION OFFICER** 



#### **OVERVIEW**

In FY24, we demonstrated the resilience and adaptability of our business model. The macroeconomic backdrop remained challenging, with inflation and interest rates contributing to an ongoing cost-of-living crisis. This put pressure on household budgets and we know that customers and colleagues had to keep making difficult decisions around how they prioritised their spend.

Despite this, I am pleased to present a robust set of financial results for FY24, a year in which we grew our market share despite the difficult economic environment and again achieved a record customer net promoter score.

We have a consistent focus on the drivers of earnings, earnings quality and liquidity, and we consider our performance against the five aspects of our economic value model.

These are long-term revenue growth for Very UK, increasing the Very debtor book, improving return on assets and gross margin, and executing diligent cost control, which form part of the overall KPIs outlined on page 15.

Through continued investment in our proposition and improvements made to our operating model, our longer-term trajectory remains one of growth, with Very UK revenue up 0.7% year-on-year, with a 3.7% CAGR since FY20. This is a robust performance in the context of the wider online market, which has contracted in the year.

We also improved our gross margin rate to 35.6% from 35.4% in the prior year, despite operating in a promotional environment, and saw pre-exceptional operating profit growth of 17.1% compared to FY23. This is our best operating profit result since prepandemic trading in FY19.

Notably, we exercised diligent cost control, with costs as a percentage of revenue decreasing 0.8%pts to 23.2% which is the lowest level of costs relative to revenue the Group has ever achieved, despite inflationary pressures.

We also saw continued improvement in bad debt, which is evidence of the robust credit risk management we have continued to display over many years.

The continuation of heightened interest rates throughout the year was the primary driver of the loss before tax of £15.8m (2023: profit before tax of £4.6m), which has in turn contributed to adverse cashflow movements during the year. Since the FY24 year-end, we have seen the Bank of England base rate fall, a trend expected to continue throughout FY25.

#### **CUSTOMERS**

We are led by our purpose, to help families get more out of life, and our customers are at the heart of everything we do at The Very Group. FY24 was challenging for our customers as they continued to navigate the cost-of-living crisis and the impacts of inflation. Our decision to invest in our customer proposition to ensure they have access to the brands they love at a price that is right for them, coupled with the flexibility offered by our payment options, meant our business continued to prove attractive to families.

#### **GROUP REVENUE**

	FY24 £ m	FY23 £ m	Variance £ m	Variance %
Fashion & Sports	496.6	531.3	(34.7)	(6.5)%
Electrical	745.4	746.2	(0.8)	(0.1)%
Home	222.8	228.6	(5.8)	(2.5)%
Toys, Gifts and Beauty	197.6	196.2	1.4	0.7%
Total retail sales	1,662.4	1,702.3	(39.9)	(2.3)%
Other retail income <sup>1</sup>	27.9	22.6	5.3	23.5%
Total retail revenue	1,690.3	1,724.9	(34.6)	(2.0)%
Very Finance revenue	435.0	422.1	12.9	3.1%
Total Group revenue	2,125.3	2,147.0	(21.7)	(1.0)%

1 Other retail income comprises delivery income, vouchers and discounts and other revenue adjustments.



You can read more in the capital investments subsection or in the Strategy report.



### Financial review (continued)

#### **INCOME STATEMENT**

	FY24	FY23	Variance	Variance
	£m	£m	£m	%
Very UK	1,836.9	1,824.1	12.8	0.7%
Very Ireland	65.6	69.1	(3.5)	(5.1)%
Littlewoods	222.8	253.8	(31.0)	(12.2)%
Group Revenue	2,125.3	2,147.0	(21.7)	(1.0)%
Gross margin	757.4	760.3	(2.9)	(0.4)%
% margin	<i>35.6</i> %	35.4%	0.2%	
Distribution expenses	(202.4)	(214.4)	12.0	(5.6)%
Administrative expenses	(290.1)	(301.2)	11.1	(3.7)%
Depreciation and amortisation	(49.3)	(60.4)	11.1	(18.4)%
Other operating income	2.7	2.2	0.5	22.7%
Operating profit before exceptional items	218.3	186.5	31.8	17.1%
Net finance costs	(204.8)	(155.4)	(49.4)	31.8%
Profit before tax and exceptional items	13.5	31.1	(17.6)	(56.6)%
Exceptional items	(29.3)	(26.5)	(2.8)	10.6%
(Loss)/profit before tax	(15.8)	4.6	(20.4)	(443.5%)

#### **VERY UK RETAIL SALES MIX<sup>2</sup>**

	FY24 £ m	FY23 £ m	Variance £ m	Variance %
Fashion & sport	400.0	423.1	(23.1)	(5.5)%
Electrical	659.9	653.7	6.2	0.9%
Home	173.6	174.8	(1.2)	(0.7)%
Toys, Gifts and Beauty	170.0	165.1	4.9	3.0%
Very UK	1,403.5	1,416.7	(13.2)	(0.9)%

<sup>2</sup> Retail sales is on a management accounts basis excluding statutory adjustments and therefore differs to revenue from the sale of goods presented in note 4

During FY24 we served 4.3m active customers across the Group, which is testament to the strength of our customer proposition.

#### **SALES**

In a challenging market, we achieved Group sales of £2,125.3m, which is a decline of 1.0% compared with the prior year (2023: £2,147.0m).

Within this, Very UK revenue increased 0.7% year-on-year to £1,836.9m (2023: £1,824.1m), demonstrating our continuing positive trajectory and achievement on the first pillar of our economic value model, long-term Very UK revenue growth.

Group revenue also reflects Very Ireland, which saw a decline of 5.1% to £65.6m (2023: £69.1m) and Littlewoods, which declined 12.2% to £222.8m (2023: £253.8m).

#### RETAIL

At a Very UK category level, Electricals grew 0.9%, driven by good availability across categories and underpinned by strong performance in computing and gaming.

#### RECONCILIATION OF BAD DEBT CHARGE TO PROVISION MOVEMENT

	£ m	£ m
Charge	83.4	101.2
Written off bad debt recovered	31.7	24.2
VAT reclaimed	22.8	23.6
In year write offs	2.3	1.9
Provision movement	140.2	150.9

A small decline in home of 0.7% reflects growth in furniture and bed sales, which was offset by declines in the garden categories.

Fashion & Sports declined 5.5% in a heavily promotional environment, which represents a slowing of the decline seen in previous years.

Within this, we saw positive results for premium fashion, which grew 15.3% year-on-year.

Toys, Gifts and Beauty continued to perform strongly - particularly during our peak trading period, with growth of 3.0% in FY24 following strategic investment in inventory and pricing.

One of the key drivers of our improved net promoter score was pricing, showing that our investment was recognised and appreciated by our customers.

#### **VERY FINANCE**

The flexible payments arm of our integrated model saw growth in FY24, demonstrating the continued importance of our flexible ways to pay in helping our customers. Very Finance revenue increased by 3.1% to £435.0m (2023: £422.1m), as our Very Pay platform remained important to our customers in challenging times.

The Very UK average debtor book increased by 4.5% year-on-year, driven by our customer base.

Debtor book growth is a key element of our economic value model, and for good reason. Not only does it support revenue growth in the period, but with cautious management of credit risk and bad debt this will create future value as well.



### Financial review (continued)

#### **RECONCILIATION TO ADJUSTED EBITDA**

	FY24 £ m	FY23 £ m	Variance £ m	Variance %
Operating profit	189.0	160.0	29.0	18.1%
Adjusted for exceptional items	29.3	26.5	2.8	10.6%
Operating profit before exceptional items	218.3	186.5	31.8	17.1%
Adjusted for pre-depreciation and amortisation	49.3	60.4	(11.1)	(18.4)%
Pre-exceptional EBITDA	267.6	246.9	20.7	8.4%
Adjusted for: Fair value adjustments to financial instruments Foreign exchange translation movements IAS 19 pension adjustments SaaS accounting change	(2.7) (1.2) 1.2 15.2	8.6 3.4 1.8 15.8	(11.3) (4.6) (0.6) (0.6)	(131.4)% (135.3)% (33.3)% (3.8)%
Adjusted EBITDA	280.1	276.5	3.6	1.3%

Interest income increased 5.0% to £398.7m (2023: £379.7m) and grew by 0.5%pts as a percentage of the debtor book to 22.7%. Interest income increased as a result of the growing debtor book and the customer APR increases implemented at the start of the financial year.

Despite the economic conditions, we continued to see no signs of distress in the debtor book in any of the leading indicators we use to monitor our credit risk. Given the importance bad debt and Very Finance plays in our economic value model and earnings quality, the ongoing effort to improve and manage

our credit risk will remain paramount as we continue to face headwinds in the market.

#### **COSTS AND EARNINGS**

In FY24, we delivered Group gross profit of £757.4m in FY24 (2023: £760.3m), which represents an improved gross margin rate of 35.6% (2023: 35.4%). Driving this is the greater contribution from Very Finance income and an improving bad debt position.

This shows the importance of our integrated business model and the value in using our retail proposition to drive debtor book growth, providing higher margin Very Finance income in the longer run.

Effective cost-control is a longestablished competency of the Group and is a key aspect of our economic value model.

Despite the inflationary environment, we reduced operating costs as a percentage of revenue by 0.8% to 23.2%. which is the lowest level of costs relative to revenue the Group has ever achieved.

Breaking this down, our distribution costs decreased by 5.6% to £202.4m (2023: £214.4m), and as a percentage of revenue decreased by 0.5%pts. This reflects improved efficiency as a result of continued investment in our logistics and fulfilment operations, including the benefits arising from strategic changes in our delivery proposition.

Administrative costs also decreased by 0.4% as a percentage of revenue to £290.1m (2023: £301.2m), as a result of a number of cost saving initiatives implemented across the business.

As a result of this strong performance on costs, we delivered resilient, positive earnings with adjusted EBITDA of £280.1m in FY24. a 1.3% increase on the prior year (2023: £276.5m).

As a business, we have committed to achieving £20m to £30m of further cost savings by the end of FY25.

#### TAX

The loss after tax of £(24.4)m (2023: £(3.9)m) includes a tax charge of £8.6m, reflecting current tax of £1.4m and deferred tax of £7.2m. Cash tax of £0.9m was paid in the year.

#### **FINANCIAL POSITION**

Net assets were £155.1m (2023 restated<sup>3</sup>: £177.4m) with key movements set out below.

Our closing inventory is down on last year by £0.7m. As a business, we continue to focus on inventory and working capital management. Trade and other payables have decreased by 9.7% to £485.5m (FY23: £537.9m).

The strong performance of Very Pay has seen receivables from customers increase to £1,437.5m (2023: £1,421.3m) due to our growing debtor book (see Very Finance section earlier).

Accompanying this, securitisation borrowings have also increased to £1,504.7m (2023: £1,491.8m). The securitisation borrowings figure includes £20.5m (2023: £21.6m) relating to the

balance sheet receivables of Shop Direct Ireland Limited.

During the period, the UK securitisation facility was extended to January 2027 for the 'AS' and 'AJ' notes, increasing them by £50.0m without any changes to note margins. The UK securitisation has a total facility size of £1,635.0m. The Ireland facility has a total maximum commitment of €35.0m, which expires in July 2026.

During the year we announced a strategic partnership with Carlyle and IMI, which included access to £125m of funding, of which we had accessed £75m net of fees as at the FY24 vear-end.

The partnership is ongoing and will allow us to deliver against our business objectives in the coming years.

3 Refer to Note 2 Accounting Policies for prior period

### Financial review (continued)

#### RECONCILIATION TO ADJUSTED FREE CASH FLOW

	FY24 £ m	FY23 £ m
Adjusted EBITDA	280.1	276.5
Securitisation interest, SaaS and management fee	(129.9)	(95.5)
Adjusted EBITDA post securitisation interest	150.2	181.0
Net working capital movement:  Movement in inventories  Movement in trade receivables  Movement in prepayments and other receivables <sup>2</sup> Movement in trade and other payables  Movement in securitisation facility	0.7 (21.7) (39.1) (64.3) 12.9	6.4 (56.5) 7.5 - 50.1
Net working capital movement (post securitisation funding)	(111.5)	7.5
Fair value adjustments to financial instruments Capital expenditure	(0.9) (45.4)	- (60.1)
Adjusted free cash flow	(7.6)	128.4
Proceeds from partner funding	75.0	_
Free cash flow (post funding)	67.4	128.4
Dividend paid Interest paid (excluding securitisation interest) Income taxes (paid)/received Cash impact of exceptional items Management fees Cash paid to Parent Company (Repayments of)/draw downs from finance leases (Repayments of)/draw downs of bank loans Movement in revolving credit facility	(3.8) (64.6) (0.9) (28.4) (7.5) (8.6) (12.9) (7.0) 80.0	(15.0) (51.7) (0.8) (28.6) (7.5) (5.0) (11.5) (7.1) (5.0)
Net increase/(decrease) in cash and cash equivalents	13.7	(3.8)

#### **PENSIONS**

The Group operates a defined contribution pension scheme for all employees, the Shop Direct Group Personal Pension Plan. The pension cost charge for the period represents contributions payable in the period by the Group to the scheme and amounted to £8.1m (2023: £8.1m), with £0.6m (2023: £0.6m) outstanding at the end of the period.



More details can be found in note 25 of the accounts.

#### **CASH FLOW**

This year we saw an adjusted free cash outflow of £7.6m (2023: £128.4m inflow), which leads to free cash flow postfunding of £67.4m. This has generated net cash and cash equivalents of £53.3m (2023: £39.6m).

On a statutory cash flow basis, we have seen a cash inflow of £13.7m (FY23: £3.8m outflow), in part due to funding received from our partnership with Carlyle and IMI, offset by working capital movements and heightened interest costs.

Key working capital drivers include changes in the phasing of supplier rebates and increased marketing activity. A reconciliation to underlying cash flow is shown in the table to the left.

#### **CAPITAL INVESTMENT**

Fixed asset additions for the year totalled £45.4m (2023: £60.1m) across a number of business-as-usual and strategic investments. We continue to make progress on our biggest ever tech transformation project which began in FY22. This year we have invested a further £14.9m into our new Skyscape platform, which will allow us to stepchange our digital customer experience on our website and app.

Further investment has also been made in our delivery proposition, and during the year we updated our infrastructure to enable us to introduce a two-speed click and collect service, giving customers the choice of standard or next day for when home delivery doesn't suit. Other investments include updates to our promotional modelling to ensure our pricing remains competitive, and tailoring of our flexible payment methods to drive a more efficient use of our multiple ways to pay.

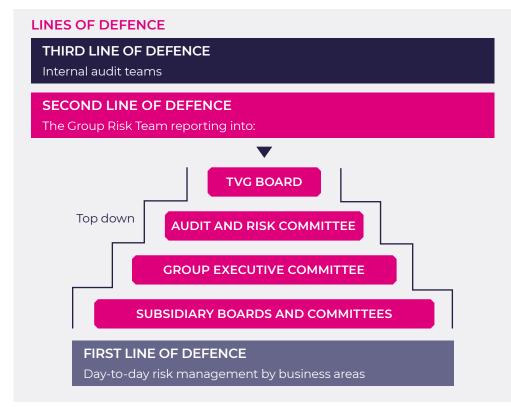




# Risk management and principal risks

The Very Group's Enterprise Risk Management (ERM) Framework has remained imperative to the Board in ensuring we are able to adapt to the challenges of a changing world.

The Group continues to see the benefit of its ERM approach. In FY24. the programme continued to help us to identify and monitor emerging risks, support effective decision-making and maintain resilience through a challenging economic period.



#### **RISK GOVERNANCE**

The Group Board has responsibility for risk management. Responsibility for assessing the identification, prioritisation, and appropriate mitigation of risks, as well as the ERM framework, is delegated to the Audit and Risk Committee. Accountability for the risk management of the entities authorised by the FCA remains within those entities.

The Group manages risk consistently across all business areas though the ERM programme. This forms the first line of its 'three lines of defence' model, which is underpinned with an integrated approach to assurance.

The model is owned by the Risk and Compliance Director and driven by the Group Risk Team, who form the second line of defence and challenge the business in respect of risk management activity, whilst providing insight and assurance to the Board and its committees. Moreover, specific areas of risk are owned by Executive team members, who are supported in turn by the Risk and Compliance Director and the Group Risk Team.

The third line consists of internal audit activity, which provides independent assurance over risk management activities. For more information on audit activities, read our audit report on pages 66 to 68.

#### **RISK STRATEGY AND CULTURE**

We have a forward-looking strategy for how we manage risk. This strategy is a core component of our ERM framework.

Our strategy for risk management is to:

- Ensure that the risk philosophy and culture of the Group are understood and embedded at all levels.
- Proactively monitor the level of inherent/gross and residual/net risk against our stated appetite and business objectives.
- Continually develop the ERM framework so that it remains valid for the Group's current and anticipated future state.
- Capture all new risks as they evolve, whether through new business initiatives, or changing market or regulatory conditions, and ensure that they are adequately measured and appropriately mitigated by the Group's policies and procedures.
- Ensure that growth and change are managed through a clearly defined expansion and integration plan.
- Support in ensuring compliance with relevant legislation.

To deliver our strategy we have set the following business-wide risk objectives:

■ Maintain a risk profile which supports the delivery of planned revenue and quality earnings growth while limiting earnings volatility.

- Ensure that as we grow the business, we maintain our strong control infrastructure.
- Ensure that we have the resources and skills to deliver the business plan.
- Ensure that our reputation is that of a trusted brand, market participant and business partner.
- Enhance our relationship with regulators through an embedded, effective risk and compliance culture throughout the business.

Risk management is designed to prevent threats which could impact strategic objectives whilst maximising how we exploit opportunities, thereby maximising shareholder value. A framework of hierarchical committees is in place to ensure appropriate oversight of all risk management activity, ensuring responsible individuals are able to agree and implement actions to manage risk within appetite limits agreed by the Board.

Supporting and overseeing the business and, in particular, Executive team members, in the adoption of risk strategy and the meeting of risk objectives are core functions of the Group Risk Team. A dedicated suite of key risk indicators (KRIs), underpinned by a portfolio of metrics, facilitate effective monitoring.



# Risk management and principal risks (continued)

The Risk Team supports each business area to define and implement appropriate risk governance activities as part of ongoing change and initiative implementation.

#### PRINCIPAL RISK CATEGORIES

Principal risks are the key risk categories applicable to the business and its ability to deliver on its strategy. The Group articulates its appetite in the context of the principal risks, and all lower-level risk activity feeds up into these top-level risks.

The Group has defined eight principal risk categories as follows:

- Credit risk: The risk of loss caused by the failure of a customer to meet their contractual obligations and repay their borrowings.
- Financial and liquidity: The risk we are unable to meet our obligations as they fall due or are adversely hit by market rate or price movements.
- Legal, regulatory and compliance: The risk that our culture, behaviour or actions lead to a failure to comply with legislation, regulators, or cause detriment to customers or the markets.
- Operational risk: Losses or disruption resulting from inadequate or failed processes, people and systems or from external events.
- Technology risk: The potential for a technology failure to disrupt the business.
- People risk: The risk that the business is not able to attract and retain the appropriate resource to deliver strategic objectives and/or meet regulatory expectations.

- Strategy risk: The threat to the Group's and its subsidiaries' ability to perform and execute its strategy resulting from decisions or internal or external events.
- Environmental, social and governance (ESG): An environmental, social, or governance event, or condition that, if it occurs, could cause a negative impact on the value of the business.

#### **CHANGES TO OUR RISK PROFILE** SINCE LAST YEAR

The inflationary environment and its impacts on our customers and our business have continued to create market uncertainty. However, the Group's business model has shown resilience throughout these and historic periods of market and economic stress, and as such our risk profile remains largely in line with FY23.

#### **KEY RISKS**

Beneath the principal risk categories, key risks have been identified, along with potential risk scenarios which could give rise to the risks materialising. The top ten key risks are tracked and reported against in the Group Audit & Risk Committee.





# Risk management and principal risks (continued)







KEY RISK	RISK SCENARIOS	COMMENTARY	EXEC OWNER	RISK RATING
PRINCIPAL RISK CATEGO	DRY: FINANCIAL AND LIQUIDITY			
LIQUIDITY The risk of difficulty in meeting short-term financial obligations due to a lack of cash or the inability to convert assets into cash without substantial loss.	Withdrawal of credit facilities     Counterparty failure     Failure in cash management     Other unexpected cash shock	Overview  The Group continues to evidence a resilient year-on-year financial position, driven by growth in the debtor book and lower bad debt. The financial and liquidity risk has increased due to the Group having taken on additional financing in FY24 and the cost of funding for the Group remaining high in FY24, particularly in relation to the securitisation facility, which is linked to the Sterling Overnight Index Average rate (SONIA). These increases will continue to be offset by effective working capital management and considered cost reduction. Furthermore, in August 2024, SONIA rate fell and this trend is expected to continue.  Mitigants  Liquidity is carefully controlled by the Treasury function and reviewed at Executive Committee level. We undertake regular and robust testing of liquidity and reporting of key metrics to ensure sufficient levels are available to meet all financial obligations as they fall due. Liquidity is assessed weekly and a detailed quarterly review is performed to ensure an 18-month forward looking view is maintained. This includes the undertaking and analysis of key stress and reverse stress testing. Our Treasury Committee also monitors covenants. We have continued our disciplined approach to managing cost and the impact on working capital, with a key focus on making the most prudent decisions concerning capital investment. We committed to £20m to £30m of cost savings by the end of FY25.  We maintain strong relationships with our securitisation banks and have a rolling three-year funding programme. In January 2024, the Group concluded an extension of the long-standing securitisation programme.	Ben Fletcher, Chief Finance and Transformation Officer Ed Fry, Group Finance Director	
LOSS AND MARGIN The risk of retail margin falling below the level required to deliver the EBITDA forecasted within the financial year.	<ol> <li>Competition forcing the lowering of prices and diminishing margin</li> <li>Higher than expected utilisation of discounting</li> <li>Ineffective inventory management resulting in lost sales or high levels of markdown</li> <li>Supply chain disruption resulting in higher procurement costs</li> <li>Continued input inflation driving significant increase in operational cost</li> </ol>	Overview  The economic environment within the UK has continued to be dominated in FY24 by ongoing cost-of-living challenges, albeit the latter half of the period has seen pressures on household budgets ease somewhat. Consumer confidence and overall behaviours continued to be impacted, with consumers increasingly seeking value and flexibility when purchasing. Despite this, overall margin has increased in FY24. Supply chain has been a particular focus area for the Group given the issues within the Red Sea.  Mitigants  Effective controls are in place to manage the risk through robust monitoring and reporting to drive actions but the primary causation factors remain outside of our control, with macroeconomic and retail market headwinds continuing to impact margin in a number of key areas.  Active cost and stock management processes are in place to mitigate the impact of Red Sea-related supply chain disruption. However, additional cost and delays in transit continue to contribute to margin pressures.	Sam Wright, Chief Commercial Officer	



# Risk management and principal risks (continued)



Increased



No change



KEY RISK	RISK SCENARIOS	COMMENTARY	EXEC OWNER	RISK RATING
INTEREST RATE RISK The risk of interest rates exceeding those assumed within financial forecasting leading to increased repayment obligations, impacting free cash flow and PBT.	<ol> <li>SONIA rate increases above forecast/budget as a result of geopolitical events creating inflationary pressure</li> <li>Cost of borrowing impacts Group liquidity position leading to reduction in liquidity and resulting in a downgrading of Group credit rating leading to higher effective rates and reduction/loss of credit insurance</li> <li>Increases in central bank interest rates may lead to a reduction in liquidity in the bond market, as such a higher coupon rate would be required to attract investors for any future refinancing requirements</li> </ol>	Overview  The ability to mitigate interest rate risk is limited by its nature.  Analyst expectations suggest that rates will reduce through the next financial year. However, this is predicated on the wider assumption that monetary policy has successfully placed inflation on a continued downward trajectory.  The performance of our debtor portfolio has remained stable despite the current economic climate. However, we remain cautious in this regard.  Whilst our debtor book has performed well, we consider the risk to remain at the same level due to the challenging macroeconomic environment, including high interest rates and ongoing cost of living challenges.  Mitigants  We continue to monitor key macroeconomic indicators and geopolitical uncertainties to ensure appropriate sensitivities are used for forecasting and risk management purposes.  Interest increases will continue to be offset by effective working capital management and considered cost reduction.  We have continued to ensure appropriate measures are taken in relation to our debtor portfolio to monitor the impact to our customer base.	Ben Fletcher, Chief Finance and Transformation Officer  Ed Fry, Group Finance Director	
PRINCIPAL RISK CATEGO	DRY: TECHNOLOGY			
CYBER SECURITY The risk of unauthorised access resulting in a loss of service or data.	Malware/ransomware attack resulting in data loss or disruption to commercial operations     Phishing attempts that deceive employees into disclosing sensitive information     DDOS attack that results in an inaccessible system     Vulnerabilities exploited within the legacy estate resulting in a successful attack	Overview  Exposure has been driven by the heightened threat of cyber incidents in the UK following the war in Ukraine.  Cyber security is at the heart of a technological arms race whereby constant review and enhancement of the control environment is required. Attempted attacks are a constant and present threat, therefore without control, risk materialisation is almost certain.  Mitigants  The business continues to operate industry-leading tools to mitigate threats whilst ensuring guidance from the National Cyber Security Centre is reviewed and actioned where necessary.  Security key performance indicator (SKPI) data demonstrates effectiveness of control, and this confidence has been shared by our insurers resulting in a reduction in our cyber premium, which is exceptional in the market.  All remains a key emerging threat, however the consideration of security and governance is incorporated within the Group-wide All Policy, which has been established to ensure a joined-up view of controls, opportunities and threats.	Sean Hallows, Chief Operating Officer	



# Risk management and principal risks (continued)



Increased



No change



KEY RISK	RISK SCENARIOS	COMMENTARY	EXEC OWNER	RISK RATING	
PRINCIPAL RISK CATEGO	PRINCIPAL RISK CATEGORY: OPERATIONAL				
THIRD PARTY Loss of material outsourcer or strategic partner.	Major cyber-attack leading to material loss of service     Disruption in service due to insolvency/ business failure     Imposition of sanctions impacting business due to ownership/location	Overview  Major Tech Companies have become targets for SOC gangs and state-sponsored hacking groups.  The Group's strategic use of tech partners to supply and maintain critical services creates inherent exposure.  Mitigants  We use due diligence and supplier monitoring to reduce risk exposure.	Sean Hallows, Chief Operating Officer		
<b>DISRUPTION</b> Loss of key site due to force majeure.	Fire and failure of suppressants at distribution centres resulting in loss of site	Mitigants  We have robust business continuity plans in place, and these along with ongoing readiness testing are supported by an award-winning firm of external advisors and appropriate levels of insurance. We continue to build resilience within our business and test this through scenario and stress testing conducted on a risk-based approach.  We maintain and test the resilience and security of our infrastructure, including through the supply chain and any activities which are undertaken by third parties. We have managed and mitigated this risk by forward-looking intelligence and ensuing appropriate impact mitigation plans have been in place.	Sean Hallows, Chief Operating Officer		
PRINCIPAL RISK CATEGO	DRY: STRATEGY				
STRATEGIC PORTFOLIO CHANGE The risk of change fatigue resulting in a negative impact on individuals and the business.	Loss of key individuals/business knowledge due to uncertainty in change program     Resource stretch leading to material failings in change implementation     Increased apathy/resistance to change due to frequent reprioritisations	Overview  The Group has experienced a period of significant change, including leadership changes. A heightened level of change is expected to continue through to the end of FY25 as future plans are developed and implemented.  Mitigants  Change across the Executive team has landed well, however a period of heightened risk remains through the embedding period. The relaunch of the Group values framework and enhanced communication is helping to drive colleague engagement with 'Voice' survey results demonstrating year-on-year improvements.	Robbie Feather, Chief Executive	<b>2</b>	



# Risk management and principal risks (continued)



Increased



No change



KEY RISK	RISK SCENARIOS	COMMENTARY	EXEC OWNER	RISK RATING	
RETAIL PROPOSITION  The risk of brand loss resulting in a reduction in the Group's offering and consequentially sales.	Key brand moves to D2C/limited supplier strategy     Breakdown in supplier relationships resulting in brand withdrawal     Acquisition of key brand by rival retail group resulting in restricted access to product	Overview Our scale in the market and supplier strategy (including D2C) are factors outside of our control.  Mitigants Our supplier strategy and how we represent brands are key factors in maintaining and building relationships.	Sam Wright, Chief Commercial Officer		
FINANCIAL SERVICES PROPOSITION  The risk of lost market penetration of the FS proposition due to a failure to maintain a competitive offering or the emergence of market disruptors.	Increased competition from new/existing provider leading to a loss of market share     Tech disruption due to a lack of investment in platform driving customers to move to tech savvy providers     Poor marketing making it difficult to attract and retain customers	Overview  Competition within the retail flexible payments sector intensified during the year with various financial services firms and traditional retail businesses focusing on providing consumers with increased payment options.  A key emerging marketplace risk remains the expected introduction of big tech firms into the Buy Now Pay Later (BNPL) sector, heightening the competition further.  Competitors, particularly those in the BNPL sector, have taken increasing market share of the non-secured lending market.  The retail business relies upon the customer pull and diversification of income streams provided by the FS business. Therefore, any erosion of the proposition's attractiveness will impact EBITDA and an integrated marketing strategy will increasingly incorporate our credit offering into our retail marketing.  Mitigants  The business continues to analyse the external environment with a suite of forward-looking indicators in place to identify potential threats to the delivery of strategy and a number of strategic initiatives are underway to enhance our VeryPay platform and provide a competitive advantage.	Nick McBrien, CEO of Very Finance		
PRINCIPAL RISK CATEGO	PRINCIPAL RISK CATEGORY: PEOPLE				
KEY PERSONNEL Failure to retain key staff.	Failure in remuneration strategy leading to gap between the Group's remuneration and the market     Lack of opportunities for progression due to strategic changes	Overview  The competitive recruitment market has created challenges in some areas from a resource perspective throughout the year with the business acting to respond appropriately to negate loss of key colleagues.  Succession planning and building and maintaining the people development pipeline is key in respect of senior and technical roles.  Mitigants  The geographical location of our Skygate fulfilment centre provides a price sensitive labour market, therefore remuneration strategy remains the key control.	Sarah Willett, Chief People Officer		

#### HELPING FAMILIES GET MORE OUT OF LIFE FOR GENERATIONS TO COME

# Sustainability

#### **OVERVIEW**

Our purpose is to help families get more out of life, and we want to be able to do this for generations to come. To that end, we reset our ESG agenda and strategy in FY23 to become a retailer that recognises the role it has to play in supporting a sustainable future. Our strategy recognises the importance of action in the run up to 2030, as described by the Intergovernmental Panel on Climate Change (IPCC) and in line with the UN's Sustainable Development Goals (SDGs)\*. These 2030 objectives will provide us with the footing to achieve longer term goals such as being net zero by 2040.

The nature of our business means our biggest opportunities for impact arise through our product journey, from the sourcing of materials used, through to the people involved in manufacture as well as the processes employed in bringing items to our customers. Our 2030 environmental and social strategy focuses on understanding our supply chain and identifying the opportunities to improve from both an environmental and social standpoint.

\* The UN SDGs are 17 objectives that aim to address key sustainability-related challenges facing the planet. The relevant SDGs are signposted in each section of this report and a summary of our progress against them can be found The strategy and initiatives detailed in this report are just the beginning of our ambition to make good choices for the future of the planet. As we develop our ESG framework and infrastructure, and engage our stakeholders, we believe we will play an increasingly important role in making the lives of customers, and those who help us serve them, safer and more sustainable.

#### **OUR ESG COMMITTEE AND GOVERNANCE**

Our ESG Committee is a formal committee of the Board and ensures sustainability is at the heart of business decisions. For more information about the FSG Committee and FSG governance, please refer to page 62.

#### **ESG RISK**

We regularly work with external consultancy Datamaran to undertake a full materiality assessment of the business to help identify key ESG risks. These risks are reflected in our 2030 strategy and support the decisions of the ESG Committee. They also underpin the recognition of ESG as a principal risk within the enterprise risk management process. More details can be found on page 28 for our TCFD report, and page 47 of our corporate governance report.

As part of these assessments, we monitor movements of risks into the top priority segment as well as monitoring material movements elsewhere. Our materiality assessment in April 2024 highlighted the following top priority issues for the business:

- Climate change risks and management
- Human rights
- Transparency (including supply chain)
- Greenhouse gas (GHG) emissions
- Employee diversity & inclusion
- Customer privacy & data security
- Customer practices
- Energy management
- Physical and socio-political risks
- Water and wastewater management

Our understanding of the impact of climate change on the business has been furthered through our work to support our Climate-Related Financial Disclosures (CFDs) this year.





#### **OUR ESG STRATEGY**

#### HELPING FAMILIES GET MORE OUT OF LIFE FOR GENERATIONS TO COME



Play our role in mitigating climate change and protecting the world's natural resources

#### **CLIMATE CHANGE & NATURAL RESOURCES**

#### **NET ZERO BY 2040**

#### Scope 1 and 2 science-based target (SBT)

Reduce absolute Scope 1 and 2 GHG emissions by 42% by FY30 against a FY21 baseline

#### Scope 3 SBT

Reduce absolute Scope 3 GHG emissions by 25% by FY30 under the following GHG protocol categories: Purchased Goods & Services, Use of Sold Goods and Logistics\*

#### Water

Reduce water footprint of textiles by 30% by 2030



#### **PRODUCT**

Ensure our products have less negative impact\* on people and the environment

#### **RESPONSIBLE SOURCING**

#### **TEXTILES 2030**

Reduce our textile carbon footprint by 50% by 2030

#### **MATERIALS**

80% of our textile raw materials to be lower impact by 2027

#### **THIRD-PARTY BRANDS**

Top 50% of third-party brands will set science-based targets by 2030

#### CIRCULARITY

In FY24, promoting re-use partners for furniture and textiles to encourage donations – **completed** 

In FY24, deliver training for clothing retail teams in design for recyclability and durability – **completed** 

As part of our Textiles 2030 commitments, we will work to develop and implement a circular business model such as resale, repair or rental into our retail offer by 2030

#### **DEFORESTATION**

Committed to zero deforestation by 2025 with 100% timber in our furniture to be FSC or PEFC by 2025

\*\* Defined as products manufactured with materials and/or raw material production and/or processes that have a reduced negative environmental impact compared to conventional alternatives.

# SOCIAL

Protect the human rights of people throughout our business and supply chain

#### **HUMAN RIGHTS**

#### **TRANSPARENCY**

Map tiers 1 – 3 by 2025

#### FINANCIAL LITERACY

Launch financial literacy training in five key communities by 2024 – **completed** 

#### **HUMAN RIGHTS STRATEGY**

Develop a human rights strategy in response to our Human Rights Saliency Assessment by June 2024 – **completed** 

#### **GOVERNANCE**

- 'Making it happen in the right way' with strong policy, controls and due diligence underpinning our strategy.
- We have an ESG Board Committee supported by business-wide defence model architecture to ensure standards, policies and commitments are met.
- We report transparently and make disclosures that reflect our reality and are compliant to regulation.

<sup>\*</sup> Against a FY21 Baseline.





#### GOAL

Play our role in mitigating climate change and protect the world's natural resources.

#### **RELEVANT UN SDGS**











TARGETS	TARGET DATE	PROGRESS SO FAR
Science based targets* Scope 1 and 2 – Reduce absolute Scope 1 and 2 GHG emissions by 42%	2030	Scope 1 and 2 has reduced by 67% since FY21
SBT Scope 3 – Reduce absolute Scope 3 GHG emissions from purchased goods and services, use of sold product, and logistics by 25%	2030	Scope 3 has reduced by 11% since FY21  Our focus is on improving our data to understand carbon reduction opportunities. This has resulted in a change of focus from capital goods to the more material use of sold product category
Be net zero**	2040	As above, we focused on improving our data to understand carbon reduction opportunities
Reduce our textile water footprint by 30%	2030	With Textiles 2030 we estimate a reduction of 37% versus FY20 baseline***, driven through the purchase of Better Cotton**** and reduced volumes

- Baseline year for all SBTs is FY21.
- \*\* Defined as a 90% reduction in emissions, as per the SBTi standard.

  \*\*\* As calculated with Textile 2030 impact calculator.
- \*\*\*\* Follow guidance on BCI mass balance claims.

#### **TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)**

Our goal of mitigating climate change and protecting the world's natural resources acknowledges the risk climate change presents to our business and the people we serve. Our UK climate-related financial disclosures report, which we have again aligned to TCFD, outlines our exposure to these climate change risks as well as our available mitigants across FY24.

Following the initial work undertaken in FY23 to support our first TCFD report, this year we have begun the process of embedding these findings into our everyday operations.

Our disclosures comply with the UK-mandated Climate-related Financial Disclosure provisions under sections 414C, 414CA and 414CB of the Companies Act 2006. However, we have voluntarily aligned our disclosures to the structure envisioned under the TCFD regime, allowing for better comparability to many other

businesses already reporting under this framework. Please see the Non-Financial and sustainability information statement on pages 43 and 44 for more details on how the disclosures align.

#### TCFD - GOVERNANCE

Our ESG Committee was established in FY23 and continues to serve its function of raising awareness of sustainability and its place in key business decisions. This has been enabled by its status as a tier 1 committee of the Board, providing it with the rigor, support, and alignment it needs to be effective.

The ESG Committee, which meets quarterly, was chaired by Non-Executive Director Mark McMenemy until his resignation in August 2024. The Group's Chief People Officer, Sarah Willet, has succeeded Mark as acting Chair of the ESG Committee.

The Committee has ultimate responsibility for ESG matters, including risks and opportunities related to climate change.

The Chief Risk Officer was accountable for the delivery of the Company's ESG programme until the end of April 2024, at which point duties were transferred to the Chief People Officer. To support the delivery of our strategic goals, responsibility for specific ESG matters is delegated to appropriate leaders who work alongside the ESG team to drive delivery.

#### TCFD - STRATEGY

In FY23 we worked with external consultants in conjunction with our risk management processes (see page 20) to review our value chain and identify the key risks and opportunities relating to climate change, as well as opportunities to strengthen our resilience.

This process included undertaking scenario analysis of our risks and opportunities to better understand how our business may be most materially impacted by climate change under different circumstances. We are now in the process of embedding our findings across our operations.

As noted in the ESG Committee Report, Group Leadership Team members have been allocated ownership of specific commitments to deliver against our targets, many of which align to our TCFD mitigants. Progress against these targets and commitments is monitored throughout the year, including in committee meetings. Shortly after year-end, workshops were undertaken with individuals closer to the day-to-day processes and procedure to bring to life the findings of this work, and we will continue to develop how this is embedded in day-to-day operations over FY25.

Additionally, the business now includes a measurable ESG goal as part of its overall strategic objectives. Accordingly, progress against this target will also help inform broader strategic decisions. Our scenario analysis uses the Network for Greening the Financial System (NGFS) framework, which is TCFDrecommended. This analysis was initially undertaken through the second half of FY23 but was reviewed in FY24 as part of the embedding process and broader ESG progress assessment. We intend to review the scenarios and assessment in this manner each year and will undertake

a full scenario analysis exercise every three years unless our annual reviews identify a need to do this sooner.

In considering materiality, stakeholders from the relevant business area for each risk considered the potential impact in the context of the below thresholds. again being those from the wider risk management framework:

- Negligible (<£1m)
- Minor (£1m-£4m)
- Moderate (£4m-£7m)
- Significant (£7m-10m)
- Major (>£10m)

The scenarios considered are:

#### **NET ZERO 2050**

1.5°c

aligned to representative concentration pathway (RCP) 2.6, this envisages sharp changes towards decarbonising all aspects of the economy from today, and therefore is expected to exacerbate transitional risks and mitigate physical risks.

#### **DELAYED TRANSITION**

aligned to RCP 4.5, this envisages change towards decarbonisation from 2030 onwards, meaning heightened physical risks and transitional risks owing to the more aggressive nature of changes.

#### **CURRENT POLICIES**

3°C

aligned to RCP 8.5, this envisages a scenario wherein only current policies continue to apply and there is reduced support to mitigate the effects of climate change. This heightens the impact of physical risks whilst minimising the impact of transitional risks.

For our scenario analysis, we have used timeframes and materiality definitions that align to those used in our wider risk management and ESG initiatives, allowing for better integration of the CFD findings into our broader strategy. Our timeframes used are:



0 - 12M





**SHORT-TERM** 

**MEDIUM-TERM** 

1-10Y

LONG-TERM 11-27Y Transitional risks

Our principal risks relating to the transition to a low carbon economy



#### HELPING FAMILIES GET MORE OUT OF LIFE FOR GENERATIONS TO COME

# Sustainability (continued)

SHORT-TERM



MEDIUM-TERM



LONG-TERM



**NEGLIGIBLE** (<£1m)



MINOR (£1m-4m)



MODERATE (£4m-7m)



SIGNIFICANT (£7m-10m)



MAJOR (>£10m)

		(£/m-iom)	(>£IOM)
RISKS DESCRIPTION	SCENARIO IMPACT	MITIGATION STRATEGIES	TIMEFRAME AND MATERIALITY
Increased carbon pricing and policy could create additional direct costs for The Very Group, as well as indirectly through additional costs passed on by suppliers.	The risk would be heightened in scenarios with enhanced policy and intervention, namely the net zero 2050 and delayed transition scenarios.  The majority of the business' carbon usage is through third parties (scope 3). Being policy driven, the impact may vary in different countries and therefore the impact could vary across suppliers and non-UK operations.	Shifting towards green energy across operations.  Improving energy efficiency across sites.  Working with suppliers to understand energy usage and decarbonisation initiatives in the supply chain.	\$- <b>M</b> ⊕- <b>3</b>
New and more robust reporting requirements would increase costs through increased data management and processing needs, as well as increased time and resources to ensure compliance, including relating to suppliers.	The risk would be heightened in scenarios with enhanced policy in the UK where reporting operations are undertaken, but particularly a delayed transition scenario due to an accelerated timetable for implementation of policy.	Enhanced governance over ESG matters.  Horizon scanning for incoming regulations.  Audit programme to manage supply chain risk.	<b>M−L ③</b>
Volatile energy prices and reduced security in energy supply could increase operational costs.	The risk can manifest under all scenarios, albeit over different timescales.  Head office and supply chain costs would be impacted, with the latter being the more material exposure and potentially varying across countries depending on how local regulations are implemented and passed onto the Group.	Shifting towards green energy across operations.  Improving energy efficiency across sites.  Working with suppliers to understand energy usage and decarbonisation initiatives in the supply chain.  SBT to reduce cope 1 and 2 emissions by 2030.	(Net Zero 2050/delayed transition)  (Current Policies)
Increased cost of raw materials impacts business profitability if absorbed and reduces competitiveness if passed on to customers.	Most likely to manifest through regulation and restrictions on carbon-heavy materials in the supply chain, under a net zero 2050 or delayed transition scenario.	Increase recycled content in products.  Develop circularity programmes.	(Net Zero 2050)  M—L (delayed transition)
Reputational impact from failing to demonstrate adherence to climate-related commitments, potentially reducing sales.	A net zero 2050 or delayed transition scenario would exacerbate this risk due to increased policy and regulation on climate-related matters. The impact would arise in the primary markets of the Group, being the UK and Ireland.	Enhanced governance over ESG matters.  Horizon scanning for incoming regulations.	<b>M-1</b>



#### HELPING FAMILIES GET MORE OUT OF LIFE FOR GENERATIONS TO COME

# Sustainability (continued)

#### Physical risks

Our principal risks relating to the physical impacts of climate change



SHORT-TERM



MEDIUM-TERM



LONG-TERM



**NEGLIGIBLE** (<£1m)



MINOR (£1m-4m)



MODERATE (£4m-7m)



SIGNIFICANT (£7m-10m)



MAJOR (>£10m)

		(E/III IOIII)	(>1011)
RISKS DESCRIPTION	SCENARIO IMPACT	MITIGATION STRATEGIES	TIMEFRAME AND MATERIALITY
Extreme weather events, such as flooding, storms and wildfires, could cause physical asset damage, disrupting operations and creating additional costs. This is most likely to occur in the supply chain owing to the location of The Very Group's own operations.	The impact of the risk is expected to grow with the changing climate and therefore is most pronounced in a current policies scenario over time.  The impact is expected to be more relevant in the Group's non-UK operations, particularly India and China owing to their heightened risk rating for warming, flooding, cyclones and drought.	Mapping supply chain to tier 5 by 2030 to identify areas of exposure.  Consider dual sources of supply.  Consider country of origin of suppliers and potential climate impact within sourcing strategy.	M − L
Droughts and changing weather patterns may lead to increased costs of raw materials, which would reduce profitability if absorbed, or reduce competitiveness if passed on to customers.	The impact of the risk is expected to grow with the changing climate and therefore is most pronounced in a current policies scenario over time.  Sourcing locations in South East Asia are of particular note owing to the region's susceptibility to extreme weather events.	Mapping supply chain to tier 5 by 2030 to identify areas of exposure.	<b>M-1</b> <b>⊙-⊙</b>
Transitioning to renewable energy sources can reduce emissions and costs.	The opportunity would be more pronounced in the delayed transition and Net Zero 2050 scenarios owing to the rising carbon prices envisaged in these cases.	Shifting towards green energy across operations.  Improving energy efficiency across sites.  Working with suppliers to understand energy usage and decarbonisation initiatives in the supply chain.	M L
Increased cross sector collaboration leading to new business opportunities.	Increasing pressures on change in the delayed transition and net zero 2050 scenarios would lead to greater needs for business to collaborate, with the impact growing over time.	Participating in wider initiatives such as those delivered by the British Retail Consortium (BRC) to promote cross- business collaboration.	<b>M 1</b>
Building increased understanding and transparency of the supply chain, allowing the business to identify at-risk areas and build supply chain resilience.	Resilience in the supply chain would be particularly valuable in the current policies scenario, owing to heightened physical impacts of climate change causing disruption in the supply chain. Supply chain disruption has already been seen in the industry, and will become more likely and more impactful over time.	Ambition to map supply chain to tier 5 by 2030.  Commitment to the Transparency Pledge and partnership with Open Apparel Registry.	<b>\$−1.</b>



#### TCFD - RISK MANAGEMENT

The nature of our business means we are particularly exposed to transition risks, although exposure to physical risks does exist, most notably in non-UK supply chain-related operations. However, as noted in the risks and opportunities table, we have several mitigants available to provide resilience against such exposures. Meanwhile, the key opportunities for our business are also transitional in nature. Our industry has already begun addressing these short-term, policy-driven risks, but to effectively mitigate our risks we need a strategy that positions us to quickly respond to future policy and regulatory developments. Whilst our strategy focuses on readying the business for these emerging risks, we will continue to monitor the landscape.

As noted, ESG is recognised as a principal risk within the enterprise risk management process, reflecting the importance of climate change (alongside broader ESG risks) to The Very Group. Details of our approach to risk management can be found on page 20.

Climate-related risks are identified by considering the outputs of our materiality assessment conducted in conjunction with Datamaran (see page 29), as well as through work undertaken with external consultants Accenture. This work leveraged insight from senior subject matter experts across the business, allowing us to assess risks in all aspects of the value chain. These will be monitored on an ongoing basis for relevance, with the outputs reflected in our strategy accordingly.

Climate-related risks, as with all ESG risks, are the ultimate responsibility of the Board, supported by the ESG Committee and discharged to specific executives across the business where relevant, allowing for specialised focus.

#### TCFD - METRICS AND TARGETS

We use several metrics to monitor progress in developing our climate strategy and our broader ESG strategy and managing the risks and opportunities faced by our business. Focusing on climate change, our ambition is to be net zero by 2040. with the aim to have reduced Scope 1. 2 and 3 emissions by 2030. Such ambitions particularly address the risks we have identified that are associated with carbon pricing and regulation. Our targets and progress in this area are discussed in this environment subsection.

Our wider targets, focussing on supply chain transparency and product impact. can be found further in the report. Progress against these targets will help mitigate our exposure to risks associated with the supply chain, including raw material costs and physical disruption to non-UK operations.

#### **OUR FOOTPRINT**

Being a pureplay digital retailer means over 99% of our emissions are from Scope 3, with the majority associated with purchased goods and services. Our total Scope 3 footprint includes own brand and third-party products sold across our platforms.

#### **SCOPE DEFINITION**

**Scope 1**: Direct greenhouse gas emissions from sources that are owned or controlled by the Company.

**Scope 2**: Indirect greenhouse gas emissions from consumption of purchased electricity, heat or steam.

Scope 3: Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by The Very Group, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.

#### **CARBON EMISSIONS AND SCIENCE BASED TARGETS**

#### **OUR NET ZERO JOURNEY**

The SBTi requirement for the net zero standard is at least a 90% reduction of emissions with any residual emissions being offset. To support our aim of doing this by 2040, we have established a science backed, clearly defined pathway to reducing our emissions.

We have also specifically reviewed our GHG emissions derived from forests, land and agriculture (FLAG), calculating that this represents c.4% of our 2021 footprint. As this does not exceed SBTi's threshold of 20%, we are not required to set an additional FLAG emissions reduction target.

Last year we recalculated the total business carbon footprint for our baseline FY21, working with external consultancy Accenture. As we have continued to improve our data collection processes as well as methodology, this has led to a materially increased but more accurate recalculation of our FY21 baseline, presented below. Our FY23 footprint, calculated on the same basis as FY21, has been calculated using data from software platform, Greenstone, which utilises emissions factors from Ecolnvent, and the UK Government's 2023 conversion factors.

We have not yet recalculated FY22 in line with our latest methodology and so, on the basis that it is not wholly comparable and noting that our progress is measured in any case by reference to the FY21 baseline, we have not included the original FY22 figures overleaf.

GREENHOUSE GAS (GHG) EMISSIONS	FY23 TONNES CO <sub>2</sub> E	FY21 TONNES CO <sub>2</sub> E
Scope 1	846	1,748
Scope 2 (market-based data*)	64	1,030
Scope 3	2,056,833	2,319,143
TOTAL CARBON	2,057,743	2,321,921

<sup>\*</sup> Market-based scope 2 emissions are those calculated based on a specific purchase contract or agreement for energy.
\*\* To be recalculated in line with latest methodology and data.

#### SCOPE 1 AND 2

Our combined Scope 1 and 2 (market based) emissions reduced 67% (1,868 tonnes CO<sub>2</sub>e) against our FY21 baseline. This reflects a 75% decrease in our natural gas usage, driven by closure and consolidation of some of our sites. alongside an increase in purchased renewable energy from the grid.

We have now moved all Scope 1 sites onto renewable energy tariffs, driving a 94% reduction in electricity emissions (one site was moved 3 months in the year, hence not 100%). We are also in the process of moving to LED lighting at our Wrexham site, which is 70% complete and expected to be completed in FY25.

Following the energy saving opportunities scheme audit undertaken this year, we are developing an action plan to drive further reductions in our energy usage.

#### SCOPE 3

We are continuously exploring ways to develop the level of data and insight we can obtain into our Scope 3 emissions. This year we have undertaken a number of initiatives to help further this understanding of Scope 3.

We undertook a pilot to access emissions data from a selection of our biggest tier 1 merchandise suppliers, which introduced emissions reporting and provided the suppliers with tools to work out their footprints. The outcome of this collaboration led to valuable insights on renewable energy usage, carbon emissions and water reduction ambitions as well as environmental management accreditation in the supply chain. On the back of the pilot, we will continue to focus on engaging suppliers in FY25.

In FY24 we also engaged with our biggest non-merchandise suppliers to understand their net zero journeys. In doing so, we now understand that approximately one third of nonmerchandise spend is with suppliers who have a net zero or SBTi-aligned target. We look forward to working with these suppliers on their emission reduction journey and supporting the remaining suppliers in the establishment of their own targets.

In terms of logistics, we are now using supplier specific footprint data for 22% of logistics emissions, providing us a more accurate insight which will support the development of more effective decarbonisation plans.

We also continue to work with Textiles 2030 and their carbon calculator to understand the carbon emissions impacts of our own brand textile products and model possible pathways to reduction by 2030. In FY23 we calculated a 6% reduction in purchased goods and services due to a fall in our purchasing volumes and reduced spend (Textiles 2030 data is a year in arrears).

As we continue on our journey of improvement, both in terms of data quality and level of stakeholder engagement, we expect that shortterm fluctuations in emissions will make way for a clearer pathway to our net zero 2040 ambition. As our understanding has evolved, we have redirected our focus from capital goods to use of sold product, as a more material source of Scope 3 emissions. For FY25, our focus will be on developing detailed decarbonisation plans as well as continuing to improve data quality to support our carbon footprint calculation.

#### **WATER**

We are continuing to further our understanding of our impact on water whilst simultaneously reducing our usage.

**Under our WRAP Textiles 2030** commitment, we are aiming to reduce our textile water footprint by 30%. Driven by our partnership with Better Cotton and a reduction in volumes, we have calculated our FY23 textile product water footprint to be 37% lower than our FY20 baseline.







#### **GOAL**

Ensure our products have less negative impact on people and the environment

#### **RELEVANT UN SDGS**





TARGETS	TARGET DATE	PROGRESS SO FAR
Reduce our textile carbon footprint by 50%	2030	With Textiles 2030 we estimate a reduction of 38% versus the FY20 baseline**
80% of our textile raw materials to be lower impact*	2027	Estimated 27% of textile raw materials to be lower impact as at FY23***
Top 50% of third-party brands will set science-based targets	2030	We are in the process of mapping the progress of our third-party brands in setting science based targets
Promote re-use partners for furniture and textiles to encourage donations	2024	Traid is available to customers to donate textiles  Emmaus is available to customers to donate furniture  Arrow XL is available to customers when replacing items  Work to promote our schemes is ongoing
Deliver training for clothing retail teams in design for recyclability and durability	2024	Achieved, and we are now reviewing how we can build on this in FY25
Work to develop and implement a circular business model such as resale, repair or rental into our retail offer	2030	We are engaging with our customers to better understand what an effective proposition would look like
Committed to zero deforestation**** with 100% timber in our furniture to be FSC or PEFC	2025	Approximately 60% FSC in our furniture

<sup>\*</sup> Lower impact product is manufactured with materials and/or raw material production and/or processes that have a reduced negative environmental impact compared to conventional alternatives.

<sup>\*\*</sup> Calculated through Very's impact report from Textiles 2030. The improvement is entirely based on raw material usage reduction in overall weight placed on the market.

\*\*\* Calculated via Textiles 2030 methodology using weight data.

\*\*\*\* Aligned with EU Deforestation Regulation and the 7 key commodities outlined.

#### LOWER IMPACT PRODUCT

Our biggest impact on the environment and people is from the products we sell. We are committed to reducing our own brand product footprint and as such, we are a signatory to WRAP's Textiles 2030 commitments, which alongside the 30% water footprint already discussed, will also see us reduce the carbon footprint of our own brand textiles by 50% by 2030.

Approximately 48% of our carbon footprint comes from third party brands, and we are working to understand how we can align our strategy to their efforts in reducing GHG emissions (read about how we are working with our brands in the Environment section on page 28).

#### LOWER IMPACT COTTON

We have been a member of the Better Cotton Initiative\* (BCI) since 2019 with the aim to use 100% more sustainable cotton by 2025. Better Cotton trains farmers in more efficient water usage and how to avoid pesticide use, as well as benefitting them through driving additional profit\*\*.

The estimated impact of our BCI usage is outlined below:

- In 2023, an estimated 615,028 m³ of water was saved thanks to our sourcing of Better Cotton.
- In 2023, an estimated 376kg of pesticides was avoided thanks to our sourcing of Better Cotton.
- In 2023, Better Cotton Farmers benefitted from an estimated \$130,460 dollars additional profit\* thanks to our sourcing of Better Cotton.\*\*

#### **CIRCULARITY**

Understanding how The Very Group can embrace circular practices will provide a step change in how we can deliver our sustainability goals. Working with WRAP, we have identified three key areas to consider on this journey:

- Circular development considering design and materials
- Circular production considering processes and systems
- Circular lifecycle considering repair, reuse and recycling

This year The Very Group was a member of an industry-first collective with other brands in the homeware sector, focusing on circularity within furniture. This created an understanding of shared challenges and opportunities which will be used to develop solutions for our business.

#### CIRCULAR DEVELOPMENT

Following the roll out of sustainable product training to retail colleagues in FY23, FY24 saw us provide product development colleagues with training on circular design principles surrounding design for recyclability.

We are continuing to explore the complex nature of garment durability and how it influences opportunities for circular fashion, setting new standards for durability in the industry through our partnership with Textiles 2030 and the Leeds Institute of Textiles.

#### **CIRCULAR PRODUCTION**

Reverse Resources is software that enables textiles waste to be directed to recyclers in a transparent and measurable way. In FY23 we continued to support three of our suppliers in Bangladesh in this programme, and in FY24 expanded into India, with a new project beginning in Pakistan in FY25 to support the development of the waste industry. This has allowed our suppliers to segregate and mechanically recycle 21 tonnes of cotton textile waste, feeding it back into future textiles.

#### CIRCULAR LIFECYCLE

In January FY24 we relaunched our customer take-back services for second hand clothing, textiles and accessories with the aim to reduce fashion items being sent to landfill. Through this partnership with Traid, none of the donations went to waste and were instead either re-sold or recycled in the UK, helping to divert 252kg of unwanted clothes and shoes from landfill.

This complements our partnership with take-back charity Emmaus and with Arrow XL, which provides a similar service for furniture and electricals respectively. Through this partnership across FY24 we collected 5,655 bed and mattress units and 35,093 waste electrical and electronic equipment, all of which were sent for recycling.

#### **DEFORESTATION**

We have made a commitment to protect the world's forests by aiming for zero deforestation in our supply chain by 2025. Our commitment is aligned with our most material own brand categories that fall within the seven commodities which drive deforestation globally in line with the EU Deforestation Regulation\*. This year we re-launched our timber sourcing policy and outlined the risk assessment which is carried out on all timber derived items. Currently, 60% of timber materials in our own brand furniture are FSC certified, and customers can now use the search bar online to find ESC certified items.

This year we also re-committed to our sourcing of responsible packaging and manmade cellulosic fibres (MMCFs) through our Canopy policy.

- \* Better Cotton is sourced via a chain of custody model called mass balance. This means that Better Cotton is not physically traceable to end products, however, Better Cotton Farmers benefit from the demand for Better Cotton in equivalent volumes to those we 'source'.
- \*\* Better Cotton Farmers experience profit increases for a variety of reasons, most commonly due to increased yields and/or optimised use of inputs (such as irrigation water, pesticides or synthetic fertiliser).



# HELPING FAMILIES GET MORE OUT OF LIFE FOR GENERATIONS TO COME **Sustainability** (continued)



#### GOAL

Protect the human rights of people throughout our business and supply chain.

#### **RELEVANT UN SDGS**







TARGETS	TARGET DATE	PROGRESS SO FAR
Map tiers 1 – 3	2025	Tier 1 is fully mapped
Map to tier 5 of our supply chain	2030	Tier 2 is partially mapped  Tier 3 is partially mapped
Deliver financial literacy training in five key communities	2024	Completed, delivering training to five communities across Bangladesh, India, China and the UK.
Develop a human rights strategy in response to our human rights saliency assessment	2024	Human rights saliency assessment completed, enabling prioritisation of human rights work

Respecting the rights of people at all stages of our value chain is a priority for The Very Group. At tier 1 and tier 2 of our supply chain we have mapped around 970 factories across 25 countries. We therefore ensure our approach to respecting human rights is aligned to internationally recognised standards, including the UN Guiding Principles for Business and Human Rights, the International Labour Organisation Fundamental Principles and Rights at Work, and the Ethical Trading Initiative Base code.

Through due diligence we seek to prevent and, where necessary, remediate human rights abuses where identified. This year we completed a human rights saliency assessment to understand our greatest risks. Over the course of the next year we will continue to develop our human rights strategy to enhance its impact.

#### **TRANSPARENCY**

The complexity of supply chains means it can be difficult to be certain as to how and where products are made, but we are committed to building full transparency from tiers 1 to 5 of our supply chain.

We currently publish our factory list on the Open Supply Hub, which until FY23 covered our tier 1 and 2 suppliers. In FY24, we started the process of mapping tier 3 with a view to completing this by 2025. This will pave the way to our broader ambition of fully mapping tiers 1-5 of our supply chain by 2030.

#### **FACTORY AUDITS**

Having previously only covered tier 1, we have extended our policy for annual ethical audits to include selected tier 2 factories, protecting even more of the workers in our value chain. These audits are conducted on a semi or unannounced basis by either our in-house ethical auditing team or preferred third parties, with procedures in place to manage adherence. We are continuing to develop and implement enhanced remediation frameworks for issues detected.

# HELPING FAMILIES GET MORE OUT OF LIFE FOR GENERATIONS TO COME **Sustainability** (continued)

# TRAINING, EDUCATION AND ACCESS TO WORK

Supporting workers goes beyond protecting their rights at work. As noted in our People and Culture section, we believe strongly in the importance of quality training and education.

Our ambition was to provide financial literacy training in five key communities, which we completed in FY24.

Across 5 communities spanning Bangladesh, China, India and Turkey, we have provided training to over 10,000 people in our supply chain, with a further 23.000 workers outside of our direct supply chain benefitting from our programmes. Through initiatives such as our Worker Empowerment and Livelihood Improvement Training (WELIT) programme in Bangladesh, and partnerships with local programmes such as Vidhya Shakti in India and the Fashion Workers Advice Bureau Leicester (FAB-L), we have helped deliver education on topics such as financial management and beyond.

#### **CASE STUDIES**

#### WELIT, BANGLADESH

An example of our efforts to provide training and education is the WELIT initiative in Bangladesh. Through this, approximately 7,000 workers have been trained on financial literacy, communication, health and social dialogue techniques. For our workers, this means better physical and financial health, and improved relationships with management ensuring better conditions and empowerment in the workplace. And for our suppliers, this means reduced absenteeism and attrition, supporting productivity.

#### VIDHYA SHAKTI, INDIA

Vidhya Shakti is an e-learning project designed specifically for factory workers in India, addressing the unique needs and challenges of this working community. The project has helped over 1,000 enrolled workers to continue learning and embrace digital education, covering topics including productivity, language, work life balance, health, and digital and financial literacy. Impact assessments, testimonials and feedback have shown the benefits of the training, with workers demonstrating greater confidence in public speaking as well as improving digital and financial awareness.

#### **MODERN SLAVERY STATEMENT**

At The Very Group, we are fully committed to taking action to combat modern slavery and human trafficking within our business and our supply chains.



Our modern slavery and human trafficking policy is available to download at our corporate website.





### HELPING FAMILIES GET MORE OUT OF LIFE FOR GENERATIONS TO COME **Sustainability** (continued)

#### **OUR CONTRIBUTION TO THE UN SDGS**

As noted within each area of our sustainability report, our goals and ambitions also align with a number of UN SDGs. Below is a summary of our contributions:



#### **ENSURE HEALTHY LIVES** AND PROMOTE WELLBEING

- Our South India Mill project trains and raises awareness of reproductive and nutritional health for young women.
- Our programme, WELIT Bangladesh, focuses on health awareness through one of the training modules.
- Through our partnership with Jeanologia, we are removing harmful chemicals from our denim production process, which has a positive impact on worker health.



#### **ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS**

- Our training programmes across our factories in China and Bangladesh continue to have a positive impact, providing women with essential skills to empower them and improve their work life by helping to address common challenges that
- In FY24 we began our partnership with Raise the Bar, to start planning a Women in Leadership accredited programme. We also confirmed delegates for the 2024 Diversity in Retail UK Women Leaders programme.
- Our Women at Very (WAVE) network kicked off a women's mentoring programme, with exec members Sarah Willett and Jessica Myers starting the initial sessions.



#### PROMOTE INCLUSIVE AND SUSTAINABLE **ECONOMIC GROWTH. PRODUCTIVE** EMPLOYMENT AND DECENT WORK FOR ALL

- The development of our ethical audit programme will further support the identification and remediation of issues within factories.
- Our work with initiatives and partnerships in locations such as India, China and Bangladesh help workers develop employment skills and support better conditions and empowerment in the workplace.



#### **REDUCE INEQUALITY IN** AND AMONG COUNTRIES

- Many of our projects have included financial literacy training, particularly in China, India and Bangladesh. The training has positively impacted workers and the surrounding communities.
- Our partnership with We Are Futures in the UK focuses on financial literacy training for school children, particularly the benefits and risks of credit.
- Our social dialogue training in Turkey, Bangladesh, India, and China has benefitted workers by encouraging two-way dialogue within factories.
- The FAB-L project in the UK has seen an increase in the number of garment workers speaking up about their grievances as they become more empowered.



#### **ENSURE SUSTAINABLE CONSUMPTION** AND PRODUCTION PATTERNS

- We have committed to be net zero and have established science based targets.
- We are a signatory to Textiles 2030 and are committed to reducing the impact of our textile products.
- Through our partnership with Jeanologia, we are reducing water consumption within the production of own brand denim.



#### TAKE URGENT ACTION TO COMBAT **CLIMATE CHANGE AND ITS IMPACTS**

- Commitment to net zero, submitted SBTs.
- Our internal Sustainability Hub provides employees at The Very Group with the latest updates on ESG, as well as featuring a Learning Zone where employees can further their knowledge.
- We also have a new colleague network focussed on sustainability at The Very Group that provides our employees more opportunities to drive change.



# Stakeholder engagement and section 172

**OUR APPROACH** 

**TRAINING** 

The Board believes that a deep understanding of the priorities of the Group's stakeholders is critical to ensuring long-term success and maximising value in our business. Each of the Directors is aware of their duties in relation to \$172.

**INFORMATION** 

Our Board directly and indirectly engages with stakeholders. See pages 40 and 41.

The Board considers the quality of information it has received and seeks assurance where appropriate.

STRATEGIC DISCUSSIONS

s172 factors are considered in the Board's discussions on strategy, including how they underpin the Group's long-term success.

The Group's open and honest culture helps ensure there is proper consideration of the impact of Board decisions on our stakeholders.

DECISION-MAKING Outcomes of Board decisions are assessed and further engagement with stakeholders is undertaken where appropriate.

As a result of the Board's engagement, the necessary actions are taken.

#### **SECTION 172 STATEMENT**

The Directors have acted in a way they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have given regard, amongst other matters, to the following considerations in the decisions taken during the financial period ended 29 June 2024:

- A The likely consequences of any decision in the long-term
- B The interests of the Company's employees
- Carry The need to foster the Company's business relationships with customers, suppliers and others
- The impact of the Company's operations on the community and environment
- The desirability for high standards of business conduct
- The need to act fairly between members of the Company

The Board has a duty under Section 172 of the Companies Act 2006 to promote the success of the Company and, in doing so, must take account of the effect on stakeholders of how it manages the business of the Company, whether these stakeholders are from within the Company, in its Group, or outside the Company and its Group. Throughout the year, the Board has kept in mind these responsibilities as it has supervised and monitored the business activities and prospects of the Company and as it has considered, and, where appropriate, made decisions relating to strategic aspects of the Company's affairs.

When a particular matter falls for review by the Board, it first seeks to identify those stakeholders which are likely to be impacted by the decision of the Board, and then the Board discusses the respective interests of those stakeholders as well as the consistency (or otherwise) of the relevant proposal with the Board's existing, or any proposed change(s) to its strategic plan. The examples on the following pages show how the Board has considered s172 factors and the stakeholders likely to be affected by the outcome of some of the key decisions made during the year.



### Stakeholder engagement and section 172 (continued)

#### **OUR STAKEHOLDERS**



#### WHY THEY MATTER TO US

Our ongoing success depends on suppliers being able to operate efficiently and effectively. Supplier relationship management is a key discipline across the business to ensure the best mutual outcomes.

#### WHAT MATTERS TO THEM

- A long-term and collaborative relationship with The Very Group.
- Transparency and communication.
- Working together to provide great products to our customers and achieve shared strategic goals.
- Working collectively to minimise the environmental impact of production and transportation.

#### HOW MEMBERS OF THE BOARD HAVE ENGAGED

- The Board and Executive Committee understand the importance of the Group's suppliers in achieving the Group's long-term plans. Our Executive Committee, finance and retail teams engage with suppliers on a regular basis and key matters are shared with the Executive Committee and the Board.
- Members of the Executive Committee and the Board regularly meet with suppliers to maintain dialogue and relationships, while suppliers receive regular email updates on the Group's financial performance from our Chief Finance and Transformation Officer.
- During FY24, members of the Board and Executive Committee were kept appraised of our programme of joint marketing initiatives with a range of suppliers, while we also enhanced data sharing with our suppliers.
- Investments have been made in price, digital customer experience and delivery proposition in FY24 which benefit customers, growth and, therefore, suppliers.



#### WHY THEY MATTER TO US

Our investors comprise the Sir David Barclay and Sir Frederick Barclay Family Settlements. Our lenders comprise bondholders, external banks and other financing providers. Our investors and lenders are vital to our business and strategy, which is why we maintain open relationships with them.

#### WHAT MATTERS TO THEM

- Responsible stewardship of the Group from a financial, strategic, governance, environmental, and ethical perspective.
- Transparency and communication.
- Sustainability and profitability.

#### HOW MEMBERS OF THE BOARD HAVE ENGAGED

- The Board, which includes representatives of our shareholder, regularly engages with family shareholder members and lenders.
- The Investor Relations team engages with bondholders throughout the year through quarterly reporting and accompanying conference calls, hosted by our Chief Finance and Transformation Officer.
- We regularly update our corporate website with presentations, financial reports, press releases, and trading updates, and our Investor Relations team manages an investor mailbox.



### Stakeholder engagement and section 172 (continued)

#### **OUR STAKEHOLDERS**



#### WHY THEY MATTER TO US

Our customers are at the heart of our business. We have been serving families for over 100 years and today, we help 4.3m customers get more out of life.

#### WHAT MATTERS TO THEM

- A simple and convenient online shopping experience.
- A comprehensive assortment of well-priced products, with strong availability.
- Flexible ways to pay that put customers in control of their budgets.
- Seamless delivery and returns processes.
- Confidence that Very acts responsibly in all matters.

#### HOW MEMBERS OF THE BOARD HAVE ENGAGED

- Through a wide range of research and analysis, our customer team ensured that the Board and Executive Committee remained close to our customers. Our net promoter score was reported to the Board monthly.
- The Board and Executive Committee has continued to be kept informed of, and made key investment and cost decisions relating to, our tech acceleration programme, which will improve the digital customer experience.
- The Executive Committee and Board reviewed the introduction of new click and collect options, which offer greater choice and convenience.
- The Board reviews the risk management of the debtor book and invests accordingly.



#### WHY THEY MATTER TO US

The Board recognises the importance of the Group's employees, their abilities, and their dedication to the long-term success of the business.

#### WHAT MATTERS TO THEM

- Feeling valued and well rewarded.
- Being part of a diverse and inclusive workplace that allows them to develop and thrive.
- Being able to freely share their views.
- Having a safe and engaging working environment.
- Understanding the Group's strategic direction and their place within it.

#### HOW MEMBERS OF THE BOARD HAVE ENGAGED

- The Directors kept colleagues updated on corporate and individual business objectives, trading performance, and market conditions through a variety of communications media, including regular site visits and head office 'balcony briefings', which include the opportunity for live Q&A.
- During FY24, colleague engagement was measured through our Pulse survey, with the results reviewed at every level of the organisation and included in reporting to the Executive Committee and Board. More information can be found in the People and Culture section on pages 13 to 14.
- Our Executive Committee meets with, and is engaged in, our colleague-led networks, highlighting the strategic importance of diversity and inclusion at senior levels in our organisation. Our Chief People Officer and FS CEO are joint D&I sponsors and were involved in a number of events and initiatives.



#### WHY THEY MATTER TO US

We aim to have a positive impact in our communities, promoting responsible, sustainable growth, supporting inclusion, and developing opportunities.

#### WHAT MATTERS TO THEM

- Creation of employment and career opportunities in the communities where we are based.
- Focus on sustainability and ethical business.
- Management of climate change risks and impact.
- Diverse and inclusive approach that mirrors the local community.
- Delivering a meaningful social impact.

#### HOW MEMBERS OF THE BOARD HAVE ENGAGED

- Our sustainability strategy addresses our impact on society and the environment, and is allied with the United Nations' Sustainable Development Goals. Our commitments can be viewed in the ESG section on pages 26 to 38.
- Our ESG Committee, a formal committee of the Board founded in FY23, continued in FY24 and was attended by Company directors. It is responsible for ensuring the Group sets and delivers a strategy to navigate its environmental and social impacts.
- Members of the Board and the Executive Committee reviewed and approved updated policies on a number of ESG areas.



# Stakeholder engagement and section 172 (continued)

#### **KEY**

A	The likely consec	guences of any	decision in	the long-term

**B** The interests of the Company's employees

G The need to foster the Company's business relationships with customers, suppliers and others

**D** The impact of the Company's operations on the community and environment

The desirability for high standards of business conduct

F The need to act fairly between members of the Company

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COLLEAGUE ENGAGEMENT/VOICE	BRAND PLATFORM	NEW FINANCING	COST PROGRAMME
The Board and Executive Committee were appraised of the results of the colleague voice survey in FY24 and reviewed and inputted for the resulting engagement actions.	The Board and Executive Committee engaged with the development and agreement of a new brand platform 'Let's Make it Sparkle', which was launched in Q2 and introduced Very's new brand characters.	The Board was part of the due diligence process and agreed the £125m funding package provided to the Group, £85m (including fees) of which was immediately made available by Carlyle in Q3.	The Board and Executive Committee reviewed and approved a cost programme aimed to deliver £20m to £30m of savings by the end of FY25 to further support Group profitability.
CONSIDERATION OF S172 FACTORS			
B This activity helped management understand colleagues' concerns and act to further improve the working environment.	A Rather than regularly switching its marketing focus, the Board intends 'Let's Make It Sparkle' to be used in the long-term. The consequences will be improved customer recruitment and consideration among customer segments.	A The Board considered how the funding could be used to drive investment and manage the challenging external environment. They also considered the Group's ability to repay or refinance the financing in the long-term.	A In reviewing and approving the cost programme, the Board and Executive Committee considered the long-term profitability benefits alongside the impact on the quality of the Company's operations.
This activity promoted engaged and satisfied colleagues, which supported Company success and, in turn, benefitted its members.	A strong brand that resonates with customers supports strong performance, which is one of the factors that encourages healthy supplier relationships.	Further financial stability for the Group supports its activities to invest in the customer proposition, as well as manage challenging external factors, to the long-term benefit of customers and suppliers.	In agreeing the cost programme, the Board focused on transparent communication, including to external parties such as bondholders, and equitable implementation among members.
By openly seeking feedback, the Board and management promoted transparency. Continued communication throughout measures to further improve the working environment highlighted openness.	Our employees were considered during the development of the brand platform, which has been designed to inspire and galvanise our teams.	Further financial stability for the Group supports a positive working environment for colleagues.	The plan was devised in such a way as to consider the impact on, and avoid potential detriment to, the Group's key stakeholders, including colleagues and customers.
Colleague surveys and engagement are a key facet of the Group's diversity and inclusion approach, including how colleagues perceive the Company's D&I initiatives. In addition, the Company has put focus on collecting colleague data to support broader inclusion goals and improve its understanding of its internal communities.	The marketing campaign has been assessed on its financial impact and potential to deliver long-term value creation for Company members. Moreover, the campaign and spend on marketing has been communicated to different members via key channels, including bondholder calls.	The Company, led by members of the Board, supported with significant due diligence work, sought and received legal and corporate finance advice, and maintained internal governance controls.	In identifying and considering the proposals, the Board and Executive Committee considered cost saving actions that provided long-term efficiency and environmental benefits, such as the changes made to the Group's delivery proposition.



**OUR REPORTING** 

# Non-Financial and sustainability information statement

REPORTING REQUIREMENT	LOCATION	POLICIES
ENVIRONMENTAL AND SOCIAL MATTERS	Risk management – page 20 Sustainability report – page 26 CFD disclosures – see index overleaf ESG Committee report – page 62 Stakeholder engagement and section 172 statement – page 39	<ul> <li>Access to remedy and grievance mechanism policy</li> <li>Forest protection policy</li> <li>Migrant labour policy</li> <li>Reach policy</li> <li>Restricted substance list</li> <li>Timber sourcing policy</li> <li>Tax strategy</li> <li>Third-party code of business conduct and ethics</li> <li>Homeworking in supply chain policy</li> <li>Child labour and young worker policy</li> </ul>
OUR PEOPLE	People and culture – page 13 Stakeholder engagement and section 172 – page 39 Remuneration and Nomination Committee report – page 60	<ul> <li>Diversity and inclusion statement</li> <li>Health and safety policies</li> </ul>
HUMAN RIGHTS	Sustainability report – page 26	<ul> <li>Access to remedy and grievance mechanism policy</li> <li>Migrant labour policy</li> <li>Young worker and child labour policy</li> <li>Modern slavery statement</li> <li>Third-party code of business conduct and ethics</li> <li>Homeworking policy for supply chain</li> <li>Young worker and child labour policy</li> </ul>
ANTI-BRIBERY AND CORRUPTION	Audit and Risk Committee report – page 55	■ Anti-bribery and corruption and conflict of interest policy
RISK MANAGEMENT	Risk management – page 20	■ Enterprise Risk Management Framework
BUSINESS MODEL	Page 7	■ N/A
NON-FINANCIAL KPIS	Page 15	■ N/A





#### **OUR REPORTING**

# Non-Financial and sustainability information statement (continued)

#### **CLIMATE-RELATED FINANCIAL DISCLOSURES CONTENTS**

As noted in the Sustainability section of this year's annual report, we have aligned our disclosures under sections 414C, 414CA and 414CB of the Companies Act 2006 with the TCFD regime. The below shows how the TCFD structure and disclosures align with the CFD disclosures per section 414CB 2A (a)-(h) of the Companies Act.

PILLAR	TCFD DISCLOSURE	CFD DISCLOSURE	PAGE REFERENCE
GOVERNANCE	<ul><li>a) Describe the Board's oversight of climate-related risks and opportunities</li><li>b) Describe management's role in assessing and managing climate-related risks and opportunities</li></ul>	a) Description of the Company's arrangements in relation to assessing and managing climate-related risks and opportunities	28 to 29
STRATEGY	<ul> <li>a) Describe climate risks and opportunities identified by the organisation over the short, medium and long-term</li> <li>b) Describe the impact of climate on the organisation's businesses, strategy and financial planning</li> <li>c) Describe the resilience of the strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</li> </ul>	<ul> <li>d) Description of:         <ul> <li>the principal climate-related risks and opportunities arising in connection with the Company's operations</li> <li>the time periods by reference to which those risks and opportunities are assessed</li> </ul> </li> <li>e) Description of the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy</li> <li>f) An analysis of the resilience of the Company's business model and strategy, taking into consideration different climate-related scenarios</li> </ul>	29 to 31
RISK MANAGEMENT	<ul> <li>a) Describe the organisation's processes for identifying and assessing climate-related risks</li> <li>b) Describe the organisation's processes for managing climate-related risks</li> <li>c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management</li> </ul>	<ul> <li>b) Description of how the Company identifies, assesses, and manages climate-related risks and opportunities</li> <li>c) Description of how processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management process</li> </ul>	32
METRICS AND TARGETS	<ul> <li>a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process</li> <li>b) Disclose Scope 1, 2 and 3 (if appropriate) greenhouse gas emissions and related risks</li> <li>c) Describe the targets used by the organisation to manage climate-related risks and opportunities, and performance against targets</li> </ul>	g) Description of the targets used by the Company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets h) Description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based	32



**ENVIRONMENTAL IMPACT** 

# Streamlined energy and carbon reporting

#### ORGANISATIONAL STRUCTURE

The Very Group is classified as a large unquoted company due to its size and shareholding structure.

#### REPORTING PERIOD

The Very Group is reporting for the year ended 30 June 2024.

#### REPORTING BOUNDARY

The reporting boundary for the Energy and Carbon Report is the UK-based elements of The Very Group Limited and its subsidiaries.

#### **DATA COMPLETENESS**

All The Very Group's electricity and gas invoices have been entered into a fully managed energy database up to 30 June 2024, and data quality checks have been carried out for data completeness and accuracy. All transport information has also been entered into the energy database up to 30 June 2024.

The following figures show the consumption and associated emissions for The Very Group in FY24, with figures from the previous reporting period included for comparison.

Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

Scope 3 consumption and emissions relate to emissions resulting from sources not directly owned by the reporting company. For The Very Group, this is related to grey fleet (business travel undertaken in employee-owned vehicles) only.

#### REPORTING METHODOLOGY

This report has been prepared using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Business Council for Sustainable Development and World Resources Institute, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2(ISO, 2018; ISO, 2019); **Environmental Reporting Guidelines:** Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

Government Emissions Factor Database 2024 version 1 has been used, utilising the published kWh gross calorific value (CV) and kgCO<sub>2</sub>e emissions factors

relevant for the reporting period 1 July 2023 – 30 June 2024.

Estimations were undertaken to cover missing billing periods for properties directly invoiced to The Very Group. These were calculated on a kWh/day pro-rata basis at the meter level. All estimations equated to 0.54% of reported consumption.

Market-based emissions have been calculated using a hybrid approach. Electricity supplied by SSE over the reporting period is based on green contracts with Renewable Energy Guarantees of Origin (REGOs). The net environmental impact of electricity consumed at these sites is 0.00 gCO<sub>2</sub>e/ kWh. For unknown utility suppliers and contracts associated with electricity consumed at landlord sites, the UK residual grid emission factor has been used.

#### **ENERGY AND CARBON REPORT** COMMENTARY

#### **DATA IMPROVEMENTS**

The quality of methodology and data used to produce our carbon report have improved. For FY24, we have now also included fuel and gas in relation to our Bolton site. Consumption at landlord sites is now directly referenced whereas previously we had used estimates.

UTILITY AND SCOPE (kWh)	FY24 CONSUMPTION	FY23 CONSUMPTION
Scope 1 Total	4,687,647	3,765,116
Scope 2 Total	10,373,976	11,133,036
Scope 3 Total	295,899	400,161
TOTAL	15,357,522	15,298,313

UTILITY AND SCOPE (tCO₂e)	FY24 CONSUMPTION	FY23 CONSUMPTION
Scope 1 Total	1,000.76	851.00
Scope 2 Total	2,147.93	2,305.37
Scope 3 Total	65.95	90.00
TOTAL	3,214.64	3,246.37

INTENSITY METRIC	FY24	FY23
tCO <sub>2</sub> e/FTE	0.98	0.92
tCO₂e/£m revenue	1.51	1.51

The impact of the improved data and methodology is an increase in observed emissions.

#### TRANSPORTATION INSIGHTS

We have seen a notable improvement in transportation omissions. This reflects improved environmental awareness and an increase in virtual meetings, reducing travel and the associated emissions.

#### **CHANGES IN SITES**

The closure of our LightBox site in August 2023 has supported a reduction in electricity emissions. This is further

enhanced by the implementation of energy-saving measures such as LED installations at our Wrexham site.

#### APPROVAL OF THE STRATEGIC **REPORT**

The Strategic report has been approved by the Board on 23 October 2024 and signed on his behalf by:



#### **BEN FLETCHER**

**GROUP CHIEF FINANCE AND** TRANSFORMATION OFFICER



# Chair's introduction to governance



I am confident our strong management team will continue to deliver our strategy and drive sustainable growth."

### NADHIM ZAHAWI



#### **OUR GOVERNANCE APPROACH**

Having been appointed Non-Executive Chair of The Very Group, I am pleased to introduce my first governance report for the year ended 29 June 2024. In this section, we describe our governance approach and the activities of the Board in FY24. Pages 39 to 42 of this report describe how we adhered to matters set out in Section 172(1) of the Companies Act 2006.

Our purpose and governance processes guide our decision-making. They help us engage our employees, customers, suppliers, communities, and environment appropriately, while creating value for our shareholders. Furthermore, given the size, structure and stage of growth of our business, we continued to apply our own corporate governance arrangements for the year ended 29 June 2024.

As noted in my Chair's Review on page 4, I was delighted to be appointed Non-Executive Chair of the Group. Meanwhile, following the Company's partnership with global investment firms Carlyle and IMI, we announced our intention to appoint two Non-Executive Directors to the Board from the firms. These appointments were subsequently made in FY25.

At the end of FY24, Non-Executive Director Mark McMenemy retired from The Very Group's Board. He rejoined the Company in 2019 and since then, Mark has Chaired the Board's Audit and Risk Committee and, most recently, its ESG Committee. Prior to this, he was Group Finance Director at The Very Group from 2012 to 2015. On behalf of everyone at The Very Group, I want to thank Mark for his outstanding contribution and wish him a very happy retirement.

While FY24 proved to be a challenging year, our strong governance helped to deliver a resilient performance. I am confident our strong management team will continue to deliver our strategy and drive sustainable growth.

#### NADHIM ZAHAWI

CHAIR 23 OCTOBER 2024

#### **FIND OUT MORE**





Read more on pages 39 to 42.



# Corporate governance report

#### **PURPOSE**

An effective Board lives and promotes the purpose of a company. Our purpose - helping families get more out of life reflects the benefits we offer our customers. It exemplifies the business we are today as well as our vision for the future. We help families have the lives they deserve through famous brands, a simple digital customer experience, and our Very Pay platform. Our values, which we have worked to redevelop to ensure every colleague understands what it means to live them, continue to underpin our purpose and culture. They help to guide the decisions and actions taken by the Board.

#### PEOPLE AND CULTURE

The Board understands its role in supporting a collaborative and inclusive culture. It tracks colleague sentiment through surveys, such as the Voice survey undertaken in FY24. Meanwhile, the Executive Committee engages with colleagues through in-person and digital 'balcony briefings', which include Q&A opportunities, as well as via email and digital media.

# PEOPLE AND CULTURE Read more on pages 13 to 14.

#### THE BOARD

The Board promotes the sustainable success of the Company, generating value for shareholders while having regard to all stakeholders, and the impact of the business on the community and the environment. The Board provides leadership to the Group and is responsible for overseeing strategy, performance, governance and risk.

Refer to pages 51 to 54.

#### REMUNERATION AND NOMINATION COMMITTEE

Responsible for making recommendations to the Board for the Group's remuneration structure, aligning remuneration to the long-term sustainable success of the Group.

The Committee also ensures the appropriate mix of skills, competence, and diversity of the Board and Committees.

Refer to pages 60 to 61.

#### **AUDIT AND RISK COMMITTEE**

Responsible for providing oversight of the integrity of the Company's financial statements and the narrative statements contained therein. Its role includes oversight of internal control processes and risk management systems to safeguard stakeholder interests, ensuring that key risks for the business are identified and mitigated appropriately.

Refer to pages 55 to 59.

#### **ESG COMMITTEE**

Responsible for overseeing the Company fulfils its responsibility to set a strategy that navigates The Very Group's environmental and social impacts. It helps to put sustainability at the heart of business decisions.

Refer to pages 62 to 63.

#### **EXECUTIVE COMMITTEE**

Responsible for the day-to-day running of the business. It is led by the CEO and comprises experienced executives. The Executive Committee develops Group strategy and budgets for Board approval. It recommends to the Board any significant investment proposals, monitors performance of the Group, and allocates resources. It also considers people issues, including workforce planning and succession.



### Corporate governance report (continued)

#### **DIVISION OF RESPONSIBILITIES**

Our governance framework outlines roles and responsibilities, linking to policies and procedures and delegations of authority, supporting effective decision-making and challenge. This will help to achieve long-term value for the Group and its stakeholders. We review processes regularly as part of our commitment to corporate governance.

Consistent with the ownership of the Group and composition of the Board, there is in place a schedule of matters reserved for the Board.

#### **MEETINGS**

ENTITY	number of meetings held in FY24
The Board	4
Remuneration and Nomination Committee	1
Audit and Risk Committee	4
ESG Committee	4
Executive Committee	28

#### **RESPONSIBILITIES OF THE BOARD**

CHAIR	■ Leads and ensures effectiveness of the Board
	<ul> <li>Promotes a Board culture of openness, and effective contribution of all Non-Executive Directors</li> </ul>
	<ul> <li>Coordinates performance evaluation of members of the Board</li> </ul>
	<ul> <li>Holds meetings with and without Executive Directors present as appropriate</li> </ul>
	<ul> <li>Leads corporate governance</li> </ul>
CHIEF EXECUTIVE OFFICER	<ul> <li>Senior executive responsible for management of the Group</li> <li>Develops and implements the business plan and budget as approved by the Board</li> <li>Develops and implements the Group's strategy as approved by the Board</li> <li>Models and leads the Group's culture and values</li> <li>Keeps the Board fully informed of all material issues</li> <li>Responsible for employee engagement</li> </ul>
NON-EXECUTIVE DIRECTORS	<ul> <li>Challenge constructively and scrutinise, holding to account the performance of management and individual Executive Directors to agreed performance objectives</li> <li>Director appointments</li> <li>Approach to governance, processes, and procedures</li> <li>Other matters reserved to the Board under the Group Delegated Authorities policy</li> </ul>

#### **KEY BOARD RESERVED ACTIVITIES**

THE BOARD	<ul> <li>Approve corporate and strategic business plans</li> </ul>
	<ul> <li>Approve annual and interim results, bondholder reports, and trading updates</li> </ul>
	<ul> <li>Monitor risk management</li> </ul>
	<ul> <li>Decide on acquisitions and disposals, as well as major capital expenditure and significant investment decisions</li> </ul>
	<ul> <li>Monitor progress against the Group's colleague engagement</li> </ul>



### **Corporate governance report** (continued)

# **KEY**COMMITTEE MEMBERSHIP

- C Audit and Risk Committee Chair
- Audit and Risk Committee member
- © Remuneration and Nomination Committee Chair
- Remuneration and Nomination Committee member
- Chair ESG Committee
- ESG Committee

#### **CHAIR**



#### NADHIM ZAHAWI NON-EXECUTIVE CHAIR

Appointed: 13 September 2024

Mr Zahawi, who is a patron of economic think tank the Adam Smith Institute, became the Conservative Member of Parliament for Stratford-on-Avon in 2010. He has served in some of the most senior ministerial roles in the British Government, including as Chancellor of the Duchy of Lancaster, Chancellor of the Exchequer and Secretary of State for Education. During the COVID-19 pandemic, he was appointed Minister for COVID Vaccine Deployment and led the successful rollout of the UK's vaccine programme. Prior to his political career. Mr Zahawi was a successful business leader. He co-founded and was CEO of digital polling and market research specialist YouGov. During his tenure, the UK firm expanded globally, establishing operations in the Middle East and the US, and joined the London Stock Exchange.

#### **EXECUTIVE DIRECTORS**



ROBBIE FEATHER
GROUP CEO

**Appointed:** 26 April 2024

Robbie was appointed CEO in April 2024. He joined the Group in 2021 and previously led the Company's retail team, which includes all category sourcing, buying, and merchandising, as well as Group trading and marketing. He oversaw the development of the Company's successful new brand platform and its market-beating retail performance. Formerly CEO of Fenwick, the luxury department store business, Robbie helped to turn around the Company and modernise its customer proposition, including launching its online business. He previously held a number of roles at Sainsbury's Argos, including Commercial Director on the Argos board, during which time he oversaw the digital transformation of the business and led the commercial team.



#### **BEN FLETCHER**

# CHIEF FINANCE AND TRANSFORMATION OFFICER

**Appointed:** 1 September 2020

Ben leads The Very Group's finance team as it strives to create and protect the future of the business, whilst improving its capabilities and adopting new ways of working. In 2023, his remit was expanded to also include heading-up the continuing development of the business' operating model and introducing new ways of working. Ben was previously European President at Clarks Shoes, where he was responsible for investments including a new European fulfilment centre, delivering digital expansion, and increasing colleague engagement. Prior to joining Clarks Shoes, he was at Walgreens Boots Alliance for six years. As Managing Director of Boots Opticians, Ben grew the business' market share, revenue, profit, and EBITDA year-on-year. Between 1999 and 2011, Ben held a series of senior finance positions at Procter & Gamble worldwide. He sits on the board of the National Literacy Trust.



### **Corporate governance report** (continued)

# **KEY**COMMITTEE MEMBERSHIP

- C Audit and Risk Committee Chair
- Audit and Risk Committee member
- © Remuneration and Nomination Committee Chair
- Remuneration and Nomination Committee member
- Chair ESG Committee
- ESG Committee

#### NON-EXECUTIVE DIRECTORS AND BOARD COMMITTEE CHAIRS



#### RICHARD MAYFIELD

CHAIR OF AUDIT AND RISK COMMITTEE C

**Appointed:** 26 September 2022

In his most recent role prior to The Very Group. between January 2021 and January 2022 Richard led Walmart Global Sourcing, a fully integrated supply chain that supports all Walmart's divisions in the United States and international markets. Prior to this between 2020 and 2021, he was Executive Vice President and Regional CEO for Walmart Mexico and Central America, Canada, and the UK, with responsibility for an omnichannel business covering 4,500 stores and 600.000 associates. Between 2016 and 2019. Richard served as Executive Vice President and Chief Financial Officer for Walmart International. He joined Walmart in 2012 as CFO of its UK business, Asda, and became EMEA region CFO in 2014. Richard's experience also includes leadership roles at UK retailers Kingfisher, House of Fraser, and Waitrose.



#### **JACQUI HUMPHRIES**

CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE (2)

**Appointed:** 8 April 2019

Jacqui joined the Executive Committee of The Very Group in January 2009. Prior to joining The Very Group, she was the Head of HR – Retail for Marks & Spencer, responsible for 550 stores and the 70,000 people within them. During her time at The Very Group, Jacqui has performed the role of Group Director of People, leading the Group in successfully engendering a purpose and values-led culture that enables people to deliver against its world class digital ambitions. In April 2019, Jacqui was appointed Non-Executive Director of the Group and currently chairs the Remuneration and Nomination Committee.



#### MARK MCMENEMY

CHAIR OF ESG COMMITTEE ©

**Appointed:** 8 April 2019

Resigned: 23 August 2024

Mark rejoined The Very Group in 2017 after deciding to give up full time executive roles to accommodate a number of non-executive and consulting positions, being appointed Non-Executive Director on the 8 April 2019. Prior to this, he held the role of Group Finance Director at The Very Group for three years from 2012. Mark has a wealth of experience across the retail sector, both in the UK and internationally, having been CFO of Clarks Shoes, Mothercare, and Monsoon. Prior to these roles, he held senior finance positions at Marks & Spencer. Mark chaired the ESG Committee until August 2024, and was formerly Chair of the Audit and Risk Committee. An acting chair of the ESG Committee has been appointed following Mark's resignation.

#### **OTHER DIRECTORS**

#### AIDAN BARCLAY

DIRECTOR

**Appointed**: 2 May 2003

#### **PHILIP PETERS**

**DIRECTOR** 

**Appointed:** 2 May 2003

#### **HOWARD BARCLAY**

**DIRECTOR** 

Appointed: 2 May 2003

#### **TIM FRANKLIN**

**DIRECTOR** 

**Appointed:** 12 September 2022

#### STUART WINTON

**DIRECTOR** 

**Appointed:** 3 June 2013

#### **DAVID KERSHAW**

CORPORATE FINANCE DIRECTOR

**Appointed:** 22 February 2010

#### **NICK BEIGHTON**

**DIRECTOR** 

Appointed: 29 August 2024

#### PAUL O'DONNELL

**DIRECTOR** 

**Appointed:** 6 August 2024



# **Board activity in FY24**

DURING THE YEAR, THE BOARD OPERATED TO A STRATEGIC FRAMEWORK FOCUSED ON PROTECTING AND GROWING THE BUSINESS.

# FINANCIAL AND COMMERCIAL PERFORMANCE

This was reviewed at every meeting, supported by reports and presentations from the Executive Directors. Detailed reviews of specific business areas were provided by the relevant senior manager along with budget and strategy discussions.

# MONITORING FINANCIAL STRENGTH

Financing, cashflow, and liquidity were an area of specific focus all year.

# INTERNAL CONTROL AND RISK MANAGEMENT

The Board received regular updates from the Audit & Risk Committee on the Company's internal control and risk management processes.

# STRATEGY AND INNOVATION

The Board dedicated significant time to further evolving the strategic plan with the Executive Committee following the appointment of the CEO.

#### **CAPITAL EXPENDITURE**

Material capital expenditure projects are subject to Board review. In FY24, these focused primarily on initiatives within the Company's tech transformation programme.

#### **COST REDUCTION**

In the challenging market, the Board assessed and enacted a range of options to deliver operational and cost efficiencies for the Group.

#### **ESG**

The Board received regular updates on our sustainability targets and strategic objectives related to ESG.

# DIVERSITY AND INCLUSION

The Board monitored the Group's actions and progress against its D&I commitments, which are published in the Diversity and Inclusion report, and detailed in the People and Culture section (pages 13 to 14).

You can read about specific strategic decisions taken by the Board in the s172 section on pages 39 to 42.





### **Board activity in FY24** (continued)

#### **OPPORTUNITY AND RISK**

The Board aims to create value, while assessing risks to the Group, and has in place procedures to identify and mitigate risk. It reviews short-term operational and trading opportunities as part of its day-to-day routine and the weekly trading Executive Committee meetings.

The Executive Committee considers both medium- and longer-term opportunities regularly in its planning meetings, Committee meetings, and in meetings with the shareholders.

The Executive Committee agrees a capital investment plan with the Board annually, and also agrees three-year and five-year plans annually. Similarly,

the Executive Committee considers income streams from new sources and, with Board assistance, regularly reviews its strategic objectives and market positioning to ensure we continue to meet the demands of our customers and market trends.

The Board has responsibility for risk management. Protecting our customers, colleagues, the commercial interests of the Group, and the society we serve is central to our risk management philosophy.

The Board delegates responsibility for reviewing and challenging key risks and the risk management framework to the Audit and Risk Committee. The systems of risk management and internal control are designed to reduce the risks of failure to meet business objectives. However, our risk management and internal controls can provide only reasonable, not absolute, assurance for meeting our business objectives or against material misstatement or loss.

#### **INTERNAL CONTROLS**

The Group's internal controls over the financial reporting and consolidation processes are designed, under the supervision of the Chief Finance and Transformation Officer and the Group Finance Director, to provide assurance of the reliability of financial reporting and the preparation and fair presentation of the Group's published financial statements for external reporting purposes, in accordance with IFRS.

The processes used by the Board, either directly or, where appropriate, through the Audit and Risk Committee, to review the effectiveness of the internal control and risk management systems in relation to the financial reporting process, and the process for preparing consolidated accounts, include the following:

- A review of the external and internal audit reviews.
- Consideration of reports from management and external parties, including the internal and external auditors, on the system of internal financial control and any material control weaknesses.

Discussion with management on what to do about any possible problem areas identified. In addition, the Board receives updates from the Audit & Risk Committee Chair at each Board meeting. It receives regular written and verbal reports from management on all aspects of regulatory, operations, financial, and risk management matters.

We take a forward-looking approach to risk management, ensuring we are well placed to identify and respond to emerging risks, as well as managing inherent principal and strategic risks.

Risks within the Group's regulated companies are managed by their respective boards and reported to the Group Board in line with reporting structures, to satisfy the requirements of their regulators. Where relevant, matters are reported from those companies to the Group Board and the Group's Audit & Risk Committee.



Please see the Risk Management and Principal Risks report on pages 20 to 25 for more details of how we recognise and manage risk. The Group uses the risk management and compliance capability of its UK regulated subsidiary in a number of areas, including data protection, information security, and business continuity. Its delegated approval levels and contract approval and authorisation process provide control, while Internal Audit provides a third line of assurance, working to an audit plan directed by the Group Audit and Risk Committee.

#### **REMUNERATION**

The Board is responsible for ensuring remuneration is appropriate to support Group objectives, and attract and retain high quality colleagues. Executive pay structures are designed to promote sustainable, long-term success, while incentivising behaviour and performance consistent with our values. Executive remuneration is linked to financial performance, customer outcomes and the customer experience.

Remuneration is also considered in light of remuneration structures and rewards across the workforce.

### **Board activity in FY24** (continued)

Together with the Group's Remuneration and Nomination Committee, each of the Group's regulated companies has its own remuneration committee responsible for recommending to its board matters including recruitment and remuneration strategy, and reward frameworks. Compliance with regulatory obligations and expectations of senior management conduct is a key element of those frameworks.

The Group believes strongly in equal opportunities and takes a zero-tolerance approach to discrimination and victimisation, and promotes equal treatment. The Group operates a whistleblowing policy.

Total Directors' remuneration is disclosed in note 10 of the financial statements.



For further information on the role of the Group's Remuneration and Nomination Committee, please refer to pages 60 to 61.

#### **GENDER PAY GAP REPORTING**

Decisions on pay, promotion, and reward are vital to attract and retain high-performing talent. The Group has complied with gender pay gap reporting requirements since 2017 and acted to help eliminate systemic bias from processes and decision making.

We pay our colleagues equally and fairly for the same or equivalent work, regardless of gender or any other characteristic, supported by our market-based approach to pay. As a result, the Board is confident that variations in pay within a range are a result of factors such as service, market, or experience.

Our gender pay gap is caused by having more males in higher-paid roles than females. We also see an under-representation of females in certain careers where the external market commands higher rates of pay whilst having fewer females in the talent pool, such as technology.

In our 2023 gender pay report (released in FY24), we were pleased to see continued positive movement in the headline figures for our hourly pay, with reductions to both our median and mean gender pay gaps when compared to the prior year.

Whilst we showed fewer females in our senior leader population compared to 2022 (due to more females leaving the Company between reporting periods), promotions to our senior leader population were 67% female during the same timeframe.

The Board and senior management remain focused on tackling areas that influence the gender pay gap. The Group's progress against our 2025 diversity and inclusion commitments are helping this.



You can read more about our D&I commitments in the people and culture section on pages 13 to 14.

#### STAKEHOLDER ENGAGEMENT

The Board is responsible for overseeing meaningful engagement with stakeholders to take account of their needs and concerns in decision making, and create value.

The Board believes that good governance and effective communication are key to achieving our purpose and protecting the Group's brands, reputation, and relationships with all stakeholders, including our customers, people, suppliers, communities, regulators, lenders, and shareholder.





### **Board activity in FY24** (continued)

The Board and the Executive Committee therefore communicate frequently with our stakeholders. This includes:

- Quarterly conference calls with bondholders
- Regular two-way dialogue with our employees through in-person and digital channels
- Direct customer engagement through focus groups and other channels

- Surveying our suppliers through our dedicated Partner of Choice programme
- Focusing on social dialogue, gender, inclusion, financial literacy, and sustainability training for our workers in third-party supplier factories around the world.

Our statement describing how the Board has had regard to the matters in Section 172 (1) (a) to (f) of the Companies Act 2006 when performing its duty under Section 172 is on pages 39 to 42.

Read more about Stakeholders on pages 39 to 42.

#### SHOP DIRECT FINANCE COMPANY

Shop Direct Finance Company (SDFC) is registered in England and Wales and is regulated by the Financial Conduct Authority (FCA). It is a wholly-owned subsidiary of Shop Direct Group Financial Services Limited (SDGFS), which, in turn, is a wholly-owned subsidiary of The Very Group Limited.

SDFC, which is primarily concerned with the provision of financial services to customers of The Very Group, is committed to maintaining high standards of corporate governance, believing that effective corporate governance supports an open framework for delivering good outcomes to customers. It has developed a robust governance structure that is appropriate for the size, complexity, and risk profile of the business. The structure ensures that governance processes are transparent, with defined escalation routes to manage risks and processes.

The Board has established standing committees to which it has delegated specific powers and responsibilities.

Together with the Board, these form the Tier 1 Board and Committee structure as detailed below:

- Executive Committee established by the Chief Executive Officer to help manage the business in line with the strategy agreed by the Boards, ensuring that risks and exposures are adequately managed. The Committee is responsible for regularly reviewing customer outcomes to ensure they are consistent with the Consumer Duty.
- Risk Management Committee oversee the risk management framework on behalf of the Board by providing assurance that material risks are identified and managed appropriately by maintaining and overseeing the application of the Risk Framework and Risk Management Policies.

- The Nominations and Remuneration Committee – primarily responsible for the management and oversight of senior management remuneration, succession planning, and the appointment of new senior managers.
- The Audit Committee primarily responsible for considering and reviewing the adequacy and effectiveness of SDFC's and VGCF's internal controls and integrity of the financial statements. They will recommend to the SDFC Board to sign and approve the SDFC yearend accounts and management representation letter.

Among SDFC's key stakeholders is the Financial Conduct Authority, with which it has ongoing engagement on topics that the FCA would expect notification of and where SDFC would see the benefit of regulatory consultation.

# Audit and Risk Committee report



I would like to thank the management team at The Very Group, and all of my fellow Committee members, for their valuable contribution in FY24."

#### **RICHARD MAYFIELD**

**CHAIR OF AUDIT AND RISK COMMITTEE** 



#### **CHAIRMAN'S INTRODUCTION**

On behalf of the Board, I am pleased to present the Audit and Risk Committee's report for the year ended 29 June 2024. This report explains the Committee's role, work and areas of focus during the year.

The year has been challenging again for consumers and retailers alike. Continued economic challenges have put pressure on family budgets as well as retailers' costs of doing business. The Group has a history of resilience in challenging times, and our broad product range combined with flexible payment options continues to serve families.

Our customer satisfaction scores remain high and our financial results for FY24 again demonstrate the relevance of our offer, and the quality and resilience of our business.

Economic challenges and their impact have continued to be front of mind for the Committee in presenting our financial information in FY24. The role the Committee plays in assessing the integrity, fairness and accuracy of our financial information remains at the core of the work we do.

Given the current economic environment, we place specific focus on key areas of accounting judgement (further outlined below) which are impacted by current economic conditions.

#### **KEY COMMITTEE MEMBERS AND MEETINGS**

1ember	Attendance
Richard Mayfield	4/4
Mark McMenemy	1/4
acqui Humphries	3/4
David Kershaw	1/4
ulie Nicholson	3/4

#### **ROLE OF THE COMMITTEE**

The Audit and Risk Committee is responsible for ensuring the financial performance of the Group is properly prepared, reviewed and reported.

Our role also includes maintaining comprehensive internal control and risk management systems to safeguard stakeholder interests.

The Committee focuses on monitoring or reviewing:

- the integrity and fairness of financial statements and narrative announcements and reporting
- The Very Group's systems of risk management and related controls and compliance

- the activities of the internal audit function, including reviewing findings and implementing them
- the effectiveness, scope, objectivity, and independence of the external auditor and the appropriateness of the relationship with the external auditor, including use on nonaudit work
- the effectiveness of whistleblowing arrangements



### **Audit and Risk Committee report** (continued)

These judgements include our work around 'going concern' and provisions for expected credit loss.

In considering 'going concern', the Committee reviewed business forecasts for the next 18 months and considered fully the sensitivities set out on pages 74 to 75 applied by management to reflect potential downside impacts. We also reviewed a set of mitigating actions identified by the business which could be enacted to offset any significant deterioration in performance.

We also considered actions already taken by management and looked at financial performance in the early part of FY25. We concluded that the sensitivities run by management fairly reflect the downside risks of the business and that we have sufficient actions in place to manage those impacts should it be necessary.

In recent years, we have seen continued volatility including the impacts of major conflicts, a global pandemic, supply chain disruption and the increasing impacts of technology.

In this climate, the role played by the Committee in relation to risk management is key. Our Enterprise Risk Management (ERM) Framework continues to develop and mature, with improvements in the processes for identifying the principal risks of the business and subsequently executing appropriate mitigating actions. Each of the risk areas and mitigation plans is delegated to and managed by a member of the senior management team.

Internal audit continues to be the third line of defence in the Group's risk management and our function works alongside co-source partners BDO, who augment and strengthen the skills of the internal audit team, particularly in relation to technology-related risks.

In addition, the Committee reviewed and approved each quarterly internal audit plan and any subsequent material changes, ensuring these were aligned to the significant risks of the business.

We reviewed the findings and recommendations of key audits and monitored the implementation of remediation plans. It is the Committee's view that internal audit remains effective and continues to meet its agreed plans and overall aims.

Our priorities for the year ahead remain consistent with prior years and with our Committee Terms of Reference (see below). We will continue to strengthen our ERM framework and internal controls across the Group.

We will also be responding appropriately to audit and corporate governance reforms expected in line with Department for Business and Trade (DBT, formerly BEIS) guidance.

I would like to thank the management team at The Very Group, and all of my fellow Committee members, for their valuable contribution in FY24.

#### **MEMBERSHIP AND MEETINGS**

During the year the Committee comprised the following members/ non-executive directors:

- Richard Mayfield (Chair)
- Mark McMenemy
- Jacqui Humphries
- David Kershaw
- Julie Nicholson

The Company operates a Group Audit and Risk Committee, and in addition operates Audit Committees in its

regulated subsidiaries (SDFC and Shop Direct Ireland). Any significant matters arising in the regulated subsidiaries are also covered in the Group Audit and Risk Committee. The Group Audit and Risk Committee held four scheduled meetings during the year. The attendance details are set out in this report.

The Committee has a wide range of experience and skills, which provide the knowledge and ability required to work as an effective committee and to challenge the Board and senior management when appropriate.

During the year, the Committee held four scheduled meetings. By invitation, this year's meetings were attended by external auditors, internal auditors (including co-source partners BDO) and senior management as appropriate, including the Chief Financial Officer and Group Finance Director, who attended every committee meeting.

#### **COMMITTEE ACTIVITIES DURING** 2023/24

#### **REVIEW OF ANNUAL REPORT** AND CONSOLIDATED FINANCIAL **STATEMENTS**

The Committee has reviewed, and discussed with management and the external auditor, the audited

consolidated financial statements within the FY24 Annual Report.

We have reviewed the Group's APMs as for their appropriateness as relevant financial metrics. We have reviewed the overall presentation of APMs to ensure that they were not given undue prominence, challenged the nature and amount of adjusting items, and evaluated the clarity of reconciliations.

We have also assessed whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements.

We are satisfied the judgements are reasonable, and that suitable accounting policies have been adopted, correctly applied and appropriately disclosed in the accounts.

We discussed the judgemental areas overleaf and addressed them with our external auditor throughout the external audit process. The issues are deemed significant in relation to the financial statements.



# Audit and Risk Committee report (continued)

MATTER CONSIDERED	BACKGROUND AND DETAILS
1. GOING CONCERN	We reviewed management's paper, scenario modelling and disclosures regarding going concern. The Committee has reviewed the sensitivity tests, paying particular attention to the sensitivity test of management's sales and margin forecasts, along with mitigating actions available to management should a liquidity shock occur. Based on our review of cash flow forecasts, sensitivity tests and financing, we are satisfied that it is appropriate to produce the accounts on a going concern basis. See note 2 for further information on going concern.
2. EXPECTED CREDIT- LOSS MODEL	Significant judgements are made on the provisioning of potential credit risk of customers, including impacts of the cost-of-living crisis and ongoing uncertain economic conditions. The net expected credit-loss provision is £203.0m at 29 June 2024 (2023: £216.6m).
ADJUSTMENT	Based on detailed reports, including from external economic forecasters, and thorough discussions with management and having considered the challenges from and the work of the external auditor, we reviewed and assessed the basis and level of provisions under IFRS 9 'financial instruments' standard methodology. This included reviewing the supporting calculations and data.
	In the prior year, an overlay relating to the cost-of-living crisis was included to acknowledge the impact this was expected to have on our customers' ability to satisfy all their obligations. The decision has been taken for this provision to be released as at 29 June 2024, given that our data has proven our standard modelling is adequately covering our bad debt levels. We are satisfied the judgements made are reasonable and appropriate.
3. VALUATION OF DOUGLAS	The carrying value of the Douglas goodwill is £97.0m (2023: £97.0m). Management has prepared a paper outlining their assessment that the goodwill is not impaired at the Balance Sheet date. We have assessed the appropriateness of the assumptions made in the value in use calculation, which can be found on page 91.
GOODWILL	The value of the goodwill is supported by predicted future cashflows, notably from the monthly insurance product offered which first launched in July 2023. Having reviewed management's paper, the early results from the launch of the monthly product and considered the challenge from the external audit, we have concluded the assumptions used for predicting the future cashflows, including discount rates, are reasonable and therefore the goodwill is supportable.
4. REVENUE RECOGNITION	We assessed management's analysis of revenue recognition under IFRS15, in particular the valuation of the early settlement accrual, and have concluded that it has been properly recorded in the period in accordance with accounting standards.
5. CLASSIFICATION	The exceptional costs incurred in the period to 29 June 2024 were £29.3m (2023: £26.5m).
OF EXCEPTIONAL COSTS	Management has prepared a paper outlining their assessment of the nature of these costs and the rationale for them being presented separately as exceptional. Having reviewed the paper and supporting rationale, we conclude that the treatment of these costs is appropriate. We will keep the classification of exceptional costs under review.
6. AMOUNTS OWED BY PARENT COMPANY	The carrying value of amounts owed by the Parent Company is £509.1m (2023: £500.5m). Management has prepared a paper supporting the recoverability of the loan. The loan will be eliminated in the future via a potential sale of The Very Group equity. The paper demonstrates that the value of the equity is sufficient to repay both the debtholders of the Group and the intercompany loan. Management has also reviewed the nature of the financing of the Group of which The Very Group is part and has concluded that those wider financing arrangements have no impact on the recoverability of the intercompany loan.

### **Audit and Risk Committee report** (continued)

# RISK MANAGEMENT AND INTERNAL CONTROL

The Board retains overall responsibility for the Group's approach to risk management. The Audit and Risk Committee is charged with reviewing regularly the overall effectiveness of risk management within the business. The Committee also works to ensure that the principal risks faced by the business are identified, prioritised and that appropriate mitigation actions are planned and executed on an ongoing basis.

The Group manages risk consistently across all business areas through the Enterprise Risk Management Programme (ERM). This forms a key part of its 'three lines of defence' model, which is underpinned with an integrated approach to assurance.

The continued strengthening of the risk management framework and the associated controls and mitigating actions has continued to evolve and is reported to the Committee at each meeting.

Any weaknesses identified in the Group's internal control system are reported to the Committee and corrective actions agreed. General IT control findings have been noted and we are working to improve controls in this area. The committee is also responsible for identifying emerging risks to the business.

You can find further details on the risk framework and approach to risk management, together with details of The Very Group's principal risks and risk assessment, on pages 20 to 25.

#### **INTERNAL AUDIT**

The Internal Audit function is led by the Group Head of Internal Audit and is made up of an internal team supplemented by our co-source partners BDO. BDO augment and strengthen the skills of the internal audit team, particularly in relation to key areas including technology related risks.

Internal Audit ensured audit coverage of the key risks to the Group through a quarterly risk-based planning process. The Audit and Risk Committee reviewed and approved each quarterly internal audit plan and any subsequent material changes. We ensured the audit plan and related changes were aligned to the significant risks of the business.

During the year, internal audit performed audits on key risk areas of the business including: Very Pay regulation; technology; cyber security; financial controls, change, operations, retail and ESG.

Notably, a key audit conducted this year by BDO was on the Group's Information Technology General Controls (ITGCs). The audit identified a small number of areas for improvement in the definition of certain policies and oversight to ensure policies are consistently adopted in practice. The new Chief Technology Officer is leading an action plan to address the findings.

During the year, the Head of Internal Audit had direct access to all Committee members, including holding monthly meetings with the Audit and Risk Committee Chair.

Both the Head of Internal Audit and senior members of the co-source partners attended Audit and Risk Committee meetings during the year and provided their reports and communicated findings and updates to the Committee.





### Audit and Risk Committee report (continued)

There were no restrictions placed on the scope of work to be carried out by the Internal Audit function or its ability to report to the Committee.

The Committee is satisfied that the internal audit function has maintained adequate resource and coverage and has continued to perform effectively during the year.

#### **EXTERNAL AUDITOR**

The Audit and Risk Committee is responsible for recommending to the Board the appointment of an appropriate external auditor, assessing the professional competence and independence of any proposed external auditor through an extensive tender process.

Following the resignation of previous auditors Deloitte, MHA (the UK member of Baker Tilly International) were appointed to conduct the audit of financial year ending 29 June 2024, with Rajeev Shanuak acting as Lead Audit Partner.

#### **AUDITOR INDEPENDENCE**

The Committee has assessed and will continue to assess, the independence, tenure, and quality of the external auditor at least once a year, in addition to requiring both oral and written confirmation of the auditor's independence.

MHA has confirmed that there are no relationships between themselves and the Group that could have a bearing on their independence.

#### **NON-AUDIT SERVICES**

The Board maintains a policy regarding the provision of non-audit services by the external auditor, to ensure continued objectivity and independence of the external auditor.

Further, the Audit and Risk Committee adopts a cap on the level of fees to be spent with the incumbent audit firm on non-audit services, and all non-audit services require approval by the Audit and Risk Committee. The Group's external auditor is prohibited from providing any services that could compromise their objectivity or independence, or which would conflict with their statutory responsibilities.

During the year, MHA's audit fee was £1.0m and there were no non-audit fees. Further details are provided in Note 11 to the financial statements.

# EFFECTIVENESS AND REAPPOINTMENT

The Committee is responsible for evaluating the effectiveness of the external auditors. During the year, we approved and monitored MHA's terms of engagement, scope of work and the process for the annual audit.

The challenges raised by MHA over management's assumptions in key areas of judgement, and the number and nature of the accounting and control observations raised by MHA, have had suitably healthy debate.

These debates not only provide a level of clarity and comfort for the FY24 Report and Accounts, but also guidance to aid the focus of the Committee.

The Audit and Risk Committee Chair was in regular contact with the external audit partner during the year to discuss, amongst other things, progress of the audit, including any emerging issues and the level of errors identified during the audit.

We have reviewed feedback from the parties involved in the external audit process. Overall, the Committee concluded that MHA provided strong challenges and scepticism throughout the audit process, and that it conducted their first audit of The Very Group effectively.

Having reviewed the auditor's independence and the effectiveness of its audit, the Committee is satisfied that MHA should be reappointed as external auditor for the 2024/25 financial year.

#### WHISTLEBLOWING

The Company's whistleblowing procedures ensure all stakeholders can raise concerns confidentially about possible improprieties.

They can do this by phone or online to an independently provided service.

The Committee received regular updates and can confirm that no material concerns were raised during the year.

#### **RICHARD MAYFIELD**

CHAIR OF AUDIT AND RISK COMMITTEE 23 OCTOBER 2024



# Remuneration and Nomination Committee report



As Chair of the Remuneration and Nomination Committee, and on behalf of the Board, I am pleased to present our report on Directors' remuneration for FY24, which is in line with the Company's approved remuneration policy."

#### **JACOUI HUMPHRIES**

**CHAIR OF THE REMUNERATION & NOMINATION COMMITTEE** 



We have divided the Committee's report into three sections: for remuneration, the annual statement and the remuneration policy, and for nomination, information about our work.

# REMUNERATION: ANNUAL STATEMENT

The Committee's purpose is to make recommendations to the Board for the Group's remuneration structure, and to align remuneration to the long-term sustainable success of the Group. Our recommendations consider Group performance and the broader economic environment, as well as pay throughout the business.

The Committee works with the Chief Executive Officer and executive management to develop a Group-wide, sustainable approach to remuneration that attracts, retains, and rewards talent.

The Committee believes the remuneration policy is effective and aligns the Executive Directors with the objectives of the business. We have aligned the approved remuneration policy with the Group's strategy, and regularly review to make sure reward is commensurate with the market and supports the right strategic aims and behaviours.

This Committee report, along with the disclosures in note 10 to the financial statements, fulfils the requirements under the Companies Act 2006 in relation to directors' remuneration for a privately owned Group.

#### KEY COMMITTEE MEMBERS AND MEETINGS

Member	Attendance
Jacqui Humphries, Non-Executive Director (Chair)	1/1
Dirk Van den Berghe, Company Chair (resigned 27 February 2024)	1/1
Lionel Desclée, Group CEO (resigned 26 April 2024)	1/1
Robbie Feather, Group CEO (appointed 26 April 2024)	0/1

Chief People Officer Sarah Willett is invited to attend and present updates and proposals as required. At the Board meeting that follows a committee meeting, the Committee Chair provides an update to all Board members on matters discussed and agreed next steps and actions.

#### **ROLE OF THE COMMITTEE**

The specific roles, as detailed in the Committee's terms of reference, are:

#### **REMUNERATION:**

- Recommending for Board approval the Group's remuneration policy for the Directors and key members of the senior leadership team.
- Proposing appropriate remuneration structures, ensuring that related performance criteria are fair and reward successful performance, and are sufficiently balanced to include financial and non-financial KPIs.
- Ensuring we consider the need for clarity, simplicity, risk, mitigation, proportionality, and cultures in all proposed structures.
- Keeping sufficiently aware and up to date regarding remuneration in other companies of similar size, as well as changes in laws and regulations.
- Ensuring appropriate reviews, and that we consider workforce pay and policies, and they are in line with best practice.

#### **NOMINATIONS:**

- Ensuring a pipeline of talent and that effective succession plans are in place for key roles.
- Recommending for Board approval the appointment of Directors and members of Executive Committee, where appropriate.
- Ensuring Directors remain fit for purpose and up to date with relevant training and professional development.
- Assisting and supporting with Board and Committee evaluations and implementing plans to support the continuous development and training of the Directors.
- Monitoring and reviewing the Group's corporate governance framework.



## Remuneration and Nomination Committee report (continued)

#### **REMUNERATION POLICY**

The Remuneration Policy is devised to attract and retain outstanding colleagues, and to incentivise them to achieve the Group's strategy. The Committee continues to review the principles of the policy regularly.

#### THE POLICY PRINCIPLES ARE:

- The total remuneration is competitive and attracts, motivates, and retains high-calibre colleagues and leaders.
- Executives and their teams can earn performancerelated bonuses by meeting performance standards aligned with the Group's key financial objectives.
- All colleagues have their futures provided for through the Company's pension schemes.

- The Committee will structure incentive plans, performance measures, and targets to operate soundly throughout the business cycle.
- In considering the market positioning of the remuneration, the Committee will consider the financial performance of the Group and the individual performance of the Executive.

When the Remuneration Committee determines the structure and level of remuneration, it considers and benchmarks with market rates. It also considers results from external professional salary surveys. No Director was involved in determining the structure and level of their own remuneration.

# KEY REMUNERATION DECISIONS TAKEN DURING THE YEAR

- Reviewing and approving Executive Directors' remuneration structures, including salary, bonus and related bonus measures, and long-term incentive scheme.
- Approving Executive
  Directors' bonuses earned
  during the prior year and
  awarded this year.
- Reviewing the annual Gender Pay Gap Report and plans to reduce the pay gap.
- Approving key market rate changes for employees, and investment in April 2024 pay review.
- Evaluating the Executive Directors' performance and succession plans, ensuring sufficient plans in place to continue the smooth running of the business.
- Reviewing and approving new Executive Committee members' remuneration.

#### **NON-EXECUTIVE DIRECTORS**

The Non-Executive Directors are not involved in any decisions about their own remuneration. In addition to remuneration, they receive travel allowance.

#### **BOARD COMPOSITION**

Robbie Feather and Nadhim Zahawi joined the Board in April 2024 and September 2024 respectively, with no external appointments.

Robbie's appointment brings substantial expertise in retail to the Board, following his internal promotion from Retail Managing Director to CEO.

Nadhim brings a wealth of experience in innovation and digital growth to The Very Group, following his appointment as Chair. See pages 49 to 50 for biographies of our Board members.

Additionally, Nick Beighton and Paul O'Donnell were appointed as Non-Executive Directors in September 2024. Their appointments increased Non-Executive Director representation on our Board.

#### **INDUCTION AND TRAINING**

As a new Executive Director, Robbie Feather received an induction tailored to his individual requirements and including guidance on his duties in connection with the Companies Act 2006, as well as other relevant legislation.

The skills and knowledge of the Board as a whole are updated by briefings provided by the Company's internal resources and materials, and workshops and seminars offered by external advisers.

#### LOOKING AHEAD

The Committee's priorities for FY25 and beyond include:

- Reviewing the short- and long-term incentive arrangements and their alignment with the market, our purpose and the strategic priorities of the business.
- Support in the implementation of the review that has taken place with reference to 'the ways of working' of the Board alongside the terms of reference, and composition of all Board Committees.
- Review and support in the implementation of succession plans for Board, Executive and GLT that are reflective of strategy of the business.

#### **JACQUI HUMPHRIES**

CHAIR OF THE REMUNERATION & NOMINATION COMMITTEE 23 OCTOBER 2024



# **ESG Committee report**



I would like to thank the management team and my fellow Committee members for their work in continuing the mission of the ESG Committee and supporting the ESG team. I look forward with optimism to see what we can achieve in helping families get more out of life for generations to come."

SARAH WILLETT
ACTING CHAIR OF THE ESG COMMITTEE



As acting Chair of the ESG Committee, I am pleased to present our report for FY24. I would like to thank Mark McMenemy, who has retired from the business, for his support and contributions to The Very Group, including most recently as chair of the ESG Committee.

The establishment of the ESG Committee as a formal committee of the Board during FY23 could not have been timelier, as focus on ESG continues to accelerate. Not only are the physical impacts of climate change ever more apparent in global headlines, but scrutiny of the role businesses must play in supporting a global ESG agenda is increasing, resulting in new regulation and reporting requirements.

To that end, the role of the ESG Committee in FY24 has been to ensure The Very Group continues to fulfil its duties and will only become more important in years to come.

#### PROGRESS DURING THE YEAR

The ESG Committee has continued to highlight the importance of ESG across the business. Following the relaunch of our ESG strategy in FY23, in FY24 we began to build the team infrastructure needed to drive our strategic goals. At the executive level, I am delighted to have taken responsibility for the ESG function alongside my duties as Chief People Officer. I am excited to build on the work started last year, bringing my experience in shaping our culture to embed ESG in the fabric of all that we do.

#### **KEY COMMITTEE MEMBERS AND MEETINGS**

Member	Attendance
Mark McMenemy, Non-Executive Director (Chair)	1/4
Nick McBrien, Chief Risk and Legal Officer	4/4
Ben Fletcher, Chief Finance and Transformation Officer	2/4
Sean Hallows, Chief Operating Officer	4/4
Robbie Feather, Chief Executive Officer	3/4
Sarah Willett, Chief People Officer	3/4
Rossa Butler, Managing Director – Ireland	3/4

At the Board meeting that follows a committee meeting, the Committee Chair provides an update to all Board members on matters discussed and agreed, next steps, and actions.

#### **ROLE OF THE COMMITTEE**

The specific roles, as detailed in the Committee's terms of reference, are to:

- Review and monitor The Very Group's conduct with regard to its obligations, reputation, opportunity and risk management as a responsible and progressive corporate citizen.
- Oversee the legal reporting obligations in this area for The Very Group as a company of public interest.
- Oversee the delivery of The Very Group's ESG Commitments, consistent with the ESG strategy.

- Maintain and fully consider external perspective to ensure The Very Group's approach to ESG remains relevant and ambitious.
- Gather insight and consult from parallel governing committees to ensure accuracy and impact of committee activity.



### **ESG Committee report** (Continued)

We have also assigned Group Leadership Team members ownership of specific commitments to allow a sharper level of focus on each area and drive more efficient progress against goals. The business now includes a measurable ESG goal as part of its overall strategic objectives, as supported by the ESG committee. This will determine in-year activity of the business, supporting the delivery of strategic objectives within ESG in the longer-term, including as part of our 2030 strategy. As a facet of the business' overall strategic objectives. progress against this target will also help inform broader strategic decisions.

As ESG reporting regulation increases, data management is of critical importance to allow our business to comply with our obligations and better monitor our progress. As such, data management was identified as a key risk. The work undertaken to bring ESG into all aspects of our culture will help promote more effective sharing of data between teams.

But to further drive progress, over the course of FY24 we identified solutions in the form of new systems to enhance our data management and are now in the process of implementing these ahead of incoming data-intensive reporting legislation such as the Corporate Sustainability Reporting Directive.

Recognising the importance and following guidance from the CMA, our internal audit team reviewed the Group's approach to making green claims and provided assessment outcomes. These were used to improve processes and controls to mitigate the risk of unvalidated claims making their way to the customer. We now have a more robust framework in place to identify, substantiate or remediate any green claims we wish to make.

Lastly, the Committee reviewed and approved our updated Group-wide ESG policies and Code of Conduct, which can be found on our corporate website.

#### LOOKING AHEAD

The Committee will continue its duties of reviewing and ensuring compliance within the evolving legislative landscape, whilst also monitoring the development of our ESG-minded culture. In support of this, we will provide guidance and instruction where needed, challenging the business to continue delivering at pace key milestones in our ESG strategy.

I would like to thank the management team and my fellow Committee members for their work in continuing the mission of the ESG Committee and supporting the ESG team. I look forward with optimism to see what we can achieve in helping families get more out of life for generations to come.

#### SARAH WILLETT

ACTING CHAIR OF THE ESG COMMITTEE 23 OCTOBER 2024



# **Directors report**

#### for the 52 week period ended 29 June 2024

#### **DIRECTORS OF THE GROUP**

The directors, who held office during the period and to the date of this report, were as follows:

A S Barclay

H M Barclay

R Feather (appointed 26 April 2024)

B P Fletcher

T A Franklin

JT Humphries

D W Kershaw

R A Mayfield

M McMenemy (resigned 23 August 2024)

P L Peters

S A Winton

L A Desclee De Maredsous (resigned 26 April 2024)

D J Van Den Berghe (resigned 27 February 2024)

N T Beighton (appointed 29 August 2024)

P O'Donnell (appointed 6 August 2024)

N Zahawi (appointed 13 September 2024)

#### REGISTERED OFFICE

First Floor, Skyways House Speke Road, Speke Liverpool, L70 1AB United Kingdom Company Registration No. 04730752

#### INDEPENDENT AUDITOR

MHA, Statutory Auditor 2 London Wall Place London, EC2Y 5AU United Kingdom

#### FINANCIAL PR

Brunwick Group LLP 16 Lincoln's Inn Fields London, WC2A 2ED United Kingdom The directors present their annual report and the consolidated financial statements of The Very Group Limited ("the Company") and its subsidiaries ("the Group") for the 52 week period ended 29 June 2024.

# MATTERS DISCLOSED IN THE STRATEGIC REPORT

The following items which are required under s416 of the Companies Act 2006 have been disclosed in the Strategic report:

- Future developments (included within the financial review on pages 16 to 19)
- Engagement with suppliers, customers and others (included within Section 172 on pages 39 to 42, and in the Governance report on pages 47 to 50)
- Energy and Carbon reporting (included on page 45)
- Risk management and principal risks (included on pages 20 to 25)
- The nature of the Group's operations and its principal activities are set out on pages 1 to 3.

#### **DIVIDENDS**

During the year the Group paid an interim dividend of £3.8m (2023: £15.0m). No further dividends have been proposed as at the 29 June 2024 ("the balance sheet date").

#### **EMPLOYMENT OF DISABLED PERSONS**

Applications for employment by disabled persons are always fully considered, considering the application on its merit and the knowledge, experiences and skills of the applicant concerned. In the event that a colleague's ability to complete day-to-day activities is impaired by a disability every effort is made to ensure that their employment with the Group continues through reasonable adjustments and appropriate training.

It is the policy of the Group that the training, career development and promotion of a person with a disability should, as far as is practically possible, be identical to that of other employees.

#### **EMPLOYEE INVOLVEMENT**

There is a commitment to employee engagement geared towards business improvement and which incorporates a full and open dialogue with employees and their representatives. This encourages an active contribution from employees to achieving stated business objectives.

The Group has well established negotiation and consultation mechanisms with employees and their representatives including consultative committees, joint working parties and briefing groups. The Group recognises and has collective bargaining agreements with USDAW and SATA trade unions. Employees and their representatives are regularly informed of corporate and individual business unit objectives, trading performance, economic conditions and other relevant matters.

#### **BUSINESS REVIEW**

The directors are required by company law to set out a fair review of the business, its position at the period end, future developments and a description of the principal risks and uncertainties facing the Group. The strategic report is on pages 2 to 45 and includes the Group Chief Executive's review on pages 5 to 6. The principal risks are considered on pages 20 to 25.

#### GOING CONCERN

In determining whether the Group's accounts can be prepared on a going concern basis, the directors considered the Group's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities. Further detail is set out in the financial review on pages 16 to 19.

#### **ELECTIVE RESOLUTIONS**

The Group has passed elective resolutions to dispense with the holding of annual general meetings and for the laying of the annual report and financial statements before the Board in general meetings, until such time as the elections are revoked.

# DISCLOSURE OF INFORMATION TO THE AUDITOR

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board on 22 October 2024 and signed on its behalf by:



B P FLETCHER
DIRECTOR



# Directors responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with United Kingdom Adopted International Accounting Standards in conformity with the requirements of the Companies Act.

The directors have chosen to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information:
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# Independent auditor's report to the members of The Very Group Limited

# REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### **OPINION**

We have audited the financial statements of The Very Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the 52 week period ended 29 June 2024 which comprise:

- the Consolidated Income Statement
- the Consolidated Statement of Comprehensive Income
- the Consolidated Statement of Financial Position
- the Consolidated Statement of Changes in Equity
- the Consolidated Statement of Cash Flows
- Notes 1 to 35 to the consolidated financial statements, including significant accounting policies
- the Company Statement of Financial Position
- the Company Statement of Changes in Equity and
- Notes 36 to 47 to the company financial statements, including material accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards.

The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 29 June 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards.
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006."

#### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.



# Independent auditor's report to the members of The Very Group Limited (continued)

# MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received by branches not visited by us;
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

# AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of noncompliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management, those charged with governance, the Audit and Risk Committee, the entity's in-house legal team and external lawyers around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations; Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing correspondence with regulatory authorities, including the FCA and HMRC;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

We conducted discussions within the audit engagement team, incorporating insights from key internal specialists, including experts in taxation, credit risk, ESG, valuations, and IT. These discussions focused on identifying possible opportunities and incentives for fraud within the organization and assessing the areas in the financial statements where fraud could potentially occur.

In addition to management override of controls, we identified the below key areas of the financial statements to hold the greatest potential for fraud:

- Allowance for expected credit losses under IFRS 9, including post model adjustments;
- Buy now pay later early settlement provision; and
- Recoverability of amounts due from related parties.

Our procedures performed to address the fraud risk identified in relation to the allowance for expected credit losses under IFRS9 included:

- We reviewed and challenged key assumptions utilised in calculating the expected credit loss allowance, primarily: probability of default, significant increase in credit risk criteria and macroeconomic scenarios and weightings.
- We looked at the assumptions in the context of the current macroeconomic conditions and assessed suitability of the variables applied by management to the lending portfolio.



# Independent auditor's report to the members of The Very Group Limited (continued)

Our procedures performed to address the fraud risk identified in relation to the buy now pay later early settlement provision included:

- We engaged a modelling expert to review the early settlement provision calculation and to assess the validity and appropriateness of the various models used. We tested the input data paying particular attention to how expected consumer indices such inflation, pay rises which impacts consumer settlement rates have been incorporated into the model.
- We performed sensitivity analysis to ascertain the impact of changes on the various forecasted input relative to our materiality.

Our procedures performed to address the fraud risk identified in relation to the recoverability of amounts due from related parties included:

- We obtained the business valuation assessment prepared by management to support the recoverability of the balance upon a potential sale of the group, and challenged the multiples used in their calculation to confirm they are reasonable.
- We engaged our internal valuations team to assess the range of potential values, the multiples used and the overall approach utilised by management to ensure that this was appropriate.

- We engaged our internal restructuring and recovery team to assess and challenge the plausibility of management's strategy to recover the balance.
- We completed an assessment of the Group's legal advisor to determine if they had the appropriate competence, capability and objectivity. Furthermore, we held discussions with them to independently verify their advice provided to the Group.

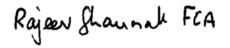
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

#### **USE OF OUR REPORT**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



#### RAJEEV SHAUNAK BSC FCA

(SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF MHA, STATUTORY AUDITOR
LONDON, UNITED KINGDOM
23 OCTOBER 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).



# **Consolidated Income Statement**

for the 52 week period ended 29 June 2024

	52 week period ended 29 June 2024			June 2024	52 week į	uly 2023	
	Note	Pre- exceptional items £ m	Exceptional items (note 6) £ m	Total £ m	Pre- exceptional items £ m	Exceptional items (note 6) £ m	Total £ m
Sale of goods		1,690.3	_	1,690.3	1,724.9	_	1,724.9
Interest and similar income*		435.0	-	435.0	422.1	_	422.1
Total Revenue	4,5	2,125.3	-	2,125.3	2,147.0	_	2,147.0
Cost of sales		(1,227.7)	-	(1,227.7)	(1,235.8)	_	(1,235.8)
Impairment losses on customer advances and receivables*	19	(140.2)	-	(140.2)	(150.9)	_	(150.9)
Gross profit		757.4	-	757.4	760.3	_	760.3
Distribution costs		(207.7)	-	(207.7)	(219.4)	_	(219.4)
Administrative costs		(334.1)	(29.3)	(363.4)	(356.6)	(26.5)	(383.1)
Other operating income		2.7	-	2.7	2.2	-	2.2
Operating profit	5,7	218.3	(29.3)	189.0	186.5	(26.5)	160.0
Finance income	8	3.8	-	3.8	1.4	-	1.4
Finance costs	8	(208.6)	-	(208.6)	(156.8)	_	(156.8)
(Loss)/profit before tax		13.5	(29.3)	(15.8)	31.1	(26.5)	4.6
Tax (charge)/credit	12	(15.9)	7.3	(8.6)	(15.1)	6.6	(8.5)
(Loss)/profit for the period		(2.4)	(22.0)	(24.4)	16.0	(19.9)	(3.9)

The above results were derived from continuing operations.

# **Consolidated Statement of Comprehensive Income**

for the 52 week period ended 29 June 2024

	Note	52 weeks to 29 June 2024 £ m	52 weeks to 1 July 2023 £ m
Loss for the period		(24.4)	(3.9)
Items that will not be reclassified subsequently to profit or loss			
Remeasurement on retirement benefit obligations before tax	25	0.2	2.0
Income tax effect	12	-	_
Other comprehensive income for the period for items that will not be reclassified subsequently to profit or loss		0.2	2.0
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gains/(losses)		0.1	(0.3)
Other comprehensive income for the period		0.3	1.7
Total comprehensive expense attributable to:			
Equity holders of the Group		(24.1)	(2.2)

The notes on pages 73 to 105 form an integral part of these financial statements.

<sup>\*</sup> Refer to Note 2 Accounting Policies for changes to comparative period information.



# **Consolidated Statement of Financial Position**

(Registration number: 04730752)

as at 29 June 2024

	29 June 2024	Restated	Restated 1 July 2022†
<b>Assets</b> Note	£ m	£ m	£ m
Non-current assets			
Goodwill 14	202.5	202.5	202.5
Intangible assets 15	198.8	189.2	174.9
Property, plant and equipment 13	63.5	69.8	75.4
Right-of-use assets 16	84.1	81.2	84.7
Deferred tax assets 12	176.4	183.6	190.8
Amounts due from related parties 19	520.7	508.8	503.8
	1,246.0	1,235.1	1,232.1
Current assets			
Inventories 18	105.0	105.7	112.1
Trade and other receivables*	311.0	266.9	279.8
Advances to customers* 19	1,437.5	1,421.3	1,360.4
Current tax asset	1.0	1.2	1.1
Cash and cash equivalents 20	174.3	134.3	131.5
Derivative financial instruments 17	-	_	5.1
	2,028.8	1,929.4	1,890.0
Total assets	3,274.8	3,164.5	3,122.1

<sup>†</sup> Refer to Note 2 Accounting Policies for prior period restatement.

		29 June	Restated	Restated
	Note	2024 £ m	1 July 2023† £ m	1 July 2022† £ m
Equity				_
Share capital	22	200.0	200.0	200.0
Merger reserve	23	3.5	3.5	3.5
Capital contribution reserve	33	4.5	_	-
Accumulated deficit		(52.9)	(26.1)	(8.9)
Equity attributable to owners of the Company		155.1	177.4	194.6
Non-current liabilities				
Amounts due to related parties	27	20.5	_	_
Loans and borrowings	24	664.9	617.6	620.9
Securitisation facility	24	1,504.7	1,441.8	1,441.7
Retirement benefit obligations	25	1.2	1.2	1.3
Contract liabilities	28	21.0	23.4	25.2
Lease liabilities	32	95.8	91.0	96.8
Provisions	26	4.1	4.3	5.7
		2,312.2	2,179.3	2,191.6
Current liabilities				
Trade and other payables	27	485.5	537.9	517.6
Loans and borrowings	24	278.9	170.5	168.1
Securitisation facility <sup>1</sup>	24	_	50.0	_
Derivative financial instruments	17	_	3.5	_
Lease liabilities	32	6.1	5.5	1.1
Contract liabilities	28	33.4	36.4	44.4
Provisions	26	3.6	4.0	4.7
		807.5	807.8	735.9
Total liabilities		3,119.7	2,987.1	2,927.5
Total equity and liabilities		3,274.8	3,164.5	3,122.1

The notes on pages 73 to 105 form an integral part of these financial statements.

The financial statements of The Very Group Limited, registered number 04730752, have been approved by the Board and authorised for issue on 23 October 2024 and signed on its behalf by:



<sup>\*</sup> Refer to Note 2 Accounting Policies for changes to comparative period information.

<sup>1</sup> Post FY23 year-end, the securitisation facility classed within current liabilities was extended. This balance is no longer due to be repaid within the next 12 months and is classified within non-current liabilities.



# **Consolidated Statement of Changes in Equity**

for the 52 week period ended 29 June 2024

	Share capital £ m	Accumulated deficit £ m	Merger reserve £ m	Capital Contribution Reserve £ m	Total £ m
Balance at 3 July 2022	200.0	(8.9)	3.5	_	194.6
Loss for the period	_	(3.9)	_	_	(3.9)
Remeasurement on retirement benefit obligations before tax*	_	2.0	_	_	2.0
Foreign currency translation losses*	_	(0.3)	-	_	(0.3)
Total comprehensive income	_	(2.2)	-	-	(2.2)
Dividend to Parent Company	_	(15.0)	-	-	(15.0)
At 1 July 2023	200.0	(26.1)	3.5	_	177.4

	Share capital £ m	Accumulated deficit £ m	Merger reserve £ m	Capital Contribution Reserve £ m	Total £ m
Balance at 2 July 2023	200.0	(26.1)	3.5	_	177.4
Loss for the period	_	(24.4)	_	_	(24.4)
Remeasurement on retirement benefit obligations before tax	_	0.2	_	_	0.2
Foreign currency translation gains	_	0.1	_	_	0.1
Total comprehensive income	_	(24.1)	-	_	(24.1)
Dividend to Parent Company	_	(3.8)	_	-	(3.8)
Movement in capital contribution reserve	_	1.1	-	4.5	5.6
At 29 June 2024	200.0	(52.9)	3.5	4.5	155.1

The notes on pages 73 to 105 form an integral part of these financial statements.

 $<sup>^{*}</sup>$  Refer to Note 2 Accounting Policies for changes to comparative period information.



# **Consolidated Statement of Cash Flows**

for the 52 week period ended 29 June 2024

	52 weeks to 29 June	52 weeks to 1 July
Note	2024 £ m	2023 £ m
Cash flows from operating activities		
Loss for the period	(24.4)	(3.9)
Adjustments for:		
Depreciation 7	15.0	15.2
Amortisation 7	34.3	45.2
Financial instrument net (gains)/losses through profit and loss 17	(3.5)	8.6
Impairment of assets 7	1.4	-
Finance income 8	(3.8)	(1.4)
Finance costs 8	208.6	156.8
Income tax charge	8.6	8.5
Decrease in provisions 26	(0.6)	(2.1)
Adjustments for pensions 25	1.2	1.8
Operating cash flows before movements in working capital	236.8	228.7
Decrease in inventories 18	0.7	6.4
Increase in advances to customers*	(16.2)	(60.9)
(Increase)/decrease in trade and other receivables*	(44.6)	7.1
(Decrease)/increase in trade and other payables	(65.6)	3.2
Cash generated by operations	111.1	184.5
Income taxes paid	(0.9)	(8.0)
Interest paid	(186.7)	(138.9)
Net cash (outflows)/inflows from operating activities	(76.5)	44.8

	Note	52 weeks to 29 June 2024 £ m	52 weeks to 1 July 2023 £ m
Cash flows from investing activities			
Acquisitions of property plant and equipment		(0.5)	(1.8)
Acquisitions of intangible assets		(44.9)	(58.3)
Increase in amounts due from related parties*		(8.6)	_
Net cash outflows from investing activities		(54.0)	(60.1)
Cash flows from financing activities			
Payments of lease liabilities		(12.9)	(11.5)
Proceeds from securitisation facility drawdowns		12.9	50.1
Drawdowns/(repayments) of secured revolving credit facility		80.0	(5.0)
(Repayments) of bank loans		(7.0)	(7.1)
Proceeds from external loans		50.0	_
Proceeds from intercompany loans		25.0	_
Dividends paid to Parent Company		(3.8)	(15.0)
Net cash inflows from financing activities		144.2	11.5
Net increase/(decrease) in cash and cash equivalents		13.7	(3.8)
Net cash and cash equivalents at beginning of period	20	39.6	43.4
Net cash and cash equivalents at end of period	20	53.3	39.6

The notes on pages 73 to 105 form an integral part of these financial statements.

<sup>\*</sup> Refer to Note 2 Accounting Policies for changes to comparative period information.



# Notes to the financial statements

for the 52 week period ended 29 June 2024

#### 1 GENERAL INFORMATION

The Very Group Limited is a private company incorporated and registered in England and Wales under the Companies Act 2006 and domiciled in the United Kingdom.

The address of its registered office is:

First Floor, Skyways House Speke Road Speke Liverpool

The Very Group is the UK's largest integrated pureplay digital retailer and flexible payments business, providing a multi-category range of famous brands, market-leading ecommerce and technology capabilities, and unique financial services products offering flexible ways to pay.

#### 2 ACCOUNTING POLICIES

### STATEMENT OF COMPLIANCE

The Very Group Limited (the "Group") financial statements have been prepared in accordance with United Kingdom Adopted International Accounting Standards ("UK adopted IAS") in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its Parent Company financial statements in accordance with FRS 101.

# SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION AND KEY ACCOUNTING ESTIMATES

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the current and prior periods.

### **BASIS OF PREPARATION**

The statements have been prepared in accordance with United Kingdom Adopted International Accounting Standards ("UK adopted IAS") in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

The financial statements are drawn up to the Saturday nearest to 30 June, or to 30 June where this falls on a Saturday. The current financial period relates to the 52 week period ended Saturday 29 June 2024 (2023: 52 week period ended Saturday 1 July 2023).

These financial statements are presented in sterling because that is the functional currency of the of the Parent Company and the presentational currency of the Group. Foreign subsidiaries are translated into sterling and foreign operations are included in accordance with the policies set out herein.

# Changes to comparative period financial information

The following representations have been made to the comparative period presented within these financial statements:

- Impairment losses on customer advances and receivables of £150.9m, which relates to bad debts on customer credit accounts, have been disclosed separately from cost of sales in the Consolidated Statement of Comprehensive Income. There is no impact on net cashflows, retained earnings or the profit or loss.
- Revenue in relation to 'Rendering of services' has been disclosed as 'Interest and similar income'. This comprises interest on customers' outstanding balances, commission earned on sales of insurance products and administration fees earned. There is no impact on net cashflows, retained earnings or the profit or loss.
- Advances to customers of £1,421.3m has been disclosed separately from trade and other receivables in the Consolidated Statement of Financial Position, and separately from trade receivables in the receivables note. There is no impact on net cashflows, retained earnings or the profit or loss.
- The presentation of the statement of changes in equity has been revised to present the components of other comprehensive income separately. There is no impact on net cashflows, retained earnings or the profit or loss.

### Prior period restatement

The consolidated financial statements include a prior year restatement in relation to notional cash pooling arrangements where the requirements for offsetting in accordance with IAS 32: 'Financial Instruments: Presentation' cannot be clearly demonstrated. Prior period comparatives have been restated by grossing up cash and overdrafts (reported within current borrowings) that had previously been offset on the consolidated statement of financial position. All overdrafts including those subject to cash pooling arrangements are considered an integral part of the Group's cash management and so the cash flow statement includes all overdrafts in cash and cash equivalents. This has been reconciled in note 20. There is no impact on the comparative period income statement, net debt or total indebtedness.

# **Prior period comparatives**

The prior period comparatives have been restated in accordance with IAS 8: 'Accounting Policies, Changes in Accounting Policies and Errors' and have impacted the primary financial statements as follows:



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

# 2 ACCOUNTING POLICIES (CONTINUED)

## **BASIS OF PREPARATION (CONTINUED)**

Prior period comparatives (Continued)

	As previously reported	cash pooling adjustment	As restated
	£ m	£ m	£m
As at 1 July 2023			
Cash and cash equivalents	39.6	94.7	134.3
Total current assets	1,834.7	94.7	1,929.4
Total assets	3,069.8	94.7	3,164.5
Loans and borrowings	75.8	94.7	170.5
Total current liabilities	713.1	94.7	807.8
Total liabilities	2,892.4	94.7	2,987.1
	As previously reported £ m	Notional cash pooling adjustment £ m	As restated £ m
As at 2 July 2022			
Cash and cash equivalents	43.4	88.1	131.5
Total current assets	1,801.9	88.1	1,890.0
Total assets	3,034.0	88.1	3,122.1
Loans and borrowings	80.0	88.1	168.1
Total current liabilities	647.8	88.1	735.9

#### GOING CONCERN

Notional

In determining whether the Group's accounts can be prepared on a going concern basis, the directors have considered:

- the principal risks and uncertainties relating to the Group's business activities, including climate change,
- the Group's available borrowing facilities,
- the Group's forecast cash flows and forecast compliance with covenants for the 18 months from the reporting date of these financial statements, and
- the financing of the wider Shareholder Group.

As at 29 June 2024, as set out in note 24, the Group had cash and cash equivalents of £53.3m (2023: £39.6m) and net debt, including lease liabilities of £2.3bn (2023: £2.2bn). The Group's committed lending facilities comprise £575m of Senior Secured Notes ("SSNs"), a revolving credit facility ("RCF") of £150m, a securitisation facility of £1.6bn in the UK and €35m in Ireland and a £125m facility from Carlyle/IMI, of which £75m was drawn down at the year end and at the date of signing the financial statements.

Of the Groups debt facilities, the "SSNs", include a consolidated net leverage covenant, the ratio of net debt to adjusted EBITDA post securitisation interest, which is tested quarterly. The securitisation facility also has various triggers that the Group must operate within, and these are reviewed monthly.

The directors have prepared forecasts, including cashflow forecasts for the 18 months from the reporting date of these financial statements. These forecasts have been based on the Group's latest trading expectations and incorporate assumptions about the following:

 consumer confidence given recent economic uncertainties and the impact this has on outlook of the online non-food retail market,

- application of cost saving measures to mitigate inflationary pressures, particularly in relation to input prices, wages and utilities,
- ability of financial services customers to meet their payment plans even under a stressed scenario that could result in increased defaults, and
- likelihood of further interest rate changes.

The base case forecasts include cost saving measures that have been publicly committed. At the close of quarter one, the Group are on track with these cost savings. The Group continues to be on track with delivering these measures and therefore it is not considered to be a key risk reflected in the downside sensitivity.

The base case forecasts have been approved by the Board and indicate that the Group will have sufficient funds to meet its liabilities as they fall due and show compliance and headroom against covenants.

The directors have also applied reasonable downside sensitivity analysis to these forecasts, reflecting the key risks to the business namely the impact that a deterioration in the economic climate and customer confidence would have on facility headroom. The reasonable downside sensitivities, which consider historical performance and most materially impact the cash flows of the Group, applied include:

- 2% reduction in retail revenue;
- 5% deterioration in customer payment rate; and
- 5% increase in gross write offs within Very Finance.

In addition, a composite scenario has been applied, a 2.3% reduction in retail revenue, a 0.9% reduction in retail gross margin which is in line with the average sales reduction experienced in FY24 and consideration of contingent liabilities.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 2 ACCOUNTING POLICIES (CONTINUED)

### **GOING CONCERN (CONTINUED)**

While the directors believe that all reasonable downside scenarios occurring together is unlikely, they also note that under the reasonable downside and composite scenarios the Group would have sufficient headroom at all covenant dates and sufficient mitigants to call upon to cover any shortfall.

Reverse stress testing has also been applied to the forecast which represents a suitably significant deterioration in the key assumptions from the base case forecasts. The scale of the deterioration required in the sensitivity for there to be a potential breach of headroom and covenants is of scale that has not occurred in the business before and therefore is not considered a reasonable downside sensitivity.

## Financing of the Shareholder Group

In assessing the Group and Company's going concern conclusions the directors have considered the funding arrangements of the wider Shareholder Group of which TVGL is part. They have held discussions with the owners of TVG, and have received representations from legal and financial advisors, and from the relevant providers of finance to the Shareholder Group.

As at the reporting date there are two financing 'groups' within the wider Shareholder Group, namely financing facilities in one of TVGL's fellow group companies, VGL Midco Limited (VGLM), and external borrowings at LW Holdings Limited (LWHL), which is the parent company of SDHL.

The directors have received confirmation that the external borrowings with Lloyds Banking Group, with the wider Shareholder Group, was repaid in full on 4th December 2023, with a new financing facility put in place with LW Holdings Limited, the parent Company of SDHL.

On 9th May 2024 the directors of the Group entered into a tripartite agreement with the lenders at LW Holdings Limited ("LWH Lenders") and VGL Midco Limited ("Midco Lenders") to provide facilities through to 1st November 2025. During this period, the parties have an agreed framework to work together to either refinance or repay all applicable Shareholder Group facilities via a sale or partial sale of TVGL, ahead of the Group's RCF and Bond debt maturities in TVGL in February and August 2026 respectively.

The directors considered the likelihood that any security in relation to these financing arrangements could be enforced triggering change of control provisions which could negatively impact the liquidity of the Company and its subsidiaries.

The directors also note that if in the event that this circumstance arises, the liquidity of TVGL is not affected as the terms of the tripartite agreement ensure TVGL (and its subsidiaries) are not exposed to debts or guarantees higher up the Group structure.

The directors believe that whilst there is a degree of uncertainty due to the tripartite agreement, the likelihood of a change in control outside of the agreed framework is remote and therefore does not materially impact conclusions regarding the going concern assumption.

### CONCLUSION

The rigour of the forecasting process and the downside sensitivities applied to those as well as the mitigants available to the business, such as opportunities to manage working capital and the deferral of non-essential capital and other expenditure, means the directors are confident in the Group's and Company's ability to continue as a going concern and have adequate resources to continue in operation.

Whilst the conditions described in relation to financing of the Shareholder Group indicate that speculation regarding future ownership exists, the likelihood of a disorderly change of control is, as noted above, considered remote. Accordingly, the directors continue to adopt the going concern basis in the preparation of the financial statements.

### **BASIS OF CONSOLIDATION**

The consolidated financial statements incorporate the financial statements of the Parent and entities controlled by the Parent (its subsidiaries). Control is achieved when the Parent:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Parent reassesses 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 listed above.

When the Parent has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Parent considers all relevant facts and circumstances in assessing whether or not the Parent's voting rights in an investee are sufficient to give it power, including:

- the size of the Parent's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Parent, other vote holders or other parties;

- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Parent has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Parent obtains control over the subsidiary and ceases when the Parent loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in profit or loss from the date the Parent gains control until the date when the Parent ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

When the Parent loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Parent had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 2 ACCOUNTING POLICIES (CONTINUED)

# NEW AND REVISED STANDARDS AND INTERPRETATIONS EFFECTIVE

The Group has applied the following standards, interpretations and amendments with effect from 2 July 2023:

- IFRS 17 Insurance Contracts:
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Disclosure of Accounting Policies (Amendments to IAS 1); and
- International Tax Reform Pillar Two Model Rules (Amendments to IAS 12).

The changes listed above did not result in material changes to the Group's Consolidated Financial Statements.

# NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 30 June 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendment to IFRS 16);
- Classification of Liabilities as Current or Non-Current (Amendment to IAS 1); and

 Non-Current Liabilities with Covenants (Amendments to IAS 1).

The following amendments are effective for the period beginning 29 June 2025:

■ Lack of Exchangeability (Amendments to IAS 21)

The Group is currently assessing the impact of these amendments and does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities. The Group does not expect any other amendments issued by the IASB, but not yet effective, to have a material impact on the Group.

The following new standards are effective for the period beginning 27 June 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 18 is the future standard that replaces IAS 1 in its entirety and will thus deal with presentation of primary statements and notes. Some of the key impacts are as follows:

- Improving structure of statement of profit or loss by requiring information to be classified in either operating, investing, financing, taxation, or discontinued categories
- Improving the requirements over the level of aggregation and disaggregation of line items and the information in notes in order to provide more useful information
- Providing specific requirements over the reporting of additional sub-totals, line items, and other aspects of presentation that relate to alternative performance measures (for example non-IFRS measures)

IFRS 18 is not yet endorsed for use in the United Kingdom. The Group is considering the impact of this new standard on future reporting. IFRS 19 is not considered to be relevant at this level of Group reporting as the Company is a Parent and not a Subsidiary.

### **CLIMATE CHANGE**

In preparing the Group financial statements, management has considered climate change risks and how these impact the financial statements. Considerations have included the impact of climate change on the Group's judgements and sources of estimation uncertainty. These considerations have not identified any climate change risks which have a material impact on the Group's financial statements.

## **REVENUE RECOGNITION**

#### Retail

Revenue comprises sales of goods to customers outside of the Group and is measured at the fair value of consideration received or receivable based on the transaction price. The transaction price is the selling price of the good purchased by the customer. Revenue is stated net of discounts, value added tax and other sales taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue is recognised in line with IFRS 15 as performance obligations are satisfied once goods are delivered to the customer signifying transfer of control of goods to the customer.

A right of return is not a separate performance obligation, and the Group is required to recognise revenue net of estimated returns. A refund liability and a corresponding asset in inventory representing the right to recover products from the customer are recognised. It is the Group's policy to sell its products to the retail customer with a right to return within 28 days.

The Group uses the expected value method to estimate the value of goods that will be returned because this method best predicts the amounts of variable consideration to which the Group will be entitled.

The refund provision on the statement of financial position is accounted for on a gross basis under IFRS 15, hence a refund liability and a corresponding asset representing the right to recover products from the customer are recognised. The refund liability due to customers on return of their goods is recognised either as a component of trade payables and other liabilities (for cash payments) or as a deduction from customer receivables (for credit sales). The right of return asset is disclosed in note 18 of the accounts.

#### **Financial Services**

Interest and similar income principally comprises interest on customers' outstanding balances, commission earned on sales of insurance products and administration fees earned following instances such as late or partial payment by customers.

Under IFRS 9 Financial Instruments, interest is recognised by reference to the principal outstanding and the applicable effective interest rate which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the assets' net carrying amount. Interest is presented net of amounts expected to be settled within the interest free period. Interest income is accrued on all interest-bearing receivables using the earned interest rate applied to the loan's carrying value. Revenue is calculated using the effective interest rate on the gross receivables balance for loans in stages 1 and 2.

The amount expected to be settled within the interest free period is an estimate which management make based on past settlement rates and trends.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 2 ACCOUNTING POLICIES (CONTINUED)

### **REVENUE RECOGNITION** (CONTINUED)

# Financial Services (continued)

Were BNPL early settlement rates to be 5% higher/(lower) than forecast then the provision for early settlement would be £8.5m (2023: £7.9m) higher/(lower) reducing/ (increasing) interest income earned in FY24 and net assets. For loans in stage 3, where interest is still being contractually charged, the calculation is applied to the receivable, net of the allowance for impairment losses, from the start of the next reporting date after the loan entered stage 3. Further detail of the stages of customer receivables is included in receivables note 19.

Insurance premiums are accounted for on an accruals basis and earned evenly over the period of the policy. Administration fees are recognised as revenue as they are charged to the customers' accounts.

### **CONTRACT LIABILITIES**

The Group recognised interest income over the sales term. Any interest income received but not yet earned is classified as a contract liability on the balance sheet as disclosed in note 28.

# FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The Group does not trade speculatively in foreign currency; foreign currency is held purely to satisfy payments to suppliers, primarily for goods for resale.

Foreign currency purchases are expressed in Sterling at the exchange rate fixed at the point of purchase (the contract rate). A standard exchange rate, fixed at the beginning of each season, is used in calculating the merchandise margin of goods sold with any resulting profits or losses between standard and contract (actual) rates taken through the income statement within cost

of sales over the period to which the usage relates (the "season"). At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date with any resulting profits and losses recognised in the income statement within administrative expenses.

Exchange gains and losses arising on the retranslation of overseas net assets and results are taken to other comprehensive income and presented as a foreign currency remeasurement.

### **OPERATING PROFIT**

Operating profit is stated after charging exceptional costs but before finance income and finance costs.

### **TAX**

### **Current tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge or credit attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

#### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used

in the computation of taxable profit and is accounted for using the statement of financial position liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets

against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The Group has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12). The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure.

The Group has assessed that BEPS Pillar 2 will not have a material impact on the tax position of the Group, further details can be found in note 12. In light of IAS 12 amendments, the Group has assessed the impact of deferred income tax in relation to right of use assets and lease liabilities with no impact.

# PROPERTY, PLANT AND EQUIPMENT

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 2 ACCOUNTING POLICIES (CONTINUED)

#### **DEPRECIATION**

Depreciation on assets is charged to the profit or loss within administrative expenses.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Asset class	Depreciation method and rate
Leasehold improvement	2% – 10% per annum
Plant and equipment	5% – 20% per annum
Fixtures and fittings	10% – 33% per annum

#### GOODWILL

Goodwill arises on acquisition where the fair value of the consideration given exceeds the fair value of the Group's interest in the identifiable assets and liabilities acquired. Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing goodwill is allocated to each of the Group's cash generating units (CGUs) expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently where there is an indication that the unit may be impaired.

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss for goodwill is not reversed in a subsequent period. On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

# INTANGIBLE ASSETS ACQUIRED SEPARATELY

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale:
- the intention to complete the intangible asset and use or sell it:
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits:
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internallygenerated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Within intangibles, there are items which have not yet been brought into use. Such assets are accounted for at cost. They are not amortised until the accounting period in which they are available for use.

Expenditure on Software as a Service ('SaaS') customisation and configuration that is distinct from access to the cloud software can only be capitalised to the extent it gives rise to an asset i.e. where the Group has the power to obtain the future economic benefits and can restrict others' access to those benefits, otherwise such expenditure in relation to developing SaaS for use is expensed.

### **AMORTISATION**

Amortisation is recognised on a straight-line basis over the estimated useful life of the asset and is recognised within administrative expenses in the Consolidated Income Statement. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Useful economic lives are as follows:

Asset class	Amortisation method and rate
nternally generated software costs	3–10 years
Other internally generated assets	10 years

# IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 2 ACCOUNTING POLICIES (CONTINUED)

# IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

(CONTINUED)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future pre-tax 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

### **SECURITISATION**

Where the Group securitises its own financial assets, this is achieved through the sale of these assets to a securitisation trust (the 'Trust'), which is financed through the issuance of loan notes to a number of funders. The Trust used to hold the securitised receivables and funds raised by the issued loan notes is not controlled by The Very Group; as such it is not consolidated under IFRS 10 Consolidated Financial Statements. As the Group retains substantially all the risks and rewards of ownership of the trade receivables, the Group continues to recognise the trade receivables and also recognises non-recourse borrowings for the proceeds received.

#### **INVENTORIES**

Inventories are stated at the lower of cost and net realisable value and consist of finished goods purchased for resale and consumable stocks for use. Cost is determined using a standard costs method. Where necessary provision is made for obsolete, slow-moving and defective stocks.

#### **SUPPLIER REBATES**

The Group enters into marketing and advertising and volume-based rebate arrangements with suppliers. Rebate income is recognised based on the expected entitlement that has been earned up to the reporting date. The Group only recognises rebates where there is documented evidence of an agreement with a supplier.

Rebates related to inventory held on the statement of financial position are deferred within inventory as a cost price reduction. Rebates earned but not collected at the reporting date are recognised within trade and other receivables.

### **EXTERNAL BORROWINGS**

Financial liabilities, including borrowings, are initially measured at fair value. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest recognised in the profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### **PROVISIONS**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Regulatory obligations are recognised based upon the best estimate of amounts required to settle obligations at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

### **CONTINGENT LIABILITIES**

During the ordinary course of business the Group is subject to other complaints and threatened or actual legal proceedings (including class or group action claims) brought by or on behalf of current or former employees, agents, customers, investors or third parties. All such material matters are periodically assessed, with the assistance of external professional advisors, where

appropriate, to determine the likelihood of the Group incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established for management's best estimate of the amount required at the relevant balance sheet date. In some cases it may not be possible to form a view, for example because the facts are unclear or because further time is needed to properly assess the merits of the case, and no provisions are held in relation to such matters.

### **CASH AND CASH EQUIVALENTS**

Cash on hand in the statement of financial position comprise cash at bank and in hand. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash with insignificant risk of change in value. Cash and cash equivalents in the Group cashflow statement also include overdrafts repayable on demand as they form an integral part of the Group's cash management.

# FINANCIAL INSTRUMENTS Classification

IFRS 9 Financial Instruments contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL).

Financial assets are classified at amortised cost if held within a business model where the objective is to hold the asset to collect its contractual cash flows and the contractual terms of the financial asset give rise to cash flows on specified dates that represent payments of solely principal and interest on the outstanding principal amount, provided it has not been designated as FVTPL.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 2 ACCOUNTING POLICIES (CONTINUED)

### FINANCIAL INSTRUMENTS (CONTINUED)

# Classification (continued)

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

## Recognition and measurement

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Advances to customers, trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'trade/other receivables'. Trade/other receivables are measured at amortised cost using the effective interest method, less any impairment.

Financial liabilities, including borrowings, are initially measured at fair value. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

### Impairment

Financial assets are assessed throughout the period for significant increase in credit risk and impairment. The Group recognises loss allowances for expected credit losses (ECLs) on trade and other receivables. ECLs are a probability weighted estimate of the present value of credit losses discounted over the expected life of an instrument at its original effective interest rate (EIR).

The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. The Group considers whether financial assets are credit impaired at each reporting date.

The impairment model applies to financial assets measured at amortised cost and debt investments at fair value through other comprehensive income (FVOCI), but not to investments in equity instruments. See note 19 for further details.

Impairment is recognised on trade and other receivables using an allowance account for expected credit losses. Changes in the carrying amount of the allowance account are recognised in the profit and loss.

The Group has financial assets which are subject to the IFRS 9 expected credit loss model, which are trade and other receivables under IFRS 15:

Customer balances are assessed within 3 stages for calculation of expected credit loss:

- Stage 1 customer balances not demonstrating a significant increase in credit risk since origination;
- Stage 2 customer balances demonstrating a significant increase in credit risk since origination; and
- Stage 3 customer balances identified as credit impaired.

#### Undrawn credit limits

The Group uses underwriting processes which enable it to assess each transaction for approval at the time of sale based on the customer's spending capacity and credit risk. These processes use statistical models and inputs including spending patterns, daily bureau information and payment behaviour. Whilst the Group has the right to refuse each transaction at its discretion, an element of undrawn components are classified as loan commitments under the Group's IFRS9 provisioning as the exposure at default allows for future growth of balances (see note 19).

Under IFRS 9 the presumption that credit risk has significantly increased if the contractual payments are more than 30 days past due is rebutted. A significant increase in credit risk is defined as follows:

A customer balance is recognised as demonstrating a significant increase in credit risk where there has been a significant increase in the probability of default of that balance since origination. Default is defined as three missed payments.

A significant increase in credit risk is defined as the probability of default of a customer balance having increased by at least 180% against the probability of default calculated at origination; other determining factors are also considered.

A final rule is applied to ensure that a significant increase in credit risk is assessed as having occurred no later than when a customer balance is two scheduled payments past due or greater.

# Definition of impairment

Evidence of impairment includes where a customer balance meets forbearance criteria or reaches three scheduled payments past due or greater. Probation periods are retained for accounts moving from Stage 2 to Stage 1, and from Stage 3 to Stage 2.

These periods temporarily prevent an account moving to a lower provision stage to allow further observation and to ensure a short-term improvement in customer arrears status does not lead to an inaccurate view of underlying credit risk.

Customer balances are selected to be written off, and/or potentially sold under third party debt sale agreements, based on consideration of both customer outcomes and commercial criteria. Recoveries are recognised as impairment gains in the income statement.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

# 2 ACCOUNTING POLICIES (CONTINUED)

# FINANCIAL INSTRUMENTS (CONTINUED) Definition of impairment (continued)

The ECL provision is calculated on one of the following bases:

- 12-month expected credit losses are defined as the portion of lifetime expected credit losses anticipated from potential default events that occur within the 12 months following the reporting date (discounted exposure at default multiplied by probability of default multiplied by loss given default); and
- Lifetime expected credit losses are defined as all expected credit losses anticipated from all potential default events over the expected life of a financial instrument.

The Group has a loss given default ("LGD") model, which estimates future losses in the event of a customer balance reaching default. The Group's approach to modelling loss given default is based on analysis of historical data and estimates that future cashflows will reflect collections and payments performance over the past three years. The LGD model considers customer payments, debt sale revenue and the reclaim of VAT.

A macroeconomic element is included in the overall calculation of expected credit loss. Multiple economic scenarios are considered.

The Group calculates its ECL using a statistical model based on probability of default (PD), loss given default (LGD) and exposure at default (EAD):

- PD is an estimate of the likelihood of default over a given time horizon, estimated at a point in time. The calculation is based on statistical models that utilise both market and internal data, based on current conditions adjusted to take into account estimates of future conditions that will impact PD.
- LGD is an estimate of the likely loss in the event of a default. The estimates are based on the Group's history of recovery rates.
- EAD is an estimate of the expected gross carrying amount at a future default date. EAD is based on the current loan amount adjusted for expected repayments of principal, the impact of missed payments and the estimated growth in balance up to the point of default. As such, it's possible for the exposure at default to be higher than the current outstanding balance.

ECL is calculated at an individual loan level as the product of PD, LGD and EAD, discounted at the original effective rate to the reporting date.

#### **LEASES**

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a lease liability at the lease commencement date which is the date at which the asset is made available for use by the Group.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for

certain remeasurements of the lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration costs and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Where the lease contains a purchase option, the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised. Right-of-use assets are subject to impairment testing.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate known at the commencement date, payments for a purchase option. payments for an optional renewal period and termination option payments if the Group is reasonably certain to exercise those options. The lease term is the noncancellable period of the lease adjusted for any renewal or termination options which are reasonably certain to be exercised. Management applied judgement in determining whether it is reasonably certain that a renewal or termination option will be exercised. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest implicit in the lease or where this cannot be readily determined, the lessee's incremental borrowing rate which is assumed to be 6.5%. After the commencement date, the lease liability is measured at amortised cost using the effective interest method.

It is remeasured if there is a modification, a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it is reasonably certain to exercise an option within the contract.

The Group has elected to apply the recognition exemptions for short-term and low-value leases and recognises the lease payments associated with these leases as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less. Low-value assets with a cost less than £3,000 comprise certain items of IT equipment, small items of office furniture and vehicle leases.

#### **EXCEPTIONAL ITEMS**

In determining whether an item should be presented as an allowable adjustment to IFRS measures, the Group considers items which are significant either because of their size or their nature, and which are non-recurring. For an item to be considered as an allowable adjustment to IFRS measures, it must initially meet at least one of the following criteria:

- It is a significant item, which may cross more than one accounting period;
- It arises from termination benefits without condition of continuing employment related to a major business change or restructuring programme; or
- It is unusual in nature, e.g. outside the normal course of business.

If an item meets at least one of the criteria, the Board, through the Audit and Risk Committee, then exercises judgement as to whether the item should be classified as an allowable adjustment to IFRS performance measures.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 2 ACCOUNTING POLICIES (CONTINUED)

### SHARE CAPITAL

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

### CAPITAL CONTRIBUTION RESERVE

The capital contribution reserve represents a capital contribution arising on a loan received from a related Group Company at a below-market rate of interest. The difference between the face value of the loan, and its discounted value using a market rate of interest is recognised in the capital contribution reserve.

#### MERGER RESERVE

The consolidated financial statements incorporate the results of business combinations of entities under common control. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their carrying values at the acquisition date. The results of acquired operations for the full year are included in the consolidated income statement.

#### DIVIDENDS

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

#### **BUSINESS COMBINATIONS**

Where business combinations have occurred between the Group and other entities under common control, the transaction falls out of scope of IFRS 3 Business Combinations. In these circumstances, the Group applies the "common control method" to recognise the acquisition as a common control transaction. Under this method, the assets and liabilities of the entity to be acquired are transferred at their respective carrying values and the transaction will not generate any new goodwill upon transfer. Should any consideration exceed the net assets of the entity to be transferred, this will instead be recognised as a separate equity reserve on consolidation.

The Group will recognise the results of the acquired entity's statement of profit or loss for the full reporting period when producing consolidated financial statements. This is regardless of the timing of the combination and this has been applied prospectively with previous years not being restated. Any costs resulting from the combination will be written-off to the statement of profit or loss.

### **INVESTMENTS**

Investments in subsidiary undertakings are included in the Company's statement of financial position at cost on acquisition. The Group assesses for indicators of impairment on an annual basis, or more frequently if an indicator of impairment exists. Where the carrying amount of investment exceeds the recoverable amount, an impairment loss is recognised immediately in the profit or loss.

# DEFINED CONTRIBUTION PENSION OBLIGATION

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to contributions.

### **DEFINED BENEFIT PENSION OBLIGATION**

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled.

Past service cost is recognised in profit or loss in the period of scheme amendment. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

Defined benefit costs are split into three categories:

- current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurement.

The Group presents the first component of defined benefit costs within administrative expenses (see note 25) in its consolidated income statement. Curtailments gains and losses are accounted for as past-service cost. Net interest expense or income is recognised within finance costs (see note 8).

The retirement benefit obligation recognised in the Consolidated Statement of Financial Position represents the deficit or surplus in the Group's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

#### **TERMINATION BENEFITS**

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### SUPPLIER FINANCING ARRANGEMENTS

The Group has supplier financing schemes as part of its normal course of business. These schemes are based around the principle of reverse factoring whereby the banks purchase from the suppliers approved trade debts owed by the Group. Access to the supplier finance schemes is by mutual agreement between the bank and supplier; the Group is not party to this contract. The schemes have no cost to the Group as the fees are paid by the supplier directly to the banks.

The banks have no special seniority of claim to the Group upon liquidation and would be treated the same as any other trade payable.

As the schemes do not change the characteristics of the trade payable, and the Group's obligation is not legally extinguished until the bank is repaid, the Group continues to recognise these liabilities as a trade payables. Cash flows relating to supplier financing arrangements are presented within operating cash flows.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 2 ACCOUNTING POLICIES (CONTINUED)

#### **DERIVATIVES**

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 17.

Derivatives are recognised at fair value at the date a derivative contract is entered into and the fair value is subsequently remeasured at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

# 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

# CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The key judgements concerning the future and the reporting period that may have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

### Undrawn credit limits

The Group's underwriting processes enables it to assess each transaction for approval at the time of sale based on the customer's perceived spending capacity and credit risk. These processes use statistical models and inputs including spending patterns, daily bureau information and payment behaviour. Whilst the Group has the right to refuse each transaction at its discretion, an element of undrawn components are classified as loan commitments under the Group's IFRS9 provisioning as the exposure at default allows for future growth of balances (see note 19).

# Loan loss provisioning

The Group considers the determination criteria for significant increase in credit risk to be a key judgement within the expected credit loss model that may have a significant risk of causing material adjustment.

As explained in note 2, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 Financial instruments does not define what constitutes a significant increase in credit risk.

In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Both life-time and 12-month ECL on trade and other receivables are calculated on a collective basis incorporating probability of defaults and loss given defaults. Customers are grouped as far as possible into homogenous groups based on similar characteristics. In order to accelerate the detection of changes in credit quality not yet detected at an individual level, it may be appropriate to adjust the probabilities of default on a collective basis, considering risk characteristics such as the industry or geographical location of the borrowers. Segmentation is considered as area of accounting judgement and estimates.

Exposures are grouped into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the advances, including; geographic location/residence of the borrower, utilisation, exposure value and in the case of credit cards, whether or not the borrowers repay their balances in full every month.

# KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

### Impairment of Douglas goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. There has been no impairment of goodwill in the current financial period.

The goodwill balance held relates to the acquisition of the Retail business and the acquisition of Douglas. The key source of estimation uncertainty is in relation to Douglas only. The value of the Douglas goodwill balance is £97.0m and relates to the purchase of Douglas Insurance Limited in 2008. Details of the impairment review carried out on the Douglas goodwill balance and related sensitivities are included in note 14.

### Loan loss provisioning

An allowance for estimated irrecoverable customer receivables is made based on the Group's expected credit loss model in line with IFRS 9. This is an area that requires the use of complex models and significant assumptions about credit behaviour and macroeconomic conditions. The model is derived from estimates and underlying assumptions, of which, the number and relative weighting of forward-looking scenarios and the associated expected credit losses is considered a key estimate by the Group.

A macroeconomic element is included in the overall calculation of expected credit loss. Multiple economic scenarios are purchased. The scenarios provide macroeconomic forecast data for key indicator variables, Unemployment and GDP. Key indicator variables have been established as having the closest correlation to Group default performance.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

# 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

## Loan loss provisioning (continued)

The economic cases consider, with different probable outcomes, a range of as follows:

- Base Case (Peak unemployment: 4.4% (2023: 4.2%), Peak GDP: 2.2% (2023: 2.5%)),
- Upside (Peak unemployment: 3.9% (2023: 3.8%), Peak GDP: 7.5% (2023: 6.3%)),
- III. Mild Upside (Peak unemployment: 4.1% (2023: 3.8%), Peak GDP: 5.3% (2023: 4.2%)),
- IV. Stagnation (Peak unemployment: 6.7% (2023: 6.8%), Peak GDP: 1.5% (2023: 2.3%)).
- Downside (Peak unemployment: 6.9% (2023: 7.0%), Peak GDP: 1.3% (2023: 2.2%)), and
- VI. Severe Downside economic performance (Peak unemployment: 7.3% (2023: 7.4%), Peak GDP: 1.0% (2023: 1.9%)).

The Group applies a balanced mix of scenarios to reflect a range of possible outcomes and the Group's macroeconomic calculation applies a weighting of base case 40%, mild upside 30% and downside 30% (2023: same).

If 100% severe downside scenario were applied, the provision would increase by £16.1m (2023: £0.5m). If 100% base case scenario were applied, the provision would decrease by £4.0m (2023: £0.8m). The application of 100% upside scenario would indicate a provision decrease of £18.2m (2023: £0.9m). The macroeconomic element of the Group IFRS 9 provision has increased period on period. The economic scenarios and sensitivities considered in provision models reflect outlooks as at 29 June 2024.

The macroeconomic calculations within Group expected credit loss models are based on historic correlation analysis. Should credit losses prove to be more sensitive to key indicator variables in the outlook period actual credit losses may increase, for example if the relationship between defaults and GDP were to be more extreme in a high inflationary period than seen in previous years.

#### **Current Macroeconomic Factors**

Major economic challenges emerged in FY23 with inflationary pressure on household budgets and the well documented rising cost of living in the UK. Inflation in the UK peaked in late 2022 because of global supply chain disruptions, rising food costs and increased energy prices which placed increased pressures on customers disposable income. These inflationary pressures began to ease in FY24 and as of the end of the financial year is in line with the government 2% target with forecasts suggesting this will stay broadly stable going forward.

During the Covid pandemic and the rising cost of living which followed, inflation was included in the macroeconomic model because extreme movements in GDP meant this economic indicator was not suitable and the UK was moving into a high inflationary period. Despite large movements in inflation, default rates have remained stable, which led to a review of the macroeconomic variables considered in FY24. Following this review, it was decided to revert to using GDP instead of CPI as the relationship with default rates has normalised post Covid.

In accordance with IFRS 9 requirements, the Group expected loss model incorporates a macroeconomic adjustment to customer probabilities of default. The adjustment links to two key economic variables: unemployment and GDP (Gross Domestic Product).

IFRS 9 requires the utilisation of economic forecasting to reflect the potential risk that recent customer performance may not adequately reflect future defaults if these economic variables become more challenging in the coming 36 months. The Group purchases economic forecasting data from an independent third party. The most recent forecasts obtained from Oxford Economics (Jun-24) show an improving outlook in terms of both Unemployment Rate and GDP. The forecasts show unemployment rate will rise slightly between now and the end of 2024 before falling in 2025 to 3.8% and remaining at this level in 2026 onwards.

The updated macroeconomic model has improved sensitivity, and the calculation of the macroeconomic uplift factors has been amended to account for changes in default rates each month from the current position. This allows the shape of default rates over time to be factored into the ECL and in general, if the model is predicting that default rates will rise from the current point then this will generate a positive overlay, whilst if default rates are expected to fall then this would generate a negative overlay.

In terms of GDP, the economy is expected to grow throughout the remainder of 2024 to 1.9% and grow even more by the end of 2025 to 2.2% before reducing to between c.1.6%-2% in 2026 onwards.

The macroeconomic overlay is reflective of these improving economic conditions, which for the UK over the next three years is significantly better than which has occurred over recent times and as a result, the macroeconomic overlay is £0 (2023: £20.9m) with management deeming the underlying model provision sufficient to cover future losses.

Management deem this a prudent approach as given the improved macroeconomic outlook going forward, the model is generating a negative overlay which has been floored at £0.

# Post-model adjustment ('PMA')

## Cost of living

Further to our macroeconomic provision, a £5.0m cost of living PMA was implemented to reflect the potential for an increase in defaults that exceeds available forward-looking macroeconomic data due to inflationary pressures at FY22 year-end following a review by management.

This review specifically considered potential credit losses over and above the provisions held according to the standard macroeconomic requirements of IFRS 9, acknowledging that the nature of current economic conditions may not ultimately be addressed by a standard economic calibration.

As of FY24 close, the Cost of Living PMA has been released after ongoing monitoring proved there is sufficient evidence that it is no longer needed in addition to the macroeconomic provision. Ongoing monitoring of default rates for the highest risk accounts has shown that across the last year there has not been any significant deterioration in their performance and the underlying model PD is accurately capturing the default risk. Management believe the decision to remove the remaining PMA, whilst driven entirely by internal data, is in line with market approach.

#### AMOUNTS OWED BY RELATED PARTIES

As shown in note 33, the Group is owed £520.7m (2023: £511.9m) by group companies including £509.1m (2023: £500.5m) by Shop Direct Holdings Limited ("SDHL"). In assessing the recoverability of the amounts owing, the directors have based their judgement on the understanding that to repay the amounts owing them, SDHL could raise sufficient funds by a sale of equity in The Very Group ("TVG").



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

# 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION **UNCERTAINTY** (CONTINUED)

# **AMOUNTS OWED BY RELATED PARTIES** (CONTINUED)

Accordingly, they have considered:

- a) The potential value of TVG that could be raised in the event of an equity sale;
- b) The seniority of the both the debt in TVG and in the wider SDHL Group; and
- c) The potential impact of the wider financing of the shareholder Group.

### **Potential Value**

The directors have considered a range of forward-looking variables in assessing the potential valuation including the forecast assumptions for key income statement lines and appropriate market multiples. They have also considered various forward-looking scenarios, including the change of control provisions in the terms of the Senior Secured Notes ("SSNs"), the Revolving Credit Facility ("RCF") and debt provided by other institutions to the SDHL Group.

### **Debt Seniority**

The directors are satisfied that the shares of TVG are pledged as security to the holders of the SSNs and RCF banks only. No other financial institution has the benefit of a pledge of security over TVG shares, and the directors confirm this security ranks ahead of any other for both TVG and the wider SDHL Group.

### Wider Shareholder Group

The directors have considered the funding arrangements of the wider Shareholder Group of which TVGL is part. They have held discussions with the owners of TVG, and have received representations from legal and financial advisors, and from the relevant providers of finance to the Shareholder Group. There are two financing 'groups' within the wider Shareholder Group, namely financing facilities in one of TVGL's fellow group companies, VGL Midco Limited (VGLM), and external borrowings at LW Holdings Limited (LWHL), which is the parent company of SDHL.

The directors have received confirmation that the external borrowings with Lloyds Banking Group, with the wider Shareholder Group, was repaid in full on 4th December 2023, with a new financing facility put in place with LW Holdings Limited, the parent Company of SDHL.

On 9th May 2024 the directors of the Group entered into a tripartite agreement with the lenders at LW Holdings Limited ("LWH Lenders") and VGL Midco Limited ("Midco Lenders") to provide facilities through to 1st November 2025. During this period, the parties have an agreed framework to work together to either refinance or repay all applicable Shareholder Group facilities via a sale or partial sale of TVGL, ahead of the Group's RCF and Bond debt maturities in TVGL in February and August 2026 respectively.

The directors considered the likelihood that any security in relation to these financing arrangements could be enforced triggering change of control provisions which could negatively impact the liquidity of the Company and its subsidiaries.

The directors also note that in the event that this circumstance arises, the liquidity of TVGL is not affected as the terms of the tripartite agreement ensure TVGL (and its subsidiaries) are not exposed to debts or guarantees higher up the Group structure.

The directors believe that whilst there is a degree of uncertainty due to the tripartite agreement, the likelihood of a change in control outside of the agreed framework is remote.

#### Credit risk

In line with IFRS 9 the directors have considered whether to recognise any potential credit losses as part of their consideration of the intercompany loan. The directors have concluded that there is no evidence of an increase in credit risk, and therefore it is appropriate to consider the loan receivable to be in Stage 1 of the expected credit loss model. The directors have considered the possible future scenarios by which the receivable is settled and assigned probabilities to each scenario, no matter how remote. Taking all these scenarios into account on a probability weighted basis, the directors believe any expected credit loss to be insignificant.

#### Conclusion

Having considered the potential value of TVG, the seniority of the debt, and the wider financing of the shareholder group, the directors believe the range of values for the TVG business in an orderly sale process would be sufficient to meet the prior claims of debtholders. The directors consider the possibility of risk of security enforcement to be remote.

# Other sources of estimation uncertainty Deferred tax asset recoverability

The Group recognises deferred tax assets to the extent that it is probable (defined as more likely than not) that there will be future taxable income against which the deferred tax asset can be utilised. Estimation of the future taxable income is inherent in this process. The Group has considered the carrying value of its deferred tax asset at each reporting date and concluded that based on management's long-term plan, sufficient taxable profits will be generated in future years to recover

such recognised deferred tax assets. The carrying amount of the deferred tax asset at the reporting date was £176.4m (2023: £183.6m) which consists of capital allowances, carried forward tax losses and provisions and accruals.

# BUY NOW PAY LATER EARLY SETTLEMENT ('BNPL')

Interest is recognised by reference to the principal outstanding and the applicable effective interest rate which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the assets' net carrying amount. Interest is presented net of amounts expected to be settled within the interest free period. Interest income is accrued on all receivables using the earned interest rate applied to the loan's carrying value.

The amount expected to be settled within the interest free period is an estimate which management make based on past settlement rates and trends. Were BNPL early settlement rates to be 5% higher/(lower) than forecast then the provision for early settlement would be £8.5m higher/(lower) reducing/(increasing) interest income earned in FY24 and net assets.

#### IMPAIRMENT OF RETAIL GOODWILL

The goodwill balance held relates to the acquisition of the Retail business and the acquisition of Douglas. The goodwill relating to the Retail business does not carry significant risk of resulting in a material adjustment. The Retail goodwill balance is £105.5m (2023: £105.5m). The key assumptions for the value in use model include discount rates, growth rates and forecast cashflows. A sensitivity analysis determined that the recoverable amount of the goodwill balance is insensitive to changes in key assumptions.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### **4 REVENUE**

The analysis of the Group's revenue for the period from continuing operations is as follows

	2024	2023
	£m	£m
Sale of goods	1,690.3	1,724.9
Interest income	429.2	415.2
Insurance and warranty income	5.8	6.9
Total interest and similar income	435.0	422.1
Total revenue	2,125.3	2,147.0
Other operating income	2.7	2.2
Finance income	3.8	1.4
Total income	2,131.8	2,150.6

### 5 ALTERNATIVE PERFORMANCE MEASURES

Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is focussed on the business segmental analysis set out below, showing the principal brands which represent the Group's reportable segments.

Pre-exceptional EBITDA represents the EBITDA earned by each segment without allocation of central administration costs including finance costs and income tax expense. This is the measure reported to the Group's Chief Executive, who is the Group's chief operating decision maker, for the purpose of resource allocation and assessment of segment performance.

# 5 ALTERNATIVE PERFORMANCE MEASURES (CONTINUED)

	2024 £ m	2023 £ m
By business segment		
Analysis of revenue:		
Very UK	1,836.9	1,824.1
Littlewoods	222.8	253.8
Very Ireland <sup>†</sup>	65.6	69.1
	2,125.3	2,147.0
Gross profit	757.4	760.3
Distribution costs (excluding depreciation, amortisation and exceptional items)	(202.4)	(214.4)
Administrative costs (excluding depreciation, amortisation and exceptional items)	(290.1)	(301.2)
Other operating income	2.7	2.2
Pre-exceptional EBITDA*	267.6	246.9
Exceptional items	(29.3)	(26.5)
Depreciation	(15.0)	(15.2)
Amortisation	(34.3)	(45.2)
Operating profit	189.0	160.0
Finance income	3.8	1.4
Finance costs	(208.6)	(156.8)
Loss/profit before taxation	(15.8)	4.6

The analysis above is in respect of continuing operations.

<sup>†</sup> At the beginning of FY23, LittlewoodsIreland.ie was rebranded to Very.ie and has been separated from the other segments for clarity.

<sup>\*</sup> Pre-exceptional EBITDA is defined as operating profit from continuing operations before amortisation of intangible assets, depreciation, impairment of assets and exceptional items.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 5 ALTERNATIVE PERFORMANCE MEASURES (CONTINUED)

By geographical location of destination

	2024 £ m	2023 £ m
Revenue		
United Kingdom 2,	,059.7	2,077.9
Republic of Ireland	65.6	69.1
2	2,125.3	2,147.0
	2024 £ m	2023 £ m
Operating profit:		
United Kingdom	182.9	153.9
Republic of Ireland	6.1	6.1
	189.0	160.0

The analysis above is in respect of continuing operations.

Revenue by origin is not materially different from revenue by destination.

#### **6 EXCEPTIONAL ITEMS**

	2024 £ m	2023 £ m
Technical transformation spend	14.9	21.3
Restructuring costs	5.0	4.2
Professional fees for corporate projects	8.3	2.8
Property strategy costs	(0.1)	0.8
Impairment reversal for right of use assets	_	(1.8)
Impairment charge/(reversal) for intangible assets	1.4	-
Release of site closure provision	(0.2)	(0.8)
Total exceptional costs	29.3	26.5

## **6 EXCEPTIONAL ITEMS (CONTINUED)**

Progress continues on our multi-year technical transformation program, which involves moving a significant portion of the Group's current on-premises technology to the cloud by December 2025. This has resulted in elevated levels of spend on cloud-based services and related implementation costs which are not considered to be representative of the Group's normal level of activity. As such, £14.9m of costs have been classified as exceptional in relation to spend incurred on this program during the current period (52 week period ended 1 July 2023: £21.3m).

Professional fees of £8.3m in the current period (£2.8m for the 52 week period ended 1 July 2023) relate to costs incurred in relation to corporate projects.

The restructuring costs of £5.0m in the current period (£4.2m for the 52 week period ended 1 July 2023) reflect expenditure on the rationalisation of processes and functions within The Very Group. The directors estimate that this rationalisation process will complete in the 52-week period ended 27 June 2025.

An impairment charge of £1.4m has been recognised in the current period relating to intangible assets. In the 52 week period ended 1 July 2023 there was an impairment reversal of £1.8m relating to the re-opening of the Group's Aintree site.

Release of a site closure provision of £0.2m in the current period relates to a dilapidation provision held for the closure of Littlewoods Clearance stores exited in previous years, the provision is no longer required. In the 52 week period ended 1 July 2023 the release of a site closure provision of £0.8m related to the Group's Aintree site. The provision was no longer required following the site re-opening.

Property strategy costs of £0.1m were released in the current period relating to a provision previously held for property changes made by the Group. Such changes include the closure of the Group's Lightbox site, the re-opening of Aintree and the re-location of operations across the property portfolio. In the 52 week period ended 1 July 2023, property strategy costs of £0.8m were incurred.

### 7 OPERATING PROFIT

Arrived at after charging/(crediting):

	2024 £ m	2023 £ m
Depreciation of property, plant and equipment	6.4	7.2
Depreciation of right of use assets	8.6	8.0
Amortisation	34.3	45.2
Foreign exchange (gains)/losses	(0.9)	2.4
Impairment reversal for property, plant and equipment	_	(1.8)
Impairment charge for intangible assets	1.4	_
Cost of inventories recognised as an expense	1,356.3	1,338.8
Write downs of inventories recognised as an expense	5.1	4.5
Staff costs	172.8	188.6
Impairment loss recognised on trade and other receivables	140.2	150.9
Short-term lease expense	0.2	0.1



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 8 FINANCIAL INCOME AND COSTS

		2024	2023
	Note	£m	£m
Finance income			
Interest income on bank deposits		2.9	1.4
Net interest on defined benefit assets	25	0.9	_
Total finance income		3.8	1.4
Finance costs			
Interest on bank overdrafts and borrowings		(71.0)	(53.0)
Interest on lease liabilities		(7.1)	(7.3)
Interest on securitisation facility		(130.2)	(96.1)
Net interest on defined benefit obligation	25	_	(0.1)
Other finance costs		(0.3)	(0.3)
Total finance costs		(208.6)	(156.8)
Net finance costs		(204.8)	(155.4)

#### 9 STAFF COSTS

The aggregate payroll costs (including directors remuneration) were as follows:

	2024 £ m	2023 £ m
Wages and salaries	140.1	158.0
Social security costs	15.1	15.5
Redundancy costs	9.5	7.2
Pension costs, defined contribution scheme	8.1	7.9
	172.8	188.6

# 9 STAFF COSTS (CONTINUED)

The average number of persons employed by the Group (including directors) during the period, analysed by category was as follows:

	2024 No.	2023 No.
Distribution	792	945
Administration & customer service centres	2,473	2,597
	3,265	3,542

#### 10 DIRECTORS REMUNERATION

The Directors remuneration for the period was as follows:

	2024 £ m	Restated 2023* £ m
Short-term employee benefits	5.2	7.5
Post-employment benefits	0.2	0.2
Other long-term benefits	-	0.7
Termination benefits	0.1	_
	5.5	8.4

The directors are considered to be key management personnel.

Four directors did not receive any emoluments from the Group or Company in the current or prior period in respect of their services to the Group or Company.

The directors are employed by other companies under common control and their emoluments are charged to and borne by the other companies without further resource. In both the current period and prior period, the services provided by these directors to the Group and Company are incidental to their employment by and services to Ellerman Investments Limited.

During the period the number of directors receiving benefits and share incentives was as follows:

	2024 No.	2023 No.
Accruing benefits under money purchase pension scheme	6	4

<sup>\*</sup> The previous year directors remuneration disclosed has been restated to comply with requirements of IAS 24.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

# 10 DIRECTORS' REMUNERATION (CONTINUED)

In respect of the highest paid director:

	2024 £ m	2023 £ m
Short-term employee benefits	1.4	2.2
Post-employment benefits	0.1	_
	1.5	2.2

### 11 AUDITOR'S REMUNERATION

	2024 £ m	2023 £ m
Audit of the financial statements of the Group and subsidiaries of the Company		
pursuant to legislation	1.0	1.3
Total audit fees	1.0	1.3

#### 12 INCOME TAX

Tax charged in the income statement.

	2024 £ m	2023 £ m
Current taxation		
UK corporation tax	0.3	0.2
Adjustments in respect of prior years	0.3	0.1
Foreign tax	0.8	1.0
Total current income tax	1.4	1.3
Deferred taxation		
Arising from origination and reversal of temporary differences	6.9	6.1
Adjustment in respect of prior years	0.3	0.9
Impact of rate change	_	0.2
	7.2	7.2
Tax charge in the income statement	8.6	8.5

# 12 INCOME TAX (CONTINUED)

The tax on loss before tax for the period is higher than the standard rate of corporation tax in the UK (2023 – higher than the standard rate of corporation tax in the UK) of 25% (2023: 20.5%).

In December 2021, the OECD released a framework for Pillar Two Model Rules which will introduce a global minimum corporate tax rate of 15% applicable to multinational enterprise groups with global revenue over €750.0 million. The legislation implementing the rules in the UK was substantively enacted on 20 June 2023 and will apply to the Group from the financial year ending 30 June 2025 onwards.

Under the legislation, the Group is liable to pay a top-up tax for the difference between their Global Anti-base Erosion Rules (GloBE) effective tax rate per jurisdiction and the 15% minimum rate. Pillar Two Income Taxes could be payable in the UK, or the local jurisdiction if it has introduced a Qualifying Domestic Minimum Top-up Tax. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes under UK legislation. This assessment is based on a combination of the tax filings for the 2023 financial year, and the financial statements for constituent entities in the Group for 2023 and 2024. Based on the assessment it is expected that either the financial thresholds or transition rates (for the simplified effective tax rates) required to benefit from the transitional safe harbours would be met for the jurisdictions in which the Group operates, which will exempt the Group from applying the full Pillar Two rules in those territories. Therefore, based on current estimations, the Group does not expect a material exposure to Pillar Two income taxes.

The differences are reconciled below:

	2024 £ m	2023 £ m
(Loss)/profit before tax	(15.8)	4.6
Corporation tax at standard rate of 25.0% (2023: 20.5%)	3.9	(0.9)
Adjustments in respect of prior years	(0.6)	(1.0)
Expenses not deductible	(2.0)	(1.7)
Income not taxable	0.4	1.4
Transfer pricing adjustment	(10.9)	(6.4)
Effect of overseas tax rates	0.6	0.3
Change of tax rate effects	-	(0.2)
Total tax charge	(8.6)	(8.5)



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 12 INCOME TAX (CONTINUED)

### **DEFERRED TAX**

Deferred tax movement during the period:

	At 2 July 2023 £ m	Recognised in income statement £ m	Tax rate change recognised in income statement £ m	Recognised in other comprehensive income £ m	Tax rate change recognised in other comprehensive income £ m	At 29 June 2024 £ m
Accelerated tax depreciation	67.0	(2.9)	-	_	_	64.1
Tax losses carry-forwards	95.2	_	-	-	_	95.2
Pension benefit obligations	0.4	_	_	_	_	0.4
Short-term timing differences	21.0	(4.3)	-	_	_	16.7
Net tax assets	183.6	(7.2)	_	-	_	176.4

Deferred tax movement during the prior period:

	At 3 July 2022 £ m	Recognised in income statement £ m	Tax rate change recognised in income statement £ m	Recognised in other comprehensive income £ m	Tax rate change recognised in other comprehensive income £ m	At 1 July 2023 £ m
Accelerated tax depreciation	72.7	(5.5)	(0.2)	_	_	67.0
Tax losses carry-forwards	95.4	(0.2)	-	_	_	95.2
Pension benefit obligations	0.4	_	-	_	_	0.4
Short-term timing differences	22.3	(1.3)	-	_	_	21.0
Net tax assets	190.8	(7.0)	(0.2)	_	_	183.6

Deferred tax at 29 June 2024 has been calculated based on the rate of 25% which is the rate at which the majority of items are expected to reverse. This is due to the increase in the main rate of corporation tax to 25% from April 2023, which was substantively enacted on 24 May 2021.

At the balance sheet date, the Group has gross unrecognised tax losses of £56.5m (2023: £56.5m), pre-trading expenses of £2.9m (2023: £1.1m) and capital losses of £66.8m (2023: £66.3m) available for offset against future profits. The unrecognised tax losses do not expire. No deferred tax assets have been recognised with respect to these losses.

## 12 INCOME TAX (CONTINUED)

### **DEFERRED TAX** (CONTINUED)

The Group recognises deferred tax assets to the extent that it is probable (defined as more likely than not) that there will be future taxable income against which the deferred tax asset can be utilised. Estimation of the future taxable income is inherent in this process. The Group has considered the carrying value of its deferred tax asset at each reporting date and concluded that based on management's long-term plan, sufficient taxable profits will be generated in future years to recover such recognised deferred tax assets. The carrying amount of the deferred tax asset at the reporting date was £176.4m (2023: £183.6m) which consists of fixed asset differences, carried forward tax losses and provisions.

# 13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £ m	Plant and equipment £ m	Furniture, fittings and equipment £ m	Total £ m
Cost				
At 2 July 2022	11.2	60.2	36.2	107.6
Additions	0.3	0.4	1.5	2.2
Reclassification	_	_	0.1	0.1
Disposals	_	_	(1.2)	(1.2)
At 1 July 2023	11.5	60.6	36.6	108.7
Additions	0.2	-	0.3	0.5
Reclassification	_	_	_	_
Disposals	(3.8)	_	(0.9)	(4.7)
At 29 June 2024	7.9	60.6	36.0	104.5
Depreciation				
At 2 July 2022	7.3	6.4	18.5	32.2
Charge for the period	0.2	3.0	4.0	7.2
Reclassifications	_	_	0.7	0.7
Disposals	_	_	(1.2)	(1.2)
At 1 July 2023	7.5	9.4	22.0	38.9
Charge for the period	0.2	3.3	2.9	6.4
Reclassification	-	_	-	-
Disposals	(3.1)	_	(1.2)	(4.3)
At 29 June 2024	4.6	12.7	23.7	41.0
Carrying amount				
At 29 June 2024	3.3	47.9	12.3	63.5
At 1 July 2023	4.0	51.2	14.6	69.8



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 14 GOODWILL

	Goodwill £ m
Cost	
2 July 2022, 1 July 2023 and 29 June 2024	252.5
Impairment	
2 July 2022, 1 July 2023 and 29 June 2024	(50.0)
Carrying amount	
1 July 2023 and 29 June 2024	202.5

Goodwill is allocated to three cash generating units (CGUs) being £89.3m (2023: £89.3m) for Very and £16.2m (2023: £16.2m) for Littlewoods relating to the acquisition of the retail business in 2005 and £97.0m (2023: £97.0m) resulting from the acquisition of Douglas Insurance Limited in 2008. The Group tests goodwill annually for impairment or more frequently if there are indications that the goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations.

#### RETAIL

The key assumptions for value in use calculations are those regarding discount rates, long-term growth rates and forecast cash flows. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the specific risks to the CGUs. The long-term growth rates are based on industry averages. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The UK retail business operates under two brands, Very and Littlewoods, which have been established as two separate cash-generating units. For both CGU's, management have used a value in use model to review for impairment, which includes forecasted future cashflows approved by the Board for the 5 years following the 52 week period ended 29 June 2024. These have been discounted using a pre-tax discount rate of 9.1% and 10.1% for Very and Littlewoods respectively. After five years, a long-term growth rate of 2.44% has been applied.

At 29 June 2024 the headroom on the Very and Littlewoods goodwill balances is £815.4m (2023: 1,041.8m) and £80.1m (2023: £73.6m) respectively. A sensitivity analysis has been performed for each value in use calculation that determined the recoverable amount of each goodwill balance to be insensitive to changes in the key assumptions.

The directors do not believe that there is a reasonably possible change in a key assumption on which management has based its determination of the recoverable amount of the goodwill created on acquisition of the Littlewoods business that would cause the Very or Littlewoods units' carrying amount to exceed its recoverable amount.

### 14 GOODWILL (CONTINUED)

### **DOUGLAS**

The key assumptions for the value in use calculations for the Douglas goodwill, based on are based on management's forecasts which have been approved by the Board. Management forecasts include industry data, where relevant and long-term growth rates are based on the UK long-term growth rate.

The opportunities identified in management's forecasts are the insurance product sales linked to electrical sales in the retail business. The headroom on the Douglas goodwill balance as at 29 June 2024 is £14.1m (2023: £22.2m).

The key assumptions included in the value in use model are; the average growth in earned premiums of 30.1% (2023: 33%), conversion rate of Term 6.1% and Monthly 14% (2023: term 5%, monthly 14%), year 1 product cancellation rate of 18% (2023: 18%), annual cancellation rate of 11.5% (2023: 12.2%), average claims rate of 44.9% (2023: 46%), the average premium of £3.00 (2023: £3.99), the terminal growth rate of 2.32% (2023: 2.32%), and the pre-tax discount rate of 8.0% (2023: 8.0%).

The following sensitivity analysis has been prepared for the Douglas Insurance Limited CGU. In comparison to the value in use model, the following changes in key assumptions would reduce the headroom to £nil: a reduction in the conversion rate to 11.2% (2023: 10.0%), an increase in the average claims rate to 51.8% (2023: 56.9%), an increase in the year 1 product cancellation rate to 33.5% (2023: 41.0%), an increase in the annual cancellation rate above 100% (2023: same) or a decrease in the average premium to £2.00 (2023: £2.76).

The directors are aware that the Douglas goodwill balance is considered to be sensitive to changes in combined key assumptions and therefore the Douglas goodwill balance has been disclosed as a key source of estimation uncertainty.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 15 INTANGIBLE ASSETS

	Internally generated	Other internally generated	
	software £ m	costs £ m	Total £ m
Cost			
At 2 July 2022	222.6	52.6	275.2
Additions	59.5	-	59.5
Disposals	(21.2)	_	(21.2)
At 1 July 2023	260.9	52.6	313.5
Additions	44.2	0.7	44.9
Disposals	(47.8)	_	(47.8)
At 29 June 2024	257.3	53.3	310.6
Amortisation			
At 2 July 2022	91.6	8.7	100.3
Amortisation charge	36.1	9.1	45.2
Disposals	(21.2)	_	(21.2)
At 1 July 2023	106.5	17.8	124.3
Amortisation charge	28.8	5.5	34.3
Disposals	(48.2)	_	(48.2)
Impairment charge	_	1.4	1.4
At 29 June 2024	87.1	24.7	111.8
Carrying amount			
At 29 June 2024	170.2	28.6	198.8
At 1 July 2023	154.4	34.8	189.2

Included within software costs are £27.7m (2023: £41.4m) of investment incurred related to ongoing software development projects on which amortisation has not commenced as the assets have not yet been brought into use.

# 16 RIGHT-OF-USE ASSETS

	Land and buildings £ m	Plant and equipment £ m	Total £ m
Cost			
At 2 July 2022	100.9	3.8	104.7
Additions	0.2	2.5	2.7
Disposals	(1.0)	-	(1.0)
At 1 July 2023	100.1	6.3	106.4
Additions	0.5	1.3	1.8
Disposals	(1.2)	-	(1.2)
Revaluation	9.8	-	9.8
At 29 June 2024	109.2	7.6	116.8
Depreciation			
At 2 July 2022	19.1	0.9	20.0
Charge for the period	6.8	1.2	8.0
Disposals	(1.0)	-	(1.0)
Impairment	(1.8)	_	(1.8)
At 1 July 2023	23.1	2.1	25.2
Charge for the period	7.0	1.6	8.6
Disposals	(1.1)	-	(1.1)
At 29 June 2024	29.0	3.7	32.7
At 29 June 2024	80.2	3.9	84.1
At 1 July 2023	77.0	4.2	81.2

# 17 DERIVATIVE FINANCIAL INSTRUMENTS

At the reporting date details of outstanding forward exchange contracts that the Group has committed to are as follows:

	2024 £ m	2023 £ m
Notional amount – Sterling contract value	70.1	160.2
Fair value of (liability)/asset recognised	-	(3.5)

Changes in the fair value of derivative financial instruments amounted to a gain of £3.5m in the period (2023: loss of £8.6m).



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 17 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of foreign currency derivative contracts is their market value at the reporting date. Market values are based on the duration of the derivative instrument together with the quoted market data, including interest rates, foreign exchange rates and market volatility at the reporting date.

Contracts committed to are denoted in US Dollars, Euro and South African Rand to manage foreign currency risk.

The Group uses fair values to measure its financial instruments using the following classifications:

- Level 1 quoted prices for similar instruments
- Level 2 directly observable market inputs other than Level 1 inputs
- Level 3 inputs not based on observable market data

The financial instruments that are measured subsequent to initial recognition at fair value are all grouped into Level 2. There were no transfers between Level 1 and Level 2 during the period.

#### **18 INVENTORIES**

	2024 £ m	2023 £ m
Finished goods and goods for resale	105.0	105.7

A write-down of £5.1m (2023: £4.5m) was recognised in cost of sales against inventory during the period due to obsolete, slow-moving or damaged inventory.

The right of return asset in inventory amounted to £16.7m (2023: £17.7m). The right to returned goods asset represents the Group's right to recover products from customers where customers exercise their right of return under the Group's 28-day returns policy. The Group uses its accumulated historical experience to estimate the number of returns using the expected value method.

### 19 RECEIVABLES

Total receivables

	2024 £ m	2023 £ m
Non-current:		
Amounts owed by related parties (note 33)	520.7	508.8
	2024 £ m	2023 £ m
Current:		
Trade receivables	34.8	29.3
Amounts owed by related parties (note 33)	-	3.1
Prepayments	191.8	173.2
Other receivables	84.4	61.3
Total trade and other receivables	311.0	266.9
Receivables from customers:		
	2024 £ m	2023 £ m
Current:		
Advances to customers*	1,437.5	1,421.3

<sup>\*</sup> Advances to customers have been presented separately from trade receivables to comply with requirements of IFRS 9, the prior year comparative has been represented.

Amounts owed by related parties are unsecured, interest free and repayable on demand. Amounts due from related parties have been presented as non-current receivables on the basis that the receivable is not expected to be repaid in the next 12 month period.

2,269.2

2,197.0

Other receivables include £10.2m (2023: £7.0m) due from the Group's external trade receivables securitisation provider. The directors consider that the carrying amount of trade and other receivables approximates to their fair value. An expected credit loss of £203.0m under IFRS 9 (2023: £216.6m) has been recorded.

The Group offers a range of options which enable its customers to spread the cost of their purchases, some options are interest free and others are interest bearing. The representative APR on Very is 44.9% (2023: 42.9%) and 0.0% (2023: 0.0%) on Littlewoods.

The contractual amount outstanding on trade and other receivables written off during the reporting period and subject to enforcement activity was £nil (2023: £nil). The total amount of undiscounted expected credit losses at initial recognition on financial assets initially recognised during the reporting period cannot be calculated due to the revolving nature of a significant proportion of trade and other receivables.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

# 19 RECEIVABLES (CONTINUED)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of asset. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for expected credit losses. All customer receivables are unsecured.

Allowance for expected credit losses:

	2024 £ m	2023 £ m
Balance at beginning of the period	216.6	218.6
Amounts charged to the income statement	140.2	150.9
Amounts written off	(153.8)	(152.9)
Balance at end of the period	203.0	216.6

The ageing of trade and other receivables is as follows:

	2024 £ m	2023 £ m
Current – not past due	1,462.1	1,454.0
1 scheduled payment past due	59.2	66.1
2 scheduled payment past due	27.5	27.7
3 scheduled payment past due or greater	162.3	158.9
Gross trade and other receivables	1,711.1	1,706.7
	2024 £ m	2023 £ m
Gross trade and other receivables	1,711.1	1,706.7
Refund liabilities	(35.8)	(39.5)
Net trade and other receivables	1,675.3	1,667.2
Allowance for expected credit losses	(203.0)	(216.6)
	1,472.3	1,450.6

# 19 RECEIVABLES (CONTINUED)

The allowance for expected credit losses is derived based on the ECL model discussed in the Group's accounting policies. The following tables analyse the movement of the loss allowance by stage.

	Stage 1 £ m	Stage 2 £ m	Stage 3 £ m	Total £ m
Allowance for expected credit losses as at 2 July 2022	35.9	82.1	100.6	218.6
Transfer stage 1	_	(12.5)	1.1	(11.4)
Transfer stage 2	12.5	-	10.1	22.6
Transfer stage 3	(1.1)	(10.1)	-	(11.2)
Post Model Adjustment	_	(5.4)	-	(5.4)
Remeasurement of balances	(12.0)	26.0	44.4	58.4
New financial assets recognised	2.9	11.4	9.1	23.4
Financial assets derecognised	(1.5)	(2.9)	(2.9)	(7.3)
Assets written off	(1.6)	(16.6)	(52.9)	(71.1)
Allowance for expected credit losses as at 1 July 2023	35.1	72.0	109.5	216.6
Transfer stage 1	_	(14.2)	0.8	(13.4)
Transfer stage 2	14.2	-	10.2	24.4
Transfer stage 3	(0.8)	(10.2)	-	(11.0)
Post Model Adjustment	(5.0)	_	-	(5.0)
Remeasurement of balances	(11.9)	31.4	30.0	49.5
New financial assets recognised	4.7	14.4	8.5	27.6
Financial assets derecognised	(2.1)	(4.0)	(3.7)	(9.8)
Assets written off	(1.3)	(14.6)	(60.0)	(75.9)
Allowance for expected credit losses as at 29 June 2024	32.9	74.8	95.3	203.0

The following table sets out the percentage of provision applied in each stage:

	Stage 1 %	Stage 2 %	Stage 3 %	Total %
Financial period ended 1 July 2023	3.2	19.1	58.0	13.0
Financial period ended 29 June 2024	2.9	21.9	49.8	12.1



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

# 19 RECEIVABLES (CONTINUED)

The following table sets out changes in the carrying amount of trade and other receivables that contributed to the changes in the loss allowance:

	Stage 1 £ m	Stage 2 £ m	Stage 3 £ m	Total £ m
Balance at 2 July 2022	1,067.1	368.5	177.1	1,612.7
Transfer stage 1	_	(1.8)	40.6	38.8
Transfer stage 2	1.8	_	43.8	45.6
Transfer stage 3	(40.6)	(43.8)	_	(84.4)
Growth in trade and other receivables	63.6	62.5	2.6	128.7
New financial assets recognised	112.6	55.6	13.7	181.9
Financial assets derecognised	(79.1)	(17.6)	(6.5)	(103.2)
Amounts written off	(23.3)	(47.1)	(82.5)	(152.9)
Balance at 1 July 2023	1,102.1	376.3	188.8	1,667.2
Transfer stage 1	_	(20.6)	41.4	20.8
Transfer stage 2	20.6	_	46.6	67.2
Transfer stage 3	(41.4)	(46.6)	-	(88.0)
Growth in trade and other receivables	75.5	54.9	0.6	131.0
New financial assets recognised	122.2	46.3	13.9	182.4
Financial assets derecognised	(116.7)	(26.4)	(8.3)	(151.4)
Amounts written off	(20.5)	(41.7)	(91.7)	(153.9)
Balance at 29 June 2024	1,141.8	342.2	191.3	1,675.3

# 20 RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

	2024 £ m	Restated† 2023 £ m
Cash at bank	140.8	108.8
Cash equivalents	33.5	25.5
Cash and cash equivalents in statement of financial position	174.3	134.3
Bank overdrafts	(121.0)	(94.7)
Net cash and cash equivalents in statement of cash flows	53.3	39.6

 $<sup>\ \, + \ \, \</sup>mathsf{Refer} \, \mathsf{to} \, \mathsf{Note} \, \mathsf{2} \, \mathsf{Accounting} \, \mathsf{Policies} \, \mathsf{for} \, \mathsf{prior} \, \mathsf{period} \, \mathsf{restatement}.$ 

The carrying amount of cash and cash equivalents is approximately equal to fair value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statement.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 21 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 2 July 2023 £ m	Financing cash flows £ m	Non-cash changes £ m	At 29 June 2024 £ m
Securitisation facility	1,491.8	12.9	-	1,504.7
Senior secured notes	590.1	-	4.5	594.6
External loans	34.4	43.0	1.5	78.9
Lease liabilities	96.5	(12.9)	18.3	101.9
Secured revolving credit facility	68.9	80.0	0.4	149.3
Total liabilities from financing activities	2,281.7	123.0	24.7	2,429.4

	At 3 July 2022 £ m	Financing cash flows £ m	Non-cash changes £ m	At 1 July 2023 £ m
Securitisation facility	1,441.7	50.1	_	1,491.8
Senior secured notes	585.9	(4.1)	8.3	590.1
External loans	41.5	(7.1)	-	34.4
Lease liabilities	97.9	(11.5)	10.1	96.5
Secured revolving credit facility	73.5	(5.0)	0.4	68.9
Total liabilities from financing activities	2,240.5	22.4	18.8	2,281.7

Within financing cash flows for the secured revolving credit facility are £0.7m (2023: £1.1m) of prepaid facility fees. These are presented within interest paid in the Consolidated Statement of Cash Flows.

# 22 SHARE CAPITAL

Allotted, called up and fully paid shares

	2024		2023	
	No. m	£m	No. m	£m
Ordinary shares of £1 each	200	200	200	200

The shares have attached to them full voting, dividend and capital distribution (including winding up) rights, they do not confer any rights of redemption.

# 23 MERGER RESERVE

	2024 £ m	2023 £ m
Merger reserve	3.5	3.5

The merger reserve relates to the acquisition of Primevere Equipment Limited.

# **24 LOANS AND BORROWINGS**

	2024 £ m	2023 £ m
Secured non-current loans and borrowings at amortised cost		
Securitisation facility	1,504.7	1,441.8
Senior secured notes	594.6	590.1
Bank loans	20.3	27.5
Other external loans	50.0	-
	2,169.6	2,059.4

	2024 £ m	Restated† 2023 £ m
Current loans and borrowings at amortised cost		
Bank overdrafts	121.0	94.7
Securitisation facility	_	50.0
Secured revolving credit facility	149.3	68.9
Bank loans	6.8	6.9
Other external loans	1.8	_
	278.9	220.5

<sup>†</sup> Refer to Note 2 Accounting Policies for prior period restatement.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### **24 LOANS AND BORROWINGS (CONTINUED)**

	2024 £ m	Restated <sup>†</sup> 2023 £ m
Loans and borrowings at nominal value		
Bank overdrafts	121.0	94.7
Securitisation facility	1,504.7	1,491.8
Senior secured notes	575.0	575.0
Bank loans	27.9	34.9
Other external loans	55.8	_
Secured revolving credit facility	150.0	70.0
	2,434.4	2,266.4

The Group has a notional cash pooling facility whereby cash positive and negative balances with the same banks can be offset. The requirements for offsetting in accordance with IAS 32: 'Financial Instruments: Presentation' have not been met in the current or prior period. Prior period comparatives have therefore been restated by grossing up cash and overdrafts (reported within current borrowings). Going forward, the Group will physically net off all cash balances at each period end and thus expects to present net cash and cash equivalent balances.

Within the securitisation facility £20.5m (2023: £21.6m) is denominated in Euros and within external loans £27.0m (2023: £34.9m) is denominated in Euros. The underlying currency of all the other borrowings and overdrafts is Sterling.

	2024 £ m	Restated† 2023 £ m
The borrowings are repayable as follows:		
Within one year	278.9	220.5
In the first to second year	56.8	238.4
In the third to fifth year	2,112.8	1,821.0
Over five years	_	-
Amount due for settlement after 12 months	2,169.6	2,059.4

<sup>†</sup> Refer to Note 2 Accounting Policies for prior period restatement

## **24 LOANS AND BORROWINGS (CONTINUED)**

The principal features of the Group's borrowings are as follows:

- a. The Group has drawn £1,484.1m (2023: £1,470.2m) on its UK securitisation facility. This is secured by a charge over certain eligible trade debtors of the Group and is without recourse to any of the other Group assets. The securitisation facility expires in January 2027 for 'AS' Notes (£1,081.1m), 'AJ' Notes (£143.0m), 'B' Notes (£105.0m), 'C1' Notes (£105.0m) and 'C2' Notes (£50.0m). The total facility size is £1,635.0m.
- b. The Group accounts for its senior secured notes of £575.0m at amortised cost. At period end, the amortised cost of the senior secured notes was £594.6m which accrues interest at the effective interest rate of 7.29%. Interest is paid according to the coupon rate of 6.50%. The senior secured notes are due August 2026. The secured revolving credit facility of £150.0m was fully drawn down at 29 June 2024 (2023: £70.0m) are due February 2026. Transaction costs associated with the revolving credit facility of £1.9m were prepaid on the statement of financial position and amortised over the debt term. As at the reporting date these total £0.7m (2023: £1.1m) giving an amortised cost value for the facility of £149.3m (2023: £68.9m).
- c. The Group has an Irish securitisation facility against which it has drawn down £20.5m (2023: £21.6m), secured by a charge over certain eligible trade debtors of the Group. The facility was extended in the prior year and has a total maximum commitment of €35.0m which expires July 2026.
- d. The Group subsidiary Primevere Equipment Limited holds a bank loan denominated in Euros, which had a carrying value of £27.0m (2023: £34.4m). Regular payments are made against this loan which is expected to be fully settled in February 2028.
- e. In the year, the Group has drawn down a new external loan with a carrying value of £51.8m presented at amortised cost which expires in 2026. The loan is secured by a floating charge over present and future assets of Shop Direct Home Shopping Limited and Shop Direct Finance Company Limited, and a security interest in shares of the Group.

	<b>2024</b> %	2023 %
The weighted average interest rates paid were as follows:		
Secured revolving credit facility	8.74	4.47
Securitisation facility – UK	8.15	6.04
Securitisation facility – Ireland	6.66	4.26
Senior secured notes	6.50	6.50
Other loans	9.18	0.56

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note (see note 30).

The Group's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment note.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

#### 25 PENSION AND OTHER SCHEMES

#### **DEFINED CONTRIBUTION PENSION SCHEME**

The Group operates a defined contribution pension scheme for all employees; the Shop Direct Group Personal Pension Plan. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £8.1m (2023: £8.1m). The defined contribution scheme is in compliance with employer pension duties in accordance with part 1 of the Pensions Act 2008, including auto enrolment requirements. Contributions to the defined contribution schemes are charged to the income statement.

Contributions totalling £0.6m (2023: £0.6m) were payable to the scheme at the end of the period and are included in creditors.

#### **DEFINED BENEFIT PENSION SCHEMES**

There are three main elements of the defined benefit pension schemes, namely the Scheme, UURBS and Ex-gratia, which are set out and defined below. A combined summary of these elements is shown below.

	2024 £ m	2023 £ m
UURBS and Ex-gratia – present value of scheme liabilities	1.2	1.2
Scheme – defined benefit pension scheme deficit	_	-
Retirement benefit obligations	1.2	1.2
Scheme – amounts taken to the Statement of Comprehensive Income	(0.2)	(1.9)
UURBS and Ex-gratia – amounts taken to the Statement of Comprehensive Income	_	(O.1)
Gain recognised in the Statement of Comprehensive Income	(0.2)	(2.0)

# **25 PENSION AND OTHER SCHEMES (CONTINUED)**

### THE LITTLEWOODS PENSIONS SCHEME ('SCHEME')

The Littlewoods Pensions Scheme ("Scheme"), which is a defined benefit arrangement based on final pensionable salaries, is set up under trust and the assets of the scheme are held separately from those of the Company. The fund is valued at intervals not exceeding three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary and agreed by the parent undertaking and all other Shop Direct Holdings Limited Group companies and the Scheme Trustee. The Scheme was closed to new entrants with effect from 1 October 2001 and is closed to future accrual.

From 1 October 2001 certain employees of the Company were eligible for membership of funded defined contribution stakeholder pension schemes to which employees and the Company contribute.

In May 2018, the Trustee invested in a bulk annuity policy with Scottish Widows and in July 2020 made a second investment in a bulk annuity policy with Rothesay Life. This means close to 100% of the Scheme's assets are now invested in these two buy-ins covering all outstanding pension benefits payable.

On 19 August 2020 and 15 June 2021, formal agreements were reached between the Group and the Trustees of The Littlewoods Pensions Scheme ("Scheme") with regards to future Company Scheme contribution obligations. Both agreements had been documented in revised Schedules of Contributions.

The initial agreement allowed for a single future contribution of £18.7m payable on or before 31 August 2021 which was then reduced to a single contribution of £9.4m payable on or before 31 January 2022 by the second agreement.

On 21 December 2021, a further agreement was reached with regards to the 31 January 2022 contribution obligation. This was documented in a revised Schedule of Contributions, which allowed for reduction of the scheme deficit to £nil. This agreement reduced the scheme liability to £nil in the prior year.

On 5 and 17 May 2023, a buy-out of the Scheme was completed, and the previously bought-in benefits of the majority of pensioner members were successfully converted to buy-out status. Individual annuities were issued to the departing pensioner members under the terms of the contracts with the insurers. As such, the related liability has been removed from the Group's balance sheet.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 25 PENSION AND OTHER SCHEMES (CONTINUED)

# RECONCILIATION OF SCHEME ASSETS AND LIABILITIES TO ASSETS AND LIABILITIES RECOGNISED

The amounts recognised in the statement of financial position are as follows:

	2024 £ m	2023 £ m
Fair value of scheme assets	17.8	18.2
Present value of scheme liabilities	-	-
	17.8	18.2
Restrictions on asset recognised	(17.8)	(18.2)
IFRIC 14 liability	_	_
Defined benefit pension scheme deficit	-	-

There are no liabilities in relation to the scheme due to the buy out of the scheme as noted above.

#### SCHEME ASSETS

Changes in the fair value of scheme assets are as follows:

	2024 £ m	2023 £ m
Fair value at start of period	18.2	1,020.1
Interest income	0.9	38.7
Return on plan assets, excluding amounts included in interest expense	(0.2)	(162.3)
Settlement payments	-	(831.1)
Benefits paid	-	(45.4)
Administrative expenses paid from plan assets	(1.1)	(1.8)
Fair value at end of period	17.8	18.2

## **25 PENSION AND OTHER SCHEMES (CONTINUED)**

### **ANALYSIS OF ASSETS**

The major categories of scheme assets are as follows:

	2024 £ m	2023 £ m
Cash and cash equivalents	17.8	18.2

The bulk annuity policy assets are equal to the value of the insured pensioner liabilities on an IAS19 basis as at 29 June 2024.

### AMOUNTS RECOGNISED IN THE INCOME STATEMENT

	2024 £ m	2023 £ m
Amounts recognised in income statement		
Administrative expenses	(1.1)	(1.8)
Amounts recognised in finance income or costs		
Net interest	0.9	(O.1)
Total recognised in the income statement	(0.2)	(1.9)

### AMOUNTS TAKEN TO THE STATEMENT OF COMPREHENSIVE INCOME

	2024 £ m	2023 £ m
Return on plan assets, excluding amounts included in interest income	(0.2)	(162.3)
Actuarial losses from changes in financial assumptions	-	155.4
Actuarial gains from experience adjustments	-	(14.2)
Adjustments for restrictions on the defined benefit asset	0.4	23.0
Amounts recognised in the Statement of Comprehensive Income	0.2	1.9

### **UURBS AND EX-GRATIA**

There is an unfunded unapproved retirement benefit arrangement ("UURBS") which provides a benefit on retirement equal to the additional pension the member would have accrued had they not been subject to the Earnings Cap in the Littlewoods Pensions Scheme and the Shop Direct Group Limited Pension Plan. The Group makes benefit payments directly as they fall due.

An ex-gratia arrangement was originally set up to provide a benefit at retirement to employees who were not members of the GUS Pension Scheme. During 1998, GUS introduced a new money purchase scheme. All employees not already members of the final salary scheme were invited to join and those who did ceased accrual within the ex-gratia arrangement; the remainder continue to accrue benefits. No new employees have been granted membership of the ex-gratia arrangement since the introduction of the GUS Money Purchase Scheme in 1998. The arrangement is unfunded and provides a lump sum on retirement for employees in service at that time. The Group makes benefit payments directly as they fall due.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

# 25 PENSION AND OTHER SCHEMES (CONTINUED)

#### Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2024 £ m	2023 £ m
Present value at start of period	1.2	1.3
Actuarial gains	_	(O.1)
Present value at end of period	1.2	1.2

### **26 PROVISIONS**

	Restructuring £ m	Regulatory £ m	Total £ m
At 2 July 2023	3.9	4.4	8.3
Increase in provisions	4.5	_	4.5
Provisions released	(0.6)	-	(0.6)
Provisions utilised	(3.1)	(1.4)	(4.5)
At 29 June 2024	4.7	3.0	7.7
Non-current	1.1	3.0	4.1
Current	3.6	-	3.6
	4.7	3.0	7.7

£3.6m of the restructuring provision is expected to be utilised within 12 months from the balance sheet date whilst the remaining provision of £1.1m is expected to be fully utilised after 12 months.

The regulatory provision reflects the estimated cost of all historical shopping insurance claims and associated processing costs. The provision of £3.0m is expected to be fully utilised after 12 months.

### **27 TRADE AND OTHER PAYABLES**

Non-current:	2024 £ m	2023 £ m
Amounts due to related parties	20.5	_
	2024	2023
Current:	£ m	£ m
Trade payables	330.8	390.4
Accrued expenses	63.2	83.8
Social security and other taxes	21.9	15.2
Amounts due to related parties	0.2	0.1
Other payables	69.4	48.4
	485.5	537.9
Total trade and other payables	506.0	537.9

The directors consider that the carrying amount of trade payables approximates to their fair value.

No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that payables are paid within agreed credit terms.

Amounts owed under supplier and inventory financing arrangements included within trade payables and other payables above amounted to £60.4m (2023: £39.0m). The cash flows associated with these arrangements are included within 'movements in trade and other payables' and 'interest paid' in the Consolidated Cash Flow Statement.

### **28 CONTRACT LIABILITIES**

	2024 £ m	2023 £ m
At start of the period	59.8	69.6
Released to the income statement	(18.3)	(24.9)
Accrued in the period	12.9	15.1
At end of the period	54.4	59.8
Non-current	21.0	23.4
Current	33.4	36.4
	54.4	59.8

Contract liabilities relate to deferred interest income on sales where interest is recognised over the sales term.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

#### 29 COMMITMENTS

#### **CAPITAL COMMITMENTS**

Capital commitments include expenditure on tangible and intangible assets. The total amount contracted for but not provided in the financial statements was £5.8m (2023: £5.7m).

#### OTHER FINANCIAL COMMITMENTS

At 29 June 2024 commitments to purchase inventory totalled £202.5m (2023: £184.0m) which is considered to be the fair value. The commitments cover a period of 12 months (2023: 12 months).

At 29 June 2024, the Group has an annual committed cost of £nil (2023: £1.8m) as part of ongoing inventory financing arrangements.

The Group has in place contracts for the provision of outsourced service functions. At 29 June 2024, the annual committed cost under these contracts is £34.2m (2023: £36.5m). These contracts expire in 2028 and 2030.

### **30 FINANCIAL INSTRUMENTS**

### **FINANCIAL ASSETS**

The Group uses fair values to measure its financial instruments using the following classifications:

- Level 1 quoted prices for similar instruments
- Level 2 directly observable market inputs other than Level 1 inputs
- Level 3 inputs not based on observable market data

### Financial assets at fair value through profit or loss

	Nominal value		Fair value	
	2024 £ m	2023 £ m	2024 £ m	2023 £ m
Forward contracts	70.1	160.2	_	(3.5)

See note 17 for details of the valuation methods and assumptions of these derivatives. The maturity dates for these derivatives range from July 2024 to September 2025. Derivative financial instruments have been classified as level 2 financial assets.

# **30 FINANCIAL INSTRUMENTS** (CONTINUED)

## **FINANCIAL ASSETS (CONTINUED)**

### Financial assets at amortised cost

	Nominal value		Fair v	ralue	
	2024 £ m	Restated† 2023 £ m	2024 £ m	Restated† 2023 £ m	
Cash and cash equivalents	174.3	134.3	174.3	134.3	
Trade and other receivables	1,472.3	1,450.6	1,472.3	1,450.6	
	1,646.6	1,584.9	1,646.6	1,584.9	

### VALUATION METHODS AND ASSUMPTIONS

The carrying amounts of financial assets are recorded at amortised cost in the financial statements approximate to their fair values.

The average credit period given to customers for the sale of goods is 253 days (2023: 247 days).

### FINANCIAL LIABILITIES

### Financial liabilities at amortised cost

	Carryin	Carrying value		ralue
	2024 £ m	Restated† 2023 £ m	2024 £ m	Restated† 2023 £ m
Trade payables	330.8	390.4	330.8	390.4
Borrowings	2,448.5	2,279.9	2,361.7	2,135.8
Lease liabilities	101.9	96.5	101.9	96.5
	2,881.2	2,766.8	2,794.4	2,622.7

The fair values of all other assets and liabilities as noted above are not significantly different from their carrying amount, with the exception of the £575m sterling five-year bond which has a fair value of £507.8m (2023: £446.0m) but is carried at its amortised cost of £594.6m (2023: £590.1m). The fair value of the £575m sterling five-year bond has been determined by reference to the price available from the market on which the bond is traded, and is therefore a level 1 valuation.

### VALUATION METHODS AND ASSUMPTIONS

The carrying amounts of financial liabilities are recorded at amortised cost in the financial statements approximate to their fair values. The average credit period taken for trade payables is 84 days (2023: 89 days).

<sup>†</sup> Refer to Note 2 Accounting Policies for prior period restatement.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 31 FINANCIAL RISK MANAGEMENT AND IMPAIRMENT OF FINANCIAL ASSETS

### FINANCIAL RISK MANAGEMENT OBJECTIVES

The financial risks facing the Group include credit risk, liquidity risk, currency risk and cash flow interest rate risk. The Group seeks to minimise the effects of certain of these risks by using derivative financial instruments to hedge these risk exposures as governed by the Group's policies. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group's treasury policies and procedures are periodically reviewed and approved by the Executive Committee.

#### CREDIT RISK AND IMPAIRMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Investments of cash surpluses, borrowings and derivative financial instruments are made through banks which are approved by the Board.

Financial assets are written off either partially or in their entirety only when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense when cash is received.

Financial assets that are written off could still be subject to enforcement in order to comply with the Group's procedures for recovery of amounts due.

All applications for a credit account from new customers are assessed through policy rules, credit scorecards and an affordability assessment, using credit bureau data, internal data from previous applications and existing accounts. customer data and cohort-based customer expenditure information.

This determines whether they are accepted for an account, what the credit limit is and also the APR assigned. Customer debit balances are monitored on an ongoing basis and provision is made for estimated irrecoverable amounts. The concentration of credit risk is limited due to the customer base being large and unrelated. No individual customer balance exceeded one percent of gross trade receivables at any one time during the period.

# LIQUIDITY RISK

The Group manages liquidity risk by maintaining adequate banking and borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 24 is a description of the facilities that the Group has at its disposal and details of the Group's remaining contractual maturity for its non-derivative financial liabilities.

## 31 FINANCIAL RISK MANAGEMENT AND IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

The following are the contractual maturities at the balance sheet date of the Group's financial liabilities:

	2024					
	£ m Carrying amount	£ m Contractual cash flows	£ m 1 year or less	£ m 1 to 2 years	£ m 2 to 5 years	£ m Over 5 years
Trade payables	351.3	355.8	330.8	25.0	_	_
Borrowings	2,448.5	3,087.7	444.0	785.3	1,858.4	_
Lease liabilities	101.9	164.1	13.3	12.6	37.1	101.1
	Restated†(2023)					
	£ m Carrying amount	£ m Contractual cash flows	£ m 1 year or less	£ m 1 to 2 years	£ m 2 to 5 years	£ m Over 5 years
Trade payables	390.4	390.4	390.4	_	_	_
Borrowings	2,279.9	3,004.6	393.2	412.1	2,199.3	_
Lease liabilities	96.5	154.9	12.3	12.3	34.7	95.6

<sup>†</sup> Refer to Note 2 Accounting Policies for prior period restatement.

### FOREIGN CURRENCY RISK MANAGEMENT

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments for the purchase of overseas sourced products on a rolling 18 month basis. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

### FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Group's principal foreign currency exposures are to US dollar which it uses to purchase inventory and Euros due to the Group holding a bank loan in Euros. The table below illustrates the hypothetical sensitivity of the Group's reported loss (2023: loss) and closing equity if a 10% increase and decrease in the US dollar/Sterling exchange rates and Euro/Sterling exchange rates at the reporting date, assuming all other variables remain unchanged.

The sensitivity rate of 10% represents the directors assessment of a reasonable possible change, based on historic volatility.

	Income St	Income Statement		ity
	2024 £ m	2023 £ m	2024 £ m	2023 £ m
Sterling strengthens by 10% against USD	0.9	1.2	0.9	1.2
Sterling weakens by 10% against USD	(1.2)	(1.4)	(1.2)	(1.4)
Sterling strengthens by 10% against Euro	2.4	3.3	2.4	3.3
Sterling weakens by 10% against Euro	(3.0)	(4.0)	(3.0)	(4.0)



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

# 31 FINANCIAL RISK MANAGEMENT AND IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

#### INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk, as entities in the Group borrow funds at floating interest rates. The Group treasury team is responsible for monitoring exposure to this risk and securing sufficient liquidity to meet foreseeable needs.

### INTEREST RATE SENSITIVITY ANALYSIS

The Group uses securitisation to fund a significant portion of our receivables book and have a rolling three-year funding programme with a fixed margin over SONIA. The table opposite illustrates the hypothetical sensitivity of the Group's' reported loss (2023: loss) and closing equity to a 3.0% increase or decrease in the SONIA rate, assuming all other variables were unchanged. The sensitivity rate of 3.0% represents the directors assessment of a reasonably possible change based on historical movements.

In preparing the analysis the following assumptions have been made:

- For floating rate assets and liabilities, the amount of the asset or liability outstanding at the reporting date is assumed to have been outstanding for the whole period
- Fixed rate financial instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of this analysis

	Income St	Income Statement		ity
	2024 £ m	2023 £ m	2024 £ m	2023 £ m
SONIA rate increase 3.0%	(45.1)	(44.8)	(45.1)	(44.8)
SONIA rate decrease 3.0%	45.1	44.8	45.1	44.8

## 31 FINANCIAL RISK MANAGEMENT AND IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

### CAPITAL RISK MANAGEMENT

### Capital components

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

	2024 £ m	Restated 2023† £ m
Total borrowings	2,448.5	2,279.9
Less: cash and cash equivalents	(174.3)	(134.3)
Net debt	2,274.2	2,145.6
Equity	155.1	177.4

<sup>†</sup> Refer to Note 2 Accounting Policies for prior period restatement.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 24, cash and cash equivalents disclosed in note 20 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. Changes from the prior period are disclosed in the relevant notes.

#### 32 LEASES

### AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2024 £ m	2023 £ m
Right-of-use assets:		
Land and buildings	80.2	77.0
Plant and equipment	3.9	4.2
	84.1	81.2



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### **32 LEASES (CONTINUED)**

# AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

The amounts included within lease liabilities are as follows:

	2024 £ m	2023 £ m
Lease liabilities:		
Current	6.1	5.5
Non-current	95.8	91.0
	101.9	96.5

The maturity of lease liabilities is included in note 31.

Additions to the right-of-use assets during the financial period ending 29 June 2024 were £1.8m (2023: £2.7m).

Short-term lease expense and low value lease expense is disclosed in note 7.

### AMOUNTS RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

The consolidated income statement includes the following amounts relating to leases:

	2024 £ m	2023 £ m
Depreciation charge of right-of-use assets:		
Land and buildings	7.0	6.8
Plant and equipment	1.6	1.2
	8.6	8.0
Interest expense on lease liabilities	7.1	7.3

# **32 LEASES (CONTINUED)**

### AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2024 £ m	2023 £ m
Total cash outflow for leases	12.9	11.5

### **LEASING ACTIVITIES**

The Group enters into leases for a range of assets, principally relating to property. These property leases, which consist of office buildings and warehouses, have varying terms, renewal rights and escalation clauses, including periodic rent reviews.

### 33 RELATED PARTY TRANSACTIONS

# SUMMARY OF TRANSACTIONS WITH ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INTEREST

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed below. During the period, Group companies entered into the following transactions with fellow Group companies and related parties who are not members of The Very Group Limited:

	2024 £ m	2023 £ m
Recharged costs		_
Yodel Delivery Network Limited*	-	0.2
	-	0.2

	2024 £ m	Restated† 2023 £ m
Purchase of services		
Yodel Delivery Network Limited*	(44.2)	(83.6)
Arrow XL Limited	(36.7)	(38.6)
Trenport Property Holdings Limited	(0.1)	(0.6)
Shop Direct Holdings Limited	(7.5)	(10.3)
Societe Le Marchant	(1.0)	(2.8)
	(89.5)	(135.9)

<sup>\*</sup> Yodel Delivery Network Limited is no longer classified as a related party at the reporting date. Recharged costs and purchase of services have been presented up until the date that Yodel is no longer part of the Group.

<sup>†</sup> The related party note has been restated to include a payment made in the prior year to Societe Le Marchant that was not previously disclosed.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 33 RELATED PARTY TRANSACTIONS (CONTINUED)

# SUMMARY OF TRANSACTIONS WITH ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INTEREST (CONTINUED)

At the reporting date, the Group had the following balances outstanding with its fellow Group companies:

	2024 £ m	2023 £ m
Amounts due from related parties		
Shop Direct Holdings Limited	509.1	500.5
Yodel Delivery Network Limited	-	3.1
Trenport Property Holdings Limited	8.3	8.3
Logistics Group Holdings Limited	3.3	-
	520.7	511.9
	2024 £ m	2023 £ m
Amounts due to related parties		
Arrow XL Limited	0.2	0.1
VGL FinCo Limited	20.5	_
	20.7	0.1

The amounts due to VGL FinCo Limited are unsecured at 0% and repayable in more than one year. The remaining amounts outstanding are unsecured and repayable on demand. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

	2024 £ m	2023 £ m
Amounts recognised directly in equity		
VGL FinCo Limited	4.5	_
	4.5	_

The amounts recognised directly in equity relate to a capital contribution from VGL FinCo Limited as a result of the loan from VGL FinCo being interest free.

Key management personnel compensation has been disclosed in note 10.

### 34 CONTINGENT LIABILITIES

During the ordinary course of business the Group is subject to other complaints and threatened or actual legal proceedings (including class or group action claims) brought by or on behalf of current or former employees, agents, customers, investors or third parties. This extends to legal and regulatory reviews, challenges, investigations and enforcement actions combined with tax authorities taking a view that is different to the view the Group has taken on the tax treatment in its tax returns.

All such material matters are periodically assessed, with the assistance of external professional advisors, where appropriate, to determine the likelihood of the Group incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established for management's best estimate of the amount required at the relevant balance sheet date. In some cases it may not be possible to form a view, for example because the facts are unclear or because further time is needed to properly assess the merits of the case, and no provisions are held in relation to such matters.

At the year end, the Group has a constructive obligation in relation to property lease guarantees. These guarantees total a maximum potential exposure of £53m at the year-end date. The directors are satisfied that this can be substantially mitigated, and any potential exposure is spread over several years. Amounts will only become payable if the relevant parties fail to meet their contractual obligations. As a result the directors of TVG do not consider it probable that any obligation will occur in the Company and therefore no provision should be made.

HMRC have opened an enquiry into the tax treatment of a deduction taken in the FY22 tax return following the change of accounting policy in respect of cloud computing costs. Discussions are at the initial stage and TVG is comfortable the correct tax treatment was taken on the basis of the audited accounting position (note 35 of the financial statements for the year ended 2 July 2022). At this stage it is not possible to accurately evaluate the potential financial impact and any adjustment would not impact current or cash tax but could reduce the value of the recognised deferred tax asset.

#### 35 PARENT AND ULTIMATE PARENT UNDERTAKING

The Company's immediate parent is VGL Finco Limited. The smallest consolidated set of accounts which contain The Very Group Limited results are Shop Direct Holdings Limited.

The most senior parent entity producing publicly available financial statements is Shop Direct Holdings Limited. These financial statements are available upon request from 4th Floor, St Alban's House, 57-59 Haymarket, London, SWIY 4QX.

The ultimate controlling party is the Sir David Barclay and Sir Frederick Barclay Family Settlements.



# Statement of Financial Position of the Company

(Registration number: 04730752)

as at 29 June 2024

STRATEGIC REPORT

	Note	29 June 2024 £ m	1 July 2023 £ m
Non-current assets	Note		
Right-of-use assets	38	41.5	48.2
Investments in subsidiaries	39	624.7	632.0
Deferred tax assets	40	6.5	5.0
Trade and other receivables	41	1,586.4	1,789.1
		2,259.1	2,474.3
Current assets			
Trade and other receivables	41	24.7	17.4
Current tax asset		_	0.3
		24.7	17.7
Total assets		2,283.8	2,492.0
Equity			
Share capital	47	200.0	200.0
Capital contribution reserve	46	4.5	_
Retained earnings		189.5	207.8
Total equity		394.0	407.8

	Note	29 June 2024 £ m	1 July 2023 £ m
Non-current liabilities			
Trade and other payables	43	20.5	_
Loans and borrowings	42	50.0	_
Lease liabilities	44	90.4	88.2
		160.9	88.2
Current liabilities			
Trade and other payables	43	1,569.9	1,918.3
Loans and borrowings	42	151.1	68.9
Lease liabilities	44	7.7	8.8
Current tax liability		0.2	_
		1,728.9	1,996.0
Total liabilities		1,889.8	2,084.2
Total equity and liabilities		2,283.8	2,492.0

The loss after taxation for the 52 week period ended 29 June 2024 attributable to the Company amounted to £15.6m (2023: £30.1m profit). The Company has taken advantage of Section 408 of the Companies Act 2006 and has not published its own income statement.

The financial statements of The Very Group Limited, registered number 04730752, have been approved by the Board and authorised for issue on 23 October 2024 and signed on its behalf by:



**BPFLETCHER DIRECTOR** 



# Statement of Changes in Equity for the Company

for the 52 week period ended 29 June 2024

	Share capital £ m	Retained earnings £ m	Capital Contribution Reserve £ m	Total £ m
At 3 July 2022	200.0	192.7	_	392.7
Profit for the period	_	30.1	_	30.1
Total comprehensive income for the period	_	30.1	_	30.1
Dividends paid to Parent Company	_	(15.0)	_	(15.0)
At 1 July 2023	200.0	207.8	_	407.8

	Share capital £ m	Retained earnings £ m	Capital Contribution Reserve £ m	Total £ m
At 2 July 2023	200.0	207.8	_	407.8
Loss for the period	_	(15.6)	_	(15.6)
Total comprehensive income for the period	_	(15.6)	_	(15.6)
Dividends paid to Parent Company	_	(3.8)	-	(3.8)
Movement in capital contribution reserve	_	1.1	4.5	5.6
At 29 June 2024	200.0	189.5	4.5	394.0

# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

#### 36 MATERIAL ACCOUNTING POLICIES

#### **BASIS OF ACCOUNTING**

The Very Group Limited ("the Company") is a company incorporated in the United Kingdom under the Companies Act. The Company is the parent undertaking of the Group and also prepares consolidated financial statements. The separate financial statements of the Company are presented as required by the Companies Act 2006. The financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a cash-flow statement and certain disclosure requirements in respect of related party transactions with wholly-owned subsidiaries, capital management disclosures, financial instruments and leases. Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements. The accounts are drawn up to the Saturday nearest to 30 June, or to 30 June where this falls on a Saturday. In the current financial period this was the 52 week period to Saturday 29 June 2024 (2023: 52 week period to Saturday 1 July 2023).

There are no critical judgements or estimates.

#### **INVESTMENTS**

Investments in subsidiary undertakings are included in the balance sheet at cost on acquisition and are assessed for indicators of impairment on an annual basis. Where appropriate, an impairment loss is recognised in the profit or loss.

#### **IMPAIRMENT**

The Company's accounting policies in respect of impairment of property, plant and equipment, intangible assets and financial assets are consistent with those of the Group.

The carrying values of investments in subsidiary undertakings are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an investment in a subsidiary undertaking is the greater of its value in use and its fair value less costs of disposal. 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. The investment in Douglas is a key judgement area, in line with the Douglas goodwill balance. Related sensitivities on the Douglas goodwill balance are included in note 14.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### **36 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

# **IMPAIRMENT (CONTINUED)**

The Company's impairment policies in relation to financial assets are consistent with those of the Group, with additional consideration given to amounts owed by related parties. Except for certain loans due in greater than one year, all outstanding receivable balances are repayable on demand and arise from funding provided by the Company to its subsidiaries. The Company deems it unlikely that net receivers of funding would be able to repay loan balances in full at the end of the reporting period if the debt was called upon and in such circumstances the counterparty would either negotiate extended credit terms with the Company or obtain external financing to repay the balance. As such, the expected credit loss is either considered immaterial based on discounting the loan over the extended payment term, or has been calculated by applying a default loss rate based on the actual or proxy credit rating of the counterparty. No change in credit risk is deemed to have occurred since initial recognition for amounts not repayable and therefore a 12-month expected credit loss has been calculated based on the assessed probability of default.

### **37 PROFIT OF THE COMPANY**

The loss on ordinary activities after taxation 52 week period ended 29 June 2024 attributable to the Company amounted to £15.6m (2023: £30.1m profit). Within the loss for the current period is £nil intercompany dividend income received from The Very Group Ireland Limited (2023: £33.8m). The Company has taken advantage of Section 408 of the Companies Act 2006 and has not published its own income statement.

The Company has no employees (2023: none).

The auditor's remuneration for audit and other services is disclosed in note 11 to the consolidated financial statements. For the Company, the auditor's remuneration for the period was £100,000 (2023: £50,000).

### **38 RIGHT-OF-USE ASSETS**

	Plant & equipment
	£m
Cost	
At 1 July 2023 and 29 June 2024	70.4
Depreciation	
At 1 July 2023	22.2
Charge for the period	6.7
At 29 June 2024	28.9
Carrying amount	
At 29 June 2024	41.5
At 1 July 2023	48.2



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

# **39 INVESTMENTS**

# **GROUP SUBSIDIARIES**

Details of the Group's subsidiaries as at 29 June 2024 are as below.

The full address of Skyways House is Speke Road, Liverpool, L70 1AB. Unless otherwise stated, all companies are registered in England and Wales.

			Proportion of o interest and rights he	voting
Name of subsidiary	Principal activity	Registered office	2024	2023
Shop Direct Home Shopping Limited	Retail	Skyways House, L70 1AB	100%	100%
Shop Direct Licensing Limited	Retail	Skyways House, L70 1AB	100%	100%
Littlewoods Clearance Limited*	Retail	Skyways House, L70 1AB	100%	100%
Shop Direct Ireland Limited	Retail	Cape House, Westend Office Park, Dublin	100%	100%
Source Direct International Limited	Merchandise sourcing	One Pacific Place, Hong Kong	100%	100%
Very Retail Ireland Limited	Dormant	Cape House, Westend Office Park, Dublin	100%	100%
Very Shopping Ireland Limited	Dormant	Cape House, Westend Office Park, Dublin	100%	100%
Very Digital Ireland Limited	Dormant	Cape House, Westend Office Park, Dublin	100%	100%
Veryie Limited	Dormant	Cape House, Westend Office Park, Dublin	100%	100%
The Veryie Group Ireland Limited	Dormant	Cape House, Westend Office Park, Dublin	100%	100%
Shop Direct Group Sourcing Limited	Dormant	One Pacific Place, Hong Kong	100%	100%
LW Finance Limited*	Intermediate holding company	Skyways House, L70 1AB	100%	100%
LW Investments Limited	Intermediate holding company	Skyways House, L70 1AB	100%	100%
Littlewoods Limited	Intermediate holding company	Skyways House, L70 1AB	100%	100%

			Proportion of ownership interest and voting rights held	
Name of subsidiary	Principal activity	Registered office	2024	2023
Shop Direct Group Financial Services Limited*	Intermediate holding company	Skyways House, L70 1AB	100%	100%
Littlewoods Retail Limited	Intermediate holding company	Skyways House, L70 1AB	100%	100%
Shop Direct Finance Company Limited	Financial services	Skyways House, L70 1AB	100%	100%
Douglas Insurance Limited*	Insurance company	Finch House, Isle of Man, IMI 2PS	100%	100%
Primevere Equipment Ltd	Equipment Leasing	Skyways House, L70 1AB	100%	100%
The Very Group Funding PLC*	Funding	Skyways House, L70 1AB	100%	100%
Shop Direct Limited	Dormant	Skyways House, L70 1AB	100%	100%
Shop Direct Financial Services Limited	Dormant	Skyways House, L70 1AB	100%	100%
Business Express Network Limited	Dormant	Skyways House, L70 1AB	100%	100%
Littlewoods Direct Recoveries Limited	Dormant	Skyways House, L70 1AB	100%	100%
Woolworths Limited	Dormant	Skyways House, L70 1AB	100%	100%
Woolworths Holdings Limited	Dormant	Skyways House, L70 1AB	100%	100%
Very Group Holdings Limited	Dormant	Skyways House, L70 1AB	100%	100%
Very Group International Limited	Dormant	Skyways House, L70 1AB	100%	100%
Very Group Finance Limited	Dormant	Skyways House, L70 1AB	100%	100%
Very Group Retail Limited	Dormant	Skyways House, L70 1AB	100%	100%
Very Group Financial Services Limited	Dormant	Skyways House, L70 1AB	100%	100%
VG Consumer Finance Limited	Financial services	Skyways House, L70 1AB	100%	100%

<sup>\*</sup> Indicates direct investment of The Very Group Limited.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

# **39 INVESTMENTS (CONTINUED)**

### SUMMARY OF THE COMPANY INVESTMENTS

	2024 £ m	2023 £ m	2022 £ m
Investments in subsidiaries	624.7	632.0	638.9
Subsidiaries			£m
Cost			
At 2 July 2022, 1 July 2023 and 29 June 2024			1,254.4
Provision			
At 2 July 2022			615.5
Impairment			6.9
At 1 July 2023			622.4
Impairment			7.3
At 29 June 2024			629.7
Carrying amount			
At 29 June 2024			624.7
At 1 July 2023			632.0
At 2 July 2022			638.9

### **40 DEFERRED TAX**

Deferred tax movement during the period:

	At 2 July 2023 £ m	Recognised in income statement £ m	At 29 June 2024 £ m
Accelerated tax depreciation	5.0	1.5	6.5
Net tax assets	5.0	1.5	6.5

Deferred tax asset recognition is based on entity only future taxable profits with deferred tax assets expected to reverse in future periods.

The Company has recognised deferred tax assets in respect of accelerated tax depreciation to the extent that it is probable that there will be future taxable profits against which these can be utilised. The Company has considered their carrying value at each reporting date and concluded that, based on management's long-term plan, sufficient taxable profits will be generated in future years to recover such recognised deferred tax assets. These estimates are based on forecast future taxable profits.

The Company regards the deferred tax asset in relation to tax losses and other temporary differences as recoverable based on its best estimate of future sources of taxable income.

### 41 TRADE AND OTHER RECEIVABLES

	2024 £ m	2023 £ m
Non-current:		
Amounts owed by subsidiaries	1,077.3	1,288.6
Amounts owed by parent	509.1	500.5
	1,586.4	1,789.1
	2024 £ m	2023 £ m
Current:		
Amounts owed by subsidiaries	24.7	17.4
	24.7	17.4



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### 41 TRADE AND OTHER RECEIVABLES (CONTINUED)

Included in amounts owed by subsidiaries is £54.3m (2023: £45.5m) relating to a net investment in lease held in Shop Direct Home Shopping Limited, a subsidiary undertaking. The lease liability has been revalued in the current year, increasing the net investment in lease balance. The amounts due are not expected to be settled in the next 12 months.

### **42 LOANS AND BORROWINGS**

The underlying currency of the secured revolving credit facility is Sterling. Details of the terms of the facility are included in note 24.

	2024 £ m	2023 £ m
Non-current loans and borrowings at amortised cost		
External loans	50.0	-
	50.0	_
	2024 £ m	2023 £ m

	2024	2023
	£m	£m
Current loans and borrowings at amortised cost		
Secured revolving credit facility	149.3	68.9
External loans	1.8	_
	151.1	68.9
	2024	2023
	£m	£m
The borrowings are repayable as follows:		
Within one year	151.1	68.9
In the first to second year	50.0	_
	201.1	68.9

Weighted average interest rates are disclosed in note 24.

### **43 TRADE AND OTHER PAYABLES**

	2024 £ m	2023 £ m
Non-current:		
Amounts due to related parties	20.5	-
	20.5	-
	2024 £ m	2023 £ m
Current:		
Amounts due to subsidiaries	1,568.2	1,918.3
Other creditors	1.7	_
	1.569.9	1,918.3

Amounts due to related parties represent the interest free loan from VGL FinCo Limited, see note 46 for further information. Amounts due to subsidiaries are unsecured, interest free and repayable on demand.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### **44 LEASES**

#### AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

	2024 £ m	2023 £ m
Right-of-use assets:		
Plant and equipment	41.5	48.2
	41.5	48.2

The amounts included within lease liabilities are as follows:

	2024 £ m	2023 £ m
Lease liabilities:		
Current	7.7	8.8
Non-current	90.4	88.2
	98.1	97.0

Additions to the right-of-use assets during the financial period ending 29 June 2024 were £nil (1 July 2023: £nil). The total cash outflow for leases during the financial period ending 29 June 2024 was £11.8m (1 July 2023: £11.3m).

Note that the above lease liability value for the Parent Company includes the assets leased by The Very Group Limited from Primevere Equipment Limited. Within the consolidated Group results for the year, this lease has been eliminated following the acquisition of Primevere Equipment Limited.

### **44 LEASES (CONTINUED)**

### AMOUNTS RECOGNISED IN THE INCOME STATEMENT

The Income Statement includes the following amounts relating to leases:

	2024 £ m	2023 £ m
Depreciation charge of right-of-use assets:		_
Plant and equipment	6.7	6.8
Interest expense on lease liabilities	3.9	3.9

### **45 AUDIT EXEMPTION**

The Company is entitled to exemption from audit for its subsidiaries under Section 479A of the Companies Act 2006 for the 52 week period ended 29 June 2024.

The directors have applied this exemption for the following subsidiaries:

Company name	Company number
Littlewoods Limited	00262152
LW Finance Limited	04542312
Littlewoods Retail Limited	00421258
LW Investments Limited	04502467
Littlewoods Clearance Limited	00232346

The Very Group Limited will guarantee all outstanding liabilities that these subsidiaries are subject to as at the period ended 29 June 2024 in accordance with Section 479C of the Act, as amended by the Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012. The directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.



# Notes to the financial statements (continued)

for the 52 week period ended 29 June 2024

### **46 RELATED PARTY TRANSACTIONS**

# SUMMARY OF TRANSACTIONS WITH ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INTEREST

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in the note. There are no transactions between the Company related parties who are not members of The Very Group Limited.

At the reporting date, the Company had the following intercompany loans outstanding with its fellow group companies outside of The Very Group Limited:

	2024 £ m	2023 £ m
Amounts due from related parties		
Shop Direct Holdings Limited	509.1	500.5
Logistics Group Holdings Limited	-	-
	509.1	500.5
	2024 £ m	2023 £ m
Amounts due to related parties		
VGL FinCo Limited	20.5	-
	20.5	_

### **46 RELATED PARTY TRANSACTIONS (CONTINUED)**

The amounts due to VGL FinCo Limited are unsecured at 0% and repayable in more than one year. The remaining amounts outstanding are unsecured and repayable on demand. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties. The lease liabilities disclosed in note 45 include £54.2m (2023: £51.5m) due to Primevere Equipment Limited and £43.9m (2023: £45.5m) due to Primevere Limited.

	2024 £ m	2023 £ m
Amounts recognised directly in equity		
VGL FinCo Limited	4.5	_
	4.5	_

The amounts recognised directly in equity relate to a capital contribution from VGL FinCo Limited as a result of the loan from VGL FinCo being interest free.

### **47 SHARE CAPITAL**

	2024 £ m	2023 £ m
Allotted, called-up and fully paid:		
Ordinary shares of £1 each	200.0	200.0

The shares have attached to them full voting, dividend and capital distribution (including winding up) rights, they do not confer any rights of redemption.

