9 November 2023

B&M European Value Retail S.A.

FY24 Interim Results Announcement

Disciplined profitable growth momentum

B&M European Value Retail S.A. ("the Group"), the UK's leading variety goods value retailer, today announces its interim results for the 26 weeks to 23 September 2023.

Highlights

- Group revenues increased by 10.4% on prior year to £2,549m (+10.3% constant currency[1])
- Group adjusted EBITDA[4] (pre-IFRS 16) of £269m and margin of 10.5% (H1 FY23: 10.0%) represents 16.1% growth vs. last half year (H1 FY23: £232m)
- Group adjusted operating profit[4] increased 19.1% to £263m (H1 FY23: £221m), with statutory operating profit of £275m (H1 FY23: £248m) and statutory profit before tax of £222m (H1 FY23: £201m)
- Group inventory in a clean exit position of £856m (H1 FY23: £837m)
- Group cash generated from operations was £352m (H1 FY23: £370m), reflecting a normalised working capital movement with strong stock availability ahead of the Golden Quarter across the three fascias
- All fascias trading well with positive transaction numbers and new space growth
- Now expect to reach not less than 1,200 B&M UK stores in total, vs. previous guidance of 950
- Opened 28 gross new stores across the Group (13 in B&M UK, 10 in Heron Foods and 5 in B&M France). Total average selling area increase continues to outpace the increase in number of stores
- Net debt[7] to adjusted EBITDA[4] (pre-IFRS 16) leverage ratio of 1.1x (H1 FY23: 1.3x)
- An interim dividend[6] of 5.1p per Ordinary Share will be paid on 15 December 2023 (H1 FY23: 5.0p)
- FY24 Group adjusted EBITDA (pre-IFRS 16) guidance, increased to be in the range of £620m - £630m, materially higher than FY23 (£573m)

Fascia perfomance	Revenue growth %		Adjusted EBITDA[2,4] (pre-IFRS 16) margin %	
	H1 FY24	H1 FY23	**H1 FY24**	H1 FY23
B&M UK[2]	**8.1%**	(0.9)%	**11.4%**	10.6%
B&M UK LFL[3]	***6.2%***	*(3.9)%*	**-**	-
B&M France	**26.1%**	18.2%	**7.8%**	9.6%
Heron Foods	**17.0%**	14.6%	**6.6%**	6.1%

Alex Russo, Chief Executive, said,

"Another strong half year has seen the Group deliver 10.4% total sales growth, 16.1% adjusted EBITDA[4] (pre-IFRS 16) growth and £352m cash generated from operations. All four of our channels of growth are delivering strong results, underpinned by our relentless focus on low prices, cost control, simplicity in everything we do and disciplined profitable growth. Highlights for the half include:

- **Existing B&M UK stores** saw like-for-like[3] sales increase by 6.2%, with around half coming from increased customer transaction numbers and helped by the material step change in store operational standards – a key focus for management

- **Opened 13 gross new B&M UK stores**, a net increase of 5 stores, with total sales area outgrowing growth in store numbers. We expect to open not less than 35 stores this financial period, and not less than 45 stores in each of the next two years

- **France delivered total sales growth of over 26%**, with LFL sales growth in double figures. France remains on track for 10 new stores across this financial year, and at least the same number next year

- **Heron Foods total sales were up 17.0%** including 9 net new stores. We remain on track to open 20 new stores in this financial year

The agreement to acquire up to 51 ex-Wilko stores is a significant step which underpins our opening programme. Over the next three years we expect to open not less than 125 new B&M stores in the UK, adding up to 20% to our sales area.

I am delighted that many of our existing shareholders have been with us since our IPO and continue to see our long-term growth potential. With our new store number guidance (of not less than 1,200 B&M UK stores) and continued LFL growth, we have the runway to at least double our size in the UK in the medium term, while France also offers sizeable long-term potential."

Current trading and outlook

In the first six weeks of the Golden Quarter, B&M UK LFL[3] growth has been 1.6%. Momentum has been particularly strong in the last three weeks, with LFL[3] exit growth of 4.5%. The Group is trading against tough comparatives making this a pleasing result against an uncertain and ever-changing economic background.

This volatile background makes forecasting for the full year difficult. However, given the strong first half results and positive momentum, the Group's FY24 adjusted EBITDA (pre-IFRS 16) guidance is increased to a range of £620m - £630m, materially higher than FY23 performance (£573m).

Financial results (unaudited)

	H1 FY24	H1 FY23	Change
Total Group revenue	**£2,549m**	**£2,309m**	**10.4%**
Group adjusted EBITDA[2,4] (pre-IFRS 16)	**£269m**	**£232m**	**16.1%**
Group adjusted EBITDA[4] (pre-IFRS 16) margin %	*10.5%*	*10.0%*	*52 bps*
Group adjusted operating profit[2,4]	**£263m**	**£221m**	**19.1%**
Group statutory operating profit	£275m	£248m	11.0%
Group statutory operating profit margin %	*10.8%*	*10.7%*	*6 bps*
Group cash generated from operations	£352m	£370m	(4.7)%
Group statutory profit before tax	£222m	£201m	10.5%
Adjusted (pre-IFRS 16) diluted EPS[4]	15.5p	14.4p	7.6%
Statutory diluted EPS	16.3p	15.7p	4.2%
Ordinary dividends[6]	5.1p	5.0p	2.0%

Notes:

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

2. References in this announcement to the B&M UK business include the B&M fascia stores in the UK except for the 'B&M Express' fascia stores. References in this announcement to the Heron Foods business include both the Heron Foods fascia and B&M Express fascia convenience stores in the UK. When reporting adjusted EBITDA (pre-IFRS 16) and adjusted operating profit, B&M UK also includes the corporate segment as referred to in note 2 of the financial information, and includes an adjusted loss of £2m in this period (H1 FY23: adjusted loss of <£1m).

3. One-year like-for-like revenues relate to the B&M UK estate only (excluding wholesale revenues) and include each store's revenue for that part of the current period that falls at least 14 months after it opened compared with its revenue for the corresponding part of FY23. This 14-month approach has been adopted as it excludes the 2-month halo period which new stores experience following opening.

4. Adjusted values are considered to be appropriate to exclude unusual, non-trading and/or non-recurring impacts on performance which therefore provides the user of the accounts with additional metrics to compare periods of account. See notes 2, 3 and 4 of the financial information for further details.

5. Trading gross margin is considered to be a meaningful measure of profitability as it refers to the measure of gross margin used by management to commercially run the business. It differs to the statutory definition for B&M UK, which increased 233 bps from 34.5% to 36.8%, due to technical accounting adjustments in relation to the allocation of gains and losses from derivative foreign exchange accounting, commercial income and storage costs, with the derivative adjustments the main factor.

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

7. Net debt comprises interest bearing loans and borrowings, overdrafts and cash and cash equivalents. Net debt was £700m at the half year end (H1 FY23: £736m), reflecting £924m (H1 FY23: £959m) as the carrying value of gross debt netted against £224m of cash (H1 FY23: £223m). See note 7 of the financial information for more details.

8. UK market share is calculated based on the reported revenues of B&M UK and Heron Foods, compared to NIQ Scantrack, Total Store, Total Coverage inc. Discounters, 52 weeks ending 31.12.22.

Results Presentation

An in-person presentation for analysts in relation to these FY24 Interim Results will be held today at 09:30 am (UK) at London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. Attendance is by invitation only and attendees must be registered in advance.

A simultaneous live audio webcast and presentation will be available via the B&M corporate website at https://www.bandmretail.com/investors/presentations/year/2023

Enquiries

B&M European Value Retail S.A.
For further information please contact: +44 (0) 151 728 5400 Ext 6363
Alex Russo, Chief Executive Officer
Mike Schmidt, Chief Financial Officer
Dave McCarthy, Head of Investor Relations
Investor.relations@bandmretail.com

Media
For media please contact:
Sam Cartwright, H-advisors, sam.cartwright@h-advisors.global +44 (0) 7827 254 561
Jonathan Cook, H-advisors, jonathan.cook@h-advisors.global +44 (0) 7730 777 865

Disclaimer

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

About B&M European Value Retail S.A.

B&M European Value Retail S.A. is a variety retailer with 712 stores in the UK operating under the "B&M" brand, 328 stores under the "Heron Foods" and "B&M Express" brands, and 119 stores in France also operating under the "B&M" brand as at 23 September 2023. It was admitted to the FTSE 100 index on 21 September 2020.

The B&M Group was founded in 1978 and listed on the London Stock Exchange in June 2014. For more information, please visit www.bandmretail.com

Chief Executive's review

Another half of disciplined profitable growth

This has been another strong first half for the Group with adjusted EBITDA (pre-IFRS 16) up 16.1%. Total sales were up 10.4%, including 6.2% LFL[3] growth in our core B&M UK fascia. Our Group adjusted EBITDA[4] (pre-IFRS 16) margin of 10.5% is 52 bps ahead of the comparable period last year. Exceptionally strong sales in the first quarter ensured that limited markdowns were required in the second quarter leading to a strong gross margin for the half. Strong first quarter growth moderated as expected in the second quarter, hindered by unseasonal weather which was unhelpful to the retail industry overall. Despite this backdrop, we delivered profitable sales growth across the half. This was underpinned by a step change in our store standards and by our pricing position. Our laser focus on prices and store standards is core to our offer and underpins future growth in existing and new stores.

In addition to the 13 gross new B&M stores opened in the half, we also announced the agreement to acquire up to 51 ex-Wilko stores which underpins our well-established store opening programme. We confidently expect to open not less than 125 new B&M UK stores over next three years. We will never over-extend ourselves or compromise on the quality of our store locations in pursuit of achieving a promised number of openings. We will not neglect our core estate in pursuit of an excessive number of new openings. Our growth will be disciplined and not at the expense of excellence in standards.

Delivering compounding, profitable growth and strong cash generation is our core investment objective. To deliver this we must remain relevant to the consumer, be highly competitive through price, store standards and the right product range. We are an Every Day Low Price discounter and so we must also remain an Every Day Low Cost operator. Once again, despite high cost and high labour inflation we were able to deliver underlying cost ratios broadly in line with sales.

Our strategy is intact and unchanged, and is underpinned by several sustainable competitive advantages, which include:

- **Improving store standards.** As many retailers look to cut costs, with a resultant reduction in store standards, so we continue to improve ours, without impacting our cost ratios. Over the last 12-18 months, there has been a step change in store standards and this has helped drive our LFL sales. This has put us firmly on the virtuous circle of retailing, where improved sales finances further improvements in the overall offer, leading to further sales gains.
- **Low-cost structure leads to low prices.** We are able to sell cheaper than our rivals because we operate a low-cost structure and are able to share the benefits with our customers through a laser focus on price. As we continue to grow, so we will benefit from further operational leverage through our central, logistics and store fixed costs.
- **Strong supply chain and sourcing for non-grocery**, built over several decades with direct sourcing. This ensures we retain low buying-in prices, have excellent availability and have rapid replenishment from suppliers.
- **Strong and improving relationships with FMCG suppliers.** We only stock known brands and we remain a key growth channel for many FMCG suppliers in the UK. With an edited range and growing sales, our negotiating and buying position is strong and continues to build, helping ensure our price competitive position is continually strengthened.

Competitive position

The retail industry remains highly competitive and the consumer remains under pressure. We are seeing many retailers struggle, fail and close stores, but against a tough industry background we continue to prosper and expand profitably. The consumer has seen purchasing power cut over the last two years, with rising interest rates reducing disposable and discretionary incomes. Through our low prices, best in class availability and depth of range - we are helping consumers through the ongoing cost-of-living crisis and in doing so, are winning new customers and are building lasting loyalty. In our grocery range we remain significantly cheaper than the mainstream supermarkets. In non-grocery, compared to specialist retailers, our price position is even stronger than it is in grocery.

The move by consumers to discounters is a major trend in many countries and is set to continue over the long term. In the UK and France, we are at the forefront of this trend. In the UK, we have a little over 2% market share[8] and much less in France, meaning there are many more years of growth ahead. While market share gain is not an objective in itself, it is a consequence of what we are delivering to the consumer – a strong price-based offer, a relevant product range and excellence in store standards.

Strategic progress review

Our strategy remains unchanged. The short-term outlook for the consumer remains challenging but the long-term potential for growth is highly attractive. We believe in the broadening appeal of our offer, the continued move by consumers to discounting and greater penetration of our offer withing existing catchment areas. Our strategy continues to be relevant in both the short-term (cost of living crisis) and the long-term (structural shift by consumers to discounting). We believe our laser focus on price is a winner in any market.

1. **Existing B&M UK stores:**

We continue to improve store standards and will always strive for best-in-class product availability. This has been a key driver in our strong LFL sales in the first half. LFL[3] growth of 6.2% is the equivalent sales contribution of over 40 new stores, without any incremental investment required. Focusing on our core estate is highly profitable, it increases cash generation and improves return on invested capital. We will not make the mistake of neglecting existing stores in the pursuit of an excessive number of new openings, nor will we compromise on the quality of our new openings.

2. **New B&M UK stores:**

Our opening programme is building strongly and is well underpinned. Over the next three years we plan to open not less than 125 stores, supported by the agreement to acquire up to 51 ex-Wilko stores. These ex-Wilko stores will be converted steadily over the next 12 months and in many instances will take the B&M offer to more consumers in more parts of the country. In total, we now expect to open 35 stores in the current financial year and not less than 45 stores in each of the next two financial years.

We are increasing our long-term store target to not less than 1,200 stores, up from the 950 we announced in FY17, this underlines the clear runway of growth ahead. Underpinning this guidance, we have updated our previous analysis to take account of our significant LFL sales growth and strong track record of successfully opening stores in closer proximity to one another. The performance of new stores has been extremely positive and provides us with confidence for our continued UK expansion.

3. **France:**

The potential in France is substantial. In a country with a population similar in size and demographics to the UK, we have just 119 stores. In H1 FY24, we have opened 5 stores, and these are all performing strongly, helping further increase the profitability of the business as it scales up. France is highly successful but there remain more significant opportunities, such as increasing sales densities by improving the offer (e.g. increasing the FMCG range) and to expand the store network without adding to the current infrastructure. There is also the added benefit of sharing knowledge between our French operations and the UK business.

4. **Heron Foods:**

Our discount neighbourhood convenience store offer continues to perform well during these challenging times for the consumer. We see the great-value, highly-local Heron proposition resonating as customers budget through the month by purchasing only what they need, and only when they need it. Once again Heron has delivered strong growth through new and existing stores, with an adjusted EBITDA[4] (pre-IFRS 16) margin higher than most of its competitors. We will continue to expand the business steadily with 20 new stores this year, making this a complementary and cash generating fourth channel of growth.

Management changes

At the full year we highlighted the strengthened management team and we have added to that further with the appointment of Alex Simpson, who joins us from Amazon UK, as Group General Counsel. The fact that we are able to recruit from companies like Amazon and Walmart amongst others, is a strong testament of how far B&M has come and how large our opportunity remains.

I am also very pleased that Bobby Arora, Group Trading Director, has committed his future to the Group as announced in July 2023. Bobby is important in delivering the Group's long-term growth and profitability. I look forward to building further on our partnership as we continue to work together to deliver on our objectives for shareholders.

Alex Russo
Chief Executive Officer
8 November 2023

Financial review

Group

£'m	H1 FY24	H1 FY23	YoY Change
Revenue	2,549	2,309	10.4%
Gross profit	941	808	16.4%
%	36.9%	35.0%	191 bps
Operating costs	(672)	(576)	16.6%
Adjusted EBITDA[2,4] (pre-IFRS 16)	**269**	**232**	**16.1%**
%	10.5%	10.0%	52 bps
Depreciation and amortisation (pre-IFRS 16)	(40)	(35)	13.1%
Operating impact of IFRS 16*	34	24	38.4%
Adjusted operating profit[2,4]	**263**	**221**	**19.1%**
Adjusting items[4]	12	27	(55.8)%
Statutory operating profit	**275**	**248**	**11.0%**
Share of profit in associates	-	1	(100.0)%
Finance costs relating to right-of-use assets	(32)	(29)	9.6%
Other net finance costs	(21)	(19)	12.8%
Statutory profit before tax	**222**	**201**	**10.5%**

*includes depreciation on right-of-use assets of £84m – H1 total depreciation & amortisation was £124m (H1 FY23: £119m)

Group revenues for the 26 weeks ended 23 September 2023 increased by 10.4%, (10.3% on a constant currency basis[1]), with growth across all fascias. In B&M UK, our offer has resonated with customers resulting in LFL growth but also we have seen new stores perform well. Both B&M France and Heron Foods meanwhile continue to drive sales densities with both reaching double digit LFL growth.

Group gross profit increased by 16.4% YoY thanks to the strong performance across the Group. The execution of the Garden & Outdoor trading periods in B&M UK was critical to this performance, with only limited markdowns being carried out in General Merchandise categories.

Group adjusted EBITDA[4] (pre-IFRS 16) increased by 16.1% to £269m (H1 FY23: £232m), representing a margin of 10.5% (H1 FY23: 10.0%). We saw inflationary pressure in our cost base, particularly following minimum wage changes, but these were managed effectively by each of the fascias.

Group adjusted operating profit[4] increased by 19.1% moving in line with the above. Overall depreciation and amortisation grew by 5.1% due to the continued investment across the store estate, with 30 net more stores across the Group YoY.

B&M UK

In the B&M UK fascia[2] business, total revenues increased by 8.1% to £2,045m (H1 FY23: £1,892m), with LFL[3] revenues up 6.2%. We started well in Q1, with LFL sales growth of 9.2%. LFL growth slowed in Q2 to 3.1% following the strong start and hindered by the unseasonal weather over the summer. Our LFL growth reflects a strong increase in customer transaction numbers and an increased basket value. Our balanced sales mix between FMCG and General Merchandise remains intact and in line with our expectations.

B&M UK's statutory gross profit margin increased by 233 bps to 36.8% from 34.5%, due to the sell-through driven by Q1 trading resulting in limited markdown activity requirement in Q2. Trading gross margin[5] was 36.1%, up 114 bps year on year from 34.9%, with the growth in statutory gross margin mitigated chiefly by the inclusion of foreign exchange impacts, principally in respect of the prior period, which are recorded in statutory administration costs.

There were 13 gross new stores openings in H1. Most of our store openings for the financial period are H2 weighted and we remain on track to open no fewer than 35 new stores in this financial period.

In addition to revenue generated in-store, B&M UK revenues also included £15m of wholesale revenues (H1 FY23: £17m), the majority of which represented sales made to our associate Centz Retail Holdings Limited, a chain of 53 variety goods stores in the Republic of Ireland.

Adjusted EBITDA[4] (pre-IFRS 16) increased by 16.6% to £233m (H1 FY23: £200m), with margin increasing by 83 bps to 11.4% (H1 FY23: 10.6%), from the gross profit margin expansion described above, partially offset by foreign exchange losses related to stock bought for future resale. Operating costs (excluding foreign exchange) were well managed holding at 25.0% of revenues compared to 25.5% in the prior year.

Statutory profit before interest and tax for the period was £235m (H1 FY23: £221m).

B&M France

In France, revenues increased by 26.1% to £232m (H1 FY23: £184m). This reflects the continual improvement of the range and in particular the strengthening of the FMCG offer and also the clear focus on store standards that resulted in an improvement in sales densities.

The business is still on track to open 10 new stores by the end of the financial period, with 5 opened in H1 FY24.

Adjusted EBITDA[4] (pre-IFRS 16) remained flat at £18m (H1 FY23: £18m) representing an adjusted EBITDA[4] margin of 7.8% compared to 9.6% as reported in the prior year and an underlying margin of 7.3% in that comparative period. This underlying comparative excludes c.£5m of one-off government support received at the start of the prior period.

Statutory profit before interest and tax for the period was £25m (H1 FY23: £19m).

Heron Foods

Our discount convenience offering, Heron Foods, generated revenues of £272m, up 17.0% (H1 FY23: £233m). Our LFL growth reflects a pleasing increase in customer transaction numbers and an increased basket value.

Heron opened 10 gross new stores in the period, on track for 20 at the end of the financial period.

Adjusted (pre-IFRS 16) EBITDA[4] increased by 26.7% to £18m (H1 FY23: £14m) representing a sector-leading margin of 6.6% (H1 FY23: 6.1%).

Statutory profit before interest and tax for the period was £15m (H1 FY23: £9m).

Cashflow, capital expenditure and leverage

Cash generated from operations was £352m (H1 FY23: £370m), a decrease of 4.7% YoY reflecting a normalised first-half working capital movement with inventory build-up ahead of our golden quarter remaining tightly controlled. We will continue to maintain our cash discipline in the second half, with working capital growth expected to be less than revenue growth, subject to any payment timing variances from the 53 week financial year.

Group net capital expenditure, excluding IFRS 16 right-of-use asset additions, was £48m (H1 FY23: £45m). This included £18m spent on 28 new stores opened in the first half across the Group (H1 FY23: £16m on 21 stores), £13m on maintenance works (<1% of H1 revenues) to ensure that our existing store estate and warehouses are appropriately invested (H1 FY23: £22m), and a total of £17m on infrastructure projects and opportunistic freehold acquisitions, which includes the consideration with respect of the Wilko transaction, to support the continued growth of the business (H1 FY23: £7m).

The Group has operated with net debt in a range of 1.0x – 1.5x since FY20. We remain comfortable with this range and believe it balances cost of capital efficiency with maintaining our strategic flexibility and level of resilience beneath our hard leverage ceiling of 2.25x EBITDA. Where we have no superior alternative use of our capital we will use special dividends to keep us operating within this 1.0x – 1.5x leverage range. Net debt[7] to last-twelve-months adjusted EBITDA[4] (pre-IFRS 16) is at 1.1x at the end of H1 FY24 (H1 FY23: 1.3x), at the lower end of our target range. We will review our capital allocation and special dividend approach at the end of the key Golden Quarter trading period.

Dividend

An interim dividend of 5.1p[6] per Ordinary Share will be paid on 15 December 2023 to shareholders on the register at 17 November 2023. The ex-dividend date will be 16 November 2023. The dividend payment will be subject to a deduction of Luxembourg withholding tax of 15%.

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

Future change of our key profit measure

The Group intends to use adjusted operating profit for future guidance, rather than adjusted EBITDA (pre-IFRS 16). For the current year, we will reference adjusted EBITDA (pre-IFRS 16), given it is the metric used in prior guidance and is the basis of targets in the current year's management incentive programme. For at least the next financial year, we will continue to report EBITDA (pre-IFRS 16) but will reduce its prominence.

Adjusted operating profit incorporates the effects of IFRS 16 and management believes it is a fair measure of underlying trading performance in a period. Further commentary on adjusted items and reconciliation to statutory figures can be found in notes 2 and 3 of the financial statements.

Fascia	**H1 FY24 Adjusted EBITDA[2,4] (pre-IFRS 16):**		**H1 FY24 Adjusted operating profit[2,4]:**	
	Profit (£m)	**Margin %**	**Profit (£m)**	**Margin %**
B&M UK	233	11.4%	228	11.2%
B&M France	18	7.8%	20	8.7%
Heron Foods	18	6.6%	15	5.5%
Group	**269**	**10.5%**	**263**	**10.3%**

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group remain those as set out on page 26 to 33 of our Annual Report and Financial Statement 2023: supply chain; competition; economic environment; regulation and compliance; international expansion; warehouse infrastructure; IT systems, cyber security and business continuity; key management reliance; store expansion and stock management.

Recognising the progress that the Group has made in increasing the resilience of its distribution network and its controls over stock, the Board currently expects in May 2024 to consolidate the description of the ‘warehouse infrastructure’ and ‘stock management’ risks into a broadened supply chain risk. The Board separately continues to monitor the political environment and increases in political intervention and regulation ahead of an anticipated 2024 general election; the outcome of this general election and the extent of any further political interventions could also increase the risks facing the Group.

Mike Schmidt
Chief Financial Officer
8 November 2023

Condensed Consolidated Statement of Comprehensive Income

	Note	**26 weeks ended 23 September 2023 £'m**	26 weeks ended 24 September 2022 £'m	52 weeks ended 25 March 2023 £'m
Revenue	2	**2,549**	2,309	4,983
Cost of sales		**(1,608)**	(1,501)	(3,182)
Gross profit		**941**	808	1,801
Administrative expenses		**(666)**	(560)	(1,265)
Operating profit	3	**275**	248	536
Share of profit/(loss) of investments in associates		**-**	1	(1)
Profit on ordinary activities before interest and tax		**275**	249	535
Finance costs on lease liabilities		**(32)**	(29)	(61)
Other finance costs		**(22)**	(19)	(40)
Finance income		**1**	0	2
Profit on ordinary activities before tax		**222**	201	436
Income tax expense	5	**(58)**	(44)	(88)
Profit for the period		**164**	157	348
Other comprehensive income for the period				
Items that may be subsequently reclassified to profit or loss:				
Exchange differences on retranslation of subsidiaries and associates		**(1)**	6	5
Fair value movements recorded in the hedging reserve		**1**	85	28
Tax effect of other comprehensive income		**(2)**	(10)	5
Total other comprehensive income		**(2)**	81	38
Total comprehensive income for the period		**162**	238	386
Earnings per share				
Basic earnings attributable to ordinary equity holders (pence)	4	**16.4**	15.7	34.8
Diluted earnings attributable to ordinary equity holders (pence)	4	**16.3**	15.7	34.7

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

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

Condensed Consolidated Statement of Financial Position

Assets	Note	**23 September 2023 £'m**	24 September 2022 £'m	25 March 2023 £'m
Non-current				
Goodwill		**921**	922	921
Intangible assets		**124**	122	120
Property, plant and equipment		**383**	375	380
Right-of-use assets		**1,052**	1,052	1,056
Investments accounted for using the equity method		**8**	9	8
Other receivables		**5**	6	6
Deferred tax asset		**27**	26	30
		2,520	2,512	2,521
Current				
Cash and cash equivalents		**224**	223	237
Inventories		**856**	837	764
Trade and other receivables		**103**	72	52
Other current financial assets		**12**	108	1
Income tax receivable		**15**	-	12
		1,210	1,240	1,066
Total assets		**3,730**	3,752	3,587
Equity				
Share capital	6	**(100)**	(100)	(100)
Share premium		**(2,480)**	(2,478)	(2,478)
Retained earnings		**(171)**	(162)	(104)
Hedging reserve		**(4)**	(58)	3
Legal reserve		**(10)**	(10)	(10)
Merger reserve		**1,979**	1,979	1,979
Foreign exchange reserve		**(9)**	(11)	(10)
		(795)	(840)	(720)
Non-current liabilities				
Interest-bearing loans and borrowings	7	**(873)**	(951)	(873)
Lease liabilities		**(1,128)**	(1,139)	(1,124)
Deferred tax liabilities		**(44)**	(39)	(43)
Provisions		**(4)**	(5)	(3)
		(2,049)	(2,134)	(2,043)
Current liabilities				
Interest-bearing loans and borrowings	7	**(43)**	(1)	(81)
Trade and other payables		**(644)**	(590)	(541)
Lease liabilities		**(182)**	(172)	(177)
Other financial liabilities		**(3)**	-	(13)
Income tax payable		**(7)**	(7)	(6)
Provisions		**(7)**	(8)	(6)
		(886)	(778)	(824)
Total liabilities		**(2,935)**	(2,912)	(2,867)
Total equity and liabilities		**(3,730)**	(3,752)	(3,587)

The accompanying accounting policies and notes form an integral part of this financial information. The condensed financial statements were approved by the Board of Directors on 8 November 2023 and signed on their behalf by:

A. Russo, Chief Executive Officer.

Condensed Consolidated Statement of Changes in Shareholders' Equity

	Share capital £'m	Share premium £'m	Retained earnings £'m	Hedging reserve £'m	Legal reserve £'m	Merger reserve £'m	Foreign exchange reserve £'m	Total Share-holders' equity £'m
Balance at 26 March 2022	100	2,476	121	13	10	(1,979)	5	746
Ordinary dividend payments to owners	-	-	(115)	-	-	-	-	(115)
Effect of share options	0	2	(1)	-	-	-	-	1
Total for transactions with owners	0	2	(116)	-	-	-	-	(114)
Profit for the period	-	-	157	-	-	-	-	157
Other comprehensive income	-	-	-	75	-	-	6	81
Total comprehensive income for the period	-	-	157	75	-	-	6	238
Hedging gains & losses reclassified as inventory	-	-	-	(30)	-	-	-	(30)
Balance at 24 September 2022	100	2,478	162	58	10	(1,979)	11	840
Allocation to legal reserve	-	-	(0)	-	0	-	-	-
Declaration of interim dividend	-	-	(50)	-	-	-	-	(50)
Special dividend payments to owners	-	-	(201)	-	-	-	-	(201)
Effect of share options	-	-	2	-	-	-	-	2
Total for transactions with owners	-	-	(249)	-	-	-	-	(249)
Profit for the period	-	-	191	-	-	-	-	191
Other comprehensive income	-	-	-	(42)	-	-	(1)	(43)
Total comprehensive income for the period	-	-	191	(42)	-	-	(1)	148
Hedging gains & losses reclassified as inventory	-	-	-	(19)	-	-	-	(19)
Balance at 25 March 2023	100	2,478	104	(3)	10	(1,979)	10	720
Ordinary dividend payments to owners	**-**	**-**	**(96)**	**-**	**-**	**-**	**-**	**(96)**
Effect of share options	**0**	**2**	**(1)**	**-**	**-**	**-**	**-**	**1**
Total for transactions with owners	**0**	**2**	**(97)**	**-**	**-**	**-**	**-**	**(95)**
Profit for the period	**-**	**-**	**164**	**-**	**-**	**-**	**-**	**164**
Other comprehensive income	**-**	**-**	**-**	**(1)**	**-**	**-**	**(1)**	**(2)**
Total comprehensive income for the period	**-**	**-**	**164**	**(1)**	**-**	**-**	**(1)**	**162**
Hedging gains & losses reclassified as inventory	**-**	**-**	**-**	**8**	**-**	**-**	**-**	**8**
Balance at 23 September 2023	**100**	**2,480**	**171**	**4**	**10**	**(1,979)**	**9**	**795**

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

Condensed Consolidated Statement of Cash Flows

	Note	**26 weeks ended 23 September 2023 £'m**	26 weeks ended 24 September 2022 £'m	52 weeks ended 25 March 2023 £'m
Cash flows from operating activities				
Cash generated from operations	8	**352**	370	866
Income tax paid		**(58)**	(42)	(84)
Net cash flows from operating activities		**294**	328	782
Cash flows from investing activities				
Purchase of property, plant and equipment		**(43)**	(47)	(93)
Purchase of intangible assets		**(6)**	(3)	(5)
Proceeds from the sale of property, plant and equipment		**1**	5	9
Finance income received		**1**	0	2
Net cash flows from investing activities		**(47)**	(45)	(87)
Cash flows from financing activities				
Receipt of Group revolving credit facilities	7	**40**	-	-
Repayment of old bank loan facilities	7	**(300)**	-	-
Receipt of new bank loan facilities	7	**225**	-	-
Net repayment of Heron bank facilities		**-**	(3)	(3)
Net repayment of French bank facilities	7	**(2)**	(2)	0
Fees on refinancing	7	**(3)**	-	-
Repayment of the principal in relation to right-of-use assets		**(71)**	(69)	(168)
Payment of interest in relation to right-of-use assets		**(32)**	(29)	(61)
Other finance costs paid		**(21)**	(17)	(36)
Dividends paid to owners of the parent		**(96)**	(115)	(366)
Net cash flows from financing activities		**(260)**	(235)	(634)
Effects of exchange rate changes on cash and cash equivalents		**(0)**	2	3
Net (decrease)/increase in cash and cash equivalents		**(13)**	50	64
Cash and cash equivalents at the beginning of the period		**237**	173	173
Cash and cash equivalents at the end of the period		**224**	223	237
Cash and cash equivalents comprise:				
Cash at bank and in hand		**224**	223	237
Overdrafts		**-**	-	-
		224	223	237

Notes to the financial information

1 General information and basis of preparation

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

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

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

The principal accounting policies have remained unchanged from the prior financial information for the Group for the period to 25 March 2023.

The financial statements for B&M European Value Retail S.A. for the period to 25 March 2023 have been reported on by the Group auditor and delivered to the Luxembourg Registrar of Companies. The audit report was unqualified.

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

This consolidated financial information does not constitute statutory financial statements.

Basis of consolidation

This Group financial information consolidates the financial information of the company and its subsidiary undertakings, together with the Group's share of the net assets and results of associated undertakings, for the period from 26 March 2023 to 23 September 2023. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting. The results of companies acquired are included in the consolidated statement of comprehensive income from the acquisition date.

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

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

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

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

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

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

Going concern

As a value retailer, the Group is well placed to withstand volatility within the economic environment. The Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Group will trade within its current banking facilities.

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

In the prior year, the Group fully re-financed its term loan and RCF facilities, totalling £455m, for a new £225m term loan and a £225m RCF maturing in March 2028, with two one-year extension options. The Group also maintained its £400m bond maturing in July 2025 and its £250m bond maturing in November 2028.

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

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

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

Critical judgments and key sources of estimation uncertainty

There are no significant changes to the items listed in the 2023 Annual Report.

2 Segmental information

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

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

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

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

The average euro rate for translation purposes was €1.1566/£ during the period, with the period end rate being €1.1507/£ (March 2023: €1.1581/£ and €1.1360; September 2022: €1.1759/£ and €1.1228/£ respectively).

26 week period to 23 September 2023	**UK B&M £'m**	**UK Heron £'m**	**France B&M £'m**	**Corporate £'m**	**Total £'m**
Revenue	**2,045**	**272**	**232**	**-**	**2,549**
EBITDA (note 3)	**324**	**26**	**39**	**10**	**399**
Depreciation and amortisation	**(94)**	**(11)**	**(19)**	**-**	**(124)**
PBIT	**230**	**15**	**20**	**10**	**275**
Net finance expense	**(23)**	**(1)**	**(7)**	**(22)**	**(53)**
Income tax (charge)/credit	**(53)**	**(4)**	**(3)**	**2**	**(58)**
Segment profit/(loss)	**154**	**10**	**10**	**(10)**	**164**
Total assets	**3,001**	**281**	**386**	**62**	**3,730**
Total liabilities	**(1,543)**	**(122)**	**(287)**	**(983)**	**(2,935)**
Capital expenditure*	**(37)**	**(6)**	**(6)**	**-**	**(49)**

26 week period to 24 September 2022	UK B&M £'m	UK Heron £'m	France B&M £'m	Corporate £'m	Total £'m
Revenue	1,892	233	184	-	2,309
EBITDA (note 3)	287	20	34	27	368
Depreciation and amortisation	(91)	(11)	(17)	-	(119)
PBIT	196	9	17	27	249
Net finance expense	(23)	(1)	(6)	(18)	(48)
Income tax charge	(35)	(2)	(3)	(4)	(44)
Segment profit	138	6	8	5	157
Total assets	2,944	290	375	143	3,752
Total liabilities	(1,500)	(122)	(281)	(1,009)	(2,912)
Capital expenditure*	(41)	(5)	(4)	-	(50)

52 week period to 25 March 2023	UK B&M £'m	UK Heron £'m	France B&M £'m	Corporate £'m	Total £'m
Revenue	4,067	485	431	-	4,983
EBITDA (note 3)	680	41	76	(20)	777
Depreciation and amortisation	(182)	(22)	(38)	-	(242)
PBIT	498	19	38	(20)	535
Net finance expense	(45)	(3)	(11)	(40)	(99)
Income tax (charge)/credit	(87)	(3)	(6)	8	(88)
Segment profit/(loss)	366	13	21	(52)	348
Total assets	2,856	295	385	51	3,587
Total liabilities	(1,443)	(119)	(277)	(1,028)	(2,867)
Capital expenditure*	(77)	(11)	(10)	-	(98)

* Capital expenditure includes both tangible and intangible capital

Adjusted operating profit by segment is equal to the profit on ordinary activities before interest and tax (PBIT) figures given above by segment, except with the adjusted corporate loss of £2m (September 2022: <£1m, March 2023: £1m) included in the UK B&M segment.

	UK B&M £'m	UK Heron £'m	France B&M £'m	Total £'m
26 week period to 23 September 2023	**228**	**15**	**20**	**263**
26 week period to 24 September 2022	195	9	17	221
52 week period to 25 March 2023	497	19	38	554

Revenue is disaggregated geographically as follows:

Period to	**26 weeks ended 23 September 2023 £'m**	26 weeks ended 24 September 2022 £'m	52 weeks ended 25 March 2023 £'m
Revenue due to UK operations	**2,317**	2,125	4,552
Revenue due to French operations	**232**	184	431
Overall revenue	**2,549**	2,309	4,983

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

As at	**23 September 2023 £'m**	24 September 2022 £'m	25 March 2023 £'m
UK operations	**2,246**	2,237	2,240
French operations	**239**	240	243
Luxembourg operations	**8**	9	8
Overall	**2,493**	2,486	2,491

The Group operates small wholesale operations and previously operated online in the FY23 financial year, with the relevant disaggregation of revenue as follows:

Period to	**26 weeks ended 23 September 2023 £'m**	26 weeks ended 24 September 2022 £'m	52 weeks ended 25 March 2023 £'m
Revenue due to sales made in stores	**2,534**	2,289	4,940
Revenue due to wholesale activities	**15**	17	37
Revenue due to online activities	**-**	3	6
Overall revenue	**2,549**	2,309	4,983

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

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

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

Period to	**26 weeks ended 23 September 2023 £'m**	26 weeks ended 24 September 2022 £'m	52 weeks ended 25 March 2023 £'m
Profit on ordinary activities before interest and tax	**275**	249	535
Add back depreciation and amortisation	**124**	119	242
EBITDA	**399**	368	777
Reverse the fair value impact of derivatives yet to mature	**(12)**	(28)	17
Online project costs	**-**	-	2
Foreign exchange on intercompany balances	**0**	0	0
Adjusted EBITDA	**387**	340	796
Depreciation and amortisation	**(124)**	(119)	(242)
Adjusted operating profit	**263**	221	554
Interest costs related to lease liabilities	**(32)**	(29)	(61)
Net other finance costs	**(21)**	(19)	(38)
Adjusted profit before tax	**210**	173	455
Adjusted tax	**(55)**	(35)	(91)
Adjusted profit for the period	**155**	138	364

Adjusted EBITDA (pre-IFRS 16), adjusted operating profit (pre-IFRS 16) and adjusted profit (pre-IFRS 16) are calculated as follows. These are the statements of adjusted profit that excludes the effects of IFRS 16.

Period to	**26 weeks ended 23 September 2023 £'m**	26 weeks ended 24 September 2022 £'m	52 weeks ended 25 March 2023 £'m
EBITDA (above)	**399**	368	777
Remove effects of IFRS 16 on EBITDA	**(118)**	(108)	(223)
EBITDA (pre-IFRS 16)	**281**	260	554
Adjusting items (above)	**(12)**	(28)	19
Adjusted EBITDA (pre-IFRS 16)	**269**	232	573
Pre-IFRS 16 depreciation and amortisation	**(40)**	(35)	(76)
Adjusted operating profit (pre-IFRS 16)	**229**	197	497
Net other finance costs	**(21)**	(19)	(38)
Adjusted profit before tax (pre-IFRS 16)	**208**	178	459
Adjusted tax	**(53)**	(34)	(93)
Adjusted profit for the period (pre-IFRS 16)	**155**	144	366

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

Period to	**26 weeks ended 23 September 2023 £'m**	26 weeks ended 24 September 2022 £'m	52 weeks ended 25 March 2023 £'m
Other finance costs from the statement of comprehensive income	**(22)**	(19)	(40)
Finance income from the statement of comprehensive income	**1**	0	2
Net other finance costs	**(21)**	(19)	(38)

The tables below give the breakdowns of EBITDA and EBITDA (pre-IFRS 16) by segment:

26 week period to 23 September 2023	**UK B&M £'m**	**UK Heron £'m**	**France B&M £'m**	**Total £'m**
Adjusted EBITDA	**322**	**26**	**39**	**387**
Remove effects of IFRS 16 on EBITDA	**(89)**	**(8)**	**(21)**	**(118)**
Adjusted EBITDA (pre-IFRS 16)	**233**	**18**	**18**	**269**

26 week period to 24 September 2022	UK B&M £'m	UK Heron £'m	France B&M £'m	Total £'m
Adjusted EBITDA	285	20	35	340
Remove effects of IFRS 16 on EBITDA	(85)	(6)	(17)	(108)
Adjusted EBITDA (pre-IFRS 16)	200	14	18	232

52 week period to 25 March 2023	UK B&M £'m	UK Heron £'m	France B&M £'m	Total £'m
Adjusted EBITDA	679	42	75	796
Remove effects of IFRS 16 on EBITDA	(177)	(12)	(34)	(223)
Adjusted EBITDA (pre-IFRS 16)	502	30	41	573

Segmental adjusted EBITDA is the same as segmental EBITDA given in note 2, except with the adjusted corporate loss of £2m (September 2022: <£1m, March 2023: £1m) included in the B&M segment.

Adjusting items are the effects of derivatives, one-off refinancing fees, foreign exchange on the translation of intercompany balances and the effects of revaluing or unwinding balances related to the acquisition of subsidiaries.

Significant project costs or gains or losses arising from unusual circumstances or transactions may also be included if incurred, as they have been in the prior year, recognising the loss incurred from the online trading trial which had ceased by the previous year end date of 25 March 2023.

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

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

4 Earnings per share

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

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

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

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

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

Period to	**23 September 2023 £'m**	24 September 2022 £'m	25 March 2023 £'m
Profit for the period attributable to owners of the parent	**164**	157	348
Adjusted profit for the period attributable to owners of the parent	**155**	138	364
Adjusted (pre-IFRS 16) profit for the period attributable to owners of the parent	**155**	144	366

	Thousands	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	**1,002,004**	1,001,331	1,001,593
Dilutive effect of employee share options	**2,554**	1,986	1,730
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,004,558**	1,003,317	1,003,323

	Pence	Pence	Pence
Basic earnings per share	**16.4**	15.7	34.8
Diluted earnings per share	**16.3**	15.7	34.7
Adjusted basic earnings per share	**15.5**	13.8	36.3
Adjusted diluted earnings per share	**15.4**	13.8	36.2
Adjusted (pre-IFRS 16) basic earnings per share	**15.5**	14.4	36.5
Adjusted (pre-IFRS 16) diluted earnings per share	**15.4**	14.4	36.5

5 Taxation

The continuing tax charge for the interim period has been calculated on the basis of the corporation tax rate for the full year of 25% (UK) and 25% (France) and then adjusted for allowances and non-deductibles in line with the prior year (March 2023 and September 2022: 19% UK and 25% France).

6 Share capital

Allotted, called up and fully paid	Nominal value £'m	Number of shares
B&M European Value Retail S.A. Ordinary shares of 10p each;		
At 26 March 2022	100	1,001,226,836
Shares issued due to exercise of employee share options	0	626,899
At 24 September 2022 and 25 March 2023	100	1,001,853,735
Shares issued due to exercise of employee share options	**0**	**901,904**
At 23 September 2023	**100**	**1,002,755,639**

Ordinary Shares

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

In addition to the issued share capital, the company has an authorised but unissued share capital of 2,969,466,583 ordinary shares.

The outstanding share options can be summarised as follows:

	23 September 2023	24 September 2022	25 March 2023
Vested, available to exercise	**-**	-	-
Not vested, not subject to conditions (in holding)	**1,610,253**	1,487,106	1,644,749
Not vested, subject to conditions	**2,487,416**	1,767,452	2,499,574
Total outstanding share options	**4,097,669**	3,254,558	4,144,323

For the dilutive effect of these see note 4.

7 Financial liabilities - borrowings

	23 September 2023 £'m	24 September 2022 £'m	25 March 2023 £'m
Current			
Revolving credit facility	**40**	-	-
Term facility bank loan	**-**	-	78
France other loan facilities	**3**	1	3
	43	1	81
Non-current			
High yield bond notes	**647**	646	646
Term facility bank loan	**220**	297	219
France loan facilities	**6**	8	8
	873	951	873

Extension of senior loan facilities

During the prior period, the Group completed an extension of its term facility bank loan.

The previous £300m term facility was drawn down in July 2020 with £4m of fees capitalised into the balance at that time. The agreement included a revolving facility of £155m and was due to mature in April 2025.

This was extended with new facilities totalling £450m due to mature in April 2028. These comprise a term loan of £225m and a revolving facility of £225m and the agreement also includes the availability of two 1-year extension terms, subject to mutual consent with the banking syndicate.

An assessment was made by management with the conclusion that the transaction represents an extension and not a significant modification. More details of which are contained in our previous Annual Report.

As such, the remaining £2m of unamortised capitalised fees have remained on the balance sheet and will be amortised over the extended term. There were £3m of fees associated with the extension which have also been capitalised into the loan balance.

Loan details

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

The term facility bank loan and high yield bonds have a book value lower than the cash amount that is outstanding due to the allocation of fees to these facilities on their inception.
The current applicable interest rates, gross cash debt and maturities on the Group's loans are as follows:

	Interest rate	**Maturity**	**23 September 2023**	24 September 2022	25 March 2023
	%		**£'m**	£'m	£'m
Revolving credit facility	1.75% + SONIA	Oct-23	**40**	-	-
Term facility bank loan A	2.00% + SONIA	N/A	**-**	-	75
Term facility bank loan A	2.00% + SONIA	Apr-28	**225**	300	225
High yield bond notes (2020)	3.625%	Jul-25	**400**	400	400
High yield bond notes (2021)	4.00%	Nov-28	**250**	250	250
B&M France – BNP Paribas	0.75-3.50%	Sep 24-Feb 28	**3**	1	3
B&M France – Caisse d'Épargne	0.75-2.60%	Aug 24-Nov 29	**2**	1	2
B&M France – CIC	0.71-0.75%	Sep 24-Jan 27	**1**	2	2
B&M France – Crédit Agricole	0.39-0.81%	Sep 25-Jan 28	**1**	1	1
B&M France - Crédit Lyonnais	0.68-0.74%	Nov 24-Mar 27	**2**	4	3
B&M France - Société Générale	0.63%	N/A	**-**	0	0
			924	959	961

The revolving facility of £225m is committed until April 2028.

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

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

	23 September 2023	24 September 2022	25 March 2023
	£'m	£'m	£'m
Interest bearing loans and borrowings	**924**	959	961
Less: Cash and short-term deposits – overdrafts	**(224)**	(223)	(237)
Net debt	**700**	736	724

8 Reconciliation of profit before tax to cash generated from operations

	26 weeks ended 23 September 2023 £'m	26 weeks ended 24 September 2022 £'m	52 weeks ended 25 March 2023 £'m
Profit before tax	**222**	201	436
Adjustments for:			
Net interest expense	**53**	48	99
Depreciation of property, plant and equipment	**39**	34	71
Depreciation of right-of-use assets	**84**	84	167
Impairment of right-of-use assets	**0**	0	2
Amortisation of intangible assets	**1**	1	4
Gain on sale and leaseback	**-**	(1)	(1)
Loss/(gain) on disposal of property, plant and equipment	**0**	(0)	(1)
Charge on share options	**2**	1	3
Change in inventories	**(84)**	32	103
Change in trade and other receivables	**(51)**	(21)	1
Change in trade and other payables	**96**	21	(30)
Change in provisions	**2**	(1)	(6)
Share of (profit)/loss from associates	**-**	(1)	1
(Gain)/loss resulting from fair value of financial derivatives	**(12)**	(28)	17
Cash generated from operations	**352**	370	866

9 Financial instruments

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

As at	**23 September 2023**	24 September 2022	25 March 2023
Financial assets:	**£'m**	£'m	£'m
Fair value through profit and loss			
Forward foreign exchange contracts	**6**	37	1
Fair value through other comprehensive income			
Forward foreign exchange contracts	**6**	71	0
Loans and receivables			
Cash and cash equivalents	**224**	223	237
Trade receivables	**11**	22	11
Other receivables	**27**	17	10

As at	**23 September 2023**	24 September 2022	25 March 2023
Financial liabilities	**£'m**	£'m	£'m
Fair value through profit and loss			
Forward foreign exchange contracts	**1**	-	8
Fair value through other comprehensive income			
Forward foreign exchange contracts	**2**	-	5
Amortised cost			
Lease liabilities	**1,310**	1,311	1,301
Interest-bearing loans and borrowings	**916**	952	954
Trade payables	**452**	415	382
Other payables	**21**	9	16

Financial instruments at fair value through profit and loss

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

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

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

10 Related party transactions

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

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

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

There were significant related party transactions in the prior period, with SSA Investments purchasing a total of £43m of our 4.00% corporate bonds and £13m of our 3.625% corporate bonds in June 2022, and Simon Arora purchasing £35m of our 3.625% corporate bonds over December 2022 and January 2023. Purchases have been made in prior periods and the overall position is summarised in the table below with all related party bondholders being Arora related parties.

	26 weeks ended 23 September 2023 £'m	26 weeks ended 24 September 2022 £'m	52 weeks ended 25 March 2023 £'m
Simon Arora (3.625%, 2025 bonds)	**35**	-	35
SSA Investments (3.625%, 2025 Bonds)	**13**	13	13
SSA Investments (4.000%, 2028 Bonds)	**99**	99	99
Rani 1 Investments (3.625%, 2025 Bonds)	**50**	50	50
Rani 2 Investments (3.625%, 2025 Bonds)	**50**	50	50
Total	**247**	212	247

The interest expense recorded on these bonds was £5m, with £3m accrued at the period end (September 22: £4m, £2m and March 23: £8m, £3m respectively).

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

	26 weeks ended 23 September 2023 £'m	26 weeks ended 24 September 2022 £'m	52 weeks ended 25 March 2023 £'m
Sales to associates of the Group			
Centz Retail Holdings Limited	**13**	16	34
Total sales to related parties	**13**	16	34

	26 weeks ended 23 September 2023 £'m	26 weeks ended 24 September 2022 £'m	52 weeks ended 25 March 2023 £'m
Purchases from associates of the Group			
Multi-lines International Company Ltd	**104.8**	90.3	193.7
Purchases from parties related to key management personnel			
Fulland Investments Limited	**0.1**	0.2	0.2
Golden Honest International Investments Limited	**0.1**	0.1	0.2
Hammond Investments Limited	**0.1**	0.1	0.2
Joint Sino Investments Limited	**0.1**	0.1	0.2
Ocean Sense Investments Limited	**0.1**	0.2	0.2
SSA Investments	**-**	0.1	0.1
Total purchases from related parties	**105.3**	91.1	194.8

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

	Depreciation charge £'m	Interest charge £'m	Total charge £'m	Right-of-use asset £'m	Lease liability £'m	Net liability £'m
Period ended 23 September 2023						
Rani Investments	**0**	**0**	**0**	**1**	**(1)**	**(0)**
Ropley Properties	**1**	**0**	**1**	**7**	**(10)**	**(3)**
TJL UK Limited	**1**	**0**	**1**	**10**	**(12)**	**(2)**
Triple Jersey Limited	**4**	**2**	**6**	**55**	**(67)**	**(12)**
	6	**2**	**8**	**73**	**(90)**	**(17)**
Period ended 24 September 2022						
Rani Investments	0	0	0	1	(1)	(0)
Ropley Properties	1	0	1	7	(11)	(4)
TJL UK Limited	0	0	0	11	(13)	(2)
Triple Jersey Limited	4	2	6	50	(63)	(13)
	5	2	7	69	(88)	(19)
Period ended 25 March 2023						
Rani Investments	0	0	0	1	(1)	(0)
Ropley Properties	2	1	3	8	(11)	(3)
TJL UK Limited	1	0	1	10	(12)	(2)
Triple Jersey Limited	8	3	11	46	(57)	(11)
	11	4	15	65	(81)	(16)

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

	23 September 2023 £'m	24 September 2022 £'m	25 March 2023 £'m
Trade receivables			
With associates of the Group:			
Centz Retail Holdings Limited	**4**	5	2
Multi-lines International Company Ltd	**0**	-	-
Total related party trade receivables	**4**	5	2

	26 weeks ended 23 September 2023 £'m	26 weeks ended 24 September 2022 £'m	52 weeks ended 25 March 2023 £'m
Trade payables			
With associates of the Group:			
Multi-lines International Company Ltd	**19**	22	7
With parties related to key management personnel:			
Rani Investments	**0**	-	0
Ropley Properties Ltd	**1**	0	1
TJL UK Limited	**0**	-	1
Triple Jersey Ltd	**3**	0	2
Total related party trade payables	**23**	22	11

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

The balance with Multi-lines International Company Ltd includes $18m (September 2022: $16m; March 2023: $nil) held within a supply chain facility. The facility is operated by major banking partners with high credit ratings and is limited to $50m total exposure at any one time.

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

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

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

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

The future lease commitments on the related party properties are:

	26 weeks ended 23 September 2023 £'m	26 weeks ended 24 September 2022 £'m	52 weeks ended 25 March 2023 £'m
Not later than one year	**16**	15	14
Later than one year and not later than two years	**15**	14	13
Later than two years and not later than five years	**41**	36	35
Later than five years	**36**	41	35
	108	106	97

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

11 Commitments

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

12 Post balance sheet events

An interim dividend of 5.1p per Ordinary Share will be paid on 15 December 2023.

13 Directors

The directors that served during the period were:

Peter Bamford (Chairman)
Alex Russo (CEO)
Mike Schmidt (CFO)
Ron McMillan
Tiffany Hall
Paula MacKenzie
Oliver Tant
Hounaïda Lasry (appointed 22 September 2023)
Simon Arora (until 21 April 2023)
Carolyn Bradley (until 25 July 2023)

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

DIRECTORS' RESPONSIBILITIES STATEMENT

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the EU;
- The Interim Management Report includes a fair review of the information required by:

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

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

By order of the Board

Alex Russo
Chief Executive Officer
8 November 2023