THE VERY GROUP

FY24 RESULTS

Helping families get more out of life

Results for the 52 weeks
ended 29 June 2024

24 October 2024

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FY24 RESULTS

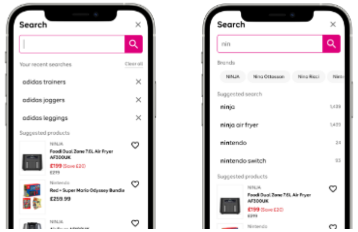
Review of the year

Review of the year

This year we made significant progress in further improving our customer proposition, living our purpose of helping families get more out of life

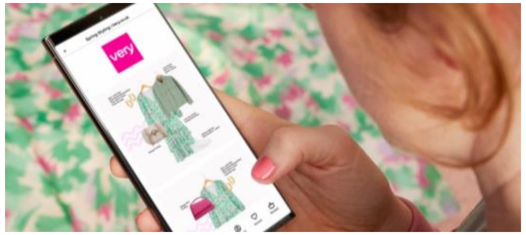
+8.4% pre-exceptional EBITDA growth | **+40 record-breaking Very UK NPS[1]** | **4.3m Group active customers**

Ease



- Continued progress migrating to our **new ecommerce platform,** with 50% of traffic now moving through, making it easier to team up with best-in-class tech partners for a cutting-edge customer experience
- Extending the use of **artificial intelligence** across the product discovery aspects of our customer experience
- Launching a **new app for our Very Ireland brand,** bringing key features such as biometric login and augmented reality shopping to our Irish customers

Choice



- Continuing to **expand our retail assortment** across our categories, including Oakley, Seasalt Cornwall and Veja
- Introducing **enhanced next day and two speed delivery** options, bringing greater convenience to customers
- Developing how we can use our data and customer insight to provide **bespoke flexible payment products** to different customer cohorts

Understanding

- Launching our **new brand marketing campaign** with 'Let's Make it Sparkle' across the Festive Period, followed by our 'Haus of Flamingo' summer campaign
- Our **real-time feedback system** means we can adapt to our customers' requirements quicker than ever
- We are **embracing data science**, machine learning and artificial intelligence to create a more intelligent retail operation

1 – Net Promoter Score (NPS) is a customer loyalty and satisfaction measurement

FY24 RESULTS

Performance overview

Overview

Very UK revenue growth with effective cost management drives a market beating performance[1,2], despite tough conditions

1. Very UK revenue grew 0.7% to £1,836.9m (FY23: £1,824.1m), reflecting a growing debtor book that drove a strong Very Finance performance and a market beating retail performance[1,2]. Group revenue remains robust at £2.1bn for the year.

2. Very Finance revenue increased 3.1% to £435.0m at the Group level, supported by average Group debtor book growth of 2.3% to £1,753.1m (FY23: £1,713.3m). Within this, the Very UK debtor book grew 4.5% to £1,500.5m (FY23: £1,436.2m).

3. The debtor book growth is driven by continued recruitment of credit customers as we invest in our proposition. Despite this growth, bad debt remains firmly under control, decreasing 1.1%pts as a percentage of the Group average debtor book.

4. Pre-exceptional EBITDA increased 8.4% on prior year to £267.6m (FY23: £246.9m), whilst pre-exceptional operating profit grew 17.1% to £218.3m, reflecting our improved current year gross margin and continued control over costs. This result is despite annualising against a £10.7m benefit through recovered VAT and is our best operating profit result since pre-pandemic in FY19.

5. We report an adjusted free cashflow (post-financing) of £67.4m (FY23: £128.4m), impacted by drivers including increased interest costs, supplier rebates, increased marketing spend and the timing of payments to suppliers.

6. Our customer-focused proposition and investments continue to resonate, with our best ever net promoter score[3] of 40 for Very (FY23: 36).

1 – Per company analysis of third-party market data

2 – References the total online non-food retail market

3 – Net Promoter Score (NPS) is a customer loyalty and satisfaction measurement

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Financial review

Economic value model

We have a consistent focus on the drivers of earnings, earnings quality and liquidity

Revenue

+0.7%

growth in Very UK revenue[1]

Debtor book

+4.5%

growth in average Very UK debtor book with focus on quality

Return on assets

+1.1% pts

improvement in bad debt as % of average Group debtor book

Gross margin

+0.2% pts

improvement in gross margin

Costs

(0.8)% pts

decrease in operating costs as % of revenue

1 – All figures presented within this slide represent the FY24 full year position

Revenue

Year-on-year increase in Very UK revenue driven by continued Very Finance growth and a stable retail performance in a contracting market

very

FY24 vs FY23 performance

Revenue

+0.7% to £1,836.9m

- Growth in Very UK revenue of 0.7%, driven by a strong Very Finance performance, with the Very UK debtor book growing 4.5%.
- Very UK retail sales declined by 0.9%, but remained ahead of the wider online non-food market[1] , reflecting strong performances in Electrical and Toys, Gifts and Beauty.
- Very UK's share of the online market has grown compared with the prior year.

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FY24 vs Y23 performance

Revenue

(1.0)% to £2,125.3m

- At the combined Group level, revenue declined 1.0% to £2.1bn, reflecting the underlying performances of Very Ireland and Littlewoods.
- The decrease in Littlewoods revenue of 12.2% is in line with expectations as we continue to move our focus to Very.
- Group Very Finance revenue increased 3.1% as we continue to attract new credit customers and grow the group debtor book.
- Group retail revenue also outperformed the online non-food market[1], reflecting the strong Very UK performance.

1 – Per company analysis of third-party market data

Retail

We delivered a market-beating retail performance[1] as we continued to invest in our proposition

- Very UK retail sales declined by 0.9% year-on-year to £1,403.5m (FY23 £1,416.7m), outperforming the online non-food market[1] which further contracted in the same period.
- This was supported by our largest category Electrical, which saw growth of 0.9% due to strong computing and gaming sales.
- Toys, Gifts and Beauty also had strong growth of 3.0% following further strategic investments in this category during FY24. Key areas of growth included personal care products and boys' toys.
- Home sales declined 0.7%, largely due to a decline in gardening products, impacted by adverse weather conditions. Furniture and bed sales, meanwhile, were up year-on-year, offsetting the decline seen in other sub-categories.
- Fashion and Sports declined 5.5% in a heavily discounted and contracting market. However, premium fashion performed strongly year-on-year, with growth of 15.3%.

Retail sales



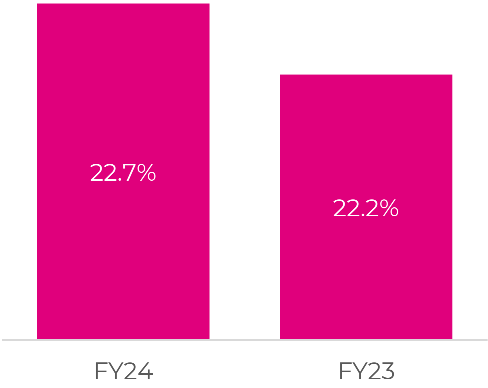

	Fashion and Sports	Electrical	Home	Toys, Gifts and Beauty
Very UK YoY	(5.5)%	+0.9%	(0.7)%	+3.0%
TVG YoY	(6.5)%	(0.1)%	(2.5)%	+0.7%
TVG FY24 mix	29.9%	44.8%	13.4%	11.9%
TVG FY23 mix	31.2%	43.8%	13.5%	11.5%

1 – Per company analysis of third-party market data

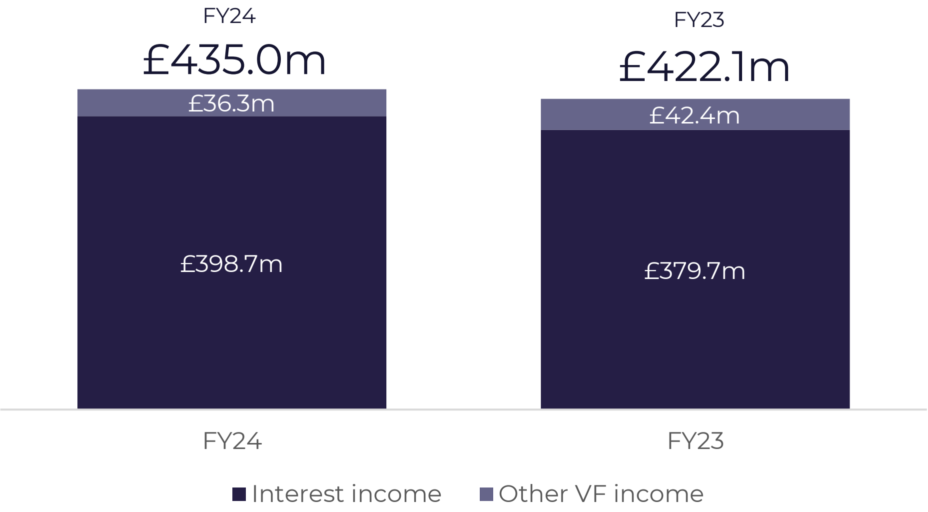
Very Finance

Our focus on growing our debtor book contributed to 3.1% growth in Very Finance revenue

Interest income as % of average debtor book



Very Finance revenue



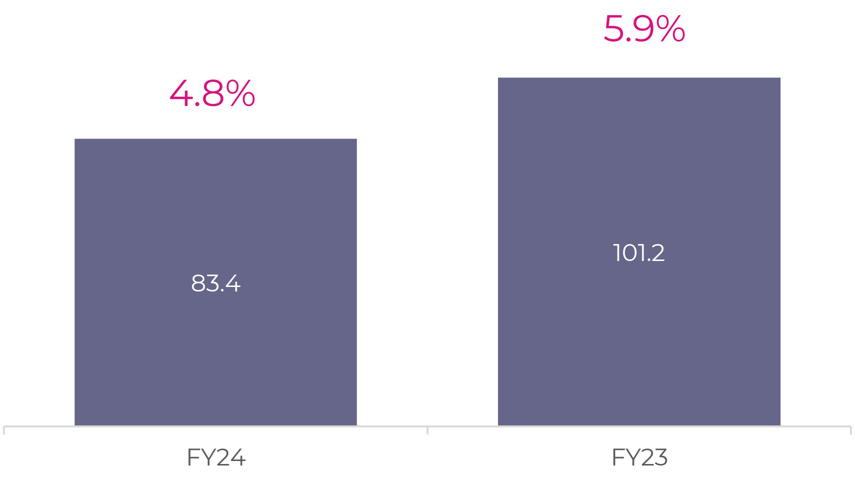
- Very Finance revenue has increased 3.1% year-on-year to £435.0m (FY23: £422.1m), with interest income growing 5.0% to £398.7m (FY23: £379.7m).
- Interest income as a percentage of the debtor book increased by 0.5%pts to 22.7%.
- Underpinning the growth in Very Finance income is the growth of the average debtor book. This grew 2.3% to £1,753.1m (FY23: £1,713.3m) on a Group basis, and 4.5% to £1,500.5m (FY23: £1,436.2m) at the Very UK level. This is without a deterioration in debtor book quality.

Bad debt

We continue to robustly manage credit risk as our debtor book grows

- Bad debt in FY24 reduced £17.8m year-on-year to £83.4m. This represents 4.8% of the Group average debtor book, being a reduction of 1.1%pts versus FY23.
- As noted in our Q2 FY24 results presentation, we have released a £5m economic overlay that was first included in FY22. Excluding this, bad debt has decreased year-on-year by 0.9%pt as a percentage of the Group average debtor book.
- This demonstrates the further improvement in the quality of the debtor book as we continue to improve our credit decisioning and ongoing risk management.

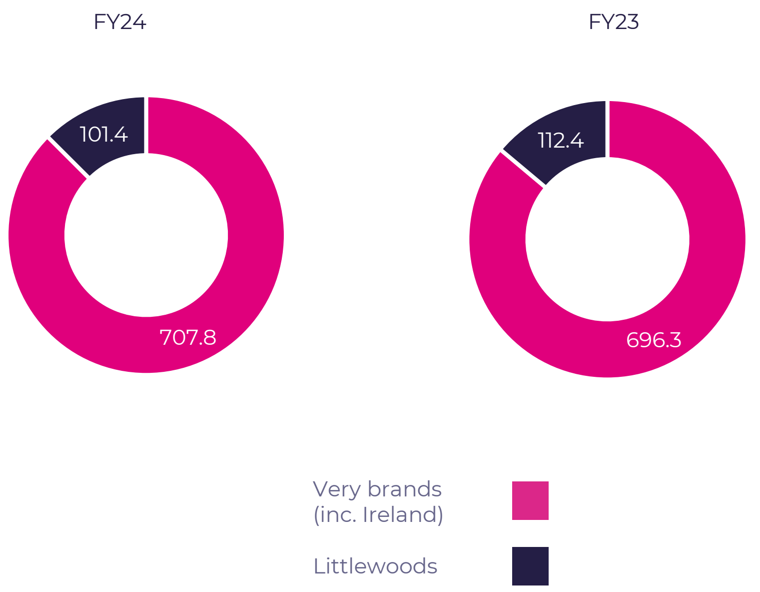
Bad debt as a % of average debtor book (£m)



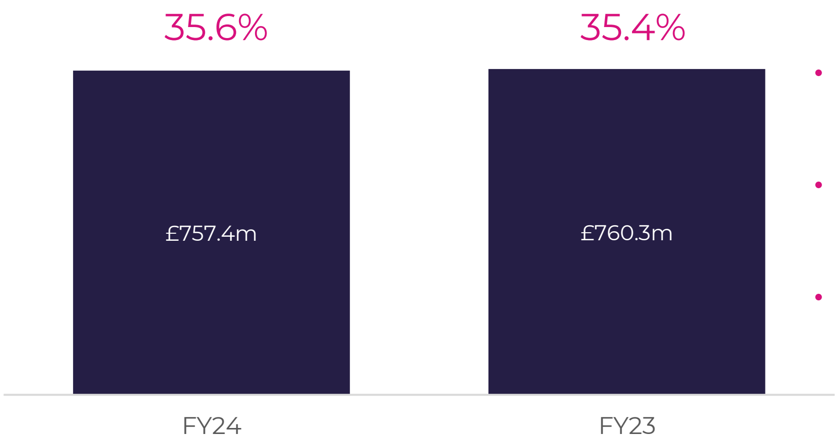
Gross margin

Robust gross margin at 35.6% following strong Very Finance margin

Gross margin by brand[1] (£m)



Gross margin (£m) and gross margin rate



- Gross margin for FY24 was 35.6%, an increase of 0.2%pts versus last year (FY23: 35.4%).
- This increase is despite annualising against a £10.7m benefit through recovered VAT in FY23.
- The improvement in FY24 reflects the growing contribution of Very Finance and improving bad debt position.
- This also reflects the benefits of changes in our delivery proposition.

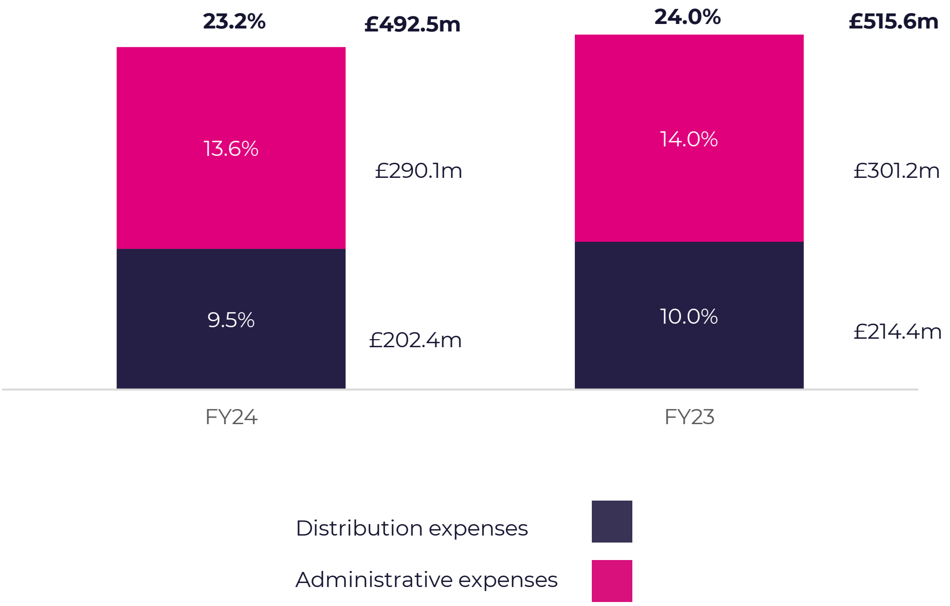
1 – Gross margin by brand does not include some central allocated costs, but these are included in the group gross margin figures

Cost control

Costs remain tightly managed as we navigate the high inflation environment

- Operating costs decreased 4.5% year-on-year to £492.5m.
- This represents a decrease of 0.8%pts to 23.2% as a percentage of revenue and is the lowest level of costs relative to revenue the Group has ever achieved.
- This includes a £12.0m or 5.6% reduction in distribution costs, equating to a 0.5%pts reduction as a percentage of revenue as we continue to optimise our logistics and fulfilment operation, driving cost efficiencies.
- Administrative expenses also decreased by £11.1m, a 0.4% decrease as a percentage of revenue. This reflects the impact of the cost saving initiatives undertaken in the year.

Operating costs[1] as % of revenue (£m)



1 – Operating costs are stated exclusive of depreciation and amortisation.

Adjusted EBITDA

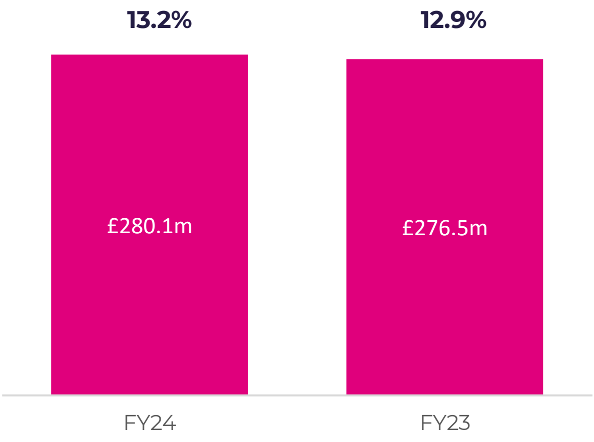
Earnings growth despite a challenging retail market

- Our top line performance and effective cost management has resulted in strong earnings for FY24.
- In the year to date, we delivered reported EBITDA of £267.6m, an increase of 8.4% year-on-year.
- Adjusted EBITDA increased by 1.3% to £280.1m, partly impacted by the movements in fair value adjustments.
- As with gross margin, the EBITDA performance is despite annualising against £10.7m VAT benefit in the prior year.
- Pre-exceptional operating profit for the year to date also increased 17.1% to £218.3m, making it our best operating profit result since FY19, before the pandemic.

Year-on-year adjusted EBITDA reconciliation

(£m)	FY24	FY23	%
Pre-exceptional EBITDA	**267.6**	**246.9**	**8.4%**
Adjusted for			
Fair value adjustments to financial instruments	(2.7)	8.6	(131.4)%
FX translation movements on trade creditors	(1.2)	3.4	(135.3)%
IAS19 pension adjustment	1.2	1.8	(33.3)%
SaaS related adjustments	15.2	15.8	(3.8)%
Adjusted EBITDA	**280.1**	**276.5**	**1.3%**
Pre-exceptional operating profit	*218.3*	*186.5*	*17.1%*

Adjusted EBITDA



Adjusted free cash flow

Adjusted free cashflow impacted by higher interest costs and working capital movements

£67.4m

FY24 ADJUSTED FREE CASHFLOW (POST-FINANCING)

Cash flow

(£m)	FY24	FY23
Adjusted EBITDA (post SaaS and management fee)	**272.4**	**268.2**
Securitisation interest	(122.2)	(87.2)
Adjusted EBITDA (post securitisation interest, SaaS and management fee)	**150.2**	**181.0**
Net working capital movement:		
Movement in inventories	0.7	6.4
Movement in trade receivables	(21.7)	(56.5)
Movement in prepayments and other receivables[1]	(39.1)	7.5
Movement in trade and other payables	(64.3)	-
Movement in securitisation facility	12.9	50.1
Net working capital (post securitisation funding)	**(111.5)**	**7.5**
Other adjustments	(0.9)	-
Capital expenditure	(45.4)	(60.1)
Adjusted free cashflow (pre-financing)	**(7.6)**	**128.4**
Proceeds from partner funding	75.0	-
Adjusted free cashflow (post-financing)	**67.4**	**128.4**

- We report an adjusted cashflow (post-financing) of £67.4m.
- Adjusted free cash outflow (pre-financing) of £7.6m compared to the prior year inflow of £128.4m can be attributed to the below key drivers:
  - A £35.0m increase in securitisation interest costs.
  - Changes in marketing activity have resulted in a £20.0m movement year-on-year due to both higher marketing prepayments and changes in marketing suppliers.
  - The prior year comparator includes a £10.7m benefit through recovered VAT.
  - A £15.1m decrease due to changes to the type and phasing of supplier rebates received.
  - A further £19.0m is due to a reduced movement in inventory financing compared to the prior year.
- The remainder of the movement largely relates to a decrease in the amount of accrued head office costs compared to the prior year.
- Capital expenditure reflects a more disciplined focus on key investments including re-platforming our customer proposition.

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Forward view

Outlook

As we continue to deliver a robust performance in the face of economic headwinds, our decision to invest in the future is benefitting our business and our customers

1. Our focus on improving the customer experience has continued to produce results, with a growing debtor book providing profitable future income despite ongoing economic challenges within the retail market.
2. This debtor book growth continues without compromising quality, with well managed bad debt underpinned by our advanced credit decisioning and strong risk management.
3. We are underway with our cost reduction programme that we communicated at both Q2 and Q3 FY24, with the aim to remove £20m-£30m of costs over the next 12 months. This is supported by the liquidity facility we have in place as part of our partnership with two global investors Carlyle and IMI, which has significant untapped capacity,
4. Our capital structure is stable and we are committed to a timely and transparent process to refinance the Group bond.
5. Future capital investment includes the ongoing re-platforming of our brand websites, further updates to our marketing operations and investment in data and customer insight to provide bespoke flexible payment products for different customer cohorts.
6. In September 2024 we launched Very Media Group, our new retail media proposition, bringing together our access to one of UK retail's largest data assets and the expertise of our in-house retail media team to give brands even better access and connectivity to customers.
7. Looking ahead, we will continue to focus on our customer-centric strategy, whilst managing earnings, earnings quality and liquidity. We will continue to achieve this using the range of levers at our disposal, including strategic pricing, cost reduction and working capital management, alongside the expert risk management of our debtor book.

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Q&A

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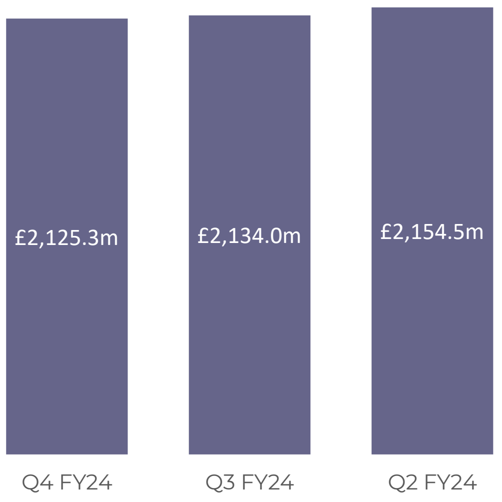
Appendices

INCOME STATEMENT

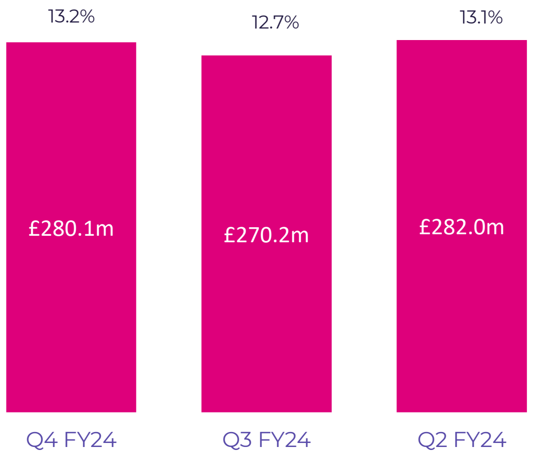
£m	FY24	FY23	Variance (%)
Very UK	1,836.9	1,824.1	0.7%
Very Ireland	65.6	69.1	(5.1)%
Littlewoods	222.8	253.8	(12.2)%
Group revenue	**2,125.3**	**2,147.0**	**(1.0)%**
Gross margin	757.4	760.3	(0.4)%
% margin	*35.6%*	*35.4%*	
Distribution expenses	(202.4)	(214.4)	(5.6)%
Administration expenses	(290.1)	(301.2)	(3.7)%
Other operating income	2.7	2.2	22.7%
Pre-exceptional EBITDA	**267.6**	**246.9**	**8.4%**
% pre-exceptional EBITDA margin	*12.6%*	*11.5%*	
Pre-exceptional operating profit	218.3	186.5	17.1%
Operating costs as % of revenue	*23.2%*	*24.0%*	
Pre-exceptional adjusted EBITDA	**280.1**	**276.5**	**1.3%**
% adjusted EBITDA	*13.2%*	*12.9%*	

LTM KPIs

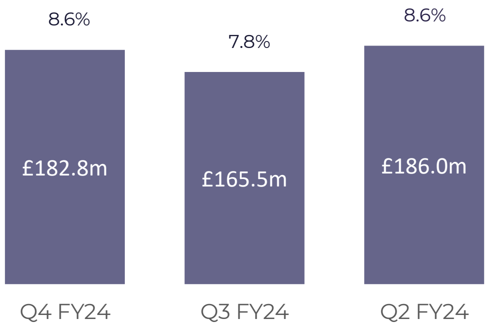
LTM revenue (£m)



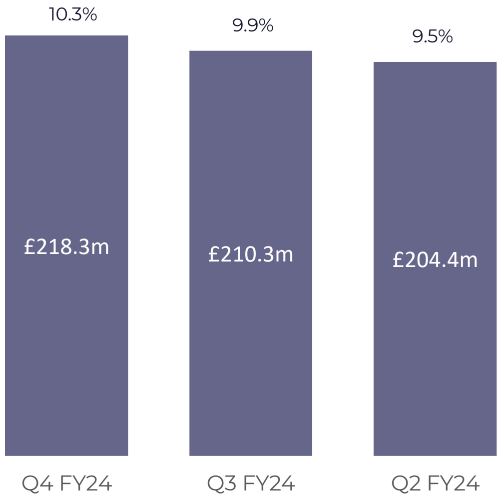
LTM adjusted EBITDA (£m)



LTM consolidated EBITDA (Leverage) (£m)



LTM pre-exceptional operating profit (£m)



CASHFLOW STATEMENT

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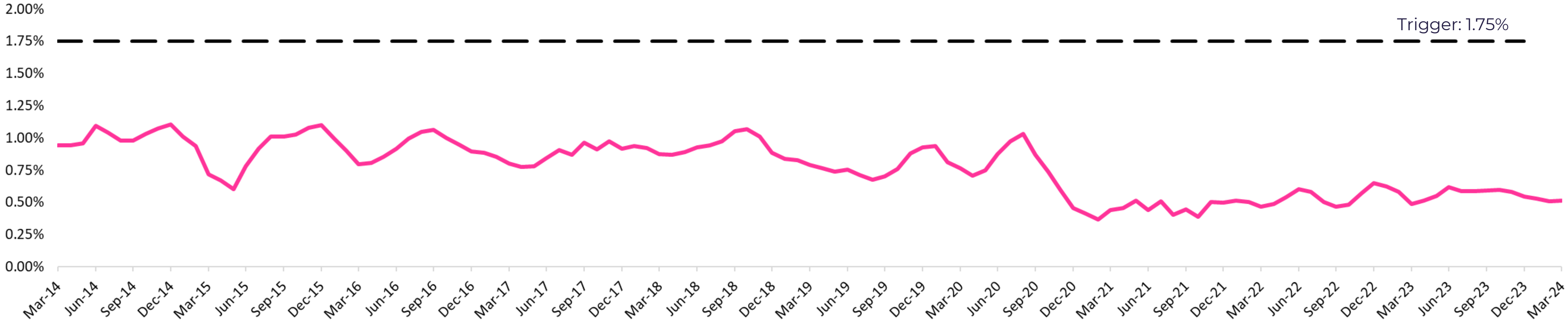
Adjusted free cashflow	**(7.6)**	**128.4**
Proceeds from partner funding	75.0	-
Adjusted free cashflow (post-financing)	**67.4**	**128.4**
Interest paid (excluding securitisation interest)	(64.6)	(51.7)
Dividend paid	(3.8)	(15.0)
Income taxes (paid) / received	(0.9)	(0.8)
Cash impact of exceptional items	(28.4)	(28.6)
Management fees	(7.5)	(7.5)
Cash paid to parent company	(8.6)	(5.0)
(Repayments of) / draw downs from finance leases	(12.9)	(11.5)
(Repayments of) / draw downs from bank loans	(7.0)	(7.1)
Movement in revolving credit facility	80.0	(5.0)
Net increase in cash and cash equivalents	**13.7**	**(3.8)**

NET LEVERAGE

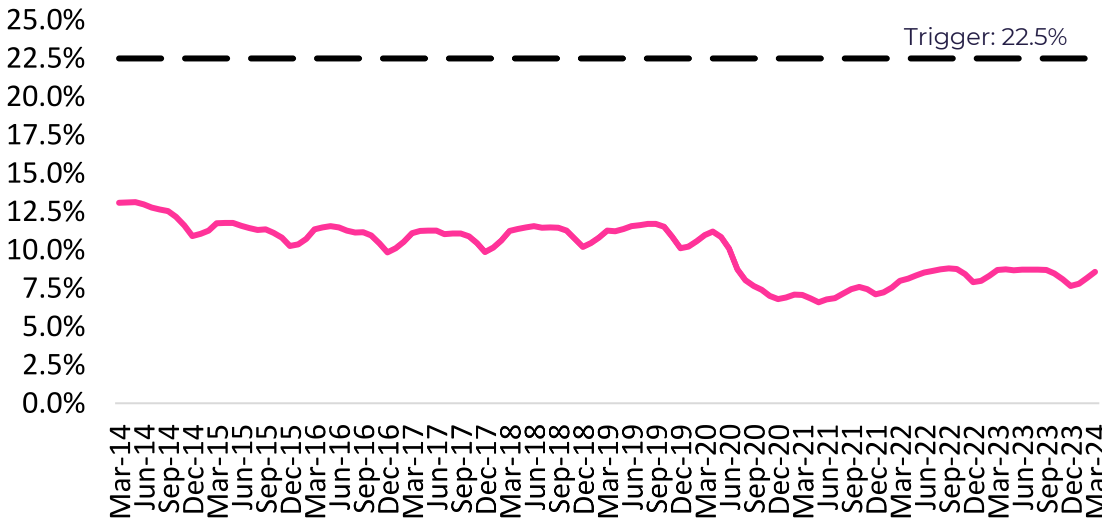
Net leverage (£ millions)	Q4 FY24	Q3 FY24	Q2 FY24	Q1 FY24	Q4 FY23	Q3 FY23	Q2 FY23	Q1 FY23	Q4 FY22	Q3 FY22	Q2 FY22	Q1 FY22	Q4 FY21	Q3 FY21	Q2 FY21
Net cash and bank balances	**45.8**	**38.3**	**38.8**	**37.8**	**39.6**	**62.2**	**4.0**	**26.9**	**43.4**	**41.7**	**5.6**	**22.0**	**78.1**	**92.5**	**55.7**
Fixed rate notes	(575.0)	(575.0)	(575.0)	(575.0)	(575.0)	(575.0)	(575.0)	(575.0)	(575.0)	(575.0)	(575.0)	(575.0)	(550.0)	(550.0)	(550.0)
Revolving credit facility	(150.0)	(150.0)	(100.0)	(150.0)	(70.0)	(150.0)	-	(150.0)	(75.0)	(150.0)	-	(90.0)	(90.0)	(150.0)	-
Other debt	(82.9)	(83.2)	(31.3)	(30.6)	(34.4)	(35.3)	(39.2)	(38.8)	(42.2)	(0.2)	(8.2)	(2.7)	(0.7)	(0.8)	(1.1)
Total gross debt (excluding securitisation)	(807.9)	(808.2)	(706.3)	(755.6)	(679.4)	(760.3)	(614.2)	(763.8)	(692.2)	(725.2)	(583.2)	(667.7)	(640.7)	(700.8)	(551.1)
Total net debt (excluding securitisation)	**(762.1)**	**(769.9)**	**(667.5)**	**(717.8)**	**(639.8)**	**(698.1)**	**(610.2)**	**(736.9)**	**(648.8)**	**(683.5)**	**(577.6)**	**(645.7)**	**(562.6)**	**(608.3)**	**(495.4)**
Consolidated EBITDA (Leverage)	**182.8**	**173.0**	**186.0**	**185.9**	**200.5**	**219.4**	**220.5**	**246.1**	**244.7**	**266.2**	**274.4**	**262.2**	**256.5**	**262.5**	**247.3**
Net leverage	**4.17x**	**4.45x**	**3.59x**	**3.86x**	**3.19x**	**3.18x**	**2.77x**	**2.99x**	**2.65x**	**2.57x**	**2.10x**	**2.46x**	**2.19x**	**2.32x**	**2.00x**

SECURITISATION PERFORMANCE COVENANTS

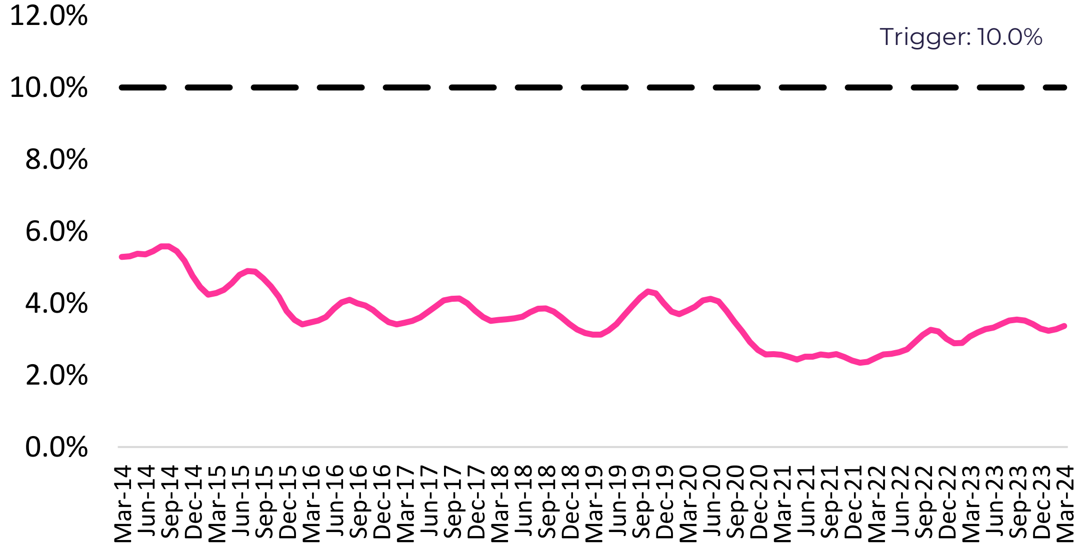
Default three month moving average



One to five month delinquency rates



Five-plus months delinquency rates



BALANCE SHEET

£m	FY24	FY23
Non-current assets	**1,246.0**	**1,235.1**
Current assets	**1,907.8**	**1,834.7**
Of which:		
Inventories	*105.0*	105.7
Trade and other receivables	*1,748.5*	1,688.2
Net cash and bank balances[1]	*53.3*	39.6
Current liabilities	**(686.5)**	**(923.1)**
Of which:		
Trade and other payables	*(485.5)*	(537.9)
Securitisation borrowings	-	(50.0)
Non-current liabilities	**(2,312.2)**	**(1,969.3)**
Of which:		
Retirement benefit obligations	*(1.2)*	(1.2)
Securitisation borrowings	*(1,504.7)*	(1,231.8)
Equity attributable to owners of the company	**(155.1)**	**(177.4)**
Total equity and liabilities	**(3,153.8)**	**(3,069.8)**

1 – Net cash presentation differs to that of the FY24 Annual Report due to IFRS requirements under IAS32 reporting on disclosure of cash pooling arrangements. See Note 2 Accounting Policies of the Annual Report for more information.