



THE VERY GROUP

8 October 2020

The Very Group returns to profit as revenue tops £2bn for the first time

- **Very.co.uk retail sales increased 10.5% to £1,230m, driving Group revenue growth of 2.9% to £2,051m**
- **Very.co.uk customers increased 14.1% to 3.4m, boosting total Group customers by 10.6% to 4.5m**
- **The Group returned to profit, recording profit before tax of £48m and underlying EBITDA of £264m, each including Covid-19 related costs**
- **Financial services business has remained robust with improving payment rates and default rates in line with historic trends**
- **Opened a new highly automated fulfilment centre, Skygate, on time and to budget and which is now operational for the upcoming peak trading period**
- **Acceleration of digital agenda including enabling contact centre colleagues to work from home for first time**
- **The Group finished the year in strong financial health, with a cash balance of over £200m and net debt reducing by £144m**
- **Very.co.uk's share of UK non-food market up by over 1%pt in the final quarter**
- **Strong start to FY21 with Group retail sales in double-digit growth**

The Very Group (the "Group"), which operates online retail brands Very.co.uk and Littlewoods.com, today announces its full year results for the 52-weeks ended 30 June 2020.

Henry Birch, CEO at The Very Group, commented:

"I am delighted to announce a strong set of results and a return to profitability in FY20 thanks to the combination of the commitment of our people and our flexible and resilient business model. Despite the unprecedented challenges of the pandemic, the business has proven its adaptability yet again. We delivered for record levels of new customers, who used the Very app for items to entertain their families and improve their homes, and increasingly valued our flexible ways to spread the cost.

"We prioritised the safety of our colleagues, whilst remaining focused on customer experience. We migrated to, tested and launched Skygate, our new automated fulfilment centre, which enables us to process customer orders within 30 minutes, whilst materially reducing costs and is all set to support our Q2 peak trading period.

"The economic landscape will remain unpredictable. However, we believe our flexible and resilient business model, which gives customers access to the brands they love via flexible ways to pay, will help us thrive as customers continue to rely on online shopping. Our purpose, 'to make good things easily accessible to more people', has never been more relevant."

Financial highlights

- **Very.co.uk retail sales increased 10.5% to £1,229.6m (FY19: £1,112.6m) driving Very.co.uk revenue up 6.8% to £1,589.8m (FY19: £1,488.1m) and Group revenue growth of 2.9% to £2,050.7m (FY19: £1,993.4m)**
- **Very.co.uk customers grew 14.1% to 3.40m (FY19: 2.98m) driving growth in Group customers of 10.6% to 4.48m (FY19: 4.05m)**
- **Littlewoods managed decline slowed at -8.8% to £460.9m (FY19: -11.3% to £505.3m), within expectations**



Littlewoods



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- Underlying Group EBITDA slightly lower by 2.9% to £264.4m (FY19: £272.4m), in line with guidance, with volume growth and cost efficiency largely mitigating £12.4m of Covid-19 impacts on EBITDA
- Group gross margin declined 3.1%pts to 36.5% (FY19: 39.6%), reflecting lower financial services income, additional Covid-19 bad debt provisioning and the change in product mix we have seen in Q4 following the impact of Covid-19
- Very.co.uk average debtor book grew by 1.1% to £1,211.1m (FY19: £1,198.0m)
- Underlying bad debt lower than prior year but one-off impacts including £12m additional provision resulting from Covid-19 caused bad debt to increase by 1.2%pts to 8.2% of the debtor book (FY19: 7.0%)
- The Group finished the year with a cash balance of over £200m, resulting in a reduction in net debt of £144m
- Very.co.uk's share of UK non-food market up by over 1%pt in the final quarter
- Strong start to FY21 with Quarter 1 retail sales in double-digit growth

Operational highlights

Growth across all Very.co.uk categories with multi-category strategy enabling the business to adapt to changing consumer shopping behaviour

- Strong sales growth across most product categories:
 - Electrical (+18.0%) driven by audio and small domestic appliances (+76.0% and +22.9% respectively)
 - Home (+13.0%), with garden tools the standout category (+35.2%)
 - Other categories (+10.5%), which includes toys, gifts, beauty and leisure
 - Fashion and sports (+0.9%), including strong growth in women's and children's sports clothing (+21.6% and +22.6% respectively)
- We introduced over 100 new brands and expanded our existing relationships:
 - Added Topshop and Mint Velvet in fashion, and grew existing brands including Tommy Hilfiger, Barbour and Hugo Boss
 - Onboarded 50 new beauty brands including Elemis, Cowshed, Iconic London, Delilah, Nip + Fab and Ren
 - New home brands like furniture label Swoon, and home improvement names Rust-Oleum and Craig & Rose paint, helped to drive sales during the Covid-19 outbreak. Existing brands that performed particularly well included Ted Baker and Oasis in home, and Lay-z-spa, Keter and Karcher in garden
 - In electrical, we extended our ranges with existing partners, including launching QLED Samsung TVs. New launches across Apple's iPhone and Apple Watch performed particularly strongly, as did the Nintendo Switch
- Improved our stock efficiency by expanding our use of direct from manufacturer dispatches for relevant products, enabling us to provide a wider product range for customers

Continued appetite for the Very app

- Very.co.uk website visits increased 28.8% across all channels
- Orders placed via the Very app increased 34.4% year-on-year to represent 35.7% of total Very orders (FY19: 29.5% of total orders)
- Total Group sales via mobile devices increased 3ppts year-on-year to 82% of total online sales

Customer experience innovation

- Fully migrated all necessary stock to Skygate, our new state-of-the-art, automated fulfilment centre
- Continued investment in our AI-powered chatbot, which allows customers to ask common customer service queries in their own words. It manages 25,000 customer interactions per



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week, which grew to 30,000 during the pandemic. The chatbot, which was previously only available via the Very app, launched on the Very website in September 2020

- Stepped up our commitment to embracing size diversity with the launch of a new feature, developed in partnership with Nike, that helps customers find the right size and fit by viewing product lines on their choice of model
- Developed soft credit search, which we will launch across our websites in FY21. It will enable customers to check the likelihood they will be accepted for credit before applying

Acceleration of digital agenda

- We are taking action now that accelerates our digital journey by three years
- All of our office-based colleagues began working from home. This included introducing new 'Call Centre as a Service' technology to enable our customer care colleagues to work from home for the first time, reflecting a significant acceleration in our digital agenda
- Based on feedback from our colleagues, in FY21 all office-based colleagues will move to a flexible working model, which includes part office and part remote working. To support this, we have begun investing in refurbishing our office sites to make them even more suited to colleague collaboration
- We are bringing forward investment in systems and ways of working which will structurally improve our backend infrastructure and allow us to do an even better job for customers

Adapting to Covid-19

- We have maintained service to customers and protected our colleagues during the coronavirus pandemic, whilst not drawing on the Government's Coronavirus Job Retention Scheme
- In line with FCA guidance, we implemented a three-month payment freeze option for credit customers temporarily affected by Covid-19, which has subsequently been extended for a further three months. As at the end of September, less than 1% of all credit accounts remained on a Covid-19 related payment freeze
- Our fulfilment colleagues, who at the height of lockdown managed volumes comparable to our peak trading period, worked within strict new health and safety measures

People

- Andy Burton, Group CTO, will be leaving TVG in February 2021 to take a new role in a different sector. A search is under way to find a successor and Andy will work closely with us over the coming months to ensure a smooth handover

Contact information

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Notes to editors





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About The Very Group

[The Very Group](#) is the UK's largest integrated pureplay digital retailer and financial services provider, with annual sales of over £2bn.

Our largest and fastest growing retail brand is [Very.co.uk](#), supported by the [Littlewoods.com](#) and [Littlewoodsireland.ie](#) brands.

We receive an average of 1.9m website visits every day with 82% of online sales completed on mobile devices.

We sell 1,900 famous brands, including big name labels and our own exclusive brands. We serve four and a half million customers, delivering 49 million products every year.

We exist to make good things easily accessible to more people and our aim is to be the number one destination for shoppers who value flexible ways to pay.

By offering customers the brands they love and options to spread the cost, we help them say yes when it really matters.

We have over a hundred years of history behind us, but at our heart there is a passion for change – to constantly improve what we do, to innovate with data and technology at our core and to be the best possible place to work.

For more information, visit [our website](#) or follow us on [Twitter](#) and [Instagram](#).