B&M European Value Retail S.A. Annual Report and Accounts 2023

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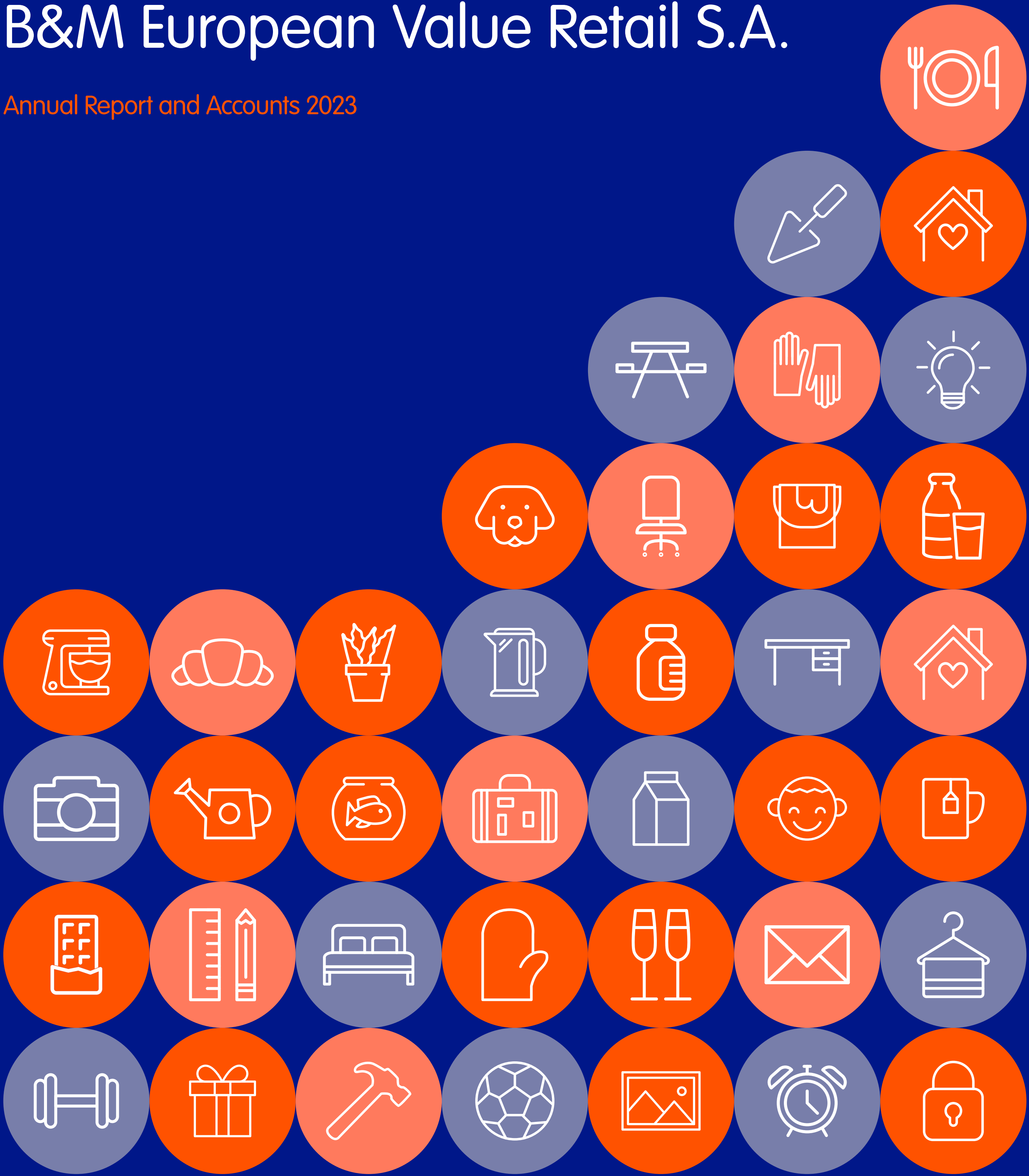


Our purpose

Delivering great value to our customers so that they return to our stores time and time again

Our values

Simplicity
Proud to keep our business simple and fun, and work at B&M speed

Trust
Proud to trust honesty, loyalty and hard work

Fairness
Proud to act fairly and responsibly with customers, colleagues and suppliers

Proud
Proud to treat every £1 as our own and provide customers with great value for money

Contents

Financial highlights

Resilient and disciplined performance

Group revenues

£4,983m

6.6%

2023	4,983
2022	4,673
2020	3,813

Profit before tax

£436m

(17.0)%

2023	436
2022	525
2020	252

Cash generated from operations

£866m

44.8%

2023	866
2022	598
2020	533

Adjusted EBITDA[1]

£573m

(7.4)%

2023	573
2022	619
2020	342

Diluted earnings per share

34.7p

(17.6)%

2023	34.7
2022	42.1
2020	19.5

Ordinary dividend per share

14.6p

(11.5)%

2023	14.6
2022	16.5
2020	8.1

Operational highlights

UK LFL growth

In FY23, a relentless focus has been placed on delivering growth through our existing store network. Huge improvements have been seen in **store standards and increased availability** which has led to an improvement in like for like[2] sales in the **B&M UK business**.

See **Chief Executive Officer's review** on **page 16** for more information

Clear pathway for long term growth in France

The **B&M brand** has resonated well with the French consumer. Total sales increased by 22.1% and a 9.6% adjusted EBITDA[1] margin for the year. Recent results highlights the **long term potential**.

See **Feature** on **page 12** for more information

UK rollout story

There are two elements to our store opening programme. Firstly, opening new stores remains be a focus – our target of **950** store numbers would represent c.35% more stores than today.

Secondly, our average net sales area increased greater than the increase in net new stores in the year. Larger format stores enable us to increase our sales growth even further.

See **Chief Executive Officer's review** on **page 16** for more information

Heron Foods continues to deliver

FY23 was another year of growth in both revenue and profit for Heron Foods. The convenience offering selling leading branded grocery products at the lowest possible price is proving an attractive proposition for many new customers. Healthy adjusted EBITDA[1] margin of 6.1% in the year is market leading in the grocery sector.

See **Feature** on **page 14** for more information

1. The Directors believe that our adjusted figures – as described in Note 1 – provide users of the accounts with measures of performance which are appropriate to the retail industry and presented by peers and competitors. 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 an additional metric to compare periods of account. See Note 3 of the financial statements for further details. Adjusted EBITDA is a non-IFRS measure and therefore we provide a reconciliation from the statement of comprehensive income on page 117. Adjusted figures exclude the impact of IFRS 16.
2. One-year like for like revenues relate to the B&M UK estate only (excluding wholesale revenues) and include each store's revenue for that part of the current period that falls at least 14 months after it opened compared with its revenue for the corresponding part of FY22. This 14-month approach has been adopted as it excludes the two-month halo period which new stores experience following opening.

Company overview

We are the UK's leading variety goods value retailer, providing customers with a limited assortment of the best-selling items at bargain prices

Our fascias

UK

Number of employees[1]

33,156

Number of stores

707

France

Number of employees[2]

989

Number of stores

114

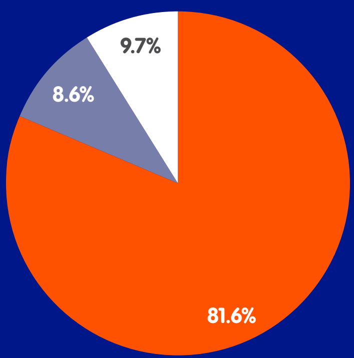
Number of employees

5,339

Number of stores

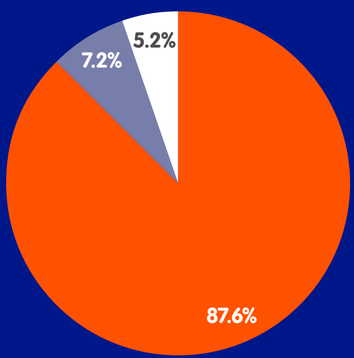
319

FY23 performance by fascia



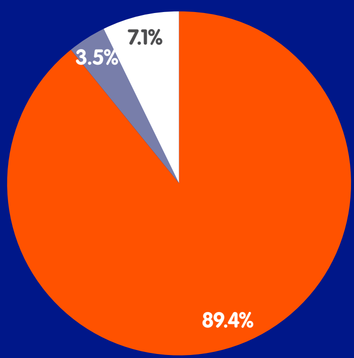
Revenue by fascia

B&M UK	**£4,067m**
B&M France	**£431m**
Heron Foods	**£485m**
Group	**£4,983m**



Adjusted EBITDA[3] **by fascia**

B&M UK	**£502m**
B&M France	**£41m**
Heron Foods	**£30m**
Group	**£573m**



Operating profit

B&M UK	**£479m**
B&M France	**£19m**
Heron Foods	**£38m**
Group	**£536m**

1. Includes the corporate segment.
2. Includes colleagues at the French support centre, and those working in stores operated directly by the Group. Those colleagues working in stores operated under the Mandated Manager model are employed directly by the Manager of each store, and are therefore not employees of the Group and so excluded from the number above.
3. The Directors believe that our adjusted figures – as described in Note 1 of the financial statements – provide users of the accounts with measures of performance which are appropriate to the retail industry and presented by peers and competitors. Adjusted values are considered to be appropriate to exclude unusual, non-trading and/or non-recurring impacts on performance which therefore provides the users of the accounts with an additional metric to compare periods of account. The B&M UK adjusted EBITDA shown above includes an adjusted loss of £1m in FY22 (FY22: profit of £1m) relating to the corporate segment as referred to in Note 2 of the financial statements. The corporate segment also has a further £19m (FY22: £(12)m) of adjusting items which are excluded from the definition of adjusted EBITDA. For further detail, see Note 3 of the financial statements and the reconciliation on page 117. Adjusted figures exclude the impact of IFRS 16.

Long-term strategy

Our four channels of growth will deliver long term profitable growth

1. Existing B&M UK stores a core driver of growth
2. New B&M UK stores
3. France will provide growth for many years to come
4. Heron Foods offers growth

Progress in FY23

Existing stores

B&M is the leading variety goods value retailer in the UK with 707 stores. Our existing stores offer considerable scope for improving sales densities. Like for like[1] ("LFL") sales growth tends to be highly profitable growth and will be achieved through a relentless focus on product, price and an excellence in retail standards.

Store standards have improved due to a concentrated focus on delivering growth through our existing store estate. Over 100 store visits per week have been conducted by key management which has led to major improvements in one-year LFL sales in H2 of 5.1%.

It is worth remembering that each 1% growth in LFL sales is equivalent to the sales generated from 7 average store openings. The focus is relentless.

See **page 16** for more information

New stores

950 stores is the minimum UK store target that we have publicly stated. This would equate to a minimum increase of c.35% in store numbers, but the final figure could be much higher. We know the sales performance of new stores is much stronger than an average store due to them being larger in size and therefore sales participation should be greater than the 35% increase in store numbers.

In addition, we place great emphasis on refreshing and updating our existing store estate. This can mean relocating an older, legacy store to a new larger format store – often with a garden centre attached. This results in square footage growth surpassing the increase in the number of stores.

See **page 16** for more information

France

France has continued the transformative journey that it has embarked on since acquisition. FY23 has been the first year that all the stores have operated under the B&M banner and momentum is building. The product mix has evolved with a greater focus on grocery, home and the phasing out of clothing. This product realignment along with the B&M branding of the stores has been well received by the French consumers with total sales increasing by 22.1% in FY23.

There is no reason why France cannot have a similar store count to the UK in the future, considering that France has a similar population to the UK and that the French discount retail market is less competitive than the UK – we see France continuing to build sustainable profit in the long term.

See **page 12** for more information

Heron

Heron Foods has been well placed this year to deliver value and convenience to customers looking to manage their budgets during these difficult times. Sales have increased 18.1% to £485m generating an adjusted EBITDA[2] margin of 6.1% which is an excellent result for a grocer.

Heron Foods has improved its ranges to increase appeal to existing and new customers. Through merchandising more intensely, freezers have been able to be removed from stores, Frozen sales volumes have maintained while adding increased sales in new areas, making the space work harder.

The rollout story for Heron Foods can continue with 319 stores currently, with the sector market leader operating well over 2,000 convenience stores – the opportunity to scale the store estate is potentially huge.

See **page 14** for more information

Performance in FY23

Group total revenue growth
6.6%

B&M UK one-year LFL[1] revenue growth
0.7%

See **Principal risks numbers 2** and **3** on **pages 28** and **29**

Increase in B&M UK average sales area
3.6%

Heron Foods revenue growth
18.1%

See **Principal risks numbers 3** and **9** on **pages 29** and **32**

B&M France revenue growth
22.1%

B&M France adjusted EBITDA[2] margin
9.6%

See **Principal risks numbers 3** and **5** on **pages 29** and **30**

Colleagues taken on full time from Kickstart programme
1,946

New retail jobs created in the UK & France
>1,250

See **Principal risks numbers 1, 6** and **9** on **pages 28, 30** and **32**

1. One-year like for like revenues relate to the B&M UK estate only, and includes 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.
2. The Directors believe that our adjusted figures – as described in Note 1 of the financial statements – provide users of the accounts with measures of performance which are appropriate to the retail industry and presented by peers and competitors. Adjusted values are considered to be appropriate to exclude unusual, non-trading and/or non-recurring impacts on performance which therefore provides the users of the accounts with an additional metric to compare periods of account. See Note 3 of the financial statements for further details. Adjusted figures exclude the impact of IFRS 16.

Delivering long-term profitable growth

B&M is set for many years of compounding earnings growth and cash returns for shareholders.

B&M is the UK's largest discount variety store operator, with 707 B&M stores in the UK, 114 B&M stores in France and 319 Heron Foods ("Heron") discount convenience stores in the UK. In the UK, B&M has c.2% market share[1], and substantially less in France. Each of our formats has many years growth ahead as the Group continues its profitable growth plans – with a relentless focus on price and delivering positive gains to all our stakeholders.

There are four channels of growth:

Existing B&M UK stores: Like for like growth is highly profitable growth

Our existing stores offer considerable scope for improving sales densities. Each 1% like for like ("LFL") sales growth is equivalent to opening 7 new stores, but without any capex or increase in fixed costs. LFL growth therefore tends to be highly profitable growth, which helps fund low prices (to drive further LFL sales), creates new jobs and generates good returns to shareholders. There is nothing operationally to stop us growing our sales densities substantially over the long term. This will be achieved by taking a bigger share of available expenditure in existing catchment areas as our relentless focus on price, value and retail standards bears results.

New B&M UK stores: square footage growth outpaces our growth in net new stores

We have previously said that there is a scope for a minimum of 950 B&M stores in the UK. This would represent a minimum increase of c.35% in store numbers, but the final figure could be substantially more. With new stores tending to be larger than the existing average store, the sales contribution from this c.35% increase should be even greater. There remain significant areas of the UK where we are not represented in meaningful numbers and where we would like to expand (e.g. the South Coast). Currently, 37% of the UK population currently lives > 3 miles from a B&M store.[2]

In conjunction with our new store openings, we will continue to refresh and update our existing store estate. Where the opportunity arises, we will replace older, legacy stores that are at the end of their lease with newer, larger stores, often with a small garden centre attached. This will result in square footage growth (a key driver of sales) outpacing growth in store numbers. In FY23, our store numbers increased by c.1% but our total square footage increased by c.3%, while our average size of store increased by c.4%.

France will provide growth for many years to come

In terms of size and wealth, France has a similar population to the UK, where we are targeting at least 950 stores. The UK estate sets a relevant benchmark for the potential scale of the French estate over the long term. As we gently increase our store opening programme, France will provide many years of profitable growth.

We have transformed our French operation since acquisition, and all stores are now under the B&M fascia, clothing has largely been replaced with Fast Moving Consumer Goods ("FMCG") and we refined the home category. Profitability is good, with a strong underlying profit margin. We will continue to evolve the offer as we grow our FMCG business and like in the UK, there is no reason why our sales densities cannot continue to improve over the longer term.

Heron Foods offers growth and offers other benefits to the core business

Heron is our discount convenience store operation, based primarily in the North of England and the Midlands in neighbourhood locations. Average size of our stores stands at 3,000 sq. ft which means they are classified as convenience stores and can trade for more than six hours on a Sunday. Over the last 12 months, the offer has been refined to include more ambient and fresh products, and this has resulted in a step change in total sales and sales by broad category. Space for the enhanced ranges was created by merchandising the traditional frozen food offer more intensely, which allowed us to remove freezers, reduce operating costs and reduce the capital cost of new stores. By merchandising more intensely, we were able to maintain frozen sales volumes while adding substantial sales in new areas.

Heron offers considerable long-term potential through the roll-out. Currently, the market leader in convenience stores in the UK has over 2,000 outlets. There is no reason why Heron with its discount offer cannot rollout across the UK, over the long-term.

B&M is committed to delivering long-term profitable growth through its four channels.

B&M has many opportunities and many years of growth ahead as it broadens its appeal and expands its store numbers in the UK and France. In expanding its store numbers and in increasing its sales densities in existing stores, B&M will continue to deliver long-term profitable growth, will generate cash and will return excess cash to shareholders. B&M remains a rollout story, and will deliver compounding earnings growth and cash returns for shareholders.

1. 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.
2. Geolytix location analytics, March 2023.

A disruptive, agile and low-cost business model capable of responding to changing conditions

Our business model is to directly source a targeted range of food, FMCG and General Merchandise products at the best prices we can, enabling us to sell them to customers at value prices.

Our limited assortment of best-selling products enables us to constantly introduce new products and react quickly to what's on trend and changes in demand patterns.

Our business model is underpinned by:

Corporate social responsibility
See **CSR report** on **page 34** for more information

Risk management
See **Principal risks** on **page 26** for more information

Financial performance
See **Financial review** on **page 20** for more information

Business strengths

- **Scale & convenience**
  Our network of over 1,100 stores across the UK and France are found in convenient locations in modern retail parks, popular town centres and on high streets. They are located in places close to where people live and work, making them easily accessible for customers.

- **Well invested infrastructure**
  We have a modern and scalable infrastructure to support the operations and growth of the business. B&M has six distribution centres in total including the newest addition in Bedford in the South of England, opened in FY20 providing a further one million sq. ft of warehouse capacity to complement the existing B&M UK distribution centres. In addition, Heron Foods and B&M France also have their own dedicated distribution centres, meaning the Group is well positioned to continue our store rollout programme across all fascias and territories.

- **Strong brand reputation**
  The B&M and Heron Foods names are established brands in the UK, having a strong reputation for delivering consistently great value on the products people regularly buy for their homes and families. In a recent external customer survey, B&M was rated as the 11th most loved retail brand in the UK[1]. In France, there is growing awareness of the B&M brand and the customer response to recent product changes has been very positive. With discount shopping continuing to become more socially accepted, there are opportunities to attract new customers whilst retaining the loyalty of existing customers in the years ahead. Evidence of the reputation building is that B&M were ranked in the top 15 of companies with the best reputation with customers online in France[2].

- **Skilled colleagues**
  Developing products and ranges to provide great value whilst being fresh and on-trend takes skill, experience and discipline. We have colleagues with many years of experience in their respective product markets, many of whom have worked previously as buyers and merchandisers with category specialist competitors. By working collaboratively across different teams and with an entrepreneurial flair in keeping with the B&M culture, we are able to provide customers with the products they want at value prices all year round.

- **Strong supplier relationships**
  Maintaining our competitive value-led price model is also about developing strong long-term supplier relationships, who we regard very much as partners. Many of our suppliers have grown alongside us over several years, and they value our simple, transparent pricing and efficient way of working. With our focus on only stocking the best selling products, and constant newness an important feature of the proposition, this creates opportunities to welcome new suppliers in to our business.

- **Governance & risk management**
  Our corporate governance and risk management approach is geared toward ensuring we have effective and robust structures and processes in place. Our Non-Executive Directors have many years of experience in retail and consumer product businesses. They provide constructive challenge to our management team to help ensure we operate our businesses and manage risk appropriately and in the interests of all stakeholders.

Stakeholder outputs

- **Value to customers**
  Our purpose is about delivering great value to customers so they keep returning to our stores time and time again. Helping customers to spend less on the things they buy regularly for their homes and families all year round is what our business model is designed to constantly deliver. Given the current cost-of-living crisis showing no signs of easing and the ongoing macroeconomic uncertainty, value for money is likely become increasingly important for many consumers in the years ahead, making the B&M proposition highly relevant.

- **Colleague progression**
  Our colleagues are crucial to the ongoing success of the business, be that in our central support teams, those working in our logistics network, or store colleagues providing great customer service every day. In keeping with our values, we take pride in being an innovative and exciting place for colleagues to work, grow and develop to their full potential. Our continued growth creates new job opportunities in the communities where we trade, and there are always progression opportunities for colleagues throughout the business to build long-term, successful careers.

- **Suppliers as partners**
  The continued growth of B&M also benefits our suppliers. We have long-standing trading relationships with a number of the leading household brands across food and FMCG. We also have several exclusive brands and other branded General Merchandise product ranges. We are proud to partner with these brand names for the mutual success of our respective businesses. We are always interested in adding new brands to our ranges, and our continued growth gives potential for suppliers to grow alongside us, further strengthening these relationships.

- **Investment in communities**
  Our store opening programmes target areas where we are under-represented or not represented at all, using our flexible store formats to suit the relevant locality. Each time we open a new store, we create new jobs in the local community whilst at the same time providing convenient access to our value-for-money offer. In doing so, we are proud to contribute to the revitalisation of communities where other retailers may have retrenched.

- **Returns for investors**
  Our characteristics of low capital-intensity and high-returning cash generative growth is a relatively rare and powerful combination in bricks and mortar retailing. These characteristics contribute to the sustainability of our business model, which enhances our ability to provide continued growth and attractive returns to investors.

1. Source: BrandVue 'Most Loved Retail Brands' Report 2023
2. Source: Partoo Survey 'Companies with the best e-reputation' 2023

Underpinned by our ESG strategy

In challenging times for consumers, our proposition has grown in relevance, taking in its stride the transition from one executive team to another."

Peter Bamford
Chairman

After two years in which we faced the challenges produced by COVID-19, it was a reasonable expectation that the world might settle down. Clearly that has not been the case. The political and economic environment over the last year has been both unstable and challenging. Inflation has been a key issue for our customers, staff and suppliers.

B&M has continued to perform well and execute its strategy with relentless consistency. We have given even greater focus to ensuring that we offer our customers great value and great products and that, throughout our company, we have availability of these products consistently day in, day out.

The transition from Simon Arora to Alex Russo in the Chief Executive role has gone smoothly and the business has not 'missed a beat'. Alex's appointment has brought fresh insight to how we can improve the quality of execution in several areas of our operations and how we can serve our customers even better.

Strategic progress

Our Group adjusted EBITDA[1] margin of 11.5% has been sustained well ahead of pre-pandemic levels. This is a key indicator of the robustness of the B&M business model and the success of our strategy. While we have continued to expand our footprint in the UK and France, high-quality execution in our existing estate is the key focus of management.

Growth in store numbers in the UK has slowed over the last two years due to the availability of sites but we remain confident that there is significant growth potential in the years ahead. Critically the performance of the stores we are opening is strong.

B&M France continues to develop and perform well. Whilst new store growth in the near term will be modest, the long-term potential is high.

Heron Foods, our convenience store offering, delivered excellent sales growth and a healthy EBITDA margin. The offering of top-quality branded products across chilled, ambient and particularly in frozen has resonated well with customers during these difficult times.

We have continued to strengthen the overall operational capability across the Group with appointments to middle and senior management together with on-going investment in financial systems, IT and supply chain.

1. The Directors believe that our adjusted figures – as described in Note 1 of the financial statements – provide users of the accounts with measures of performance which are appropriate to the retail industry and presented by peers and competitors. 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 an additional metric to compare periods of account. See Note 3 of the financial statements for further details. Adjusted figures exclude the impact of IFRS 16.

Chief Executive succession

Clearly the most significant development during the year has been the change of Chief Executive. Simon Arora stepped down from the role on 26 September 2022 and Alex Russo succeeded him, having been Chief Financial Officer since November 2020. Simon retired from the Board in April this year.

The remarkable growth and success of B&M is testament to Simon's vision and leadership. He and his brother Bobby took over B&M in 2004 and together they have developed a business with powerful customer proposition and a simple, but robust, business model. Simon's vision, clarity of thought, integrity and commercial instincts have been core to B&M's success. I have personally very much enjoyed working with Simon over the last five years and, on behalf of the Board, wish him well for the future.

Simon and Alex have worked well together to ensure a smooth transition. Alex is bringing a different set of skills and new perspectives but with continuity of our strategy and the core business model.

Board and leadership development

The last year has been one of significant change and transition on the Board. In addition to the CEO change, as a consequence of Alex's promotion, we appointed a new Chief Financial Officer. Mike Schmidt joined us in October and became CFO on 1 November 2022. Within the Non-Executive Directors we announced that Ron McMillan (Senior Independent Director and Chair of the Audit & Risk Committee) would be retiring at the AGM in July 2023 and that Tiffany Hall would become Senior Independent Director with Oliver Tant joining the Board in November 2022 to become Chair of the Audit & Risk Committee on Ron's retirement. I am delighted to welcome Mike and Oliver to the Board. Both bring valuable new skills and experiences.

More recently Carolyn has decided not to stand for re-election at the AGM in July this year for personal reasons. I would like to thank her for the excellent contribution she has made to our Board over the last five years both generally as Non-Executive Director and specifically in her role with respect to workforce engagement. In order to ensure continuity on the Board with the number of changes in other roles, Ron McMillan has agreed to continue the role of Non-Executive Director for an additional year until the AGM in 2024. Following this year's AGM Tiffany Hall will still assume the role of Senior Independent Director and Oliver Tant will become Chair of the Audit & Risk Committee.

As a consequence of these changes, in addition to Simon Arora's retirement and the succession appointments announced earlier, the Board is not fully compliant with the new Listing Rules with respect to diversity. Simon's retirement means that we do not currently have a director from an ethnic minority and the combination of director changes means we will not meet the requirement for 40% of the Board to be female in the immediate future. We are planning to appoint at least one Non-Executive Director and ensure full compliance by the time Ron McMillan steps down from the Board at the AGM in 2024 at the latest. Recruitment processes are underway to address these issues.

The Board has continued to work well together through this period of change. We completed our last Board performance review in March 2022 and have concluded, given the number of changes and new appointments, that we should defer the next review until the autumn of 2023 when we will be able to gain a more meaningful input, as to how the new Board is performing. This will be an externally facilitated evaluation.

Within the management team, in addition to the CEO and CFO changes, Alex has established a strong working relationship with Bobby Arora who continues to lead and drive forward the core activity of sourcing and selection of B&M's product ranges. New appointments have been made to the leadership positions in supply chain and Investor Relations which have continued the process of broadening and strengthening the management team. In addition, many changes have been made within the store, area and regional management in order to ensure that we have the necessary skills and approach to deliver improved operational standards on a consistent basis.

ESG

The Board recognises the importance of continuing to implement the Group's ESG strategy and provide input on our ongoing and planned future projects. We embrace the part that we have to play in making positive, long-term changes.

For further details about the achievements and progress made in the year against critical topics such as environment, people and sustainable sourcing, please see page 34.

Our colleagues

Although I can only mention a limited number of people in this commentary, B&M's success is enabled by the hard work and commitment of every B&M colleague. The last year has been challenging for many people. We know from our staff engagement surveys that the B&M team is exceptionally motivated and proud of our company.

On behalf of the Board, I would like to thank everyone who works at B&M for their hard work and commitment in ensuring that our customers have the best possible products and value for money available to them every day.

Peter Bamford
Chairman
30 May 2023

Purpose, culture & values

The vision, purpose and culture of our business is underpinned by our values of simplicity, trust, fairness and taking pride in everything we do.

Simplicity
Proud to keep our business simple and fun, and work at B&M speed

Trust
Proud to trust honesty, loyalty and hard work

Fairness
Proud to act fairly and responsibly with customers, colleagues and suppliers

Proud
Proud to treat every £1 as our own and provide customers with great value for money

Winning profitable market share

General trends

As the UK adjusts to a "new normal" post-COVID, many trends too have now normalised. And the fundamental trends remain consistent: people still want to visit shops, price remains central to many shopping decisions and a number of competing retailers remain under pressure. B&M is well positioned to take advantage of all these trends, and more as the UK's leading variety goods value retailer.

A return to stores

Consumers have returned to store shopping in large numbers since lockdown restrictions were lifted, and this is to the benefit of B&M. In-store retailing remains the number one choice for most consumers and in many cases it remains the most convenient form of shopping. For example, for groceries almost 90% of purchases are conducted in stores – despite home delivery having been an available option for most consumers for over 25 years.

At the height of the pandemic, Grocery Home Delivery ("GHD") had a market share of 16% according to Nielsen[1]. This has now fallen to 11%, with a third of the GHD market share returning to store based shopping[1]. B&M operates in a number of markets where sustainable and profitable online business models remain unproven and this is to our advantage, where we offer low prices without suffering from margin dilution due to cross subsidisation of online activities. Not all consumers want to shop exclusively via home shopping, or even at all. Many products and categories are not suited to home delivery models and these include groceries, household products and other non-grocery items – areas where B&M has a strong reputation and price image.

Against this background, overall store numbers across the retail industry are in decline, but discount stores continue to expand, winning market share from higher priced operators. Compared to the start of the global financial crisis, there are 2,000 more discount stores in the UK, and this trend will continue. While many headlines have been focussed on the growth of online and home delivery companies, the discount channel has remained in strong growth and is set to continue to do so for the foreseeable future – even after the current cost-of-living crisis comes to an end.

Price and the cost-of-living crisis

The cost-of-living crisis has brought price to the forefront of headlines, but price has always been at the forefront of consumers' minds. This is evidenced by the growth of B&M and other discounters. Low prices have always been a major determinant of shop choice for many consumers – after all, why pay more for the same product?

Even when we look at the growth of the online channel in many categories, it has been driven by low prices and low-cost operating models. There are not many, if any, online retailers with higher price points winning share from lower priced bricks and mortar retailers. Convenience and home delivery may have played a role in the growth of many online operators, but it is low prices and discounting that have been the main driver. But not all categories are suitable for home delivery models. If high delivery prices, relative to the value of the product are incurred, consumers will prefer to shop in store for a lower overall price. This is a situation and consumer trend that favours B&M. With many items which we sell being low ticket price items, expensive delivery options are uneconomical. It is notable that the fastest growing retailers in the UK with regard to store numbers, tend not to have online operations.

The current cost-of-living crisis has emphasised price even more and it is no surprise to see discounters prospering. This is done quite simply by meeting consumers' needs for low prices. Furthermore, retailers like B&M are playing an important role in society by helping consumers through difficult times by offering low prices on everyday essentials and by making consumers' purses and wallets stretch further.

ESG

ESG topics are important considerations for consumers, retailers and society generally. A lot of attention understandably focuses on the environment, but the social role is also highly important, as is governance.

Consumers are conscious of the impacts of their purchases on the environment, but in difficult economic times, environmental concerns can take a back seat to shorter-term issues. When a family is faced with a decision such as "heat or eat", they will not pay a premium for an environmentally friendly product. Therefore, it is down to businesses and the Government to ensure that environmentally friendly activity is encouraged through well-judged interventions and does not penalise the consumer through forced higher prices.

At B&M our focus remains on offering the lowest possible prices, which can only be delivered through a constant focus on low costs. In working to keep costs low, we also help the environment. For example, in reducing the miles driven by our delivery trucks with a new Transport Management System, we lower emissions, help lower congestion and offer improved efficiency which is reflected in lower prices. Commerciality and ESG considerations are at their most powerful when they work hand in hand and at B&M we will continue to operate in this manner.

On the social side of things, it is easy to forget the role retailers and suppliers play in keeping costs low and making things affordable for the consumer. Fewer consumers face the "heat or eat" dilemma because of discounters like B&M, and it is this role in helping consumers which will help ensure discounters will keep winning market share.

Competitive environment

The retail environment remains tough, with subdued demand, high cost inflation and a decline in real wages. At B&M, we remain very well positioned to navigate through these troubled waters and win further market share, while delivering a profit to our shareholders, career opportunities to our staff, low prices to our customers and growth to our suppliers.

We face many competitors across many channels, but through our everyday lowcost operating model, through our scale and through our relentless focus on delivering low prices for our customers we believe we are in a strong position to compete effectively against all key competitors.

Supermarket industry

This industry is going through profound change. Several competitors are highly leveraged, being privately owned, while others also appear financially constrained. Any weak players in the supermarket industry will become market share donors to more effective competitors. Limited Assortment Discounters ("LADs"), continue to win substantial market share in the UK, our product range and offer remains highly complementary to LADs and many of our best performing stores are co-located with these retailers.

General merchandise retailers

There are a wide variety of these competitors, ranging from department stores under strain to category specialists, which have also suffered many failures in recent years. As already discussed, many of the successes have been low priced operators and many of the failures have been higher price, higher operating cost models. The general trend amongst general merchandise operators is the growth of discounters and the decline of the non-discount model, although there are some exceptions.

Discounters

B&M is the UK's leading variety store discount retailer, but there are other discounters. Discounters still represent a relatively small part of the overall retail market and there remain very many growth opportunities. For example, despite being the leading variety store discounter in the UK, B&M has a market share of only c.2%[2]. The discount sector can keep growing at the expense of supermarkets and general merchandise retailers without cannibalising itself.

Overall, we expect discounters to take a larger market share, to continue opening more stores and to account for a bigger proportion of a declining store base. Within this, B&M will continue to expand, will continue to win market share and will continue to deliver profitable growth.

707
Number of B&M UK stores

950
B&M UK stores target

c.2%
Share of UK store based market[2]

1. NIQ Homescan FMCG, year to March 2023.
2. 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.

Feature – B&M France

B&M France: an evolved, profitable business

114
Stores in France

22.1%
Total revenue growth in FY23

9.6%
Adjusted EBITDA[1] margin

France will provide growth for many years

Since acquisition the business has been transformed; its performance this year has been outstanding with further opportunity for growth.

Revenue

£431m

+22.1% in FY23

2023	431
2022	353
2020	283

Adjusted EBITDA[1]

£41m

9.6% of sales

2023	41
2022	32
2020	-3

1. The Directors believe that our adjusted figures – as described in Note 1 of the financial statements – provide users of the accounts with measures of performance which are appropriate to the retail industry and presented by peers and competitors. Adjusted values are considered to be appropriate to exclude unusual, non-trading and/or non-recurring impacts on performance which there-fore provides the users of the accounts with an additional metric to compare periods of account. See Note 3 of the financial statements for further details. Adjusted figures exclude the impact of IFRS 16.
2. Meilleure Chaine De Magasins De L'Annee – 'Discount non alimentaire' & 'Decoration & Idees cadeux' 2023.

FY23 has been a year of strengthening the B&M brand in the French market. It has been the first full year with all our stores now operating under the B&M fascia, and offering the refined product range selection we believe best suited for the French consumer. Since the business was acquired by the B&M Group in 2018, there has been a clear focus on this rebrand and realignment of the product mix to a more "B&M" offering which has resulted in the business having a profitable base from which to build. In FY23, we made an EBITDA margin of 9.6% compared to a loss-making outturn just two years ago.

Recent results in France have been driven in significant part by the performance of categories that have been at the bedrock of the UK business success. General Merchandise categories such as home and seasonal (of which gardening and Christmas are the most prominent) and the introduction of FMCG have played an important part in increasing customer numbers and hence sales performance. The evolution of product mix has been a gradual process aiming at aligning the French business model with what makes the B&M brand so successful in the UK, while adapting it to the local market – taking into account, the buying preferences and tastes of the French consumer.

B&M brand resonates

This product mix journey goes hand in hand with the pursuit of improving the customer experience in our stores where we aim at being viewed as the best shopping experience that customers can have in any of the discount retailers in France. This encompasses the stores' tidiness, the visual impact of our point of sale, as well as 100% product availability on all our ranges and an excellent customer service from all of our colleagues. Our growth journey in France is only just starting. Even with the brand resonating strongly with customers as evidenced by being voted "Best chain of 2023 in non-food discount"[2] and "Best chain of 2023 in home decoration"[2] in the current year we still feel we have ample room to strengthen the brand even further.

Stores

The increased B&M brand awareness in France will be aided further by delivering against our store rollout plan. Our current base of 114 stores is small compared to the market potential in France. The country has a similar size population to the UK therefore making the B&M UK estate a clear benchmark for our French ambitions. However, each location needs to be able to fulfil the strong requirements of site quality with which the brand has successfully expanded over the years. As such, the speed of expansion will be dependent on the availability of the quality of sites at any given time. We will open 10 new stores in the next financial year and growth will continue to be controlled and we reiterate that the quality of location will not be compromised to accelerate our store growth.

Relentless focus

Our laser focus on price, product and demonstrating the best in retail store execution remains a real team effort, in order to achieve our goal to be the best discount retailer in France. This is indeed real teamwork; from our buying teams through to colleagues at our distribution centre and in stores, all elements need to come together to deliver excellent customer satisfaction.

We trust that the constant focus on the fundamentals of our retail delivery coupled with a tightly managed store expansion programme are the two strong pillars that will enable the business to generate sustainable profitable growth in France for many years to come.

Heron Foods: offers growth and other benefits to the core business

319
Stores in the UK

18.1%
Total revenue growth in FY23

6.1%
Adjusted EBITDA[1] margin

Heron Foods: convenient and competitive

Another hugely successful year; serving a record number of customers

Heron Foods ("Heron") is a discount convenience operator currently trading out of 319 stores across the North of England and the Midlands. We sell well-known branded groceries at a competitive price point to suit the bargain loving shopper. Our customers are assured of great value for money in all our stores, and they respond strongly, particularly in this cost-of-living crisis. This can be seen by the number of new and repeat customers shopping with us – our like for like customer transaction numbers have increased by 10.3% since FY22.

Our meal deals and huge clearance deals have made a significant impact for our customers. Our offering continues to progress and develop further. We have now extended our core food offering with chilled ready meals and an increased Frozen range and we are constantly evaluating our return on space within each store to ensure the store is tailored to the customer needs based on their demographic and location.

Our clearance lines drive real value, and we strive for those "cross-the-road" deals. Highlighting these to our customers via social media and ensuring that our customers understand that our offers and deals change daily, increases frequency of visit to stores and can make us a destination.

Sales across all three main categories – Chilled, Frozen and Ambient – have shown positive growth with Ambient leading the way overall. In the latter part of the year, frozen sales have seen increased momentum. This has been driven by the cost-of-living crisis as customers continue to trade down into frozen products for meals where they can save money by managing their budgets and supporting reducing food waste.

1. The Directors believe that our adjusted figures – as described in Note 1 of the financial statements – provide users of the accounts with measures of performance which are appropriate to the retail industry and presented by peers and competitors. 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 an additional metric to compare periods of account. See Note 3 of the financial statements for further details. Adjusted figures exclude the impact of IFRS 16.

Speed and agility

Heron has a unique track record in acquiring high-quality products at low prices. Our great communication and collaboration with our suppliers allow us to be choice retailer to acquire "stock at risk". Our buying team have continued to build on our strong relationships with suppliers to evolve and drive our proposition. Our agility allows us to continue to drive great choice and availability for customers. We can have products on the shelves in our stores within just 24 hours of being received into depot. Our improved ranges make Heron more attractive to customers both existing and new.

Our Christmas meal deal was a market leader, featuring in many of the tabloids as "Best Value" for Christmas 2022 – helping drive footfall and discretionary spend.

Stores

The introduction of our "Serious About Standards" programme targeting better in-store product availability, increased customer service, compliance and housekeeping standards has driven sales throughout the year.

Our average store size stands at 3,000 sq. ft although in recent years we have been trying to increase this. We have this year opened some new "concept" stores with different signage and graphics. Generally, with a smaller footprint, we have reduced the frozen range where trading dictates this will work and increased ambient ranges, to offer the customer the convenience choice they need for a particular location and where availability of larger stores is difficult. Rollouts so far have been encouraging and we will continue to convert existing stores and open new stores where we think this will create value.

Since acquisition the store estate has increased by 26%. In FY24, we plan to open 20 new stores plus a rolling programme of refits, extensions and relocations where opportunities exist.

Environment

With the increase in energy costs seen throughout the year we are constantly looking at ways to improve efficiencies within the store network and at our distribution centre in Hull. We are reducing our energy consumption with greater control over the operation of in-store freezers, chillers and air conditioning systems which will reduce costs but without affecting the customer experience. We have also replaced the control equipment on the temperature-controlled parts of our distribution centre to reduce consumption.

Our biggest capital project for the next financial year is the design and installation of solar panels for the roof of our distribution centre. This will allow us to use all the electricity generated by the panels which, given current energy price levels, is key to reducing energy costs and assists with us with one of our environmental targets in finding better ways of operating in a more environmentally sustainable way.

Proven business model

Since joining the B&M Group in August 2017, we have improved our retail and operational execution which has driven the financial performance of the business. Through increasing the range available in stores and category realignment, including the introduction of a range of dry groceries from B&M, we have seen a large increase in customer numbers overall. This is evidenced by our substantial sales growth since acquisition; total sales for the current financial year stand at £485m compared to £274m in FY16. This excellent sales performance demonstrates the success of our proven business model where we focus not only on selling at the lowest possible price but maintaining the quality of our products. We constantly deliver our customers the Big Brands at the Low Prices they require. A key enabler in our ability to sell at the lowest possible price is diligent cost control – clearly illustrated by our adjusted EBITDA[1] margin of 6.1% which is market leading in the grocery sector.

Heron is well-placed to continue to deliver strong results for the Group. Looking ahead, with some of our larger competitors operating thousands of convenience stores – the opportunity for further growth for Heron is significant.

The last 12 months have been a year of major transition for B&M."

Alex Russo
Chief Executive Officer

FY23 has been a good and significant year in the evolution of B&M. There have been planned management changes, there have been major economic headwinds and there has been material cost pressures to deal with.

But B&M UK has weathered the difficult environment well and has delivered another excellent year of financial performance with an adjusted EBITDA margin[1] of 12.4%. We have delivered strong sales growth and market share gains, an EBITDA margin substantially ahead of pre-pandemic levels, and strong cash generation helped by a clean inventory position. This reduction in inventories helped facilitate an extra £200m (20.0p per share) being returned to shareholders through a special dividend in January this year, on top of an interim dividend of 5.0p and a final ordinary dividend of 9.6p. This is a very pleasing reward for our shareholders and reflects growth of the business, good cost control and strong cash management.

A relentless focus on helping our customers navigate the cost-of-living crisis has been key to our success. Delivering strong results has been made possible through the hard work of our employees, and through a laser like focus on price and value for money. In contrast to some other businesses, we look to keep prices as low as we can, while delivering profitable growth and cash for our shareholders. At the same time, we continue to expand our store estate, upgrade the existing estate and to make improvements in our offer, whether through price investment or through improving store standards. Profitable growth is at the core of our strategic objectives, and to do that we need to put consumer needs at the centre of what we do.

The underlying strategy remains unchanged with the focus on simplicity and low costs across our four channels of growth, which are improved sales in existing stores, the expansion of our store estate in the UK, expansion in France and continued growth in Heron, our UK convenience store operation. I will return to these four channels later.

The long-term outlook for B&M remains very positive, with many years of profitable growth ahead. In the UK, B&M has a small market share[2] and even less in France. Market share in both countries can be substantially higher and as we execute our strategy, we will deliver compounding earnings growth and cash returns for shareholders.

> In contrast to some other businesses, we look to keep prices as low as we can."

Competitive position

To deliver on our long-term aims, we must remain highly competitive in a rapidly developing retail market. We must remain relevant through price, edited range and location, and these requirements drive our strategy. We continue to be relentlessly focused on price and compared to last year, our price advantage over the mainstream supermarkets is as strong as it was through consistency of everyday low prices ("EDLP").

Many consumer trends favour B&M, including trading down, as does the changing structure of grocery retailing. Currently, many consumers are switching to the two German Limited Assortment Discounters ("LADs") which remain heavily focused on own label. Our branded offer is highly complementary to them. Independent research shows that most LADs shoppers also shop elsewhere[3], and where we are co-located, our stores tend to trade exceptionally well. This is as true in France as it is in the UK.

In non-grocery our aggressive focus on price is also working, with General Merchandise performing very well. Price comparisons are inevitably harder in this area due to a lack of brands, differences in products and our constantly evolving product mix but our price positioning remains market leading. While improving our price position, over the last several years we have also improved our product quality. Hence our value for money credentials are substantially improved, as evidenced by the increased number of monthly transactions and by our retaining many of the customers who tried us for the first time during lockdowns.

Strategic progress review

The macroeconomic outlook remains uncertain, with the consumer challenged by high inflation, rising interest rates and by declining real incomes. Despite a tough backdrop, we remain focused on delivering through our existing four channels of growth in FY24.

1: Existing B&M UK stores: A core driver of growth

In FY23 there was a sharp focus on delivering growth through our existing stores. This led to major improvements in store standards and increased product availability, which in turn led to improvements in like for like[4] ("LFL") sales. In the second half, driven by improvements in store standards, B&M UK delivered 5.1% LFL sales growth. This shows the power of improving the offer in existing stores, while the benefits of operational gearing are evidenced in cash and profits.

Our stores have the capacity to keep growing their sales for many years ahead. Due to operational gearing and no extra capital, such growth should be highly profitable, should deliver incremental returns on investment and should allow further reinvestment back into lower prices to drive further profitable growth.

2: New B&M UK stores: Square footage growth outpaces our growth in net new stores

Total average net sales area (including garden centres) increased by 3.6% in the last financial year. This is greater than the increase in net new stores (6 stores or a 0.9% increase) and is driven by three factors: 1) new stores tend to be bigger than existing store average, 2) new stores are more likely to have a small garden centre than existing stores and 3) replacement stores are usually much larger than the stores they replace.

Previously we have made it clear that the 950 target for store numbers is conservative but even so, it represents c.35% more stores than today, and with newer stores being on average bigger than existing stores and having higher total sales, the sales growth should be even greater than this 35%.

The sales contribution from our gross new store openings continues to be very healthy in 2023 and reinforces the strategy of replacing older, smaller stores at the end of their leases with new stores where there is a catchment opportunity to do so.

We will accelerate our new store openings back towards 40 stores per annum, with c.30 expected in FY24, but focus will always remain on new stores generating a leading return on investment. We will not compromise on our investment targets, and we will not open unprofitable stores just to meet a store opening target. Sustainable profitable growth is at the core of our business.

3: France will provide growth for many years to come

France has undergone a major transformation, with recent results highlighting the long-term potential. All stores have been branded B&M, clothing (which was a major part of the offer when the business was acquired) has been removed and the FMCG range is building. The business was loss making just two years ago but in FY23, France delivered 22.1% sales growth and an adjusted EBITDA[1] (pre-IFRS 16) margin of 9.6%. As the business continues to evolve and benefit from the B&M supply chain and infrastructure, there remains the prospect of further growth in EBITDA margin.

New store growth will also deliver economies of scale and operational gearing benefits. In FY23 we opened 7 new stores in France. In FY24 we plan to open another 10 new stores, with a potential for an acceleration in openings in future years. With just 114 stores currently, in a country with a similar population to the UK, France can sustain a strong opening programme for the long term.

4: Heron Foods offers growth and other benefits to the core business

Heron Foods has had an outstanding year, delivering substantial sales growth and a leading EBITDA margin in its area. It currently operates 319 stores, but as a low-priced convenience store operator there remains the scope to open many more. The scale of the opportunity may be judged by the fact that the market leader in the UK operates over 2,000 convenience stores.

Heron Foods has undergone a strategic repositioning over the last 18 months. The number of freezer units in each store has been reduced – but not the Frozen range. Instead, products have been merchandised more intensively freeing up extra space in store. This extra space has allowed the chilled and ambient ranges to be extended and this has driven a step change in sales densities.

As well as being a strong business in its own right, Heron brings other benefits to the Group. It enhances our buying economies, provides other economies of scale and is an invaluable source of learning and knowledge, as is our French operation.

Management Changes

As stated earlier, this year has seen some major planned changes in the management team. After 19 highly successful years, Simon Arora stepped down as CEO and has now exited the business. We thank Simon for his outstanding contributions to B&M and to the UK economy.

After two years as Chief Financial Officer, I am delighted to have taken the role of Chief Executive Officer. I have strengthened the management team with a number of key appointments, including:

- Mike Schmidt as CFO with 22 years experience, following 9 years at DFS;
- Jon Parry as Supply Chain Director with 26 years experience, following 12 years at Asda;
- Philippe Brasleret as Retail Stores Director in France with 18 years experience, following 9 years at Aldi France; and
- James Kew as Head of Retail Operations for B&M UK with 16 years experience, following 5 years as Head of Productivity and Change at B&M UK.

These represent a planned strengthening of our management team and we will strengthen our team further with new appointments in the coming months.

Current trading and outlook

Our business has now normalised to a new, sustainable and higher level of underlying sales and margin compared to the pre-pandemic year of FY20. We remain highly cash generative and in the absence of acquisition opportunities for batches of stores, we will look to return excess cash to shareholders at the appropriate time in line with our capital allocation framework.

Against the ongoing cost-of-living crisis, we will help our customers by remaining highly price competitive and growing our business, through existing and new stores in the UK and France. As well as expecting further LFL growth in existing stores, during FY24 we plan to open c.30 new B&M stores in the UK, c.10 in France and c.20 Heron Foods stores.

The business will maintain a high degree of discipline on EDLP pricing, limited range assortment and a low-cost operating model.

In the first 9 weeks of FY24, B&M UK LFL sales have run at 8.3%, France and Heron continue their trading momentum and we expect full year Group adjusted EBITDA[1] (pre-IFRS 16) to be higher than FY23.

Alex Russo
Chief Executive Officer
30 May 2023

1. The Directors believe that our adjusted figures – as described in Note 1 of the financial statements – provide users of the accounts with measures of performance which are appropriate to the retail industry and presented by peers and competitors. 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 an additional metric to compare periods of account. See Note 3 of the financial statements for further details. Adjusted figures exclude the impact of IFRS 16.
2. 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.
3. NIQ Homescan, year to March 2023.
4. One-year like for like revenues relate to the B&M UK estate only (excluding wholesale revenues) and include each store's revenue for that part of the current period that falls at least 14 months after it opened compared with its revenue for the corresponding part of FY22. This 14-month approach has been adopted as it excludes the two-month halo period which new stores experience following opening. Three-year like for like revenues also relate to the B&M UK estate only, and includes each store's revenue for that part of the current period that falls at least 38 months after it opened compared with its revenue for the corresponding part of FY20.


Heron Foods


b&m


b&m
& Garden Centre

Robust, disciplined performance.”

Mike Schmidt
Chief Financial Officer

Accounting period

The current accounting period represents the 52 weeks trading to 25 March 2023 (“FY23”) and the comparative period represents the 52 weeks to 26 March 2022 (“FY22”). The upcoming accounting period represents 53 weeks trading to 30 March 2024 (“FY24”).

The Group financial statements have been prepared in accordance with IFRS and are reported as such. Underlying figures presented before the impact of IFRS 16 continue to be reported where they are relevant to understanding the performance of the Group and to aid comparability with previous years.

Financial performance

Group

This is the first year since the outbreak of COVID-19 where trading patterns have normalised. We believe FY23 can be viewed as the Group’s new underlying revenue and profit base level from which we grow from – with Group adjusted EBITDA[1] (pre-IFRS 16) of £573m. We now have the proven evidence there has been a step change in performance of the Group since the pandemic, where Group adjusted EBITDA[1] (pre-IFRS 16) in FY20 was £342m. Trading was exceptional during each of FY21 and FY22, particularly during the periods where non-essential retail was closed, including some of the first quarter of FY22. Our performance relative to pre-pandemic levels evidences that we are retaining the new customers won during the pandemic years. Importantly though, the robust profit margins and cash conversion characteristics of the business remain unchanged.

Total Group revenue in FY23 was £4,983m (FY22: £4,673m), representing a year-on-year increase of 6.6%. On a constant currency basis[2], revenues increased by 6.5%. This has been driven by positive like for like[4] (“LFL”) in all businesses, which includes inflation and mix effects, and by strong trading from new stores.

Group adjusted EBITDA[1] (pre-IFRS 16) decreased to £573m (FY22: £619m) as we completed a full year of undisturbed post-pandemic trading.

The continued Group revenue growth in the year was moderated by the reduction in the trading gross margin in B&M UK as described below, that led to a £49m or 2.7% growth in gross margin. Operating costs also increased by £94m or 8.3%, reflecting the cost of serving our increased revenues, opening new stores and also cost inflation, including the effects of the 6.6% increase to the UK national living wage. On a statutory basis, profit before tax declined to £436m from £525m, again reflecting the normalisation of trading to a post-pandemic period.

Group adjusted EBITDA[1] (pre-IFRS 16) margin is now 11.5%, which is 253 bps higher than pre-pandemic levels (FY20: 9.0%). This reflects the structural change in our margin which the business has undergone in the last three years, with an evolution of our product range, greater economies of scale, the benefits of operational gearing from higher sales densities and other operational learnings.

On a post-IFRS 16 basis, Group adjusted EBITDA[1] was £796m (FY22: £828m) which represented an adjusted EBITDA1 margin of 16.0% (FY22: 17.7%).

An adjusted EBITDA[1] is reported to allow investors to better understand the underlying performance of the business. The adjusting items are detailed in note 3 of the financial statements and totalled £19m this year (FY22: £(12)m).

We closed the year with an unchanged leverage with a pre-IFRS 16 net debt[8] to adjusted EBITDA[1] leverage ratio of 1.3x (FY22: 1.3x), following the payment of £347m of ordinary and special dividends in the year. This reflects the Group continuing its strong track record for operating cash generation and capital expenditure efficiency. Significantly, operational efficiency in our stores and logistics and our discipline in implementing markdowns in garden categories contributed to a £99m stock reduction, that underpinned the total cash generated from operations across the year of £866m (FY22: £598m).

B&M UK

In the UK, total B&M fascia[3] revenue increased by 4.0% to £4,067m (FY22: £3,909m), with one-year LFL[4] revenue increasing by 0.7%. There was a strong run rate in the second half of the year with LFL sales growth of 5.1%, compared to a first half LFL of (3.9)% and the business has likewise entered the current year with strong momentum. Our LFL customer transaction numbers increased every month since June.

On a three-year basis, total revenue is 29.5% higher than in FY20, with LFL revenue[4] 13.3% higher. This reflects the underlying growth of the business during the pandemic and during lockdowns and is indicative that many customers won during lockdown have become regular customers.

At category level, we believe the one-year LFL performance has now broadly normalised against the peak of the pandemic. Demand for essential food and FMCG items has remained high, with many customers seeking out leading branded goods at the lowest possible price during this cost-of-living crisis. General Merchandise demand has also been resilient and performing in line with our plans, with seasonal categories such as Halloween, Christmas, Easter and most recently the Coronation all having a strong sell-through.

B&M's trading gross margin[5] reduced by 148 bps across the full financial year, driven by the reintroduction of usual markdown activity including the previously disclosed markdowns in the gardening category in H1. Consistent with this, a marked improvement in the year-on-year trend was seen in H2 relative to H1 (H2 trading gross margin down 92 bps versus FY22), due to strong sell through with only planned markdown activity in general merchandise categories, coupled with a significant reduction in freight rates.

There were 21 gross new openings of which 5 were replacements for smaller legacy stores and a further two relocations of FY23 closures will occur early in FY24. The replacement stores typically have 3x the total sales space of the stores they replaced and deliver a higher store contribution than the stores they replaced.

New stores, including replacements, are cash generative in year one and typically deliver a higher store contribution than the Group's average.

Constant currency revenue comparison

				Constant currency		
£/€m	**2023**	2022	%	**2023**	2022	%
France in €	**499**	415		**499**	414	
Exchange rate	**1.1581**	1.1756		**1.1581**	1.1581	
France in £	**431**	353		**431**	358	
B&M	**4,067**	3,909		**4,067**	3,909	
Heron Foods	**485**	411		**485**	411	
Total	**4,983**	4,673	6.6%	**4,983**	4,678	6.5%

Group profit before tax

£m	**2023**	2022
Revenue	**4,983**	4,673
Adjusted gross profit	**1,801**	1,752
%	**36.1%**	37.5%
Adjusted operating costs	**(1,228)**	(1,133)
Adjusted EBITDA[1] (pre-IFRS 16)	**573**	619
%	**11.5%**	13.2%
Depreciation & amortisation	**(76)**	(66)
Adjusted interest	**(38)**	(29)
Adjusted profit before tax[1]	**459**	524
Adjusting items	**(19)**	12
Adjusting interest & finance lease interest	**(0)**	(0)
Profit before tax (pre-IFRS 16)	**440**	536
Impact of IFRS 16	**(4)**	(11)
Statutory profit before tax	**436**	525

Reconciliation of adjusting items

£m	**2023**	2022
Profit before Interest & Tax	**535**	613
Add back depreciation & amortisation	**76**	66
Remove depreciation & amortisation of finance leases	**(1)**	(1)
Add back IFRS 16 depreciation & amortisation	**166**	162
EBITDA (IFRS 16)	**777**	840
Fair value of ineffective derivatives	**17**	(13)
Foreign exchange on intercompany balances	**0**	1
Online trial	**2**	0
Adjusted EBITDA[1]	**796**	828

B&M UK like for like revenue[4] reconciliation

£m	**2023**	2022	1-year Change
Like for like revenue[4]	**4,444.0**	4,413.0	0.7%
Bank holiday closure	**0.0**	11.0	
Online trial	**7.0**	0.0	
New stores after Mar 26 2022	**90.0**	0.0	
New stores prior Mar 26 2022	**163.0**	52.0	
Closed stores	**1.0**	41.0	
Gross Segment Revenue	**4,705.0**	4,517.0	
Value Added Tax/Commission Income	**(675.0)**	(653.0)	
Wholesale revenues	**37.0**	45.0	
Revenues B&M UK	**4,067.0**	3,909.0	4.0%

In addition to revenue generated in-store, wholesale revenue decreased to £37m (FY22: £45m). Most of this represents sales made to the associate Centz Retail Holdings Limited, a chain of 54 variety goods stores in the Republic of Ireland.

Operating costs, excluding depreciation and amortisation, increased by 5.7% to £950m (FY22: £899m) which represented 23.4% of revenues (FY22: 23.0%). This was primarily because of an increase in store costs driven by a strategic decision to focus on store standards to drive LFL sales, partially offset against foreign exchange gains made due to our strong hedging position against the underlying spot rate.

Adjusted EBITDA[1] (pre-IFRS 16) for the B&M UK business decreased by (10.9)% to £502m (FY22: £564m) and the adjusted EBITDA[1] margin decreased by (207) bps to 12.4% (FY22: 14.4%). However, both remain significantly above historical levels. Statutory operating profit for the year was £479m (FY22: £569m).

France

In France, revenues increased by 22.1% to £431m (FY22: £353m), reflecting strong LFL performance and new store openings delivering well. There were 7 new stores opened in FY23 increasing the average sales area of the total store estate by 4.7% to 3.1m sq. ft. (FY22: 3.0m sq. ft.).

Adjusted EBITDA[1] (pre-IFRS 16) increased by £9m to £41m (FY22: £32m), with an adjusted EBITDA[1] margin of 9.6% (FY22: 9.2%). The French business continues to build a sustainable underlying profit base and is primed to carry on delivering against the strategic and financial objectives set. Statutory operating profit for the year was £19m (FY22: £11m).

Gross margin remained broadly stable with far less emphasis placed on textiles and further steps taken towards aligning its product mix to that seen in B&M UK.

Operational consistency remained throughout the year. Operating costs as a percentage of sales improved by 1.2% to 34.9% (FY22: 36.1%).

Heron Foods

In the discount convenience chain, Heron Foods, revenues increased by 18.1% to £485m (FY22: £411m), reflecting a successful year and continued growth.

There were 14 gross new stores openings and six closures in FY23, with 3 of those closures being relocations. As with the B&M business, the store estate is carefully monitored and if an opportunity arises to open a new higher quality store in a new or existing area, the business will look to capitalise. Total average sales area of the store estate increased by 5.0% to 970k sq. ft. (FY22: 920k sq. ft.).

Heron Foods adjusted EBITDA[1] (pre-IFRS 16) increased to £30m (FY22: £23m), with an adjusted EBITDA[1] margin of 6.1% of sales (FY22: 5.5%), representing a successful result for the year. Statutory operating profit for the year was £38m (FY22: £30m).

Gross margin in Heron Foods remained resilient against FY22 with a strong performance across all categories – Chilled, Ambient and Frozen – with the latter being a growth driver later in the financial year as our customers look to avoid food wastage during the cost-of-living crisis.

Operating costs remained well-controlled, remaining broadly flat as a percentage of revenues.

Depreciation and amortisation

Depreciation and amortisation expenses, excluding the impact of IFRS 16, grew by 16.3% to £76m (FY22: £66m), representing only 1.5% of sales (FY22: 1.4%). The increase was largely due to continued investment in new stores across all fascias, with the Group growing the store numbers by 1.9% in the year.

The additional depreciation and amortisation charge relating to lease liabilities under IFRS 16 was £166m (FY22: £161m).

Finance expense

Net finance charges for the year, excluding IFRS 16, were £38m (FY22: £29m). This included bank and high yield bond interest of £38m (FY22: £27m) and amortised fees of £2m (FY22: £2m).

The interest charge relating to lease liabilities under IFRS 16 was £61m (FY22: £59m).

Profit before tax

Statutory profit before tax was £436m (FY22: £525m). An adjusted profit before tax[1] is also reported to allow investors to better understand the operating performance of the business (see note 3 of the financial statements). Adjusted profit before tax[1] (pre-IFRS 16) for the year decreased to £459m (FY22: £524m).

The impact of IFRS 16 on the Group financial statements was to decrease statutory profit before tax by £4m.

Taxation

The tax charge in FY23 was £88m (FY22: £103m), representing an effective tax rate of 20.1%. We expect the tax rate going forward to reflect the blended rate of taxes in the countries in which we operate. This is currently 19% in the UK and 25% in France, although the UK Corporation Tax rate has now increased to 25% from FY24 onwards.

As a Group, we are committed to paying the right tax in the territories in which we operate. The B&M UK business paid taxes totalling £527m in FY23, including £210m relating to those taxes borne directly by the Company such as corporation tax, customs duties, business rates, employer's national insurance contributions and stamp duty and land taxes. The balance of £317m are taxes we collect from customers and employees on behalf of the UK Exchequer, which includes value added tax, pay as you earn and employee national insurance contributions.

Profit after tax and earnings per share

Statutory profit after tax was £348m (FY22: £422m) and the statutory diluted earnings per share was 34.7p (FY22: 42.1p).

Adjusted profit after tax[1], which we consider to be a better measure of performance for the reasons outlined above, was £366m (FY22: £417m), and the adjusted fully diluted earnings per share[1] was 36.5p (FY22: 41.6p).

Investing activities

Group net capital expenditure[6] totalled £89m this year (FY22: £85m). Investment included £33m spent on 42 gross new stores across the Group's fascias (FY22: £34m on 54 stores) and £16m on infrastructure projects to support the continued growth of the business (FY22: £9m). There was also investment of £40m on maintenance works to ensure that our existing store estate and warehouses are appropriately maintained (FY22: £42m). There was also a net expenditure of £(1)m relating to a small number of freehold acquisitions and disposals (FY22: net expenditure of £1m).

Net debt and cash flow

The Group continues to be highly cash generative, with cash generated from operations of £866m (FY22: £598m), helped by the planned stock reduction of £99m.

The strong performance and cash generation have enabled the Group to pay dividends totalling £347m[7] in FY23. This includes a £200m[7] special dividend paid in February 2023.

Net debt[8] (on a pre-IFRS 16 basis), decreased to £724m (FY22: £790m). The net debt[8] to adjusted EBITDA[1] leverage ratio was 1.3x (FY22: 1.3x), the fourth year that we maintained it below 1.5x and comfortably within our published 2.25x leverage ceiling.

In March 2023, we entered into a new five-year senior facilities agreement, with two one-year extension options for a £225m senior term loan facility and a £225m senior revolving credit facility with a banking syndicate made up of seven banks. This facility gives us significant additional maturity, can be upscaled by up to £350m if required to support future growth, and provides a streamlined bank group that we look forward to working with in the future.

The Board adopted a long-term capital allocation policy in 2016 to provide a framework to help investors understand how the Group will continue to balance the funding requirements of a growth business like B&M with the desire to return surplus capital to shareholders. The Board will continue to evaluate opportunities to invest and support the growth of the business along with the scope for any incremental return of capital to shareholders in the context of that framework.

Dividends

During the year, the Company declared and paid an interim ordinary dividend of 5.0p[7] per share in addition to a special dividend of 20.0p[7] per share. Subject to approval by shareholders at the AGM on 25 July 2023, a final ordinary dividend of 9.6p[7] per share is to be paid on 4 August 2023 to shareholders on the register of the Company at the close of business on 30 June 2023. The ex-dividend date will be 29 June 2023.

The Group has a dividend policy which targets an ordinary dividend pay-out ratio of between 30 to 40% of net income on a normalised tax basis. The Group generally aims to pay the interim and final dividends for each financial year in proportions of approximately one-third and two-thirds of the total annual ordinary dividend respectively.

The Group is strongly cash generative and its policy is to allocate cash surpluses in the following order of priority:

1. the rollout of new stores with a strong payback profile;
2. ordinary dividend to shareholders;
3. mergers & acquisition opportunities; and
4. returns of surplus cash to shareholders.

The above list is a summary of the main items but is not exhaustive as other factors may arise from time to time which require investment to support the long-term growth objectives of the Group.

The parent company of the Group is an investment holding company which does not carry on retail commercial trading operations. Its distributable reserves are derived from intra-group dividends originating from its subsidiaries. The parent company is a Luxembourg registered company, and as such, the Board is permitted to have recourse to the company's share premium account as a distributable reserve. It remains the Group's policy for dividend purposes to have recourse to distributable profits from within the Group, and accordingly, ahead of interim dividends, and also ahead of the year-end in relation to final dividends. The Board reviews the levels of dividend cover in the parent company to maintain sufficient levels of distributable profits in the parent company for each of those dividends. There are over £500m of distributable reserves in the principal trading subsidiary of the Group, B&M Retail Limited, and there are no dividend blocks between it and the Company.

Notwithstanding the current macroeconomic uncertainties, the Group has continued to be highly cash generative and is in a strong position to maintain its ordinary dividend policy. The principal risks of the Group are set out in its Annual Report, in particular those relating to supply chain, competition, economic environment, warehouse infrastructure and international expansion. These are relevant to the ability of the Group to maintain its ordinary dividend policy in the future. The Group however maintains strategies to mitigate those risks and the Board believes the Group has a robust and resilient business model through the combination of having a value-led product assortment which to a large extent comprises essential goods and also competes across a very broad section of the retail markets in our chosen locations.

Mike Schmidt
Chief Financial Officer
30 May 2023

1. The Directors believe that our adjusted figures – as described in Note 1 of the financial statements – provide users of the accounts with measures of performance which are appropriate to the retail industry and presented by peers and competitors. 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 an additional metric to compare periods of account. See Note 3 of the financial statements for further details. Adjusted figures exclude the impact of IFRS 16.
2. 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.
3. References in this announcement to the B&M UK business includes the B&M fascia stores in the UK except for the 'B&M Express' fascia stores. References in this announcement to the Heron Foods business includes both the Heron Foods fascia and B&M Express fascia convenience stores in the UK. When reporting adjusted EBITDA, B&M UK also includes the corporate segment as referred to in Note 2 of the financial statements, an adjusted loss of £1m (FY22: profit of £1m).
4. One-year like for like revenues relate to the B&M UK estate only (excluding wholesale revenues) and include each store's revenue for that part of the current period that falls at least 14 months after it opened compared with its revenue for the corresponding part of FY22. This 14-month approach has been adopted as it excludes the two-month halo period which new stores experience following opening. Three-year like for like revenues also relate to the B&M UK estate only, and includes each store's revenue for that part of the current period that falls at least 38 months after it opened compared with its revenue for the corresponding part of FY20.
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, which declined 177 bps from 37.4% to 35.7%, due to technical accounting adjustments in relation to the allocation of gains and losses from derivative accounting, storage costs and commercial income, with the derivative adjustments the main factor.
6. Net capital expenditure includes the purchase of property, plant and equipment, intangible assets and proceeds from the sale of any of those items. These exclude IFRS 16 lease liabilities.
7. Dividends are stated as gross amounts before deduction of Luxembourg withholding tax, which is currently 15%.
8. Net debt comprises interest bearing loans and borrowings, and cash and cash equivalents. Net debt was £724m at the year end, reflecting £961m as the value of gross debt netted against £237m of cash. See Notes 17, 20 and 27 of the financial statements for more details.

Key performance indicators

Growth delivered with discipline

Financial

Total Group revenue growth (%)

6.6%

Strategic link

1 2 3 4

Description

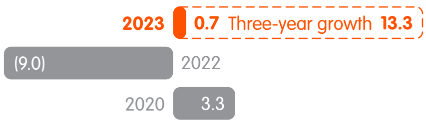
We aim to deliver sustainable growth in our chosen markets of the UK and France. Total revenue growth is an essential part of achieving that objective, being a direct output of our new store rollout programme and the ongoing performance of our product ranges across the Group.

Performance

Total Group revenues increased by 6.6% thanks to strong LFLs in all businesses and by contributions of new stores. Group revenues are 30.7% ahead of FY20 levels.

B&M UK like for like[1] revenue growth (%)

0.7%



Strategic link

1

Description

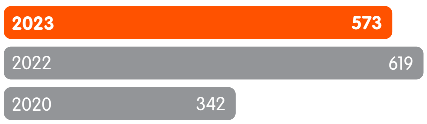
By monitoring the ongoing like for like ("LFL") trading performance at both store and product level, we are able to track our progress and take appropriate action where necessary.

Performance

Like for like revenues increased by 0.7% on a one-year basis versus FY22. There was a strong run in the second half of the year. On a three-year basis, total revenue is 29.5% higher than in FY20, with LFL revenue 13.3% higher.

Group adjusted EBITDA[2] (£m)

£573m



Strategic link

1 2 3 4

Description

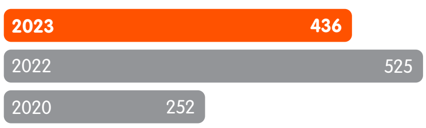
In addition to growing revenues and opening new stores, we have a clear focus on ensuring that growth remains profitable. We measure profitability by our adjusted EBITDA performance, stated on a pre-IFRS16 basis.

Performance

Group adjusted EBITDA normalised to £573m in FY23 but well ahead of pre-pandemic FY20 levels of £342m. We believe FY23 can be viewed as the Group's new underlying revenue and profit base level from which to grow from.

Group profit before tax (£m)

£436m



Strategic link

1 2 3 4

Description

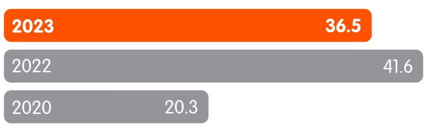
In addition to adjusted EBITDA, we recognise the importance of our statutory profit, including depreciation, amortisation and interest charges. As such, we also use profit before tax as a performance indicator.

Performance

In FY23, our statutory profit before tax declined to £436m, reflecting the normalisation of trading conditions post-pandemic.

Adjusted diluted earnings per share[2]

36.5p



Strategic link

1 2 3 4

Description

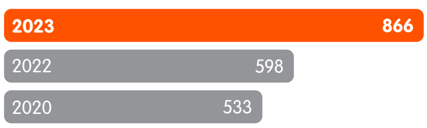
It is important to investors that we grow our earnings per share as well as our adjusted EBITDA. This measure is stated after depreciation, interest and tax charges.

Performance

A decrease on the prior year but significantly above pre-pandemic levels of FY20.

Cash generated from operations (£m)

£866m



Strategic link

1 2 3 4

Description

The Group is highly cash generative, capable of delivering high returns from a relatively low capital intensity. By monitoring the cash generated from operations, we are able to actively manage our working capital needs whilst investing in the business in line with our capital allocation policy.

Performance

Cash generated from operations in FY23 was £866m, an increase of 44.8% on the prior year driven by planned inventory reductions of circa £100m and inventory discipline.

Link to strategy key

1. Existing B&M UK stores
2. New B&M UK stores
3. France growth
4. Heron Foods growth

Throughout this Annual Report we make reference to both a one-year and two-year like for like revenue growth, as defined in footnote 1 below. These KPIs are monitored by the Directors on a daily basis throughout the year, and as such are considered useful to understand the underlying performance of the Group. Like for like revenue growth is a well-understood and commonly used measure of performance across the retail industry, and so aids comparability with peers and competitors.

Previously, the B&M UK business has only reported a one-year LFL revenue growth metric. However, due to the impact of the pandemic and the exceptional nature of sales in the prior year, a three-year like for like performance compared to pre-pandemic levels of FY20 has also been monitored and disclosed this year in order to provide a more meaningful assessment. This approach is consistent with disclosures made by other retailers.

Group adjusted EBITDA[2] margin (%)

11.5%

2023	11.5
2022	13.2
2020	9.0

Strategic link

1 2 3 4

Description

To ensure we are not diluting our profit margins as we expand our business, in addition to the overall value of the adjusted EBITDA, we also measure this as a percentage of total revenues.

Performance

Group adjusted EBITDA margin in FY23 was 11.5%, an increase of 253 bps on pre-pandemic levels. This reflects the structural change in our margin which the business has undergone in the last three years, with an evolution of our product range, greater economies of scale, the benefits of operational gearing from higher sales densities and other operational learnings.

Capital expenditure (£m)

£98m

2023	98
2022	100
2020	125

Strategic link

2 3 4

Description

Ongoing investment in new stores is one of our strategic pillars, whilst we also invest in carefully selected infrastructure projects that we believe will support the organic growth of the Group. We therefore monitor capital expenditure to ensure we are investing appropriately in the needs of the business.

Performance

Gross investment in capital expenditure this year included £33m on new stores across the Group, £17m on infrastructure projects, £3m on the acquisition of freehold stores and £45m on upgrading existing stores.

1. One-year like for like revenues relate to the B&M UK estate only (excluding wholesale revenues) and include each store's revenue for that part of the current period that falls at least 14 months after it opened compared with its revenue for the corresponding part of FY22. This 14 month approach has been adopted as it excludes the two month halo period which new stores experience following opening. Three-year like for like revenues also relate to the B&M UK estate only, and includes each store's revenue for that part of the current period that falls at least 38 months after it opened compared with its revenue for the corresponding part of FY20.
2. The Directors believe that our adjusted figures – as described in Note 1 of the financial statements – provide users of the accounts with measures of performance which are appropriate to the retail industry and presented by peers and competitors. 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 an additional metric to compare periods of account. See Note 3 of the financial statements for further details. Adjusted figures exclude the impact of IFRS 16.
3. Market share estimates are based on management estimates, having regard for external research on the size of the relevant market in 2022. See page 11 for further details.

Non-financial

Group net new stores opened

21

2023	21
2022	28
2020	53

Strategic link

2 3 4

Description

Our new store opening programme remains at the heart of our growth strategy, and this applies across all fascias and territories.

Performance

Gross new store openings across each fascia in FY23 were 21 in B&M UK, 14 in Heron Foods and 7 in France. The net growth in our store estate, stated after closures and relocations, was 6 for B&M in the UK, 8 for Heron Foods and 7 in France.

UK market share[3] (%)

c.2.0%

2023	2.0
2022	1.5
2020	1.2

Strategic link

1 2 3 4

Description

Our market share of store-based retail sales in the UK is relatively low, both in total and in each individual product category that we sell. This means we have a considerable opportunity to increase our market share through continued growth in the years ahead.

Performance

In the core B&M UK business, the three-year like for like revenue performance would suggest that we have retained the loyalty of many of the new customers from FY21, providing a strong platform for future market share gains.

Colleague Step-Up programme

261

2023	261
2022	91
2020	125

Strategic link

1 2

Description

Developing and promoting our colleagues is important for retention and progression. Our in-house Step-Up programme provides training to store colleagues and helps them to progress to managerial positions within B&M.

Performance

In FY23, a total of 261 existing colleagues were promoted to Store Manager or Deputy Store Manager roles in the B&M UK business under our Step-Up programme. This ongoing investment in colleagues remains integral to the Group's success, and forms a key part of our ESG strategy.

B&M's risk management framework

Appropriate management of business and external risks is an essential part of operating the Group effectively and creating value for stakeholders over the long-term. In this section we provide an overview of the Group's approach to risk management alongside an assessment of the Group's principal risks and mitigating controls, highlighting any changes during the period.

The Board has overall responsibility for the management of risk and the identification of principal risks that may affect the Group's operations, financial performance or strategic objectives. The Group's risks and mitigations are monitored and controlled by executive management and then regularly reviewed as part of the oversight of the system of internal controls by the Audit & Risk Committee.

The Group's Internal Audit function also assesses the ongoing business risks of the Group. It reports on the effectiveness of internal control procedures to the Audit & Risk Committee. In assessing risk, it considers the Group's risk mitigating actions and provides recommendations to management to improve business processes and limit their exposure to risk.

The Group's approach to reviewing risk appetite is part of a bi-annual risk management cycle, which is used to drive and inform actions in relation to the principal risks identified by the Board. As part of that process, the Group's appetite for risk is defined with reference to the expectations of the Board for both commercial opportunity and internal control. It is then used for ensuring executive management are mitigating and eliminating risk exposure on a timely basis, in line with Board expectations and for setting the Group's internal audit plan each year.

Assessment of risks

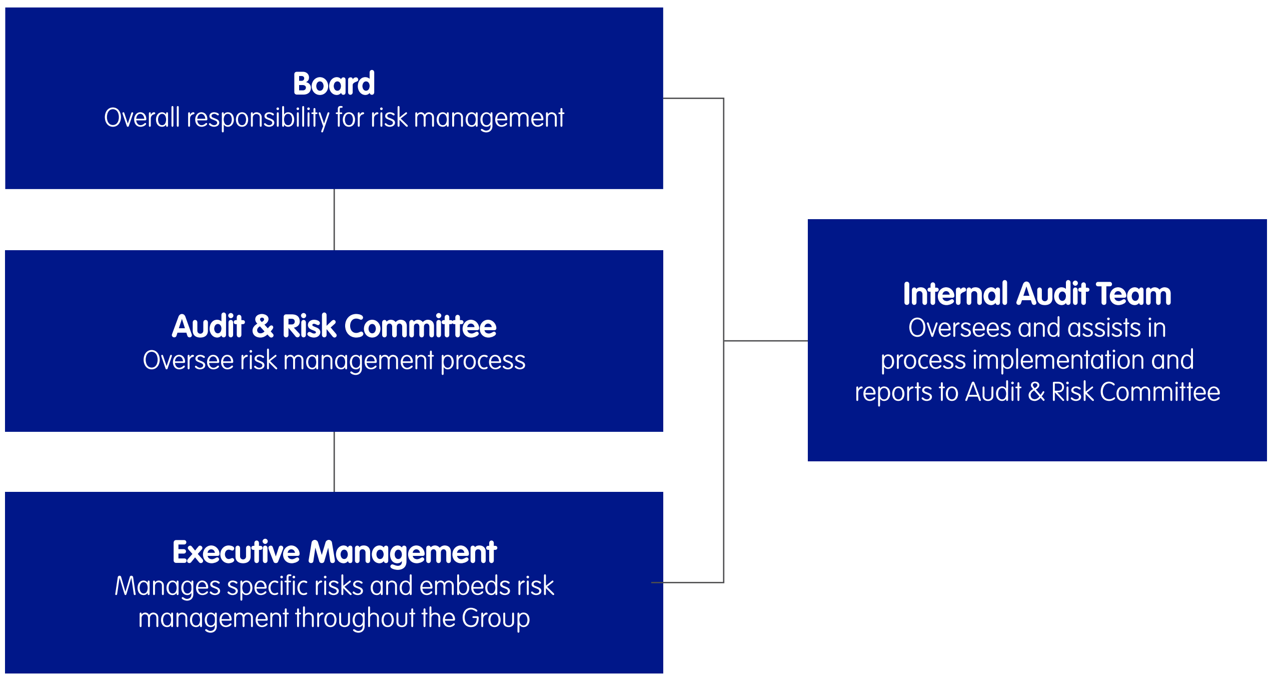
The Directors confirm that they have made a robust assessment of the emerging and principal risks and uncertainties facing the Group, including those that would threaten its business model, future performance, or solvency. A summary outcome of that assessment is set out in the heat map overleaf.

The heat map indicates the Board's view of the likely degree of impact of each risk after taking into account the risk mitigations referred to in the principal risks table below.

Principal risks table

The table below describes (i) the main risk exposures identified by the Board in relation to our Group businesses, (ii) the mitigating factors which relate to how the Group manages each of the risk exposures, and (iii) the linkage between the business strategy and the relevant risk exposures. The Group summarises (where relevant) key actions arising in the year in relation to how the Group has addressed certain aspects of these risks. The Group has also indicated where there were any changes in the profile of any of the risks, which reflects the Board's view of the current trend in relation to those risks.

The risks set out in the table are not exhaustive but represent the main risks to the Group in relation to the period under review.



Key changes to principal risk disclosures

We reported extensively in the FY22 Annual Report on the Group's initiatives to manage the risks of Covid-19. With the direct impacts of Covid reducing, we no longer include this as a separate principal risk, but instead have aligned any continuing economic and operational impacts into our overall risk management approach.

While we continue to see significant commodity price and cost inflation, the Group's progress over the last 12 months in maintaining its gross and operating profit margins through cost reduction and retail price adjustment has led us to merge this risk to be managed alongside other economic risks.

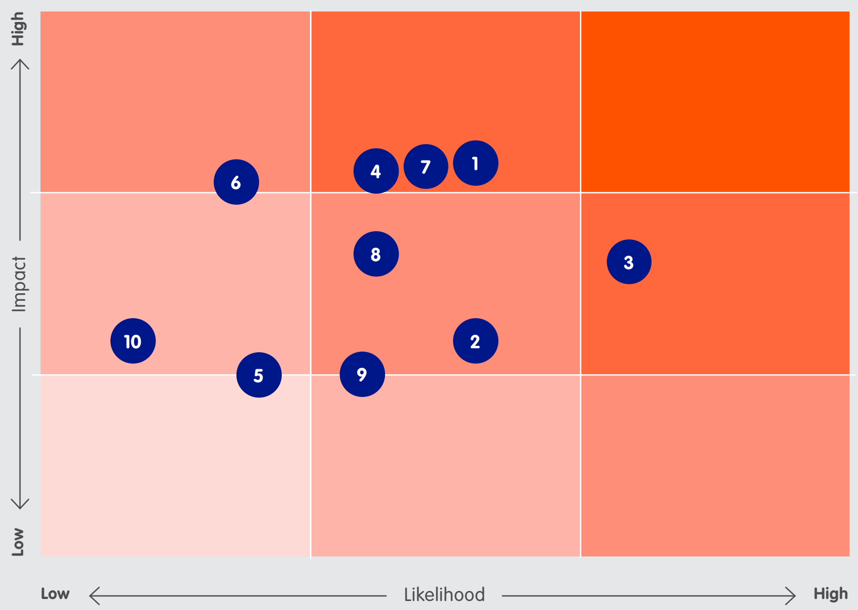
Through the development of our systems, processes and controls around our supply chain risk, and the moderating and currently more predictable external environment, we have reduced our assessment of a significant adverse event occurring from "Highly Likely" to "Medium" likelihood. We have also reduced our assessment of the potential impact of the economic environment from "High" to "Medium", given the resilience of the retail proposition demonstrated despite the consumer headwinds faced last year, and also given our value retail proposition that positions us well to attract new customers.

Climate change and ESG continue to be significant topics within our risk management discussions. We, however, do not view the subject matter as a distinct area that requires separate executive management and focus, but instead believe that it is important that our executive team embed ESG considerations as part of routine business as usual activities. We coordinate and facilitate all our activity around ESG matters through our in-house Sustainability Manager and also through the support of specialist external consultants.

The risk of global conflict has also been considered by the Directors. The war in Ukraine has not had an impact on the Group's operations. The possibility of conflict between China and Taiwan is growing, and this would have impact on the sourcing and potentially pricing of our general merchandise product ranges. This is properly considered through our supply chain principal risk, and the Group has made a conscious decision to not compromise its commercial ranging and to continue to source products using currently optimal channels.

Principal risks heat map

1. Supply chain
2. Competition
3. Economic environment
4. Regulation and compliance
5. International expansion
6. Warehouse infrastructure
7. IT systems, cyber security and business continuity
8. Key management reliance
9. Store expansion
10. Stock management



Link to strategy key

1 Existing B&M UK stores
2 New B&M UK stores
3 France growth
4 Heron Foods growth

Risk change key

Increased risk
No change
Decreased risk

1 Supply chain

Description and potential impact

Imported goods from China and other Far East countries represent a significant proportion of the Group's general Merchandise products, and we have material dependence on the continuing smooth flow of these supply sources. With recent high levels of Covid-linked disruption reducing, we have moderated our assessment of the current likelihood of impact.

Any lead time delays in the supply chain could result in lower sales and potential loss of margin through higher markdowns. Disruption could arise from a wide range of hard-to-anticipate factors including war, civil unrest, natural disasters, disease pandemics and ethical trading issues.

In particular, the Group notes the rising tensions between China and Taiwan. Any disruption to our sourcing channels from China would require a material proportion of our general merchandise ranges to be switched to potentially less efficient manufacturers in different regions.

Strategic priority: 1 2 3 4

Change: Decreased risk

Risk mitigations

- The Group has an experienced buying team which is responsible for maintaining an efficient and effective supply chain.
- A range of alternative supply sources are maintained across the product categories, we have explored alternative countries of sourcing, and (subject to a general reliance on China based merchandise manufacturers) we are not over-reliant on any one single supplier.
- The Group has anti-bribery & corruption and modern slavery & human trafficking policies in place in relation to its supply chain.
- A combination of individual buyers and sourcing agent employees conduct supplier factory visits where this is possible given local Covid restrictions.
- Our Import Supply Chain Management System is a multi-carrier option, enabling us to utilise multiple shipping line options across all trade lanes, where necessary.

Key actions in 2022/23

- Stock cover in the B&M UK business on general merchandise imported goods ensures levels of inventory are adequate to meet periods of supplier delay.
- Continued review of supplier social compliance processes by our Sustainability Manager to monitor transparency in the supply chain.
- Working with suppliers and freight forwarders to forecast and remain vigilant in relation to challenges regarding the transportation of goods.
  - Introduction of an enhanced forecasting system to predict the volume of product sales and provide oversight of the flow of stock through our system.
  - Strengthened supplier performance and lead time reporting, ensuring our approach is dynamic against supply chain distribution risk.

2 Competition

Description and potential impact

The Group operates in highly competitive retail markets in the UK and France which could materially impact the Group's profitability, share price and limit growth opportunities.

Strategic priority: 1 2 3 4

Change: No change

Risk mitigations

- Continuous monitoring of competitor pricing, store formats and product offering.
- Development of new product ranges within the product categories to identify new market opportunities and target new customers.

Key actions in 2022/23

- The Group has continued to maintain its strict SKU count discipline within product ranges, which enables it to react quickly to ever changing consumer tastes, trends and buying habits.
- Around half of the Group's revenues in the period continues to come from, typically essential, food and FMCG goods. This has allowed the Group to remain insulated from any down turn in consumer spending and resilient against our competitors whilst continuing to meet our customers' needs.
- The Group trialled an online home-delivery proposition during the financial year allowing it to understand the technical, infrastructure and customer service requirements necessary, as well as the economic returns, from a full launch.

3 Economic environment

Description and potential impact

A reduction in consumer spending, as a result of either consumer confidence levels or prevailing macroeconomic conditions, could impact upon revenue and profitability.

Inflation manifesting itself though increases in raw material, fuel and wage costs could adversely affect the profitability of the business.

Strategic priority 1 2 3 4

Change ↓

Risk mitigations

- We have an effective forecasting process that enables actions to be undertaken reflecting economic conditions.
- We offer a range of products and price points for consumers which allows them to trade up and down.
- We maintain a low cost business model that allows us to maintain our selling prices as low as possible and our pricing gap to key competitors.

Key actions in 2022/23

- The Group has engaged extensively with suppliers on proposed price changes. While maintaining a constructive and fair approach, we have continued to ensure our stores are well stocked with the best-selling products, at attractive prices relative to competitors.
- Management has continued to proactively respond to changing sales patterns throughout the year, adapting product ranging and promotion in stores, for example broadening our offering of energy-saving products.

4 Regulation and compliance

Description and potential impact

The Group is subject to a range of regulatory and legislative requirements, including those relating to the importation of goods, pricing, anti-bribery and corruption, anti-modern slavery, anti-tax avoidance and evasion, health & safety, employment law, general data protection regulation ("GDPR"), control of pollution and contamination to the environment, the Listing Rules, Transparency laws and regulations and the Groceries Supply Code of Practice (the "Groceries Code"). The impact of failure to comply with laws and regulations could lead to financial penalties and significant reputational damage.

Strategic priority 1 2 3 4

Change –

Risk mitigations

- The Group has a number of policies and codes, including a code of conduct which incorporates an anti-bribery & corruption policy, which outlines the mandatory requirements we apply to our business. Our codes and policies are communicated to staff along with our employee handbook which is made available to everyone joining the business.
- We actively seek to identify and manage compliance with all applicable new legislation and regulations which apply to us in Luxembourg, the UK and France. Reports on new regulatory developments are provided by the General Counsel and Management directly to the Board as well as its Committees. The Internal Audit function of the Group includes assurance testing and auditing of the Group's implementation of new areas of regulatory compliance.
- We have a whistle-blowing procedure and policy which allows colleagues to confidentially report any concerns or inappropriate behaviour within our business.
- In relation to anti-modern slavery and other standards relating to human rights within our supply chain, the buying teams are charged with ensuring that every supplier is required to adhere to our Workplace Policy standards.
- The Company has a Group-wide GDPR policy and all associated materials are reviewed to ensure they are GDPR compliant.
- Our Groceries Code compliance programme includes guidance and training for colleagues, monitoring of compliance, reporting of potential non-compliance issues, dispute resolution procedures and a Code Compliance Officer who oversees compliance and the resolution of code related issues with suppliers. Oversight of our compliance with the Grocery Code is carried out by management and reviewed by the Audit & Risk Committee as a standing agenda item at each of the meetings of that Committee throughout each year.

Key actions in 2022/23

- Mandatory training for all management and support centre colleagues using an e-learning portal has continued throughout the year.
- Our Groceries Code Compliance Officer and Group Internal Audit team have actively engaged during the year with the Groceries Code Adjudicator ("GCA") in relation to our action plans and follow-up work during the year.
- The Group has continued reporting in line with the Task Force on Climate-related Financial Disclosures, and has commenced preparations for upcoming changes in UK and EU reporting legislation.

Link to strategy key

- 1 Existing B&M UK stores
- 2 New B&M UK stores
- 3 France growth
- 4 Heron Foods growth

Risk change key

- Increased risk
- No change
- Decreased risk

5 International expansion

Description and potential impact

Developing our businesses in new market territories is important to the Group's strategic plans. Expanding into markets creates additional challenges and risks which could impact the overall performance of the Group, its growth and profitability. The Group operates in highly competitive retail markets in the UK and France which could materially impact the Group's profitability, share price and limit future growth opportunities.

Strategic priority: 3

Change: No change

Risk mitigations

- The Group has international retail experience on the Board.
- Continued reinforcement and development of the experienced senior leadership teams in France in key operational areas.
- Given insight, relationships and sourcing scale, UK support is provided for product range development and selection by local buying teams.
- The Group continues to invest in both the infrastructure and technology of our French business.
- Given differences in local laws and regulations, external legal support, with strong local relevant experience, is retained in place.

Key actions in 2022/23

- We continued to strengthen the senior leadership team in France and continued the involvement of management from the UK to transfer operational knowledge to colleagues in France.
- We have continued to open additional stores, increasing the scale and presence from which we operate.
- A Board visit was organised to the French business, including presentations by the executive team, to ensure that Directors understand first hand the trading environment and management perspectives.

6 Warehouse infrastructure

Description and potential impact

The loss of one of our distribution centres or failure to maintain and invest in our warehousing and transport infrastructure as the business continues to grow its store portfolio, could materially impact short/medium-term trading and the profitability of the business.

Strategic priority: 1 2 3 4

Change: No change

Risk mitigations

- Forward plans have been implemented for additional warehousing capacity to support our new store opening programme. The Group in the UK has seven separate distribution centres, plus a further two in France.
- The Group maintains appropriate business interruption and increased cost of working insurance in the event of a loss of a distribution centre.

Key actions in 2022/23

- We have completed the rollout of the upgraded JDA Warehouse Management System. We plan to complete the remaining sites in FY24.
- The vast majority of product SKUs now have dual locations within our UK Distribution Centre estate, so in the short term if a Distribution Centre was out of operation our stores could continue to be serviced by the rest of the Distribution Centres without significant replenishment delays.
- B&M's UK business has access to container storage yards in the north and the south of England, allowing temporary stockholding and flexibility for re-routing stock to other Distribution Centres at short notice.
- On-site generators have been installed at critical warehouse facilities, to protect ongoing operations should power supplies ever be disrupted.
- Climate assessment conducted to identify risks, inter alia, to warehouse infrastructure.

7 IT systems, cyber security and business continuity

Description and potential impact

The Group is reliant upon key IT systems, and disruption to such systems would adversely affect business operations including those at the distribution centres and stores. The potential impact of a failure to protect and maintain our data and systems could lead to significant business disruption, reputational damage and in the case of a loss of personal data, potential prosecution. This also applies to any failure to protect the Group's IT systems and data from viruses, cyber invasive threats, corruption or sabotage.

Strategic priority 1 2 3 4

Change –

Risk mitigations

- All critical business systems have third party maintenance contracts in place and those systems are industry standard retail business systems.
- IT investments and budgets are reviewed and approved at Board level. IT security is monitored at Board level and includes third-party penetration testing and up-to-date security software.
- The Group has a disaster recovery strategy and plan in place for all of our key systems.
- Significant decisions for the business are made by the Group or operational boards with robust IT controls and segregation of duties enforced.

Key actions in 2022/23

- IT cyber security and payment card industry ("PCI") controls in relation to processing card transactions are continually reviewed to ensure updates in line with PCI standards.
- The B&M fascia business has implemented an Endpoint Security Platform and Advanced Malware Protection to improve cyber security. We continue to investigate ways to improve our cyber protection, especially from ransomware, using the Protect, Recover and Ensure Business Continuity model.
- A 3 year phased programme of improvements and upgrades to IT systems and infrastructure commenced in FY22 with approval of the Board. This programme includes improvements to the till network, Group finance system, networks and segregation, data centre improvements and migration of email to the cloud.

8 Key management reliance

Description and potential impact

The Group is reliant on the high quality and ethos of the executive team as well as strong management and operational teams. There is a risk that a lack of succession planning for senior colleagues could impact the overall performance of the business.

Strategic priority 1 2 3 4

Change –

Risk mitigations

- Key senior and operational management are appropriately incentivised through bonus and share option arrangements to retain talent.
- The composition of the executive team is kept under constant review to ensure that it has the necessary resources and skills to deliver the Group's plans.
- The Nomination Committee has developed succession plans for the Board of Directors and key senior operational management resourcing positions. It also reviewed the wider senior management resourcing needs of the Group.

Key actions in 2022/23

- Succession planning has been regularly reviewed by the Nomination Committee throughout the year ensuring succession plans for key senior management through to executive positions.
- The Group has continued to develop the senior management teams of its businesses. This has included (i) the promotion of our proven CFO to Chief Executive following the retirement of the previous CEO, (ii) the appointment of an experienced CFO, (iii) the appointment of a new Supply Chain Director, and (iv) the strengthening of the Retail team by additional senior roles and breadth in the team.

Link to strategy key

1 Existing B&M UK stores
2 New B&M UK stores
3 France growth
4 Heron Foods growth

Risk change key

Increased risk
No change
Decreased risk

9 Store expansion

Description and potential impact

The ability to identify suitably profitable new store locations is key to delivering our growth plans. Failure to identify suitable locations in areas targeted for new stores could impact upon store expansion plans and reduce the rate of growth in the business.

Strategic priority: 2 3 4

Change: No change

Risk mitigations

- Our CEO actively monitors the availability of retail space with the support of internal and external property acquisition consultants.
- The flexibility of the trading format allows us to take advantage of a range of store sizes and locations.
- Each new store opening is approved by the CEO ensuring that property risks are minimised and that lease lengths are appropriate.
- Where new locations may impact on existing locations, the cannibalisation effects are estimated and then monitored and measured to ensure that there is an overall benefit to the Group.

Key actions in 2022/23

- The Group has continued to proactively screen the market for new location opportunities and to also respond swiftly to enquiries. The market is also monitored for opportunities arising from retailer corporate actions (e.g. CVAs).
- The Group continues to review new store opening opportunities in current store locations, to replace older generation stores with better quality sites and premises, and via acquisition of adjacent space to expand stores and optimise performance.

10 Stock management

Description and potential impact

Ineffective controls over the management of stock could impact the achievement of our gross margin objectives. Lack of product availability or over-stocking could impact working capital and cash flows.

Strategic priority: 1 2 3 4

Change: No change

Risk mitigations

- The Group has a highly disciplined limited SKU count throughout our product ranges and effective regular markdowns on slow moving product lines.
- Our non-seasonal initial stock orders do not exceed circa 12 weeks of forecast sales and action is undertaken after circa four weeks of trading to either repeat the order, refresh the product design or discontinue the product line.
- Consistent levels of stock cover by product category are maintained through regular reviews of the open-to-buy process, supported by the disciplined SKU count.

Key actions in 2022/23

- The Group has reviewed optimal stock holding balances, reducing the year-end working capital balance by approximately £100m.
- Despite lower stock-holding levels and the disruption to supply chains in the Far East and Asia the Group has maintained appropriate stock cover throughout the year.
- The Group is introducing an enhanced predictive system to forecast the volume of product sales and the flow of stock through our system.

Viability Statement

In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the Group. This assessment has been based upon the Group's three-year strategic plan (the "plan") and has taken into account the current position of the Group, the principal risks and uncertainties as detailed on pages 26 to 32 of the strategic report and the Group's prospects.

We set out our strategic plan on a three-year cycle, which is common practice in the retail sector. We believe this is appropriate as we operate in a competitive retail environment and need to be able to react to changes in retail markets and consumer trends. Given the fast moving nature of the retail industry and macro-economic environment the Board believe that forecasting beyond a three-year period is an unproductive exercise, and this is consistent with the approach of many of our analysts.

In making their assessment the Directors considered:

- the Group's current balance sheet, its strong track record of generating operational cash flows and returns to shareholders and stress testing of the key trading assumptions within the Group's plan;
- the potential impact on the Group's business model, future trading expectations and liquidity of one or more of the principal risks set out on pages 26 to 32 occurring in the period;
- the likely degree and effectiveness of possible mitigating actions in relation to the principal risks;
- the Group's debt facilities of £450m in relation to the term loan and revolving credit facility which matures in March 2028, the high yield bonds of £400m which matures in July 2025 and the high yield bonds of £250m which matures in November 2028.

The stress testing undertaken included the flexing of a number of key assumptions within the three year plan, namely future revenue growth, including both like for like revenues and revenues from the new store openings, gross margins, operating costs, the impact of interest rates, and working capital management, which may be impacted by one or more of the principal risks to the Group.

A number of other severe but plausible scenarios were considered by the Board. They included:

- a decline of 10% of like for like annual sales in the Group's main UK trading business, B&M UK, as a result of competition increasing and B&M returning to a pre-pandemic level of sales;
- a significant decline in the gross margin of the Group's main UK trading business due to higher costs of imported goods arising from commodity price increases, increases in import duties and adverse currency exchange movements; and
- a range of other severe scenarios which could have a material impact on the Group's main UK trading business, including for example, a major fire at one of its distribution centres, cyber threats and significant cost inflation.

The Board considered the mitigating steps which they would take to protect the Group in the event of any of those scenarios arising, and determined that the following measures would be necessary to protect its cash flow and liquidity:

- the temporary suspension of dividend payments;
- limiting capital expenditure to essential maintenance only; and
- suspension of new store opening programmes.

Each of the above scenarios exceed the impacts of principal risks which the Group has encountered in its trading experience to date. Based on the assessment, stress testing and mitigating actions referred to above, the Directors confirm they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years to 28 March 2026.

A year of good progress in our approach to ESG

We have continued to make good progress in developing, and delivering against our clear ESG strategy this year. We believe that achieving the relevant metrics and targets that align with our purpose of delivering great value to customers will underpin our continued success.

Progress at a glance

Objective	FY23 Progress	Target(s)
Environment		
Reduce Scope 1 and 2 carbon emissions by 25% by 2030	FY23 Scope 1 & 2 carbon emissions 91,069 tCO_2e. We have reduced our Scope 2 emissions by 17% compared to FY22. LEDs: 614 B&M UK stores (87%) BeMs: 610 B&M UK stores (86%)	25% reduction in Scope 1 & 2 by 2030 Install LED lighting in all B&M UK stores by FY27 Maintain BeMs penetration in B&M UK stores
Reduce Scope 3 emissions through working with our suppliers	Engagement with top 30 suppliers (41% of spend)	Engage with 67% of suppliers by spend to set science based targets by FY27
Maintain a high level of packaging recycling and reduce use of plastic packaging	Packaging recycled: UK 99.9%; Group 99.8% 20,000kg reduction from redesign of greeting card packaging	Maintain progress
Colleagues		
Provide colleague development and promotion opportunities through a range of training programmes	261 Step Up promotions	Maintain >90 per annum
Maintain high levels of colleague engagement across the Group	>70%	Maintain >75%
Develop a diverse and inclusive workforce	Female Board/Executive committee reports – 40.3%	Maintain
Reward strong business performance through payment of discretionary bonuses to Store, Distribution and Support Centre Managers	Discretionary Golden Quarter bonus awarded to high-performing leaders	Maintain
Communities		
Committed to a store rollout target of at least 950 B&M stores across the UK	707 B&M UK stores	At least 950
Contribute to the regeneration of local communities through the creation of new jobs	>1,250 new retail jobs in the UK and France	n/a – linked to store openings
Support local and national charitable initiatives	Various	Maintain an ongoing programme
Supply Chain		
Committed to ensuring ethical business practices and the fair treatment of workers in our supply chain	No issues identified: compliance assurance programme continues	Maintain
Pay all suppliers fairly and treat them with respect	B&M UK trade creditor days of 21	Maintain <35 days

Our approach to ESG is to:

- **deliver our growth strategy for the benefit of all our stakeholders;**
- **build our business in a sustainable way; and**
- **apply our values of simplicity, trust, fairness and being proud, in how we operate.**

The Board is committed to the implementation and monitoring of our ESG strategy. During the year, the Board received updates on our ESG strategy at each Board meeting, providing input on our ongoing and planned future projects.

The Board and management team consider ESG from a number of different perspectives. This includes evaluating peer and competitor strategies, views expressed by equity and debt market participants, ESG rating agencies and also what is generally considered best practice. We work closely with specialist third party consultants to help inform our thinking in certain areas, including understanding the impact of climate change and when developing our Net-Zero roadmap. To align our Net-Zero roadmap with the British Retail Consortium's Climate Action Roadmap, we aspire to achieve Net-Zero Scope 1, 2 and 3 emissions by 2040.

Our ESG strategy is based around the four pillars of **Environment, Colleagues, Communities and Supply Chain**. We believe that the ESG strategy we have developed is appropriate for a business such as B&M, being a variety goods value retailer focused on long term sustainable growth. We have sought to strike a balance between being sufficiently ambitious, reflecting the step change in performance of the Group over the past three years, but also ensuring these ambitions are in keeping with the B&M business model.

We invested resources this year in strengthening our Sustainability team, recruiting a Sustainability Coordinator to support the ongoing work of the Sustainability Manager. In addition, our Sustainability Manager – appointed in FY22 – works closely with our specialist third party consultants to develop knowledge of ongoing ESG workstreams and identify areas for improvement for FY24 and beyond.

In September 2022 we held training sessions for members of our executive and operational senior management across B&M UK, Heron Foods and B&M France. Facilitated by our third-party ESG specialist, the training sessions covered climate change, TCFD and wider ESG principles. The aim of these training sessions is to build capacity and understanding to support key internal stakeholders in their roles and responsibilities relating to ESG. The executive management team each had an ESG-related target in their annual incentive plan objectives for FY23.

We acknowledge that our approach will need to evolve with the business over time. In that regard, the Board remains committed to monitoring progress against our ESG strategy, and to making further developments when appropriate. The Board intends to retain an "at one" approach to ESG governance, recognising the importance of collective input as we work to implement our developing strategy.

To demonstrate our commitment to operating as a transparent, sustainable business, we have published a standalone ESG report for the second year in a row. This report contains more detail about our strategy, progress and achievements in FY23, and is designed to be read alongside the corporate social responsibility section of this Annual Report.

In relation to our governance and decision making with regard to our stakeholders' interests, see also the Stakeholders and Section 172 report on page 54.

Environment

Our environmental policy is to:

- **grow our business whilst operating sustainably in the communities we serve;**
- **operate and maintain a modern, clean and efficient infrastructure in relation to stores, distribution centres and transport fleet for the benefit of all of our customers and colleagues in the UK and France; and**
- **continuously look for opportunities to reduce or minimise our environmental footprint where we can, particularly in areas of scale in our operations where we can make an impact.**

Environmental sustainability

The nature of our business model, being the sourcing and retailing of a limited assortment of products, does not in itself involve significant environmental risks to the sustainability of our business. There are however environmental impacts from our business operations which, as opposed to being risks, are outputs which we are committed to managing responsibly. We constantly strive to either reduce the intensity levels of our consumption and find better ways of operating in a more environmentally sustainable way.

For the purposes of this Annual Report, we have outlined below the impacts of our environmental policy, and how we have applied it during this year. Additional information regarding the progress we have made this year regarding our long-term environmental sustainability can be found in our standalone ESG report.

Transport and Distribution

We have a total of 238 tractor units and the entire transport fleet in the UK is fitted with Euro 6 engines, which are the latest standards for emission compliance. We have continued to invest in double decker "wedge" trailers, which increase trailer capacity and therefore maximise transport volumes intensity per mile travelled. We have also invested in energy-efficient handling equipment including lithium-ion picking and loading forklifts in our warehouses. We are monitoring driver performance across our B&M and Heron Foods transport colleagues, rewarding fuel efficient driving and thus reducing diesel emissions. Training and education sessions are held for our B&M HGV drivers to embed behavioural changes amongst our colleagues, reducing our transport emissions.

For more information on B&M's transport and distribution efforts, please see our standalone ESG report.

Waste and recycling

The main source of waste in our operations results from packaging. Where possible we collaborate with our suppliers to minimise product packaging only to what is necessary for its safe carriage. This reduces costs, weight and wastage of excess packaging.

We have proactively redesigned a number of products to move away from plastic packaging towards greater use of more environmentally friendly cardboard. In FY23, we worked with our suppliers to redesign our Greeting Cards, by removing the outer plastic sleeve packaging, resulting in an estimated reduction of 20,000kg of plastic being sold each year. In addition, we have dedicated waste management facilities at our B&M warehousing locations in the UK.

Overall, the total level of packaging waste recycled by the Group in FY23 was 99.8%, through a combination of waste being sorted through our own facilities and by specialist third party contractors.

For more information on our waste and recycling, please see our standalone ESG report.

Energy consumption

All new stores are now opened with energy efficient light emitting diode ("LED") lighting, which use up to 70% less energy. Wherever practical we are retrofitting LED lighting into existing stores when carrying out refurbishments. We have LED and motion-activated lighting installed in our main B&M distribution centre locations, as well as our Heron Foods distribution centre, to reduce unnecessary electricity usage. As of the end of FY23, 614 of our B&M UK stores were installed with LED lighting and all B&M France stores are fitted with 100% LED lighting. We are currently exploring the installation of LED lighting in our distribution centres.

We have continued to rollout a Building Energy Management System ("BeMS") in all new, and many existing B&M UK stores to help better control and reduce their energy consumption, through ensuring full equipment switch-offs at close-down, and managing heating usage effectively. We are also experimenting with variable lighting levels during trading and non-trading replenishment hours. We currently have 610 UK B&M stores with BeMS fitted. The installation of both LED lighting and BeMS will be important as the business strives to achieve our Scope 1 and 2 SBTi validated targets relating to carbon emissions.

Our B&M France stores also reduce energy consumption by optimising "free-cooling", a process of using external ambient temperature to reject heat, rather than using energy intensive refrigeration processes. For over 10 years, our B&M France stores have also been deploying BeMS across our estate portfolio, which allows us to control, analyse and optimise the energy needs of each of our stores.

We are continuously reviewing our estate to identify potential energy reduction opportunities, including onsite renewable power generation. We are conducting feasibility assessments across our businesses for the installation of solar panels. Heron Foods is expected to undertake the pilot project with plans for solar panel installation on its largest distribution warehouse in FY24. We will use this project to inform decision making and share best practice across the rest of the Group. We aim to conduct site surveys across our estate to identify further areas for potential energy saving opportunities. Our ESG report provides more details regarding our energy saving initiatives.

Greenhouse gas ("GHG") emissions

In FY23 approximately 6% of our total carbon footprint comes from our Scope 1 and 2 emissions. This year, 2.6% of our carbon footprint in relation to B&M UK operations resulted from electricity usage in our stores, warehouses and support centre. Emissions from the use of gas and diesel used by our transport fleet accounts another 3.6%.

Store numbers across the Group continue to increase and we grew the total estate by 42 gross new stores. Despite this growth in store numbers, the absolute value of Group GHG emissions decreased compared to the prior year. This represents the positive impact that energy saving initiatives such as those outlined above are having on our carbon footprint.

Scope 1 and 2 greenhouse gas emissions have been calculated according to the 2019 UK Government environmental reporting guidance. To report according to this guidance, methodologies outlined in the Greenhouse Gas Protocol Corporate Standard have been followed to calculate our emissions.

Scope 1 GHG emissions and energy use have been calculated based upon the quantities of fuel purchased for our transport fleet and gas consumed when heating business premises. Scope 2 GHG emissions and energy use are calculated based upon the quantity of purchased electricity used to power our sites. Our Scope 2 emissions have been calculated using a location-based approach, as per the requirements of the Streamlined Energy and Carbon Reporting ("SECR") disclosure. This method calculates emissions associated with our electricity consumption by using the average emissions intensity of the electricity grid in the country where the electricity is consumed and does not account for contract or supplier-specific factors.

We express our emission intensity ratio with respect to tonnes of CO_2 per £1m of turnover. At a Group level, our Scope 1 and 2 intensity ratio has improved again in FY23. Specifically, in the core B&M UK business, we have reduced our intensity ratio by 20.3% since FY21.

We will continue to publish our Scope 1, 2 and 3 emissions annually to allow for year-on-year comparison. In FY23 approximately 93.8% of our total carbon footprint comes from our Scope 3 emissions. Further details relating to our carbon footprint, including the methodology applied in calculating it, can be found in our ESG report.

The Group has committed to working collaboratively with its suppliers and partners over the coming years to help reduce our Scope 3 emissions, and has an ambition to align with the British Retail Consortium target of achieving Net-Zero by 2040. In FY23, we launched our first supplier engagement questionnaire to begin collecting our suppliers carbon emissions to improve the accuracy of our Scope 3 emissions. We have developed an engagement plan to widen the scope of our questionnaire year-on-year to meet our target of 67% of suppliers by spend by FY27. This year we reached out to our top 30 suppliers, which represent 41% of our suppliers based on spend.

>250
Stores served by Bedford DC

99.8%
Overall Group packaging recycled

>610
Stores with BeMS installed

Corporate social responsibility continued

Greenhouse gas and energy usage data (Scope 1 & 2)

	Emissions				Energy usage		
FY23[1]	**Scope 1 TCO_2e**	**Scope 2 TCO_2e**	**Total TCO_2e**	**Intensity Ratio**	**Scope 1 MWh**	**Scope 2 MWh**	**Total MWh**
B&M UK	43,965.34	28,472.03	**72,437.38**	17.97	198,968	147,234	**346,201**
Heron Foods	8,602.25	7,770.88	**16,373.12**	32.49	33,200	40,185	**73,384**
UK Subtotal	52,567.59	36,242.91	**88,810.50**	19.52	232,167	187,418	**419,585**
B&M France	674.73	1,583.77	**2,258.49**	3.95	2,926	38,647	**41,573**
Group Total	**53,242.31**	**37,826.68**	**91,069.00**	**18.17**	**235,093**	**226,065**	**461,159**

	Emissions				Energy usage		
FY22	Scope 1 TCO_2e	Scope 2 TCO_2e	Total TCO_2e	Intensity Ratio	Scope 1 MWh	Scope 2 MWh	Total MWh
B&M UK	42,631	33,745	76,376	19.54	197,265	158,927	356,193
Heron Foods	8,060	9,985	18,045	43.90	33,660	47,024	80,684
UK Subtotal	50,691	43,730	94,421	21.86	230,925	205,952	436,877
B&M France	417	1,919	2,336	6.62	1,900	37,421	39,320
Group Total	51,108	45,649	96,757	20.71	232,825	243,373	476,198

1 FY23 relates to the period from April 2022 to March 2023 and FY22 relates to the period from April 2021 to March 2022.

Sustainability in practice at B&M

B&M has a culture of always striving to improve operations and keep costs low. We have a dedicated productivity and change department that focus on specific initiatives each year, whilst teams across the business are constantly working closely alongside each other to identify areas for improvement.

One example of the ongoing initiatives to reduce our carbon footprint and cost is found in how our buying and warehouse teams collaborate. Through ongoing feedback, the buying teams can avoid certain types of products that create operational challenges associated with picking, packing and transportation. Peculiarly shaped goods are typically avoided as they take up too much space and create inefficiencies through our supply chain, whilst pack sizes are constantly reviewed to improve operational efficiency within the distribution function. We undertake continuous product reviews to reduce the cost of distribution, risk of damage, and our carbon footprint. We will discontinue or redesign products if we feel the cost of distribution and therefore environmental impact is too high.

B&M colleagues are also trained to understand the impact of their work on the environment and the steps they can take to minimise this impact. For example, warehouse operatives are trained to understand how best to manage waste effectively, use packing materials efficiently to reduce waste and costs, and the consequences of not using or disposing of items correctly. In stores, our managers receive targeted training as a part of their induction to ensure all lights, heaters, and other non-essential electrical appliances on the premises are turned off when closing a store. Store Managers engage with their colleagues regarding these day-to-day ways of working, and colleagues are encouraged to report any faulty equipment, for example, if a chiller has stopped working correctly and unnecessary energy is being drawn.

Colleagues

Our policy and commitment in relation to our people is to:

- provide equality of opportunity in relation to recruitment and promotion;
- provide modern, safe and clean working environments at our stores, distribution centres and in our transport operations; and
- ensure that all colleagues are treated with dignity and respect.

See **page 40** for more information on **diversity and equality**

As well as our overall policy above, we also have a number of detailed supplementary policies relating to our terms and conditions of employment and workplace matters. These policies are designed to ensure that we provide appropriate safeguards and practices for the benefit of all colleagues throughout our business, and to ensure compliance with relevant legislation.

Through these policies, we are able to support the ongoing growth of the business. The Group employs over 39,000 people across our three businesses, in roles covering stores, distribution and support centres. Attracting new and retaining existing colleagues as our operations expand remains crucial to the continued success of the Group and so we retain a strong focus on colleague development, wellbeing and reward.

In FY23 we created over 1,113 and 145 new retail jobs in the UK and France respectively, driven largely by our store rollout programme. In so doing, we continue to make a positive contribution to local communities by offering job opportunities at a time when some other store-based retailers have been taking steps to rationalise their workforce or have closed entirely.

Colleague progression

By providing development opportunities for home grown talent wherever possible, we believe that the business benefits over the longer term as our culture and values are maintained and reinforced through the continuity of 'B&M people' growing with the business.

This commitment is perhaps best illustrated through our 'Step-Up' career development programme. This well-established programme provides store colleagues with an opportunity to demonstrate their talent and grow within the business. We have continued our "Warehouse to Wheels" initiative, offering training opportunities for distribution centre colleagues to become HGV drivers. Since the pandemic, we have experienced significant waiting times for HGV driving test appointments. Therefore, in FY23, we supported one of our colleagues in becoming a certified HGV examiner. This has helped by increasing the number of B&M colleagues with HGV driving licences, and maintaining stock availability at our stores, and serving our customers better.

See our standalone ESG report for further details on learning and development opportunities offered across the Group, and in particular our step-up programme.

Colleague engagement

Carolyn Bradley is the Group's Designated Non-Executive Director for Workforce Engagement. Carolyn oversees the effectiveness of our workforce engagement initiatives, and reports to the Board on the outputs during the course of the financial year.

There is a standing agenda item at two Board meetings each year for the Board to consider reports from the Workforce Engagement Director. This enables the Board to monitor progress, consider feedback and discuss outputs and actions with the executive management team. This is also supplemented by reports provided each year on colleague engagement and pay by the Group People Director to the Remuneration Committee.

We have continued to build on the strength of our colleague engagement survey this year, increasing the frequency and running it twice for B&M UK and Heron Foods employees. In both surveys this year, the response rate was over 70% across both businesses, and there was year-on-year improvement across all questions asked. We held a colleague engagement survey for B&M France in May 2022, which we aim to improve each year.

As part of the colleague engagement surveys, we invited feedback on areas where we could make improvements. Suggestions included improving colleague recognition and benefits, making further enhancements to some of our IT systems, improving communication and increasing training specifically in B&M France. As a result, the following outputs have already been implemented by the senior management team:

- introduced private medical and health care for a broader group of colleagues;
- launched new induction and training manuals in B&M France, sharing best practice from our UK businesses;
- held over 200 listening group meetings involving over 4,500 employees across every area of the business;
- made upgrades to our till system and hardware, new laptops have been provided and better Wi-Fi introduced; and
- ensured colleagues can take their children to their first day of school, by swapping shifts with other colleagues.

During FY23, we initiated an educational programme for our colleagues on B&M's ESG journey, targets and objectives. Our specialist third party consultants facilitated a training session with our senior people team around our ESG and Net-Zero targets and initiatives. These sessions aimed to help colleagues think about sustainability within B&M through managing our stores and business, aiding in reducing our overall environmental impact at B&M. We aim to roll these training sessions out across the business.

Colleague wellbeing

This year we hired our first Health and Wellbeing Business Partner who is responsible for developing and implementing our Health and Wellbeing Strategy. Heron Foods held a wellbeing month in May 2022, holding various activities for colleagues to raise awareness and support their physical and mental health.

We provided colleagues with "double-discount" weekends on General Merchandise products on eight separate occasions across the year. Recognising the cost-of-living pressures on many of colleagues, and to recognise their loyalty and hard work, for the first time in Autumn 2022, we ran two "all-department" double-discount days, giving colleagues double their usual discount across departments including FMCG categories.

Other colleague wellbeing initiatives have also occurred in FY23, including advocating Movember, and increasing colleague awareness on Alzheimer's, menopause and international men's health. This year we also introduced 72 mental health first aiders as well as mental health training to all store managers. For more detail on how B&M ensure the wellbeing of their employees, see our standalone ESG report.

Colleague reward and recognition

We reward our store managers and supervisors through an annual bonus scheme, which we supplemented with a further Golden Quarter bonus for the top quartile of store managers. Our schemes are kept simple and transparent, and designed to be stretching and motivating, ensuring our stores deliver the best possible shopping experience to customers. We have an annual bonus scheme for managers in our distribution centres who lead various warehouse and transport teams.

Incentive schemes have been introduced across B&M, to recognise those colleagues who go the extra mile but aimed to boost colleague morale and work ethic. For instance, B&M Warehouse Operatives were provided with a 'Peak Period Pay Incentive', in the form of an hourly bonus, from August 2022 to January 2023.

Diversity and equality

In relation to diversity the B&M Board had a 33.3% female representation at the year-end, with three out of the nine Board members at year end being female, and one Director from an ethnic background. Tiffany Hall will also be appointed as Senior Independent Director following this year's AGM. However, as a result of the Board changes described on page 9, the Board will not be compliant with all listing rule recommendations with respect to female participation and ethnic diversity. Recruitment

>1,250
Retail jobs created in the UK & France

2x
Double discount weekends for colleagues extended to FMCG categories

1,946
Kickstart colleagues retained in full time employment

processes are underway and these matters will be addressed by the time of the AGM in 2024. Full details of the composition of B&M's Board are set out from pages 58 to 61.

At the end of FY23, female representation across the senior management of the Group, reporting either directly to the Board or the Executive Committee, was 40.3% (FY22: 43.8%). In relation to all employees of the Group, the percentage of female colleagues was 55.6%, (FY22: 57.8%).

Our equal opportunities policies in relation to our workforce are also designed to recognise and actively encourage the benefit of having a diverse workforce across our business which is inclusive of all types of diversity as well as gender. We look to ensure that all colleagues are treated fairly and with respect, and that no employee is discriminated against on grounds of gender, race, colour, religion, disability or sexual orientation.

Gender pay gap reporting

In accordance with the Equality Act (Gender Pay Gap Information) Regulations, we have published our data online in relation to each of our B&M UK and Heron Foods businesses as at 5 April 2022.

The mean hourly pay rate of B&M UK colleagues was 8.4% lower for females than for males. The median hourly rate was the same for females and males. For Heron Foods, the mean hourly rate for females was 32.2% lower than males and the median hourly rate for females was 5.0% lower than males.

In relation to bonuses of B&M UK colleagues, 65.9% of females and 53.9% of males were paid a bonus. The mean bonus pay for males was 55.3% higher than females, and the median bonus pay for males was 16.7% higher than females. For Heron Foods, 58.1% of females and 60.2% of males were paid a bonus. The mean bonus pay for females was 76.2% lower than males and the median bonus pay for females was 58.1% lower than males.

Colleagues of the Group in France and Luxembourg are not included in this data. Full details of the reports are available on our websites at www.bandmretail.com and www.heronfoods.com and on gender-pay-gap.service.gov.uk.

Our Diversity Policy in relation to the Board and senior management is:

- to ensure that the Company maintains the necessary skills, experience and independence of character and judgement of its Board members and senior management team, for the Group to be managed effectively for its long-term success;
- while making appointments based on merit so the best candidates are appointed, the Company recognises the value which a diverse Board and senior management team brings to the business and it embraces diversity in relation to gender, race, age, educational and professional backgrounds; and
- together with the above criteria, the Company also recognises that diversity in relation to international experience, recent senior management roles within retail and/or supply chain sectors, and previous experience regarding membership and chairmanship of Board committees are also relevant factors.

33.3%
Female representation at Board level at year end

Communities

Our policy in relation to social and community engagement is to:

- **continue to make investments in new stores and new jobs in local communities where we are under-represented or not represented at all;**
- **provide value for money to our customers;**
- **build long standing relationships with our suppliers; and**
- **promote ethical trading policies and practices within our supply chains.**

In the communities we serve, we provide shoppers with great prices, create local jobs each time we open a new store, and help to sustain those areas where people live and work. We have continued to invest in new stores throughout FY23, looking to extend the reach of our value for money proposition to areas where we are under-represented or not represented at all. We opened a total of 21, 14 and 7 gross new B&M, Heron Foods and B&M France stores respectively this year.

When we open a new store, we try to find a hero from the local community known for their charitable work to perform the ribbon-cutting ceremony on the opening day, generating some publicity with the local media. We actively encourage our store managers to maintain relationships with the local hero going forward, and to support the good work they do in their community.

We expect our store expansion programme to continue in the years ahead, and we remain committed to our rollout target of at least 950 B&M stores in the UK. In FY23, we launched a value range to support our local communities when dealing with the impact of the cost-of-living crisis. We worked with our suppliers to bring high-quality items at a discounted price for our customers. Following the positive impact from our first phase in January 2023, we launched our second phase of the initiative in April 2023, introducing a new range of discounted products to give value back to the community.

We are proud of our participation in the Government's "Kickstart" programme, which aims to help long-term unemployed people get back into work in their local communities. We have welcomed over 3,000 colleagues under the scheme so far, 1,946 of which we have retained in full-time employment at B&M.

We have also supported the DFC in Northern Ireland Jobstart scheme, where we offered 300 placements to those aged between 16 to 24 we have retained 151 into permanent employment.

During the year we initiated a Welcome UK project, supporting refugees into work in the local communities. From our efforts we were able to provide full time jobs for 50 refugees from across Ukraine, Syria and Afghanistan. For further examples of the positive impact we have in our communities, see our standalone ESG report.

Charitable initiatives

We were proud to have been a headline partner for the "Mission Christmas" appeal once again this year, which is an initiative run by the Cash4Kids children's charity. We helped to raise over £9m for some 200,700 under-privileged children in the UK at Christmas 2022. Through our new all-colleague mobile App introduced last year, we ran several competitions during the Christmas period where winners received £500 to donate to a charity of their choice. In FY23, B&M raised money for multiple other charities, such as Breast Cancer UK, and colleagues at Heron Foods participated in a number of charitable events to support the local community throughout the year, including raising money for Cash4Kids. For more information on our charitable initiatives, please see our standalone ESG report.

Health and safety

The Board has overall responsibility for ensuring that we maintain high standards of health and safety across the Group. The Board and the executive management team monitor key performance indicators in relation to health and safety trends in the business on a bi-monthly basis, including reports on the number of accidents and those which are required to be reported to the Health and Safety Executive. We have a dedicated health and safety team of qualified professionals who are responsible for ensuring that we comply with current statutory requirements, and that our health and safety policies are communicated to all our colleagues. Our approach to Health and safety is one of education and continuous improvement.

Our store management teams are trained as responsible persons under our health and safety policy for stores. There is a continuous programme of training new recruits, where the training is carried out for each new colleague with reviews (and refreshers as required) also taking place during the next 12 weeks thereafter. Refresher training occurs for store management colleagues. Over the course of the last 5 years, over 5,000 store colleagues have been trained as a responsible person, demonstrating our commitment to the safety of colleagues.

In FY23 there were 121 reported accidents (0.17 per store) reportable to the Health and Safety Executive relating to the B&M business in the UK (FY22: 102 reported accidents and 0.2 per store). This is in the context of over 262 million shopper visits over the course of the year.

Supply Chain

Our policy in relation to Supply Chain engagement is to:

- **ensure ethical business practices and the fair treatment of workers in our supply chain;**
- **utilise sustainable or recycled materials when designing own-brand products wherever possible; and**
- **pay all suppliers fairly and treat them with respect.**

We aim to foster long standing relationships with our suppliers, who we regard as business partners in terms of our relationships and dealings with them. Many of our suppliers have worked with B&M for a number of years, and have therefore been able to share in our growth and success during that time. They value the simple, transparent pricing model that we adopt, minimising the use of rebates and retrospective discounts.

In FY23, we initiated an ESG engagement process with our supply chain for the first time. We launched an ESG supplier questionnaire, reaching out to our top 30 suppliers, in order to obtain information regarding their carbon measurement processes and reduction efforts, as well as wider ESG ambitions. This programme forms part of our supplier engagement target which has been validated by the SBTi. More detail can be found on page 52.

Ethical trading and our supply chain

We regard our supply chain as a key differentiator, with our disruptive sourcing process an essential feature of the B&M business model. We are equally driven by the need to ensure our supply chain partners remain transparent, fair in their business dealings and robust in their welfare policies for their colleagues.

We recognise the need to ensure that the products we sell are safe and fit for purpose for our customers. As such, we have a number of formal policies in place relating to our dealings with suppliers, to ensure they comply with local laws and regulations and our own policy standards. These include:

- anti-bribery and corruption;
- supplier workplaces, covering anti-slavery and respect for human rights, which all suppliers are required to adhere to; and
- whistleblowing, in relation to reporting of any suspected wrong doing or malpractice.

Our policies and procedures are geared toward what we think are effective, balanced and reasonable processes. We strive to find practical ways of improving the communication of and adherence to our ethical business practices.

Anti-bribery and corruption

We have a zero tolerance approach to anti-bribery and corruption. Colleagues in each of our businesses are aware of the importance of reporting any offers of inducements by third parties immediately to the appropriate executive management team director.

Each year an annual review is undertaken of our buying teams in the UK and France. For the year under review, this due diligence process disclosed no instances of any such activity having taken place or having been suspected in our business.

B&M UK, Heron Foods and B&M France all have clearly communicated whistleblowing procedures and processes in place. In the year under review, no reports were made in any of our three businesses of any instances of suspected bribery or corruption in relation to employees with suppliers or other third parties.

Anti-modern slavery

We have a zero-tolerance policy on slavery, forced labour and human trafficking of any kind in relation to our business and our supply chains. In the last year, all three businesses have continued to communicate our Workplace Policy on the welfare rights of workers to their existing and new suppliers. The standard terms and conditions of purchase used with all suppliers make it a condition that they adhere to these Workplace Policy standards.

In the year under review, no reports have been made to the Group of any instances of actual or suspected modern slavery or human rights abuses relating to human trafficking or other kinds of forced labour in our supply chain. A copy of our Anti-Slavery Statement and Workplace Policy is available on our websites at www.bmstores.co.uk, www.bandmretail.com and at www.heronfoods.com.

Approach to risk management and due diligence

In relation to the Group's assessment of risk, for leading household brand name suppliers we operate on the basis of reasonable reliance being placed on those suppliers having their own comprehensive procedures and policies in place. For all other suppliers, in particular those supplying General Merchandise goods from overseas, the Group has alternative forms of checks and verification processes in place. All overseas suppliers are required to provide social compliance reports as a check on compliance with local laws and regulations, including labour practices.

The Group outsources the vetting and reviewing of those reports to a specialist team at our sourcing agent in Hong Kong, Multi-Lines International Company Ltd ("Multi-Lines"), who have a locally-based team and well-established processes and expertise in performing such procedures. The Multi-Lines team carries out this service both in relation to suppliers sourced by them in their capacity as sourcing agent for the Group, but also in relation to those suppliers sourced directly by buying teams in the UK. In addition, members of our buying teams, where practical, also visit new suppliers as part of our verification processes.

Further improvements to existing processes between the UK buying teams and our partners in Multi-Lines were identified by Group Internal Audit this year, and have subsequently been put in place. Looking ahead, we expect more recommendations to be made as a result of work planned for our new Sustainability Manager, and a Multi-Lines colleague has also been seconded to the UK to facilitate even greater knowledge sharing and effective communication.

Quality assurance

In relation to General Merchandise products which are manufactured for the Group, we have a well-established process of pre- and post-production sample testing and approvals. This is supported by our quality assurance team and external testing houses of our own or suppliers, being global certification providers. It is supplemented by our own programme of quality control inspections performed by Multi-Lines at factory premises prior to shipment.

Climate-related Financial Disclosures Report 2023

B&M European Value Retail S.A. ("B&M") is pleased to publish its disclosure in line with the Task Force on Climate-related Financial Disclosure ("TCFD") framework.

TCFD is structured into 11 supporting disclosure recommendations which span four key themes: Governance, Strategy, Risk Management and Metrics & Targets. In this climate-related financial disclosure we have reported in line with the requirements of Listing Rule 9.8.6R and the TCFD supporting recommendations.

These core themes and recommendations inform the classification of climate-related risks and opportunities into two major categories; transition and physical. The transition risks are associated with the decarbonisation of the global economy, and physical risks are those associated with acute and chronic impacts of the changing climate. Supplementary information can be found in our FY23 TCFD Report on our website.

Governance

Board oversight

The B&M Board is responsible for overseeing management's response to climate-related impacts. The Board ensures action plans are embedded into the business strategy and future financial planning to mitigate climate-related risks and capitalise on climate-related opportunities. The Board considers the threat of climate change and has been actively involved in taking steps to address its potential impact through assigning day to day responsibilities to the executive directors, setting a Net-Zero ambition and signing up to the Science-Based Targets Initiative (SBTi).

The Board retains overall responsibility for climate governance and actions undertaken, which are integrated into our ESG strategy. ESG, including climate change and associated initiatives, is now a standing agenda item at all six Board meetings a year, having been discussed in detail at each Board meeting in FY23.

Executive responsibility

To ensure direct senior support for delivering our ESG strategy, the Board has delegated executive responsibility to our CFO, Mike Schmidt. Executive Directors remuneration has also been linked to the Group's achievement of metrics relevant to our ESG strategy, including those of climate-related matters. The Remuneration Committee continuously reviews this structure, considering industry best practice and the current status of our evolving ESG strategy.

Management structure

The executive management team is responsible for identifying and evaluating new and emerging climate-related risks and assigning mitigating actions. The potential impact and likelihood of climate-related issues are assessed, and significant areas for concern are reported to the Board on an ongoing basis.

In September 2022 we held training sessions for members of our executive and operational senior management teams across B&M UK, Heron Foods and B&M France. Facilitated by our third-party ESG specialist, the training sessions covered climate change, TCFD, ESG and Net-Zero. The aim of these training sessions is to build capacity and understanding to support key internal stakeholders in their roles and responsibilities relating to climate change. The executive management team each had an ESG-related target in their annual incentive plan objectives for FY23.

Supported by wider senior management teams, the Sustainability Manager works with our third-party ESG specialists to review climate issues annually and assess the potential financial impact of climate-related risks and opportunities over the short, medium and long-term until 2050.

Monitoring risk

The Audit & Risk Committee, together with the support of the Internal Audit department and the CFO, is responsible for monitoring risks and overseeing progress against goals and targets for addressing climate-related issues.

Furthermore, climate change continues to be considered at key events during the year, including the Group's annual strategy day in March 2023 and when reviewing the principal risks relevant to the Group. It was determined for FY23 that climate change does not represent a principal risk given the detailed risk assessment performed by management this year.

Strategy

The TCFD framework helps us to understand and manage the climate-related risks and opportunities we face. Following its recommendations, we used climate scenario analysis to examine a range of possible future global warming pathways and identify the risks and opportunities impacting our business over the short, medium and long term. Each climate-related risk and opportunity was modelled across all three climate scenarios (below 2°C, 2-3°C and above 3°C).

Our climate scenarios were modelled using data from the Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathways, the International Energy Agency's World Energy Model and other existing models. We used the following scenarios and time horizons to understand our vulnerability to the impacts of climate change and how they vary over time:

Table 1: The Group's defined climate scenarios and time horizons

Climate scenarios	Time horizons
Below 2°C – This scenario envisions a collaborative approach from governments and businesses to reduce greenhouse gas emissions. Innovation, coordination and strong climate leadership lead to an alignment with the Paris Agreements' ambition to avoid dangerous climate change by limiting global warming to well below 2°C of warming above pre-industrial levels. These changes generate high levels of transition risks but limited physical risks.	Short-term (up to 2025)
Between 2-3°C – Commitments and pledges are made in this scenario, similar to ones seen during COP26, such as the declaration on Forests and Land Use which 141 countries, including Brazil and China, sign. However, not enough action is taken, and the introduced policies fail to spark the unanimous transition to a low carbon economy. Uncoordinated government action means this scenario is associated with the highest level of transition risks and increased severity of physical risks compared to the Below 2°C scenario.	Medium-term (2025-2035)
Above 3°C – Alternate geopolitical issues and a lack of interest mean minimal action on climate change is taken for the next few decades. No sector is decarbonised, and fossil fuels remain the dominant energy source allowing greenhouse gas emissions to rise unchecked. Businesses face limited short- and medium-term transition risks but the most severe physical impacts possible.	Long-term (2035-2050)

Details of the climate-related risks and opportunities deemed significant, along with the scenario and timeframe in which the risk or opportunity is anticipated to have the highest potential impact is displayed in Tables 2, 3 and 4, alongside its classification. Table 2: Significant transition risks facing the Group.

Table 2: Significant transition risks facing the Group

Transition risk	Scenario	Timeline	Classification	Financial impact	Mitigating action
Market – Increased cost of energy and raw materials. Climate change may disrupt our energy and stock suppliers, thereby increasing costs across the Group. The operations and productivity of our supply chain may also be disrupted by climate change which could have an indirect impact on B&M. This risk could impact several business areas, and although we are not manufacturers, we must still be aware of our supplier input cost prices. We see this risk unfolding across all scenarios.	Variable across all scenarios	Short to Medium-term	B	**Increased operating costs** We sell predominantly branded products, which may increase in cost due to climate change. We buy in large volumes and are well-positioned to ensure we remain competitive in the market. There is also scope to pass through input cost inflation through increasing selling prices, notwithstanding the need to maintain our value for money proposition. While energy costs continue to rise, these currently represent a relatively minimal part of our overall direct cost base, being less than 1% of Group sales.	We widened our climate scenario analysis in FY23 to consider the vulnerability of our top 10 suppliers (by value) and supply chain routes to future climate change. We will continue to work with our suppliers to monitor the risk climate change may pose to the availability of products and materials. We have an ongoing energy efficiency project being rolled out across our estate to reduce our energy usage, which will likely mitigate the impact of rising costs. Capital investment made this year includes £120,000 for three high-power electricity generators installed in January 2023 to mitigate the impact of potentially more prevalent power outages on our distribution centres.

Table 2: Significant transition risks facing the Group continued

Transition risk	Scenario	Timeline	Classification	Financial impact	Mitigating action
Reputation – Stakeholder concern We know that our stakeholders want to see us take proactive climate action and failing to meet their expectations could harm our reputation both internally and externally. This risk could potentially arise with any one of our stakeholders.	Variable across all scenarios	Short to Medium-term	B	**Reduce capital availability** Failure to meet stakeholder expectations and requests could result in a reduction of capital availability. To reduce this risk, the financial impact largely relates to an increase in administrative costs to ensure alignment with growing best guidance in this space. The cost of external specialists are negligible in the context of Group profitability. We have a dedicated budget for our Sustainability team which is likely to increase in the future.	We have engaged a third party to ensure B&M's ESG strategy, targets and key actions are developed in line with best guidance and internationally recognised frameworks To deliver against these, we have invested the resources to develop a growing Sustainability team. We have also considered stakeholder feedback in the development of our ESG strategy.
Technology – Substituting existing products and services to lower emission options Shifting to more efficient technology and sustainable products may require a write-off or the retirement of existing assets at a high impact on businesses and increased capital investments over time. As the company grows, we will look to gradually introduce more energy-saving schemes and forecast a low likelihood of any sudden asset retirement.	Below 2°C	Medium to Long-term	B	**Reduced value of assets and stock** If there is a significant shift in demand towards lower emission products, such changes are likely to occur gradually over time, and therefore we will have the opportunity to sell through existing stock without the need to write off the carrying value.	At B&M, we have a high rate of stock turn and tightly control the level of stock cover to ensure the risk of stock write-off is minimised.
Technology – Cost to transition to lower emission products More sustainable products are likely to come onto the market over the coming years. The changing customer demand means we need to be aware of the potential cost of transitioning to lower emission products. However, we expect such changes to gradually occur over time, allowing us to evaluate our response.	Below 2°C and 2-3°C	Medium to Long-term	B	**Reduced gross margin for the business** An increased demand for lower emission products may result in increased inbound logistics costs. Changes to the product mix also have the potential to impact the gross margin achieved by the Group; however, the Group has a long history of responding effectively and swiftly to changing consumer tastes, while protecting margins. Any change to the sales mix is likely to take place gradually.	We already partner with many leading brand names and are proud to showcase their sustainable products in our stores, and we hope to do more of this moving forward. In addition, we have a broad and agile supplier base who can manufacture own branded products on our behalf.
Technology – Cost to transition to lower emission technology Our aim to reduce our emission intensity means we need to be aware of the cost of transitioning to lower emission technology. We have set a target to reduce our operational carbon emissions by 25% by 2030 as well as an ambition to be Net-Zero by 2040 for Scopes 1, 2 and 3. We have developed our transition plan which details the short, medium and long-term key actions and milestones required for the Group to reach Net-Zero.	Below 2°C and 2-3°C	Short to Long-term	A	**Increased capital expenditures** The rollout of LED and Building Energy Management System ("BeMS") has cost the business up to £15.6m to date. To complete the project across the remaining store estate and the distribution centres has been estimated to cost an additional £6.6m. The capital investment required by these initiatives already forms part of the Group's strategic planning projections. We are evaluating the feasibility of installing on-site renewable power generation systems across our businesses. Heron Foods is the furthest along with this journey, with a budget of £1m set aside for a solar project in FY24.	The energy efficiency and generation projects ongoing and planned will reduce operating costs for the business. The roll out of LED lighting across our B&M France stores have reduced the businesses' consumption by 70%. We will hold site surveys to evaluate energy-saving opportunities and schemes which will counteract the upfront cost of installing energy efficiency technology.

Table 3: Significant physical risks facing the Group

Physical risk	Scenario	Timeline	Classification	Financial impact	Mitigating action
Acute – Acute weather events are event-driven such as the risk of increased severity of flooding. Extreme weather can damage property and assets, which could cause significant operational impacts if our main distribution centres ("DC") in Bedford and Liverpool are compromised. However, the likelihood of extreme weather events at our DCs across the UK and France is modelled to be low. Our supplier may be subject to events of flooding and wildfires, which may impact our operations through shipping delays and increased costs.	Above 3°C	Long-term	B	**Increased operating costs for the business** We have comprehensive business interruption and property damage insurance coverage. The average B&M UK store sales equate to c.£6m. compared to total Group revenue of c.£4.7bn, the financial impact of damage to an individual store is relatively insignificant. Our total insurance cover relating to business interruption would provide enough headroom to source alternative warehousing space, replenish destroyed stock and be reimbursed for potential lost sales if a DC became unusable. Having multiple warehouses also avoids having a "single point of failure" since most SKUs are held in more than one location.	Carry-out specific flood risk assessments for our distribution centres and continually monitor flood risk at sites for long-term impact. Conduct annual scenario analysis. We have developed a B&M Flood evacuation plan to keep colleagues, customers and visitors safe during a major flood event. Plans are monitored on a site by site basis to reflect the risk level, with regional H&S support. Plans have been shared with colleagues.
Chronic – Climate-related issues such as water stress, rising mean temperatures and sea level rise often manifest over time. Long term shifts in climate trends may lead to increased insurance premiums and the potential for reduced availability of insurance on assets in high-risk locations.	Above 3°C	Long-term	B	**Increased operating costs for the business** As a result of rising mean temperatures, we have seen an increase in business disruptions from pests and rodents. In FY23, pest management costs were over £0.6m. Rising mean temperatures will also result in increased energy usage, leading to increased operating costs for the business and associated operational emissions. If long term risk factors such as those identified here started to cause recurring problems at stores, we would look to relocate to an alternative location within the same locality. This is one of the reasons why our store estate is predominantly leased. The average unexpired lease term of the estate is c.6 years, offering good flexibility. The comments above regarding business interruption insurance also apply here.	Our dedicated in-house maintenance and store operations teams constantly monitor events at individual stores. We will conduct annual scenario analysis across all of our sites to monitor our chronic physical risks.

Table 4: Significant opportunities facing the Group

Opportunity	Scenario	Timeline	Classification	Financial impact	Managing action
Energy resources – Use of lower emission sources of energy We have set a target to reduce our operational carbon emissions by 25% by 2030 as well as an ambition to be Net-Zero by 2040 for Scopes 1, 2 and 3. We have developed our transition plan which details the short, medium and long-term key actions and milestones required for the Group to reach Net-Zero.	Below 2°C	Medium to Long-term	A	**Reduced operating costs and emissions** As we reduce our operational emissions through the ongoing rollout of LED and BeMS, we will reduce our energy usage and therefore operational costs for the business. With strong paybacks, the financial impact of this rollout is a net positive over the medium term. On-site renewable energy generation has also been identified as an opportunity to reduce our costs, with a pilot project for Heron Foods being planned for FY24.	Consider more energy-saving initiatives. We will continue to engage third-party specialists to monitor the most cost-effective options on the market for transitioning our technology.
Resource efficiency – Use of more efficient production and distribution processes Our continued growth in store numbers provides opportunities to maximise transport volumes, improve our fleet technology and ensure efficient transport routes.	Below 2°C	Medium to Long-term	A	**Reduced operating costs and emissions** We routinely review how we can reduce the number of trips taken from our transport fleet. When loading our trailers, we ensure each one is packed as efficiently as possible, reducing unnecessary journeys when delivering from our warehouses to stores. The opening of the Bedford facility is calculated to have provided a reduction of approximately 6 million delivery miles travelled annually, resulting in an estimated projected cost saving of around £10m. We are in the process of introducing a new Transport Management System which will improve route efficiency, reducing both cost and associated emissions.	Continue to identify future opportunities to streamline processes to make them more efficient across the businesses. Share best practice from B&M UK with Heron Foods and B&M France in relation to our fleet management.

Risk management

The steps we have taken to identify, assess and manage each climate-related issue have been based on our existing risk management process to ensure a consistent and efficient assessment and categorisation.

Step 1 – Identifying the risks: In FY23, we expanded our TCFD reporting process to identify the climate-related risks and opportunities across the Group, including Heron Foods and B&M France for the first time. In order to do so we conducted an internal stakeholder engagement process to engage with key senior management representing core functions of our businesses including IT, retail, supply chain and people. In FY23 we also began identifying where climate-related risks may impact our supply chain and critical supplier routes. In FY23, we identified twelve climate-related risks and two climate-related opportunities.

Step 2 – Assessing the business impact: We used climate scenario analysis to assess the impact of both physical and transition climate-related risks and opportunities on our operations. The findings were presented in a Climate-related Risk Management Workshop which was attended by our CFO, Sustainability Manager and wider senior management, representing all core functions across our three businesses in November 2022.

Step 3 – Classifying risks: Each climate-related issue was classified using our rating system to highlight the implications of a risk occurring. Climate-related considerations labelled with an A or B rating are deemed significant. A C & D classification states that the risk is tolerable but should continue to be reviewed and monitored. We used our existing classification process to give each climate-related issue a likelihood and impact rating, which were then combined to provide an inherent risk classification.

Step 4 – Addressing the risk: Our analysis shows that the likelihood of climate-related risks impacting our overall operations in a significant manner is low. Despite this, adequate mitigating actions have been initiated to develop greater strategic resilience. The potential risk management options were appraised, and a risk management response was determined for each climate-related issue.

Step 5 – Monitor risk: We have embedded a climate change perspective into the ongoing assessment of our internal corporate risk register and will continue to review our risk management process. To ensure we are fully prepared for climate change, we will continue to embed annual climate scenario analyses into our existing risk management framework and financial planning processes to identify future risks and ensure adequate mitigation.

Metrics and targets

Metrics

Reducing our emissions and the impact of our operations on the environment is the Group's core focus for managing our climate-related risks as it impacts every aspect of our operations. In FY23, we have continued to capture, analyse and document our Scopes 1, 2 and 3 emissions, which includes operational emissions as well as those associated with our wider value chain.

Our Scope 3 emissions have been calculated consistent with the Greenhouse Gas Protocol (GHG Protocol) Corporate Value Chain (Scope 3). Of the 15 Scope 3 categories, 11 were identified as applicable to B&M's business. As a result of improving our data collection processes around the packaging of products in FY23, we have calculated our Category 12: End-of-life Treatment of Sold Products emissions for the first time. This year we also calculated the emissions associated with Category 15: Investments for the first time.

Each year we will strive to improve the accuracy of our Scope 3 calculations. Moving forward we will utilise our supplier engagement processes gather more specific data regarding the goods and services provided to us to improve the accuracy of Category 1: Purchased Goods and Services. We also aim to launch an employee commuting survey next year to improve the accuracy of Category 7: Employee Commuting.

Consumption data is collected across the B&M estate to measure our energy usage and initiatives are underway to reduce it. We monitor miles travelled, vehicles in our fleet, driving styles and routes to measure the emissions and environmental impact of our transport & distribution fleet. The Sustainability Manager evaluates energy-saving opportunities, monitors potential sustainable product partnerships, reviews our supply chain and works collaboratively with other colleagues within the business. We have also engaged a third-party ESG specialist to advise us on our sustainability reporting and initiatives to reduce the environmental impact and related emissions of our products and technology. The initiatives we intend to roll out will help reduce the carbon emissions relating to our supply chain, transport fleet, energy usage, and products. We will measure this reduction annually and by communicating our progress, we intend to satisfy any stakeholder concerns regarding our exposure to climate-related risks.

Targets

Our FY23 Scope 1 and 2 emissions represent 6% of our total Group emissions, with our FY23 Scope 3 emissions representing the remaining 94%.

Table 5: Scope 1, 2 and 3 emissions:

Directors	FY23 Gross emissions (tCO_2e)	FY22 Gross emissions (tCO_2e)	FY21 Gross emissions (tCO_2e)	Reduction target
Scope 1	53,242	51,108	49,210	25% reduction by 2030 (from FY21 baseline)
Scope 2	37,827	45,649	52,125	
Scope 3	1,386,609	1,440,428*	1,644,098*	Engage with >67% of suppliers (based on spend) by 2027
Total	**1,477,678**	**1,537,185**	**1,745,433**	**Ambition to be Net-Zero by 2040**

* We have restated the FY22 and FY21 Scope 3 emissions as we have included two additional categories that were previously not accounted for due to data limitations. These categories are Category 12 – End-of-life treatment of sold products and Category 15 – Investments. For the FY23 footprint, we have improved our approach to Category 12 by collecting more accurate product weight and material data, in particular for our electrical items. We will continue to improve the data we collect for this category throughout our FY24.

To align with the British Retail Consortium's Climate Action Roadmap, we aspire to achieve Net-Zero Scope 1, 2 and 3 emissions by 2040. This pathway is more ambitious than the SBTi 1.5°C and well-below 2°C ("WB2C") scenarios and will require significant effort to decarbonise our value chain. Our focus will be on collaboration with our supply chain to decarbonise our goods and services as far as possible.

In the short term, we plan to reduce our operational (Scope 1 and 2) emissions on an absolute basis and engage with our suppliers, as per SBTi guidelines. Our Scope 1 and 2 reduction targets have been validated by the SBTi. We are committed to achieving a 25% reduction in Scope 1 and 2 emissions by 2030 (from a FY21 baseline), aligned with the SBTi WB2C scenario.

We are aware that the SBTi is updating its minimum criteria to a 1.5°C scenario and intend to update our targets in five years as required by the SBTi. We have set short-term Scope 1 and 2 emissions reduction pathways, which follow a WB2C scenario up to 2027 and then a 1.5°C scenario from 2027 to 2030. Our short-term Scope 3 target is based on engagement with our suppliers; as per the SBTi guidelines, we aim to have 67% of our suppliers (based on spend) set science-based targets by FY27.

Next steps

We aim to continuously develop our TCFD disclosures by embedding further consideration of climate-related risks and opportunities into our business strategy and financial planning. We will monitor current and emerging best guidance to ensure we remain compliant with requirements as a UK listed company operating in this space.

The need for internal resources, time and investment will continue to be reviewed by the Board who will revisit the requirement for a standalone ESG Committee on an annual basis. We have developed a transition plan which outlines our roadmap to Net-Zero, working with key internal stakeholders who will take ownership for decarbonising their focus areas. Our transition plan details the necessary steps we must take over the short, medium and long-term, and we aim to update this plan annually to reflect the actions implemented across the business.

Table 6: Metrics used to assess our impact on the environment

Area	Target	Progress
Greenhouse gas emissions	Reduce Scope 1 and 2 emissions by 25% by 2030, as per the SBTi WB2C scenario. Scope 3 supplier engagement target aims to have 67% (by spend) of suppliers set their own science-based target by 2027.	In FY23 our Scope 1 and 2 carbon reduction targets were validated by the SBTi. Since FY22, we have seen a small increase in our Scope 1 emissions, due to the opening of new stores. However we will work on reducing this figure moving forward. Our Scope 2 carbon emissions have seen a significant decrease since FY22, demonstrating the success of our energy-efficient measures. Our Scope 3 emissions have also decreased since FY22, including a reduction in our business travel emissions (Category 6), and our purchased goods and services (Category 1). We launched an ESG Supplier Engagement Programme. This year we reached out to our top 30 suppliers, which represent 41% of our suppliers based on spend.
Energy usage	Improve the energy efficiency of B&M UK operations by rolling out BeMS across 80% of the estate by FY27 and LED lighting across 100% of the estate by FY27.	Energy usage from UK operations decreased in absolute terms, despite opening 21 net new stores in the year. Our newly appointed Sustainability Manager continues to oversee technology installation to reduce energy consumption. BEMS is now installed in 610 B&M UK stores to help better control their energy consumption and drive further efficiencies. This is an increase from 310 in FY22. Installed LED lighting in 614 B&M UK stores and aim to roll this out across the estate. This is an increase from 181 in FY22. Investigating the feasibility for installing solar panels across our estate, with a pilot project for Heron Foods planned for FY24.
Transport and distribution	Improve the efficiency of our transport and distribution service. Continually update our distribution fleet and proactively manage routes to reduce associated emissions.	Minimised miles travelled and associated GHG emissions by servicing c.250 stores from our Bedford distribution centre. Training for HGV drivers was held throughout the year to implement behavioural changes around how to drive efficiently. These sessions also aim to ensure our drivers understand the environmental impact of the sector and their role in reducing the effect.

Our stakeholders' interests

This report describes how the Directors have had regard to the interests of stakeholders and other matters referred to in section 172(1) (a) to (f) of the Companies Act 2006 in relation to their decision making.

The Company is a Luxembourg registered company and is not subject to the Companies Act 2006 or to the Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations"). It is however subject to the UK Corporate Governance Code 2018 (the "Code"). The Board considers the Regulations to be reflective of best practice. Accordingly, it has followed that practice where practical, while maintaining its status as a Luxembourg registered company.

Stakeholders

Achieving our vision and fulfilling our purpose (as set out opposite) means that evaluating and considering the interests of our stakeholders in our decision making are key to the Group's success. The Group's key stakeholders include its customers, colleagues, suppliers, the people and communities where it trades and its investors.

The Board uses a number of mechanisms through which it is able to determine and appraise the interests of stakeholders to inform discussion by the Board and its decision making. This includes a range of activities from regular management reports through to other forms of direct engagement by members of the Board.

We describe below how we have engaged with the particular key stakeholder groups and considered their interests in the last year. We have also provided further details of our engagement with colleagues in our Corporate social responsibility report in the section on Workforce Engagement on page 40.

	Why we engage	How we engage, measure and monitor
Customers	Providing great value to our customers is our core purpose as a business. We monitor and respond to our customers preferences and needs to ensure we maintain a compelling product offering and price proposition at our stores.	Monitoring our like for like ("LFL") transaction volume and sales trends. Holding in-store promotional themed events to measure customer response and reaction to extra value propositions in different product areas.
Colleagues	Engagement with our colleagues is key to understanding how the business can support them in carrying out their roles effectively, make improvements in our business and recognise and reward exceptional performance.	Regular engagement programmes including colleague listening groups, apprentice listening groups, new store and distribution centre colleague surveys and bi-annual business updates from management. Twice yearly colleague surveys for Retail, Distribution and Central Support colleagues in the UK and annual colleague survey in France. Development days and structured career progression programmes including promotion paths to Store Manager and Area Manager roles. Twice yearly updates to the Board on colleague engagement by Carolyn Bradley, one of our Non-Executive Directors, as the Designated Director for Workforce Engagement.

Our vision	+	Our purpose	=	Our values
To grow our B&M UK business to at least 950 stores, and to successfully deploy our direct sourcing limited assortment business model in France so that we can maximise the potential of that business.		To deliver great value to our consumers, so that they keep returning to our stores time and time again, in order to generate growth in our like for like sales, profits and cash and long term value to our investors and employees.		Simplicity, trust, fairness and being proud of what we offer to customers are at the heart of our business as we strive all year round to deliver the lowest prices we can for the best-selling products which our customers need or want. We are proud to operate in many different communities and areas, providing access to our variety goods offering locally, helping household budgets go that little bit further and creating new jobs every time we open a new store.

Examples of actions in 2023	Examples of outcomes in 2023	Links and more information
The Board reviews LFL sales data every month in the Group's management account reports. This is analysed across each business fascia, the Grocery and General Merchandise product split and for each main product line within those categories. The Company took decisive action in driving its store availability and standards, to improve customer experience and to encourage repeat visits (whilst also ensuring that shareholder's cash is not tied up in excess stock).	Weekly LFL customer transaction volumes have consistently grown since the start of Q2-23. The 3-year LFL suggests that the Company has held on to a large number of the new customers who discovered us in FY21.	**See the Financial review on page 20.**
The business continued with listening groups in its Retail, Distribution and Central Support operations and career opportunities and personal development were a key theme. Our Step Up development programmes continued offering career progression for colleagues looking to apply for Retail Management, Distribution Centre Manager and first time manager roles in our Support Centre. In addition, the business has introduced specific listening groups to target colleagues in 'hard to reach' areas and is using this detail to continue to develop the People Strategy. The Bi-annual Colleague Survey was completed this year by our B&M UK and Heron Foods colleagues across all the main operating functions of those businesses. In October 2022 we saw a slight decrease in overall Colleague satisfaction score, however the scores remained high with 91% of people completing the survey, 79% of whom would recommend B&M as a place to work. The score is measured against five key questions: (i) what is expected at work; (ii) if colleagues have all information, knowledge, skills and resources to do their jobs well; (iii) if colleagues would recommend B&M as a good place to work; (iv) are they happy to work at B&M; and (v) if managers have spoken about development in the last 12 months. In addition, we carried out another B&M France colleague survey in the year, broadening the number of respondents across the business. This will continue into FY24.	From our feedback with colleagues through our various engagement processes we identify key themes of "What You Said" by colleagues and responses to those by the business in relation to "What We Did". Key themes from feedback included introducing new pay rates for Colleague's regardless of age. We responded to this by reviewing pay rates across the business and increasing hourly rate across Distribution and the Support functions. We abolished the Under 18 rate pay in Retail, increasing the supervisor rate of pay regardless of age within Retail, a position which we will continue to review on an annual basis.	**See the Colleagues section in the Corporate Social Responsibility report on pages 39 to 41 and the standalone ESG Report.**

Stakeholders and Section 172 Statement continued

	Why we engage	How we engage, measure and monitor
Communities	The relationships we have with the communities where we operate our stores and distribution centres are key to the sustainable development and growth of our business. We want to serve customers locally with what they want and at bargain prices. We also want to support the communities where we operate by providing jobs and career opportunities locally.	Evaluating real estate opportunities for opening new stores in catchments where we are either under-represented or not represented at all. This provides jobs and access to our value-led proposition to more communities every time we open new stores. Providing support for the community at local and national levels where we can contribute to society more generally. Each time we open a new store in the UK we try to find a local hero to perform the ribbon-cutting ceremony to promote the good work they do in the community. We also encourage our store managers to maintain those relationships in the future and give continued support to those activities.
Suppliers	We regard our suppliers as key business partners. Many of them have worked with us for a number of years. We like to build long term relationships with suppliers to support our business. Our continued growth gives our suppliers the potential to grow with us, which also further strengthens those relationships.	There is regular engagement with the Group's suppliers led by the Group's Trading Director, Grocery Controller, senior members of the Group's buying and merchandising teams and our Hong Kong based sourcing agents. This includes a range of supplier visits, meetings and presentations, factory visits and trade fair meetings in China, the UK and the EU with both existing and new suppliers.
Investors	Our investors include shareholders, bondholders and banks. They have a direct financial interest in the performance of our business and our continued success.	The management team have roadshow presentations and one-to-one meetings with investor groups each year on the announcements of our half-year and full-year results. Presentations and conference calls with question and answer sessions are also held on the announcement of the Q1 and Q3 trading updates announcements. One-to-one conference calls and meetings are also held during the year with both existing and potential new institutional investors. The Board reviews investor relations reports and market updates as a standing agenda item at each of its meetings throughout the year. It also has an investor relations agenda item with its corporate brokers at its strategy day meetings each year.

Examples of actions in 2023	Examples of outcomes in 2023	Links and more information
The Board continued to support the new store openings programme of its B&M and Heron Foods businesses in the UK. That also includes the relocation of stores in existing areas where better real estate opportunities exist, and capital and maintenance expenditure on stores ear-marked for refurbishment within the existing estate. The opening of new stores and relocations of stores (often to larger premises) create new jobs and promotion opportunities at those stores and also in our distribution centres, while our business continues to grow.	We opened 21 new B&M UK stores, seven B&M France stores and 14 new Heron Foods stores (including relocations) in the financial year under review. Within this number we opened five B&M UK replacement stores, where older, smaller legacy stores were replaced with newer B&M state of the art stores, often with small garden centres. Typically, replacement stores are at least twice the size of the stores they replace and are an important part of the growth strategy. In the UK this year we created over 1,000 new retail jobs across our B&M UK and Heron Foods businesses. In addition, 140 jobs have been created in stores, distribution centres and central support functions in France. With the rising cost of living, our value-for-money proposition plays an important role in helping a large number of customers afford their everyday essentials.	**See the Communities section in the Corporate Social Responsibility report on pages 42 and 43.**
There has been a continuous rolling programme of ensuring suppliers meet appropriate levels of external audit social compliance checks. This is important to the welfare of the employees of our suppliers, and the maintenance of their ongoing trading relationships with our Group. As referred above, the B&M and Heron Foods UK businesses have continued with their new store openings and existing store refurbishment programmes during the year. This is important to our main building services contractors, many of whom have worked on stores with us for several years.	The Company has continued to outsource the audit checking processes to Multi-Lines International Company Limited ("Multi-Lines") in relation to the Group's own direct/non-Multi-Lines sourced suppliers. This has enabled the Group to apply a consistent and established methodology and utilise Multi-Lines expertise and connections across Asia on our behalf. The B&M UK business has continued to use its main store fit-out contractors where available to carry out new store opening and existing store estate refurbishment works during the year. That has provided them with a level of ongoing workstreams.	**See the Supply Chain section of the Corporate Social Responsibility report on pages 44 and 45.**
In the post pandemic world, video conferencing and remote meetings have become much more widespread and consequently it has been possible to reach a larger number of investors, more regularly across a wider geographical area. Regular investor briefings help with our substantial number of overseas shareholders, including regular updates with such shareholders in Australia and North America. The Group extended its borrowing maturity profile through a bank facility extension and in support of our overall leverage levels. The Group continued to generate strong results against pre-pandemic levels in the financial year under review. The Board considered within the context of its capital allocation policy, the opportunity to make further returns to shareholders in addition to its ordinary dividend policy.	The company declared a special dividend of 20p per share in January 2023 which was within the Group's stated leverage ceiling of 2.25x net debt to adjusted EBITDA.	**See the Viability Statement on page 33 and also the Financial review on page 20.**

Chairman's introduction

Committed to the highest standards of corporate governance

Dear Shareholder,

This report sets out the main elements of the Company's corporate governance structure and how it complies with the UK Corporate Governance Code. It also includes information required by the Listing Rules and the UK FCA Disclosure and Transparency Rules ("DTRs"). We have applied our values and consider the interests of all stakeholders in developing our governance framework and in our ongoing decision-making. In my Chairman's statement on pages 8 and 9, I have highlighted a number of topics which indicate how our approach to governance has continued to evolve with the growth of our Company and constantly developing framework of reporting requirements. I would particularly like to draw attention to the ESG strategy which is documented in this report as well as in our standalone ESG report. We believe that a strong foundation of corporate governance provides the necessary foundation for the continued growth and success of B&M.

Peter Bamford
Non-Executive Chairman of the Board and Chairman of the Nomination Committee

Appointment: March 2018

Peter joined the Board of B&M as Non-Executive Chairman on 1 March 2018. He has extensive experience, in both Executive and Non-Executive roles, of the retail sector and high growth international businesses and brands. He is also a seasoned PLC Director and Chairman having served on PLC boards for over 27 years in a variety of roles. In his non-executive career this has included Chairman of Superdry plc, Deputy Chairman and Senior Independent Director of Spire Healthcare Group plc and Non-Executive Director at Rentokil-Initial plc. In his executive career he was a Director of Vodafone Group plc from 1998 to 2006 where he held senior executive roles, including Chief Marketing Officer and Chief Executive of Vodafone NEMEA region. Prior to that he held a number of board and senior executive positions with leading retailers including WH Smith, Tesco and Kingfisher.

Committee membership:

NOM

Meet our Board

Committee membership key

A&R Audit & Risk   REM Remuneration   NOM Nomination   ● Committee Chair

Alex Russo
Chief Executive Officer
Appointment: November 2020

Alex joined the B&M Group on 5 October 2020 and the Board as the Group's Chief Financial Officer on 16 November 2020. On 26 September 2022, Alex was appointed as Chief Executive Officer.

Alex has had a long senior career in retail, having successfully held Executive Board positions in leading international retailers including Asda Walmart, Tesco plc, Kingfisher plc, and Boots plc. He served as Chief Financial Officer, Senior Vice President, at Walmart's Asda business between 2014 and 2018. Prior to joining Asda, he was Tesco's Chief Financial Officer of South Korea, its largest international subsidiary. Prior to that, he was Tesco's Commercial Financial Director for its UK business. His broad retail career covers the UK, Europe, America and Asia. His experience spans listed multinational, PE and family owned businesses.

Alex has also been a Non-Executive Director in leading consumer goods businesses in the UK and internationally.

Alex holds an MBA from the London Business School with Distinction, and undergraduate 1st class degrees in Engineering and Finance.

Committee membership:
Nil

Mike Schmidt
Chief Financial Officer
Appointment: November 2022

Mike joined the B&M Group on 17 October 2022 and the Board as the Group's Chief Financial Officer on 1 November 2022.

Prior to joining B&M, Mike spent over eight years at publicly listed home furniture retailer DFS Furniture plc, where he was appointed Group Chief Financial Officer in 2019. During his time at DFS, Mike additionally held executive responsibility for property, strategic development, legal & compliance, and financial services activities, and was non-executive Chair of DFS's trading subsidiaries Dwell and Sofa Workshop. Mike began his career in corporate finance, and gained 13 years' experience of working for top tier investment banks including Citi and UBS, across equity, debt and M&A advisory for various large cap international corporations. Mike has an MA in Economics and Management from Cambridge University.

Committee membership:
Nil

Simon Arora
Executive Director
Appointment: December 2004

Simon was Chief Executive Officer of the B&M Group from 1 December 2004 until the appointment of Alex Russo to that role on 26 September 2022. He has a background in consumer goods, corporate finance and consulting. Simon was a co-founder and Managing Director of the wholesale homeware business, Orient Sourcing Services, before acquiring B&M jointly with his family. Prior to the acquisition of B&M, Simon held various positions with McKinsey & Co., 3i Group plc and Barclays Bank plc. Simon was a member of the Nomination Committee of B&M until 19 January 2023.

Subsequent to the year end, Simon retired from the Board on 21 April 2023.

Committee membership:
Nil

Meet our Board continued

Ron McMillan
Senior Independent Non-Executive Director and Chairman of the Audit & Risk Committee
Appointment: May 2014

Until 2013 Ron worked in PwC's assurance business for 38 years and has deep knowledge and experience in relation to auditing, financial reporting, regulatory issues and governance. He was the Global Finance Partner and Northern Regional Chairman of PwC in the UK and Deputy Chairman of PwC in the Middle East and acted as the audit engagement leader to a number of major listed companies.

On 18 August 2022, the Company announced that Ron would retire from the business at the Annual General Meeting of the Company in July 2023, at which time he would have completed 9 years' service in the role and would be replaced as Chairman of the Audit & Risk Committee by Oliver Tant and as Senior Independent Director of B&M, by Tiffany Hall.

Due to Carolyn Bradley's retirement, Ron has agreed to continue as a Non-Executive Director for an additional year until the AGM in 2024.

External appointments:
Ron is the Chairman of N Brown Group plc and is the Senior Independent Director and Audit Committee Chairman of SCS plc.

Committee membership:

A&R REM NOM

Tiffany Hall
Independent Non-Executive Director and Chair of the Remuneration Committee
Appointment: September 2018

Tiffany's experience is in marketing, sales and customer services. She previously served as Chief Executive Officer of BUPA Home Healthcare, Marketing Director at BUPA, Head of Marketing at British Airways and also Chair of Airmiles and BA Holidays. Prior to that, she held various other senior positions at British Airways including Head of UK Sales and Marketing.

On 15 September 2022, it was announced that Tiffany would succeed Ron McMillan as Senior Independent Director after the Annual General Meeting of the Company in July 2023.

External appointments:
Tiffany is a Non-Executive Director of Symington Family Estates SA.

Committee membership:

REM NOM

Carolyn Bradley
Independent Non-Executive Director
Appointment: November 2018

Carolyn has an in-depth retail and consumer business background. She worked for Tesco plc for over 25 years until 2013. During that time, she held a number of senior positions, including Chief Operating Officer of Tesco.com and Commercial Director, for Tesco Stores.

Carolyn has decided not to stand for re-election at the Annual General Meeting to be held on 25 July 2023. As such, Carolyn will retire as a Non-Executive Director of the Company at the conclusion of the AGM.

External appointments:
Carolyn is Chair of The Works plc, the Senior Independent Director and Remuneration Committee Chair of SSP Group plc, a Non-Executive Director of The Mentoring Foundation and Majid Al Futtain Retail LLC and a Member on the Advisory Board of Cambridge Judge Business School.

Committee membership:

A&R REM NOM

Carolyn is also the Designated Non-Executive Director for Workforce Engagement.

Committee membership key

(A&R) Audit & Risk (REM) Remuneration (NOM) Nomination ● Committee Chair

Paula MacKenzie
Independent Non-Executive Director

Appointment: November 2021

Paula has a strong background in general management and finance. Paula is Chief Executive Officer of Pizza Express and previously held a number of senior executive roles at Kentucky Fried Chicken (Great Britain) Ltd, including Managing Director and Chief Financial Officer of KFC UK&I.

External appointments:
Paula is an Advisory Board member for Pennies, the micro-donation charity.

Committee membership:

A&R NOM

Oliver Tant
Independent Non-Executive Director

Appointment: November 2022

Oliver has over 40 years' experience as a finance professional most recently as Chief Financial Officer of Imperial Brands plc the FTSE 30 listed consumer brands company and prior to that for 30 years at KPMG. At Imperial Brands plc, Oliver held responsibility for finance but also IT, Procurement, Legal and Corporate Development. At KPMG he was a Vice Chairman and during 20 years as a partner he served a wide variety of listed and privately owned clients and also ran KPMG's UK Audit and Global Financial Advisory Services businesses.

Oliver will become Chairman of the Audit & Risk Committee after the Annual General Meeting in July 2023.

External appointments:
Oliver is a Non-Executive Director and Chairman of the Audit Committee at Redrow plc and a Financial Consultant for Modulaire/Brookfield Asset Management. Oliver will be stepping down from his role at Modulaire on 31 May 2023.

Committee membership:

A&R NOM

This report sets out the main elements of the Company's corporate governance structure and how it complies with the UK Corporate Governance Code. It also includes information required by the Listing Rules and the UK FCA Disclosure and Transparency Rules ("DTRs").

Code compliance

The Board is committed to high standards of corporate governance. Except where referred to on page 78, (workforce engagement on executive pay) and the postponement of the annual board effectiveness review as described on pages 67 and 74, the Company has complied throughout the year under review with the provisions of the UK Corporate Governance Code published in July 2018 (the "Code") and the DTRs. A copy of the Code is available on the UK Financial Reporting Council's website at www.frc.org.uk.

Management responsibilities

The Executive Directors of the Group and of its three main businesses are responsible for the day to day operational and strategic matters in relation to each of the businesses of the Group, which includes B&M UK, Heron Foods and B&M France. Members of the broader senior executive team hold regular weekly meetings led by the CEO to review progress and management activities of the Group.

Schedule of matters reserved to the Board

The following matters are reserved to the Board for its approval:

Approve

- approving the long-term strategy and objectives of the Group and reviewing the Group's performance and management controls;
- approving any changes to the capital structure of the Group;
- approving the financial reporting, budgets, dividend policy and any significant changes in accounting policies and practices of the Group;
- approving any major capital projects of the Group;
- approving the structure, size and composition of the Board and remuneration of the Non-Executive Directors;
- approving and supervising any material litigation, insurance levels of the Group and the appointment of the Group's professional advisors.

Ensure

- ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives;
- ensuring the maintenance of a sound system of internal controls and risk management.

Review

- reviewing the Company's overall corporate governance and approving the division of responsibilities of members of the Board.

Board and Committee attendance at scheduled meetings during FY23:

Directors	Board 6 Attended	Audit & Risk Committee 4 Attended	Nomination Committee 3 Attended	Remuneration Committee 3 Attended
Peter Bamford – Chairman	6	–	3	–
Simon Arora[1]	6	–	2	–
Alex Russo	6	4	–	–
Ron McMillan	6	4	3	3
Tiffany Hall	6	–	3	3
Carolyn Bradley	6	4	3	3
Paula MacKenzie	6	4	3	3
Mike Schmidt (appointed 1 November 2022)[2]	3	2	–	–
Oliver Tant (appointed 1 November 2022)[3]	3	2	3	–
Directors who retired from the Board during FY23				None

1. Simon Arora has a full attendance record up to his retirement from the Nomination Committee on 19 January 2023.
2. Mike Schmidt has a full attendance record during the period from his appointment to the Board on 1 November 2022 for the year under review.
3. Oliver Tant has a full attendance record during the period from his appointment to the Board on 1 November 2022 for the year under review.

How we govern

The Board and Committee structure of the Company is as follows:

B&M's Board

The Board of Directors of B&M as at the date of this report has eight members comprising the Chairman, two Executive Directors and five Independent Non-Executive Directors.

See **pages 58 to 61** for more information

Audit & Risk Committee

This Committee is made up of four Independent Non-Executive Directors

The main responsibilities of the Committee are:

- reviewing and monitoring the integrity of the financial statements and price sensitive financial releases of the Company;
- monitoring the quality, effectiveness and independence of the external auditors and approving their appointment fees;
- monitoring the independence and activities of the Internal Audit function;
- assisting the Board with the risk management strategy, policies and current risk exposures;
- reviewing the adequacy and effectiveness of the Group's internal financial controls and control and risk management systems; and
- maintaining effective oversight of compliance by our UK businesses with the Groceries Supply Code of Practice.

See **page 69** for a copy of the Committee's report

Nomination Committee

This Committee is made up of the Chairman and five Independent Non-Executive Directors

The main responsibilities of the Committee are:

- reviewing the structure, size, diversity and composition of the Board, including the balance of Executive and Non-Executive Directors;
- putting in place plans for the orderly succession of appointments to the Board and to senior management;
- identifying and nominating candidates, for approval by the Board, to fill Board vacancies as and when they arise;
- ensuring, in conjunction with the Chairman of the Company, that new Directors receive a full, formal and tailored induction; and
- keeping under review the leadership and senior management needs of the Group including Executive and Non-Executive Directors and the wider senior management team, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace.

See **page 74** for a copy of the Committee's report

Remuneration Committee

This Committee is made up of three Independent Non-Executive Directors

The main responsibilities of the Committee are:

- setting the policy for the Group on executive remuneration;
- determining the level of remuneration of the Chairman, the Executive Directors of the Company, the Group's General Counsel and the first layer of senior management of the Group below the Board;
- preparing an annual Directors' remuneration report for approval by shareholders at the Annual General Meeting of the Company;
- designing share schemes for approval by the Board for employees and approving awards to Executive Directors and certain other senior management of the Group; and
- reviewing pay and conditions across the Group's wider workforce.

See **page 76** for a copy of the Committee's report

Workforce Engagement NED

Carolyn Bradley is the Designated Non-Executive Director for Workforce Engagement

The main responsibilities of this role are the governance and oversight of the following matters:

- to consider with the Board the mechanisms required from time to time by the Group in relation to Workforce Engagement to enable the Board to be appropriately appraised on colleague engagement;
- to co-ordinate such direct engagement between the Non-Executive Directors and the workforce as is considered appropriate;
- to ensure the workforce engagement mechanisms which are approved by the Board are put in place and are effective;
- to report on the outputs from those mechanisms to the Board at least twice a year, and make any recommendations arising from those reports to the Board; and
- the holder of this office is also supported by members of the senior executive team of the Group who are responsible for the day to day implementation of the Workforce Engagement mechanisms by the Group.

See **page 40** on Workforce Engagement

Terms of Reference of each of the Committees are available on B&M's website at **www.bandmretail.com**

Executive Management

The Executive Directors of the Group and of its three main businesses are responsible for the day to day operational and strategic matters in relation to each of the businesses of the Group, which includes B&M UK, B&M France and Heron Foods. Members of the broader senior executive team hold regular weekly meetings led by the CEO to review progress and management activities of the Group.

Board responsibilities

The Board is collectively responsible for the strategy and long-term success of the Group, and for ensuring there is an effective system of internal controls within the Group for the assessment and management of key risks.

The Board has delegated certain responsibilities to three main Committees to assist in discharging its duties and the implementation of matters approved by it (see the table on page 63). The reports of each of the Committees for the year under review are set out on pages 69, 74 and 76.

A presentation of each of the B&M UK, Heron Foods and B&M France businesses and their up to date trading performance is provided by the CEO at each Board meeting, together with comprehensive financial reports and analyses presented by the CFO. During those months that fall outside the regular cycle of Board meetings, the CEO and CFO also provide reports and management accounts packs updating the Board on the current trading performance of each of the Group's businesses.

Members of the broader senior management teams of B&M UK, Heron Foods and B&M France participate at certain meetings of the Board and store tours with the Board during the course of the year. The senior executive team participates in the annual strategy day of the Group.

The implementation of the Board-approved strategy, policies and decisions is delegated to the Executive Directors of the Company to execute them in relation to the day to day operational management of the Group's main businesses. The Executive Directors are also supported by senior management teams in each of the B&M UK, Heron Foods and B&M France businesses of the Group. The leadership teams of those businesses regularly have business update and trading review meetings with the Group CEO and CFO.

In addition to the regular scheduled meetings, the Board and Committees have passed a series of written resolutions during the year in relation to the formal decisions taken by them. Meetings between the Non-Executive Directors and Chairman have taken place and the Non-Executive Directors have met without the Chairman being present.

The Chairman has also had one-to-one meetings in the year under review with each of the Independent Non-Executive Directors.

The Company held two general meetings of shareholders in the year under review, being the Annual General Meeting on 28 July 2022 and an Ordinary General Meeting on 31 October 2022.

Board composition

During the financial year 2022/23 the Group announced the planned retirement of Simon Arora from the business on 21 April 2022. Simon ceased to be CEO on 26 September 2022 and remained as an Executive Director until the end of his notice period on 21 April 2023. On 1 November 2022, Mike Schmidt was appointed as CFO and Executive Director and Oliver Tant was appointed as a further Non-Executive Director.

The Board approved the appointment of Tiffany Hall, an existing Independent Non-Executive Director, to be the Senior Independent Director in succession to Ron McMillan. It was determined that she had the requisite skills and experience to fulfil that role, having had a number of years' experience on a variety of public company boards as a non-executive director.

Carolyn Bradley has decided not to stand for re-election at the AGM in July 2023. Ron McMillan has agreed to continue the role of Non-Executive Director for an additional year until the AGM in 2024. Following this year's AGM Tiffany Hall will still assume the role of Senior Independent Director and Oliver Tant will become Chair of the Audit & Risk Committee.

The Board comprises the Chairman, two Executive Directors, being the CEO and CFO, and five Independent Non-Executive Directors.

The Code recommends that at least half of the Board, excluding the Chairman, should comprise Independent Non-Executive Directors. The Company met this requirement during the whole of the year under review, with each of Ron McMillan, Tiffany Hall, Carolyn Bradley, Paula MacKenzie and Oliver Tant being Independent Non-Executive Directors. Following the year-end this requirement continued to be met.

Each of the Independent Non-Executive Directors who served during the year under review was and continues to be considered by the Board to be independent in character and judgement. The Code recommends that the Board identifies each non-executive director it considers to be independent and any circumstances which are likely to impair, or could appear to impair a non-executive director's independence. By 29 May 2023, Ron McMillan will have served on the Board for more than nine years from the date of his first appointment. The Board nonetheless considers that Ron remains independent in character and judgement. Ron and all the Non-Executive Directors are free from relationships or circumstances which may affect, or could appear to affect, their judgement as Directors.

Independence is determined by ensuring that the Non-Executive Directors do not have any material business relationships or arrangements (apart from their fees for acting as Non-Executive Directors) with the Group or its Directors, which in the opinion of the Board could affect their independent judgement.

Simon Arora, Bobby Arora and Robin Arora and SSA Investments S.à r.l. ("SSA Investments") (together "Arora Family") entered into a relationship agreement with the Company (the "Relationship Agreement") which came into effect on the admission of the Company's shares to trading on the London Stock Exchange in June 2014 and which continues to remain in force. At the year ended 31 March 2023, SSA Investments (together with Praxis Nominees Limited as its nominee) held 6.98% of the total issued shares in the Company.

The Board believes that the terms of the Relationship Agreement will continue to ensure that the Company and other members of the Group are capable of carrying on their business independently of the Arora Family and that transactions and relationships between them and the Group are at arm's length on normal commercial terms.

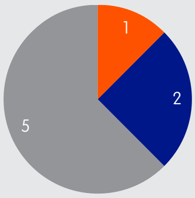
All Directors have service agreements or letters of appointment in place and the details of the terms of them are set out in the Directors' remuneration report on pages 76 to 91.

Diversity Policy

The Diversity Policy applied to the Board is based upon the Listing Rules requirements of LR 9.8 as amended in 2022. The overall objective of the Company's Diversity Policy is to ensure that the Company has a well-balanced Board at all times in terms of the necessary skills, experience and independence of character and judgement of its members, for the Group to be managed effectively for its long-term success.

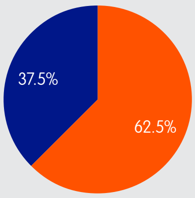
Appointments to the Board are based on merit so that the best candidates are appointed, but within that the Company recognises the value which a diverse Board brings to the business and it embraces diversity in relation to gender, race, age, educational and professional backgrounds. The Board is well placed to meet the Listing Rules requirement in relation to diversity. Along with that criteria, diversity in relation to international experience (in particular in relation to the Group's chosen markets), recent senior management or professional experience in retail and/or supply chain sectors and functional experiences in relation to membership and chairmanship of board committees are also relevant criteria of the Company.

Board composition at 30 May 2023



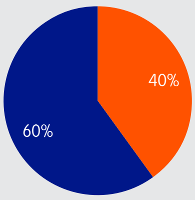
Balance of the Board

- Chairman
- Executive Directors
- Independent Non-Executive Directors



Board diversity by gender

Male	62.5%
Female	37.5%



Non-Executive Directors' tenure

Less than 3 years	40%
3+ years	60%

Division of responsibilities

There is a clear division of the roles and responsibilities between the Chairman and the CEO and no individual has unrestricted powers of decision-making.

Chairman's key responsibilities:
Peter Bamford, as the Chairman of the Board, is responsible for leading the Board and ensuring its effectiveness, setting its agenda and high standards of corporate governance. The Chairman facilitates the contribution of the Non-Executive Directors and constructive relations between them and the Executive Directors.

Chief Executive's key responsibilities:
Alex Russo, as the Group CEO, is responsible for the day-to-day management of the Group and implementation of strategy approved by the Board and other Board decisions. His role is supported by the Group CFO and the senior executive management teams in each of the Group's businesses.

Details of the Company's ethnic and gender diversity in relation to the Board and executive management of the Group are included in the Corporate social responsibility report on pages 40 and 41.

During the year under review the Company had one member of the Board from an ethnic minority background. For the first six months of the year the position held by this Director was the senior Board position of CEO and subsequently Executive Director.

The Executive Committee of the first level of senior management below the Board has one ethnic minority member out of a total of six members, being the Group Trading Director.

During the year under review the Company had three female Board members. One of the female Board members also chairs one of the three main standing Committees of the Board. The percentage of female Board members for the first seven months of the year was 42%. With the appointment of two new male Directors in November 2022 the percentage of female Board members as at the year-end was 33%. With the retirement of one male Director in April 2023, the Board will have 37.5% female representation at the time of the 2023 AGM.

Carolyn Bradley has decided not to stand for re-election at the AGM in July 2023. Ron McMillan has agreed to continue the role of Non-Executive Director for an additional year until the AGM in 2024. As a consequence of these changes, in addition to Simon Arora's retirement and the succession appointments announced earlier, the Board is not fully compliant with the new Listing Rules with respect to diversity. Simon's retirement means that we do not currently have a Director from an ethnic minority background and the combination of Director changes means that we will not meet the requirement for 40% of the Board to be female in the immediate future. We are planning to appoint at least one Non-Executive Director and ensure full compliance by the time Ron McMillan steps down from the Board at the AGM in 2024 at the latest. Recruitment processes are underway to address these issues.

The Executive Committee of the first level of senior management below the Board has one female member out of a total of six members, being the Group People Director.

In FY23 the Company collected data in respect of diversity from its new starters. Colleagues are encouraged to give their ethnic origin, sexual orientation, religion, any disability and gender in accordance with government guidelines. Data collection is performed on the basis of self reporting by the individual concerned.

Conflict of interests

Simon and Bobby Arora own shares in SSA Investments S.à r.l., which (together with Praxis Nominees Limited as its nominee) holds 6.98% of the ordinary share capital and voting rights in the Company either directly or indirectly as the beneficial owner. Simon Arora, Bobby Arora, Ropley Properties Ltd and Triple Jersey Ltd are all landlords of certain properties leased by the Group. Ropley Properties Ltd and Triple Jersey Ltd are owned by Arora family trusts.

Except as referred to above there are no potential conflicts of interest between any of the Directors or senior management with the Group and their private interests.

There is an established process of the Board for regularly reviewing actual or potential conflicts of interest. In particular, there is a process for reviewing property lease transactions proposed to be entered into by related parties of Directors with any entities in the Group, including the provision of professional advice and consideration of it by a Related Party Transactions Committee of the Board (which includes the Chairman of the Board, Chairman of the Audit & Risk Committee and the General Counsel of the Group) and also by the Company's Sponsor in providing its opinion on the application of the Listing Rules and the applicability and appropriateness of any exemptions in respect of any transactions in the ordinary course of business. Each of the transactions are also reported to general meetings of shareholders in accordance with Luxembourg Company Law. The above processes include:

- reports by the property estates team of B&M on the relevant subject store's suitability and location and details of the principal terms of the proposed lease;

- reports from the external Property Consultants of B&M who are retained to advise on new store acquisitions, store suitability and location strategy;
- reports from external independent Property Consultants on the principal commercial terms of the proposed lease and site location of the proposed new store;
- each of the Chairman and General Counsel, and also independently of them, the Company's Sponsor, discuss where necessary, the reports of the external independent Property Consultants with them as part of the process of the review by the Related Party Transactions Committee of the Board;
- the Company's Sponsor provides a written opinion to the Company in advance of the Related Party Transactions Committee's consideration of the relevant proposed transactions;
- copies of all the reports referred to above and the Sponsor's Opinion are reviewed by the Related Party Transactions Committee on behalf of the Board, and, in its updates to the Board the Committee provides copies of all the above reports and opinions to the Board; and
- the Related Party Transactions Committee of the Board considers the appropriateness of the relevant transactions independently of Arora family interests, and Simon Arora did not participate in those deliberations.

The same process above applies to the purchase of freehold store premises by the Group from those related parties.

In addition to the above processes, the Chairman of the Audit & Risk Committee monitors on behalf of the Board a rolling report produced to the Related Party Transactions Committee, the Board and the Sponsor, which is updated throughout the year, on the number of related party leases and rents as a proportion of the overall property estate and rents of the Group.

In FY23 there was a Board approved policy in relation to the use and chartering by the Group of a private jet owned by Arora family interests for business travel by executives and other colleagues, in instances where commercial operator direct flight schedules were either not available or timings were not feasible. The chartering of the plane by the Group was with the third party operator and CAA licence holder (not with Arora family interests as the owner of the plane). The Related Party Transactions Committee had oversight on behalf of the Board of the usage and costs, to ensure it complied with the Board approved policy for business use only and that costs did not exceed market rates. These transactions were within the exemption for small related party transactions under the Listing Rules, being below 0.25% under the class tests. Prior to the year end, the private jet owned by the Arora family interests was sold and consequently the process is no longer required.

In the financial year under review, the Board reviewed the Related Party Transaction process in the context of the retirement of Simon Arora. All related party transactions will continue to be reviewed by the Related Party Committee in accordance with its terms of reference.

See pages 94 and 95 in relation to details of related party transactions entered into in the financial year 2023 and also as set out in note 26 on pages 144 and 145 of the financial statements.

Audit & Risk Committee

In August 2022, the Group announced that Ron McMillan (currently Senior Independent Director and Chair of the Audit & Risk Committee) would be retiring as a Chairman and that Oliver Tant would succeed Ron as Chair of the Audit & Risk Committee. Oliver has the requisite recent and relevant financial experience for the role. Details of Oliver's experience is detailed in his biography at page 61.

The Audit & Risk Committee consists of four Independent Non-Executive Directors and the Chairman of the Committee has recent and relevant financial experience.

The members of the Committee during the year under review were Ron McMillan (Chair), Carolyn Bradley, Paula MacKenzie and Oliver Tant (subsequent to his appointment on 1 November 2022). The Committee as a whole has competence relevant to the retail sector. See further the biographies of each of the members of the Committee on pages 60 and 61.

The duties of the Committee as delegated by the Board are contained in the terms of reference available on the Group's corporate website (as referred to above) and are also summarised in the table on page 63.

All meetings of the Committee are attended by the CFO. The Chairman of the Board and the CEO are also invited to attend. The Group's Internal Audit function, the Group Financial Controller and the Luxembourg and UK audit partners of the Group's external auditors also attend.

The Audit & Risk Committee Report on pages 69 to 73 sets out details of the role and activities of the Committee in the last financial year.

Remuneration Committee

The Remuneration Committee consists of three Independent Non-Executive Directors. The members of the Remuneration Committee during the year under review were Tiffany Hall (Chair), Ron McMillan and Carolyn Bradley.

The terms of reference of the Remuneration Committee are available on the Group's corporate website (as referred to above) and are also summarised in the table on page 63.

All meetings of the Committee are attended by the Group People Director. The Chairman of the Board and the CEO regularly attend meetings of the Committee, at the invitation of the Chair of the Committee. The Committee also retained PricewaterhouseCoopers LLP as external advisors who attended and participated at all meetings at the request of the Chair of the Committee.

The Directors' remuneration report on pages 76 to 91 sets out details of the role and activities of the Remuneration Committee in the last financial year.

Nomination Committee

The Nomination Committee consists of six Directors, being the Chairman of the Board (who chairs the Nomination Committee), and each of the five Independent Non-Executive Directors of the Company. The members of the Nomination Committee during the year under review were Peter Bamford (Chairman of the Committee), Simon Arora until he stepped down on 19 January 2023, Ron McMillan, Tiffany Hall, Carolyn Bradley, Paula MacKenzie and Oliver Tant (subsequent to his appointment on 1 November 2022).

The duties of the Nomination Committee as delegated to it by the Board are contained in the terms of reference available on the Company's corporate website (as referred to above) and are also summarised in the table on page 63.

The Nomination Committee Report on pages 74 and 75 sets out details of the role and activities of the Committee in the last financial year.

Board and Committees effectiveness review

A formal review of the effectiveness of the Board and Committees was last conducted in March 2022 and gave very positive feedback which was reported on in last year's Annual Report and Accounts. Due to the number of changes of directors and roles on the Board, in particular the appointments of Alex Russo and Mike Schmidt as CEO and CFO respectively during the year, it was considered more appropriate to allow a period of time for the management team to establish itself before conducting a review and the newly appointed directors to attend sufficient Board and Committee meetings to experience the proper workings of the Board. The next review will be external and will be carried out in Autumn 2023.

In normal years when no external review is conducted, the Board pursues an internal review process. As part of that process the Chairman has discussions with Executive Directors on a one-to-one basis, the Non-Executive Directors on a one-to-one basis and together as a group to discuss matters relating to the Board, its balance and monitoring of the exercise of powers of the Executive Directors. The Directors complete confidential questionnaires in relation to the Board and each of its three main standing Committees. The process is co-ordinated by the Group's General Counsel who prepares a report on the feedback provided by the Directors which is then presented to the Board who discuss the main themes and points arising from it.

In relation to other Code matters regarding the effectiveness of the Board and its members, where Directors have external appointments, the Committee and the Board are satisfied that they do not impact on the time the Director needs to devote to the Company.

Approach to ESG governance

The Board held a number of discussions throughout FY23 as the management team developed their proposed ESG strategy and progressed with a number of different workstreams. Significant progress was made as a result of this ongoing focus, in accordance with the Board's ESG strategy. The Board is also committed to keeping ESG as a standing agenda item for the coming year as it looks to maintain momentum in this area.

The Board considered whether to create a separate ESG Committee but decided to continue to keep the review of the ESG strategy at Board level.

Appointments, induction and development

Where any new Director is appointed by the Board, the Nomination Committee leads the process and evaluates the balance of skills, experience, independence, and knowledge and diversity on the Board. In light of that process, it approves a description of the role and capabilities required and identifies candidates for the Board to consider using external search consultants.

All new Directors receive a full, formal and tailored induction programme and briefing with members of senior management. They are also required to meet major shareholders where requested.

A manual of documents is available for new Directors containing information about the Group, Directors' duties and liabilities under Luxembourg Company Law and obligations under the Listing Rules, DTRs and the EU and UK Market Abuse Regulations, together with governance policies and the UK Corporate Governance Code.

The induction of Mike Schmidt as a new Executive Director and Oliver Tant as a new Non-Executive Director took place this year with a series of structured meetings with the Executive Directors and other members of the broader senior management team of B&M.

The Directors update their knowledge and familiarity with the businesses of the Group throughout each year with a mix of central operations and store tours of B&M UK, Heron Foods and B&M France stores along with members of the senior management of each of those businesses, and also senior management briefings and presentations in relation to each of the B&M UK, Heron Foods and B&M France businesses.

The Nomination Committee considers the training and development needs of the Executive Directors. The Directors also receive regular updates at Board and Committee meetings on law, regulatory and governance matters and future developments from the Group's General Counsel.

There is a procedure for Directors to have access to independent professional advice, at the Company's expense, in relation to their duties should they require it at any time.

Re-election of Directors

The Nomination Committee has recommended that each of the Directors be re-elected to the Board. This is except for Carolyn Bradley who has notified the Company that she will not be seeking re-election to the Board at the AGM on 25 July 2023.

The Board and the Chairman consider that all the members of the Board standing for re-election at the AGM continue to be effective and demonstrate commitment to their roles, and are able to devote sufficient time to their Board and Committee appointments, responsibilities and duties.

Risk management and internal control

The Board has overall responsibility for ensuring that the Group maintains a strong system of internal control.

The system of internal control, supported by the Internal Audit function, is designed to identify, manage and evaluate, rather than eliminate, the risk of failing to achieve business objectives. It can therefore provide reasonable but not absolute assurance against material misstatement, loss or failure to meet objectives of the business, due to the inherent limitations of any such system.

The Board carried out a review of the key risks to the Group's businesses at its annual strategy day conference in the year under review. The Board is satisfied that those risks and relevant mitigating actions are acceptable for a business of the type, size and complexity as that operated by the Group.

The key elements of the Group's system of internal controls are as follows:

Financial reporting: monthly management accounts are provided to the members of the Board that contain current financial and operational reports. Reporting includes an analysis of actual versus budgeted performance and overviews of reasons for significant differences in outcomes. The annual budget is reviewed and approved by the Board. The Company reports half yearly and publishes trading updates in line with market practice;

Risk management: the creation and maintenance of a risk register, which is continuously updated and monitored, with full reviews occurring on a bi-annual basis, facilitated by the Internal Audit function of the Group. Each risk identified on the risk register is allocated an owner, at least at the level of a senior manager within the business, and the action required, or acceptance of the risk is also recorded. The risk registers are provided to the Audit & Risk Committee and the Committee reports key risks and mitigating actions to the Board for monitoring as appropriate;

Monitoring of controls: the Audit & Risk Committee receive regular reports from the Internal Audit function as well as those from the external auditors. There are formal policies and procedures in place to ensure the integrity and accuracy of the accounting records of the Group and to safeguard its assets;

Staff policies: there are formal policies of the Group in place in relation to anti-bribery and corruption, anti-slavery and whistle-blowing policies in relation to reporting of any suspected wrongdoing or malpractice. Those policies are reviewed and updated by the Group as required from time to time.

The Board and the Audit & Risk Committee have carried out a review of the effectiveness of the system of internal controls during the year ended 31 March 2023 and for the period up to the date of approving the Annual Report and Financial Statements.

Information on the key risks and uncertainties of the Group are set out on pages 26 to 32.

Regulatory framework

Shares in the Company are dematerialised and held through an EU member state central securities depositary.

The Articles of Association of the Company require continued adherence to the UK City Code on Takeovers and Mergers (the "City Code") and the Luxembourg law of 19 May 2006 on takeovers which contain squeeze-out and sell-out rights of minority shareholders.

Shareholder relations

The Board recognises that good communication is key to maintaining shareholder relations. The Company recently appointed a senior IR professional to act as the first point of contact with shareholders. Meetings and calls are regularly held with institutional investors and analysts in order to provide the best quality information to the market.

The formal reporting of our full year results will be a combination of webcasts, in-person presentations, one-to-one virtual meetings and conference calls. The Board members, including the Chairman, the Senior Independent Director and each of the other Non-Executive Directors, are available to meet with major shareholders where they wish to raise issues outside of the above environments.

The Company will also communicate with its shareholders through the Annual General Meeting, at which an account of the progress of our businesses over the past year will be given with the opportunity for shareholders to raise any questions.

The Company holds conference calls and one-to-one virtual meetings where practical in accordance with market practice generally during the course of each financial year with bondholders.

The Company's corporate website at www.bandmretail.com is regularly updated with our releases to the market and other information and includes a copy of this Annual Report and Financial Statements.

Other disclosures

Where information is applicable under Listing Rule 9.8.4R in relation to the Group, the following matters can be found on pages 94 and 95 of this report:

a. Relationship Agreement; and
b. independence statement.

Disclosures under DTR 7.2.6R with regard to share capital are set out in the sections headed "Share capital", "Shareholders" and "Section (a) Share capital structure", in the Directors' report and business review on pages 92 to 96.

Peter Bamford
Chairman
30 May 2023

Audit & Risk Committee report

The Committee has oversight of the external financial reporting of the Group, risk management and mitigation, the internal control framework and the effectiveness of internal and external audit.

Dear Shareholder,

During the year, the Audit & Risk Committee has continued to carry out a key role within the Group's governance framework, supporting the Board in risk management, internal control and financial reporting.

The Committee exercises oversight of the Group's financial policies and reporting. It monitors the integrity of the financial statements and reviews and considers significant financial and accounting estimates and judgements. The Committee satisfies itself that the disclosures in the financial statements about these estimates and judgements are appropriate and obtains from the external auditor an independent view of the key disclosure issues and financial statement risks. In relation to risks and controls, the Committee ensures that these have been identified and that appropriate responsibilities and accountabilities have been set.

A key responsibility of the Committee is to review the scope of work undertaken by the internal and external auditors and to consider their effectiveness.

The Committee has also considered the narrative in the Strategic Report and believes that sufficient information has been provided to give shareholders a fair, balanced and understandable account of the Group's business.

During the year, the Committee again oversaw the process used by the Board to assess the viability of the Group, the stress testing of key trading assumptions and the preparation of the Viability Statement, which is set out on page 33, in the principal risks and uncertainties section of the Strategic Report.

The Committee has continued to monitor related party transactions and has monitored the Group's compliance with the Groceries Supply Code of Practice (the "Groceries Code").

Further information on the Committee's responsibilities and the manner in which they have been discharged is set out below.

Going forward, I shall ensure that the Committee continues to acknowledge and embrace its role of protecting the interests of shareholders as regards the integrity of published financial information and the effectiveness of audit.

The Committee continues to monitor the outcome of the consultations on the Government's proposals to restore trust in audit and corporate governance.

I am available to speak with shareholders at any time and will also be available at the Annual General Meeting on 25 July 2023 to answer any questions you may have on this report. At the conclusion of this meeting, I will be retiring as Chairman of the Audit & Risk Committee and handing over the Chairmanship to Oliver Tant. Oliver joined the Committee in November 2022.

I would like to thank my colleagues on the Committee for their continued help and support during the year.

Ron McMillan
Chairman of the Audit & Risk Committee
30 May 2023

I shall be stepping down as Chairman of the Committee at the AGM in July 2023 after nine years' service. My successor Oliver Tant will ensure that the Committee continues to acknowledge and embrace its role of protecting the interests of shareholders as regards the integrity of published financial information and the effectiveness of audit."

Committee composition

The Committee comprises four members, each of whom is an independent Non-Executive Director of the Company. Two members constitutes a quorum. The Committee must include one financially qualified member with recent and relevant financial experience. The Committee Chairman fulfils that requirement, and we also benefit from Paula MacKenzie's and Oliver Tant's former experiences as CFO's. All members are expected to understand financial reporting, the Group's internal control environment, relevant corporate legislation, the roles and functions of internal and external audit and the regulatory framework of the business. As reflected in the biographical summaries on pages 60 and 61, all members of the Committee have significant experience of working in or with companies in the retail and consumer goods sectors and, as such, the Audit Committee as a whole has competence relevant to the retail sector.

The members of the Committee during the year were Ron McMillan, Carolyn Bradley, Paula MacKenzie and Oliver Tant from his appointment on 1 November 2022. Details of Committee meetings, Teams meetings and attendances are set out on page 62 of the Corporate Governance report. The timing of Committee meetings is set to accommodate the dates of release of financial information and the approval of the scope and reviews of outputs from work programmes executed by the internal and external auditors. In addition to scheduled meetings, the Chairman of the Committee has had many discussions with the CFO and the internal and external auditors during the course of the year.

Although not members of the Committee, Mike Schmidt, CFO, our Group Financial Controller and representatives from the internal and external auditors attended Committee meetings. The Chairman of the Board and the CEO have also attended Committee meetings upon the invitation of the Committee Chairman.

Responsibilities

The responsibilities of the Audit & Risk Committee, as delegated by the Board, are set out in its terms of reference which are available on the Group's corporate website. They include the following:

- reviewing the integrity of the financial statements, price sensitive financial releases of the Group and the significant financial judgements and estimates relating thereto;
- monitoring the scope of work, quality, effectiveness and independence of the external auditors and approving their appointment, reappointment and fees;
- monitoring and reviewing the independence and activities of the Internal Audit function;
- assisting the Board with the development and execution of a risk management strategy, risk policies and current risk exposures, including the maintenance of the Group's risk register;
- keeping under review the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems;
- making recommendations to the Board in relation to the appointment of the external auditor; and
- maintaining effective oversight of compliance by our UK businesses with the Groceries Code.

Committee activities in 2022/23

In discharging its oversight of the matters referred to in the introductory letter to this report and as set out below, the Committee was assisted by management, the Group's General Counsel and the internal and external auditors.

The recurring work of the Committee

The Committee considered the following matters during the year:

- consideration of the Annual Report and financial statements of the Group;
- consideration of the interim results report and non-statutory financial statements of the Group for the half year;
- consideration of regulatory news service announcements by the Company;
- consideration of significant areas of accounting estimation or judgement;
- consideration of the significant risks included in the Annual Report;
- consideration of fraud risks and the controls in place to detect any occurrences;
- approval of the external auditors terms of engagement, audit plan and fees;
- review of the effectiveness and independence of the external auditors;
- review of the going concern and viability statements;
- approval of the internal audit plan; and
- reports of the UK businesses of the Group regarding compliance with the Groceries Code and the annual compliance report to be filed with regulatory bodies.

Accounting matters

The Committee considered the following accounting matters during the year:

- the methodology and assumptions applied by the Group to the value of inventory;
- the relative of prominence of IFRS figures and other financial metrics;
- accounting practices in relation to warehouse dilapidations liabilities;
- goodwill impairment in relation to each of the companies in the Group;
- hedge accounting;
- preparations for upcoming changes to UK Corporate Governance legislation; and
- the process and controls around the rollout of the new finance system.

The Group's performance measures continue to include some measures which are not defined or specified under IFRS. The Audit Committee has considered presentation of these additional measures in the context of the Guidance issued by the European Securities and Markets Authority (ESMA) and the Financial Reporting Council (FRC) in relation to the use of Alternative Performance Measures ("APMs"), challenge from the external auditor, and the requirement that such measures provide meaningful insight for shareholders into the results and financial position of the Group and that the APMs support understanding of the financial statements. These APMs are described in Note 1 of the financial statements and a reconciliation of the APMs to the equivalent IFRS measures is provided in note 3.

In considering the accounting matters referred to above the Committee had regard to papers and reports prepared by the Group's finance department and the external auditors and the explanations and disclosures made in the Group's financial statements. The Committee also considered the significance of these accounting matters in the context of the Group's financial statements and their impact on the Group's statement of comprehensive income and the statement of financial position.

The meetings and teams meetings at which the following matters were considered are set out below:

	Sept 2022	Nov 2022	Jan 2023	May 2023
Internal Audit ("IA")				
IA annual evaluation				•
IA work plans, reports and updates	•	•	•	•
External Audit				
Audit reports on preliminary results and Annual Report FY23				•
Audit report on the Group's interim results FY23		•		
External audit plan and strategy		•		
External auditor's effectiveness/independence and quality of audit				•
Non-audit services provided by the external auditor		•		•
Accounting matters				
The methodology applied to inventory valuation		•		•
Adopting accounting for hedging instruments and policy		•		•
Relative prominence of non-IFRS measures				•
Accounting for property dilapidation costs				•
Goodwill impairment testing		•		•
Preparations for upcoming changes to UK Corporate Governance legislation			•	•
The process and controls around the rollout of the new finance system			•	•
Other matters				
Review of the corporate risk register and risks included in the Annual Report	•		•	•
Review of related party transactions (flights)	•	•	•	•
Quarterly reviews of related party transactions (associated companies)	•	•	•	•
Year-end final review of related party transactions (store leases)	•			•
Consideration of post-Brexit implications for financial reporting		•	•	
Review of Groceries Code compliance and complaints	•	•	•	•
Review of going concern and viability for FY22 and FY23	•			•
B&M Retail				
Supply chain (Multi-Lines)				•
IT cyber security follow-up				•
Fixed assets and fixed asset registers	•			
Corporate policy compliance				•
Health and safety – fire safety regulations (stores)				•
Store Challenge 25	•			
Procurement (goods not for resale)				•
Colleague expense claims and Concur expense approval	•			
HR employee Right to Work				•
End-to-end colleagues salary payment				•
Distribution centres – waste management and recycling		•		
New store opening procedures			•	
Physical access controls (Support Centre, Vault and Qube distribution centres)			•	
Distribution centre – contractual maintenance			•	
Merchandising – obsolete stock		•		
Motor fleet insurance	•			
Risk register mitigations		•		•
Balance sheet controls		•		
Stock count attendance				•
Heron Foods				
Pension auto enrolment	•			
Working Time Regulations 1998	•			
Corporate policy compliance				•
B&M France				
Corporate policy compliance				•
Risk register creation			•	
Procurement (goods not for resale)			•	

IT systems and business continuity

The success of the business relies on the development and operation of IT systems which are efficient and effective. In addition, the integrity and security of the IT systems are vital from a commercial standpoint.

IT systems, cyber security and business continuity are acknowledged as being significant risks and the risk mitigations and key actions in FY23 are set out in the principal risk section of this Annual Report on page 31 including the benefits from significant investment in new IT systems during FY23.

Regulation

The Group operates within a fast moving and increasingly regulated marketplace and is challenged by regulatory requirements across the board, including those controlling bribery and corruption, the importation of goods, data protection and health and safety. This creates risk to the organisation as non-compliance can lead to financial penalties and reputational damage in respect of customers, employees, suppliers and stakeholders.

The Board reviewed the Group's compliance procedures and the application of policies relating to fraud, anti-money laundering and anti-bribery.

As a standing agenda item at each of its meetings, the Committee considered and reviewed B&M and Heron Foods' compliance with the Groceries Code. After the year-end the Committee also reviewed the annual compliance report of B&M and Heron Foods in relation to the Groceries Code and approved it for submission to the regulatory bodies in accordance with The Groceries (Supply Chain Practices) Market Investigation Order 2009.

Related party transactions

There is an established process for the consideration and review of related party store lease and freehold acquisition transactions of the Group with Arora Family. Details of that process are set out on pages 65 and 66 of the Corporate Governance report above.

The Committee reviews and monitors for the Board the overall total number of related party store leases and rents of the Group with those related parties during the course of the year, with a view to assessing any potentially material increases in the proportion of those store leases or rents compared with the overall store estate and rent roll.

Internal control and risk management

The Board has overall responsibility for ensuring that the Group maintains a sound system of internal control. There are inherent limitations in any system of internal control and no system can provide absolute assurance against material misstatements, loss or failure. Equally, no system can guarantee elimination of the risk of failure to meet the objectives of the business. Against that background, the Committee has helped the Board develop and maintain an approach to risk management which incorporates risk appetite, the framework within which risk is managed and the responsibilities and procedures pertaining to the application of the policy.

The Group is proactive in ensuring that corporate and operational risks are identified and managed. A corporate risk register is maintained which details:

1. the risks and the impact they may have;
2. actions to mitigate risks;
3. risk scores to highlight the implications of occurrence;
4. ownership of risks; and
5. target dates for actions to mitigate risks.

A description of the principal risks is set out on pages 26 to 32.

The Board has confirmed that it has carried out a robust assessment of the principal risks facing the Group, including emerging risks and those which threaten its business model, future performance, solvency or liquidity.

The Board considers that the processes undertaken by the Committee are appropriately robust and effective and in compliance with the guidelines issued by the Financial Reporting Council. During the year, the Board has not been advised by the Committee nor has it identified itself, any failings, frauds, or weaknesses in internal control which it has determined to be material in the context of the financial statements.

The Committee continues to believe that appropriate controls are in place throughout the Group, that the Group has a well-defined organisational structure with clear lines of responsibility and a comprehensive financial reporting system. The Committee also believes that the Company complies with the FRC guidance on Risk Management, Internal Control and related Financial Business Reporting.

Furthermore, the Internal Audit function has carried out an assessment of the effectiveness of actions taken by management to mitigate significant risks and this has been reviewed by the Committee.

Reviewing the draft interim and annual reports

The Committee considered in particular the following:

- the accounting principles, policies and practices adopted and the adequacy of related disclosures in the reports;
- the significant accounting issues, estimates and judgements of management in relation to financial reporting;
- whether any significant adjustments were required as a result of the audit;
- compliance with statutory tax obligations and the Group's tax policy;
- whether the information set out in the Strategic Report was balanced, comprehensive, clear and concise and covered both positive and negative aspects of performance; and
- whether the use of APMs obscured IFRS measures.

Going concern and financial viability

The Committee reviewed the appropriateness of adopting the going concern basis of accounting in preparing the financial statements and assessed whether the business was viable in accordance with the UK Corporate Governance Code 2018. The assessment included a review of the principal risks including emerging risks facing the Group, their financial impact, how they are managed, the availability of finance and the appropriate period for assessment. The Committee also ensured that the assumptions underpinning forecasts were stress tested.

Going concern has in the past year again been an area of particular focus for management and the auditors and the Audit & Risk Committee has discussed and challenged the assumptions implicit in the Group's budgets and forecasts.

The Group's Viability Statement is on page 33.

Fair, balanced and understandable

The Committee considered whether the 2023 Annual Report is fair, balanced and understandable and whether it provides the necessary information to shareholders to assess the Group's position, performance, business model and strategy. The Committee considered management's assessment of items included in the financial statements and the prominence given to them. The Committee and subsequently the Board were satisfied that, taken as a whole, the 2023 Annual Report and Accounts are fair, balanced and understandable.

External auditors

KPMG Audit S.à r.l. (KPMG) were re-appointed by shareholders at the Annual General Meeting on 28 July 2022 as the Group's independent external auditors (réviseur d'entreprises agréé) for the financial year ended 25 March 2023. The partners responsible for the audit are Thierry Ravasio, a partner in KPMG's Luxembourg office and Andrew Cawthray, a partner in KPMG's Birmingham office.

Audit independence

The Committee sought and was provided with assurance from the Audit Engagement partners that they and all members of KPMG's staff engaged in the audit had confirmed that they and their dependents were independent and that KPMG as a firm was independent.

Audit quality

The Committee assessed the quality of KPMG's audit in a number of ways:

1. the Committee met with the senior members of the KPMG audit team on three occasions during the year and discussed the planning, execution and reporting of audit work and findings. All senior members of the KPMG team contributed to these meetings;

2. in conjunction with the CFO and senior members of the finance team, the Audit & Risk Committee discussed and assessed KPMG's approach to the execution of and reporting of their audit and related findings; and
3. the Committee considered the matters set out in KPMG's 2022 Transparency Report, dealing with audit quality monitoring and remediation. It considered the results of internal and external engagement reviews and the steps being taken by KPMG to address findings. Within KPMG, audit quality is monitored at a global level and at an engagement level with all engagement partners being reviewed at least once in a three year cycle.

In reviewing KPMG's 2022 Transparency Report, the Committee noted the firm's commitment to delivering the right standards of governance, culture, quality and risk management. The Committee also discussed with KPMG the results of the FRC Audit Quality Inspection of the UK firm, which were published in July 2022.

The Committee was encouraged that KPMG had, following significant work on its Audit Quality Transformation Plan, seen strong improvements to audit quality inspection results at both the overall and FTSE 350 level. Overall scores for KPMG were in line with leading peers, with the critical areas for improvement still identified being around its banking audit activity – which does not affect the Group's business.

In relation to the Group's audit, the Committee has reviewed the performance of KPMG with input from management, the Group's finance and Internal Audit functions and the General Counsel. The conclusions reached were that KPMG has continued to perform the external audit in a very professional and efficient manner and it is, therefore, the Committee's recommendation that the reappointment of KPMG be put to shareholders at the AGM on 25 July 2023. Given KPMG's short tenure of six years, the Board has no present plans to consider an audit tender process.

The Committee reviewed the reports prepared by KPMG on key audit findings as well as the recommendations made by KPMG to improve processes and controls together with management's responses to those recommendations. Management has committed to making appropriate changes in controls in the areas highlighted by KPMG.

The Committee considered in detail KPMG's audit planning documentation and satisfied itself that the audit work to be carried out by KPMG covered all significant aspects of the Annual Report and Accounts. There were no areas which the Audit & Risk Committee asked KPMG to look at specifically. KPMG's report to the Audit & Risk Committee at the conclusion of the audit confirmed that the audit had been carried out as set out in the planning documentation and the Audit & Risk Committee considered the findings of KPMG as reflected in their audit opinion and their year-end report to the Board. KPMG's audit opinion sets out the key matters that, in their professional judgement, were of most significance in their audit. These are consistent with the key matters considered and agreed with the Audit & Risk Committee when the audit was planned. KPMG's opinion describes how these matters were addressed in the audit and the scope and nature of their work reflects the thoroughness of their approach and the degree of scepticism applied.

Non-audit work

The Board's policy in relation to the auditors undertaking non-audit services is that they are subject to tender processes with the allocation of work being done on the basis of competence, cost effectiveness, regulatory requirements, potential conflicts of interests and knowledge of the Group's business. Fees for new audit work must be approved by the Committee in advance.

KPMG were paid £1,229,000 during the year in relation to audit work and £20,000 in relation to work associated with audit related assurance services. Fees for other services provided by KPMG were £98,000 which principally related to other assurance services.

The Committee is mindful of the attitude investors have to the auditors performing non-audit services. The Committee monitors the appointment of the auditors for non-audit services with a view to ensuring that non-audit services do not compromise the objectivity and independence of the auditors. The Committee will continue to ensure that fees for non-audit services will not exceed 70% of aggregate audit fees measured over a three-year period.

Critical Judgements

Critical judgements and key sources of estimation uncertainty are set out on page 113 of the Annual Report. These relate to investments in associates and hedge accounting.

Internal audit

The Group Internal Audit function has a direct reporting line to the Committee and they were represented at all Committee teams meetings discussions throughout the year. During the year, the Group Internal Audit team undertook a programme of work which was discussed with and agreed by both management and the Committee, and which was designed to address both risk management and areas of potential financial loss. The Group Internal Audit function also has established procedures within the business to ensure that new risks are identified, evaluated and managed and that any necessary changes are made to the risk register.

During the year, the Committee received reports from the Internal Audit function as set out on page 71.

In relation to each of the areas covered, Internal Audit made recommendations for improvements, all of which were agreed by management and either have been or are being implemented. Where areas requiring improvement have been identified, the Committee has satisfied itself that processes are in place to ensure that the necessary action is taken and that progress is monitored.

The Committee has evaluated the performance of Internal Audit and has concluded that it provides constructive challenge to management and demonstrates a constructive and commercial view of the business.

Committee performance

The performance of the Committee during the year will be evaluated as part of a broader Board performance review to be conducted externally and led by the Chairman of the Board, as described on page 67.

Ron McMillan
Chairman of the Audit & Risk Committee
30 May 2023

The Nomination Committee has responsibility for regularly reviewing the structure, size and composition, and diversity of the Board. It also reviews the leadership and senior management needs of the Group, with the aim of ensuring the continued ability of the Group to compete effectively in the marketplace.

Dear Shareholder,

The Nomination Committee's report for the year ended 25 March 2023 is set out below.

Committee composition, responsibilities and effectiveness

The members of the Committee during the year were Peter Bamford (Chairman of the Committee), Simon Arora until 19 January 2023 and each of the five Non-Executive Directors being Ron McMillan, Tiffany Hall, Carolyn Bradley, Paula MacKenzie and Oliver Tant following his appointment on 1 November 2022. Since his appointment as CEO Alex Russo has attended Committee meetings. Allison Green, the Group People Director, attended each of the Committee's meetings during the year. Details of Committee meetings, and attendances are set out on page 62 of the Corporate Governance report.

The Committee has responsibility for reviewing the structure, size and composition of the Board, including the skills, knowledge, experience and diversity of the Board. Further details of the other main responsibilities of the Committee are set out on page 63 of the Corporate Governance report. The Committee's terms of reference are also available on the Company's website at www.bandmretail.com

The effectiveness of the Committee during the year will be evaluated in the autumn of 2023 as part of a broader Board performance review to be conducted externally and led by the Chairman of the Board. The review has been deferred to allow consideration of a fuller period of performance of the newly composed Board following a year of very significant change to the composition of the Board with the retirement of Simon Arora and the appointments of a new CEO, new CFO and new Non-Executive Director. Deferring the review will also allow the new Directors an appropriate length of time to understand and input to the working of the Board and its Committees.

Committee activities

During the year under review the main activities of the Committee was primarily focused on succession planning for the several key roles on the Board. Diversity, wider executive team development, retention and conflicts of interest were also considered, each of which are described in further detail below.

Board succession

As reported last year, Simon Arora announced his intention to resign as CEO. The Committee managed a process to appoint a successor and Russell Reynolds Associates were appointed to advise and assist the Committee. Russell Reynolds is a signatory to the voluntary code of conduct for executive search firms and they had no other connection with the Group. It was agreed that Alex Russo, then CFO, was a strong internal candidate. A thorough independent assessment of Alex was carried out alongside a review of potential external candidates. Following this process, the Committee recommended to the Board that Alex Russo should be appointed as Chief Executive Officer and he took up the position with effect from 26 September 2022.

The promotion of Alex Russo to CEO created a vacancy in the position of CFO. The Company carried out an extensive process with external executive search consultants Sam Allen Associates, to identify a successor CFO. Sam Allen Associates is a signatory to the voluntary code of conduct for executive search firms, and they had no other connection with the Group. Preliminary interviews were carried out by Sam Allen Associates to create a short list of candidates to be considered by the Executive Directors and the Nomination Committee. As a result of process Mike Schmidt joined the Group as CFO in October 2022 and was appointed to the Board with effect from 1 November 2022. Prior to joining B&M, Mike spent eight years at publicly listed home furniture retailer DFS Furniture plc, where he was appointed Group CFO in 2019. During his time at DFS, Mike has additionally held responsibility for property, strategic development, legal and compliance and financial services activities. Mike has a background in corporate finance, with 13 years' experience of working for top tier investment banks.

In the period under review, the Committee, led by the Chairman, oversaw the process of identifying and recommending the appointment of a new Non-Executive Director to act as successor to Ron McMillan as Audit & Risk Committee Chair. The search was carried out by Odgers Berndtson who carried out preliminary interviews to create a short list of candidates, including Oliver, to be considered by the Nomination Committee. As a result of the process Oliver Tant joined the Board on 1 November 2022 and will assume the role of Chair of the Audit & Risk Committee following the Annual General Meeting in July 2023. Oliver has over 40 years' experience as a finance professional including CFO of Imperial Brands Plc and prior to that for 30 years at KPMG. Currently Oliver is a NED at Redrow plc where he chairs the Audit Committee and is a consultant to Modulaire, a Brookfield Asset Management portfolio company. Oliver will be stepping down from his role at Modulaire on 31 May 2023.

The Committee ensures that a comprehensive induction process is carried out with all new Directors on their appointment to the Board. The details of the induction process carried out with Oliver and Mike is set out on page 67.

In August 2022, the Group announced that Ron McMillan (currently Senior Independent Director and Chair of the Audit & Risk Committee) would be retiring as a Director at the conclusion of the Company's AGM in July 2023 and that Oliver Tant would succeed Ron as Chair of the Audit & Risk Committee when he retired from the Board. Oliver has the requisite recent and relevant financial experience for the role. As also announced in September 2022, Tiffany Hall would succeed Ron as Senior Independent Director. Tiffany has served on the Board for five years and has been Chair of the Remuneration Committee since 1 January 2020 and has a wealth of public company board experience including formerly Senior Independent Director at Howden Joinery Group plc.

More recently Carolyn Bradley has decided not to stand for re-election at the AGM in July this year for personal reasons. In order to ensure continuity on the Board with the number of changes in other roles, Ron McMillan has agreed to continue the role of Non-Executive Director for an additional year until the AGM in 2024. Following this year's AGM Tiffany Hall will still assume the role of Senior Independent Director and Oliver Tant will become Chair of the Audit & Risk Committee.

Board diversity

Throughout the year, the Committee has continued to develop its succession planning in relation to both Executive and Non-Executive roles. In particular, the Committee has continued to review the Group's diversity in relation to the Board and at other levels of senior management in the business. As referred to on pages 40 and 41, the Group's recruitment processes and Diversity Policy, recognise the value which a diverse board brings to its business.

The Committee is aware that the Listing Rules require UK listed companies to report information and disclose against targets on the representation of women and ethnic minorities on their boards, with the intention of making it easier for investors to see the diversity of their senior leadership teams. The rules apply to premium listed companies reporting financial accounting periods starting from 1 April 2022. The period under review in this report therefore does not require reporting against the revised Listing Rules requirement. However, the Company has chosen to report voluntarily its gender and ethnic diversity and restates its Diversity Policy in light of the new rules.

For the first half of FY23 the Board met with Listing Rules gender targets of at least 40% of females or more appointed to the Board. However, in the second half of FY23, succession planning for the key roles of CFO and Chair of the Audit & Risk Committee has led to the appointments of Mike Schmidt and Oliver Tant. As a consequence, the proportion of female Directors on the Board has fallen below 40% to 37.5%.

As set out above, the Company announced in September 2022 that the Board would appoint Tiffany Hall to the position of Senior Independent Director. This satisfies the target that at least one of the senior Board positions, Chair, CEO, CFO or Senior Independent Director should be a woman.

Prior to Simon Arora's retirement early in FY24, the Board complied with ethnic diversity targets of having at least one director with an ethnic minority background on the Board. From its initial public offering in 2014, the Company has had continual ethnic minority representation on its Board. The Committee has launched Non-Executive Director recruitment processes with Audeliss Limited and Russell Reynolds Associates with the aim of meeting the Listing Rules requirement of at least one member of the Board being from an ethnic minority background with the 40% gender target required. It is expected that the Board will be compliant with these requirements no later than the AGM in 2024 when Ron McMillan retires.

Page 65 sets out numerical information on the diversity of the Board and executive management by gender and ethnicity.

Further details of the Group's ethnic and gender diversity policies are set out on pages 64 and 65.

The percentage of female representation within the senior management of the Group reporting either directly to the Board or the Executive Committee was 40.3% at the end of FY23.

The percentage of ethnic minority representation within the senior management of the Group reporting either directly to the Board or the Executive Committee was 14.3% at the end of FY23.

In FY23 the Company collected data in respect of diversity from its new starters. Colleagues are encouraged to give their ethnic origin, sexual orientation, religion, any disability and gender in accordance with government guidelines. Data collection is performed on the basis of self-reporting by the individual concerned.

Wider executive team developments

Jon Parry joined B&M in August 2022 as UK Supply Chain Director. Jon has over 15 years' experience at Director level across Retail and Supply Chain in both Strategic and Operational roles. He has previously worked for Walmart Inc, Asda Stores Ltd and the convenience food chain Somerfield Stores Ltd.

Other senior recruitments have been made or are planned in relation to other areas of strategic and operational importance as the Group continues to grow in the UK and France.

The Committee receives reports from the CEO and Group People Director in relation to progress with planned recruitments to the broader executive team as a regular agenda item of the Committee's business.

Retention of Senior Management

Senior executives are appropriately incentivised through bonus and share option arrangements.

Conflict of interests

The Committee requires any proposed appointee to the Board to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest.

The Committee carried out that process on behalf of the Board in considering any conflicts of interest of Non-Executive Directors where they disclosed their intention to take up other additional external appointments during the year. The Committee is assisted by the Group's General Counsel who maintains a register of external appointments of the Company's Board members and sectors within which companies they are appointed to operate.

Peter Bamford
Chairman of the Nomination Committee
30 May 2023

Annual statement by the Chair of the Remuneration Committee

Dear Shareholder,

I am pleased to present the Company's Remuneration Report for 2022/23. This report contains:

- The Company's Annual Report on Remuneration on pages 79 to 88, which details the remuneration paid to the Directors in the 2022/23 financial year, and which is subject to a shareholder advisory vote at our 2023 Annual General Meeting ("AGM").
- A summary of the key elements of the Directors' Remuneration Policy on pages 89 to 91, as approved at the 2021 AGM.

Performance and incentive outcomes for 2022/23

The Group has continued to perform well and execute its strategy with a relentless consistency and discipline. Group revenues increased by 6.6% to £4,983m with growth across all three businesses. Group adjusted EBITDA was £573m (FY22: £619m) with a margin of 11.5% – significantly ahead of pre-pandemic levels of £342m. This year we have seen trading patterns normalise post-pandemic and the Group now has a new underlying profit base on which to build for further future growth. These financials are a key indicator of the robustness of the B&M business model and the success of the management team delivering on our strategy.

As a business, we have continued to strengthen our overall operational performance across the Group by driving investments in financial systems, IT and supply chain. We have given even greater focus to ensuring that we offer our customers great value and great products and that, throughout our Company, we have availability of these products consistently day in day out which is a key enabler for our future growth.

The resulting Annual Incentive Plan ("AIP") out-turn was 56.9% for Simon Arora, 56.9% for Alex Russo and 55.7% for Mike Schmidt, of their respective maximums. Half of the bonus achieved under the AIP in 2022/23 will be deferred into shares for three years.

The 2020 LTIP three-year performance period ended on 31 March 2023. The award was subject to two equally-weighted performance conditions being the adjusted earnings per share and the relative total shareholder return ("TSR") performance of the Company against FTSE 350 retailers. The TSR performance resulted in a 100% out-turn for that measure. The adjusted earnings per share was 36.5p relative to a maximum target of 30p, which gave a 100% vesting level under that measure and an overall vesting level of 100% of the award. The award is due to vest on 30 July 2025 following a two-year holding period. Simon Arora was the only Executive Director serving during 2022/23 to receive an award under the 2020 LTIP.

The Committee has discretion to adjust the level of vesting. It considered that the formulaic out-turns under both the AIP and LTIP were appropriate due to the excellent leadership and successful execution of the strategy of the business over the periods to which those awards relate.

Taking into account the above considerations, the Committee has determined that the formulaic outcomes are appropriate both in the context of business performance and broader employee considerations and therefore has not exercised discretion.

Changes to Directors

As announced on 31 May 2022, Alex Russo succeeded Simon Arora as the Group CEO, stepping into the role on 26 September 2022. As disclosed in last year's Directors' remuneration report, his remuneration package comprises a base salary of £800,000, slightly below the outgoing CEO's salary, and incentives for the CEO role as approved by shareholders within the Directors' Remuneration Policy. The Remuneration Committee took account of the additional responsibilities and workload during Alex Russo's transition to the Chief Executive Officer role. It was determined that a one-off role-based allowance of £100,000 should be paid to Alex to remunerate him fairly and commensurate with his significant contribution during this involved period of transition to succeed Simon Arora, a long-standing and accomplished Chief Executive Officer, as well as running the finance team during this period. This allowance is fixed and is not pensionable, nor does it attract any bonus opportunity.

As announced on 15 September 2022, Simon Arora retired as the CEO effective from 26 September 2022 but remained as an Executive Director until the end of his notice period on 21 April 2023. Simon was not eligible for an LTIP award during the year, and the Committee determined to treat his unvested incentives as set out on page 82. In addition, the Committee determined that Simon would be eligible for an annual bonus for 2022/23 in respect of the full year on the basis that he actively worked throughout the financial year.

Mike Schmidt replaced Alex Russo as CFO on 17 October 2022, as announced on 5 July 2022. He was subsequently appointed to the Board of Directors on 1 November 2022. His package comprises a base salary of £450,000 and incentives as approved by shareholders within the Directors' Remuneration Policy, as well as a one-off award of nil-cost options valued at £250,000 in relation to remuneration forfeited on joining B&M. This award is subject to continuous employment and vests in equal amounts on the first and second anniversary of grant. In addition, Mike has been granted a travel and overnight accommodation budget for the first 12 months of employment following his start date to assist with additional costs as he transitions into his new role.

Shareholder engagement

The Remuneration Committee welcomes any comments or questions from shareholders, and believes that the remuneration packages outlined for this year and for 2023/24 are fair and reflective of the responsibility and complexity of the roles.

Implementation of remuneration policy for 2023/24

The Committee determined that salary increases of 4% should be awarded to the Executive Directors, in line with the wider workforce, effective from 1 April 2023.

The resulting operation of policy for 2023/24 will be as follows:

Element	Implementation for 2023/24
Base salary	• Alex Russo (CEO): £832,000 (currently £800,000) • Mike Schmidt (CFO): £468,000 (currently £450,000)
AIP	• Maximum opportunity of 200% of salary for CEO and 150% of salary for CFO • 75% based on adjusted EBITDA and 25% based on personal objectives • 50% of any bonus earned will be deferred in shares for three years
LTIP	• Award of 200% of salary for CEO and 175% of salary for CFO • 50% based on adjusted EPS and 50% based on relative TSR vs FTSE 350 retailers
Pension	• 3% of salary less employer's National Insurance contributions ("NICs")

Conclusion

I hope that you find the information in this report helpful and informative, and that you can support the decisions made this year in relation to the implementation of our remuneration policy for 2022/23 and how we intend to operate our policy in 2023/24.

The Committee is keen to hear any feedback on the information set out in this report. If any questions or comments do arise then please contact me, or alternatively I will be available at the AGM to take any questions.

Tiffany Hall
Chair of the Remuneration Committee
30 May 2023

Role of the Remuneration Committee

The Committee has responsibility for determining the Company's policy on remuneration of the Executive Directors and the Chairman, the first layer of senior management of the Group below the Board and the Group's General Counsel. Its terms of reference were reviewed during 2022/23 and a number of minor amendments and clarifications were made.

The Committee does not consult directly with employees when reviewing levels of Executive Directors' remuneration but it takes account of pay policies for the broader salaried workforce when undertaking annual salary reviews for the Executive Directors, as well as reviewing policy and practices for employees when determining remuneration policy for Executive Directors.

The Committee's terms of reference are available on the Company's website at www.bandmretail.com.

Corporate Governance Code

The Committee is conscious of the Code's references to remuneration arrangements being clear, simple, predictable, proportionate and to take adequate account of risk while being aligned to culture. These factors have been considered and are felt to be satisfied through:

- **Clarity** – the Company's remuneration policy and implementation of policy are clearly disclosed each year in this report. The Committee proactively engages with shareholders and their representative bodies as part of the triennial policy renewal process and is available to discuss matters at any other time;
- **Simplicity** – the Company operates a simple pay model which typically pays at no more than median while encouraging superior performance, and only rewarding sustained success achieved in a manner consistent with the Board's overall objectives to deliver superior returns for our shareholders. This is set by the operation of a mix of absolute profit targets and relative TSR assessed alongside stretching personal objectives which recognise delivery against defined goals. We will continue with this approach for 2023/24 in line with the approach for 2022/23;
- **Risk** – the overall policy offers reward at no more than a median level and is subject to the operation of suitably stretching targets, which is consistent with our business model as a value retailer. We have again set stretching targets for variable pay in 2023/24 in the context of the business plan. Payments of variable pay are subject to the Committee being satisfied that the outcome is appropriate, and all our variable pay plans include the ability to operate malus and clawback where necessary;
- **Predictability** – the Directors' Remuneration Policy includes a scenario chart showing potential pay levels on various assumptions and all awards are subject to maximum grant levels as set out in the policy;
- **Proportionality** – the out-turn in respect of variable pay is clearly set out in this report and payments are contingent on the strategic pillars of EBITDA, EPS, relative TSR and personal objectives pre-set by the Board. As indicated under Risk above, the out-turn can be reduced as appropriate; and
- **Alignment to culture** – the variable pay plans are consistent with our focus on performance and incentivisation down to Store and Deputy Store Manager levels.

Luxembourg Law

The Luxembourg Law of 24 May 2011 on certain rights of shareholders at general meetings of listed companies (as amended by the law of 1 August 2019) which adopts the EU Shareholders' Directive 2017/828 on directors' remuneration requires that the remuneration policy of the Company be put to shareholders to vote at least once every four years. However, in accordance with the Company's voluntary policy since the IPO of putting the remuneration policy to shareholders for voting on every three years, that practice will continue to be followed, which will comply with the recent changes in the Luxembourg Law.

The Annual Remuneration Report has been prepared to comply with the reporting requirements of the Luxembourg law on directors' remuneration referred to above. The Company, as a Luxembourg registered company, is not subject to the regulations adopted in the UK in 2013 (and as amended) for the reporting of executive remuneration. However, in addition to the Luxembourg law reporting requirements, the Committee considers the UK regulations to also be reflective of best practice and helpful to shareholders to maintain consistency with the Company's reporting in previous years while also complying with the requirements of the Luxembourg law. The report has therefore been prepared by the Company to follow the practice (as in the case in previous years) of also voluntarily adopting the UK reporting regime where practical and while maintaining the Company's status as a Luxembourg registered company.

Annual Report on Remuneration

Implementation of remuneration policy

The Committee has operated the remuneration policy in accordance with the Directors' Remuneration Policy (the "Policy") which was approved by shareholders at the Company's AGM on 28 July 2021.

This section of the report sets out how the Policy has been applied in the financial year 2022/23 and how the Policy will be applied in the financial year 2023/24.

Where sections of the report have been subject to audit, they are marked accordingly.

Single figure table of total remuneration of Executive Directors – audited

The audited table below shows the aggregate remuneration of the Executive Directors of the Company during the financial year 2022/23.

Executive Directors	Year[1]	Salary £	Benefits[2] £	Pension[3] £	Bonus[4] £	Long-term incentives[5] £	Other £	Total £	Total fixed pay £	Total variable pay £
Simon Arora[8] (CEO)	2021/22	810,000	45,104	21,514	1,549,125	1,943,066	–	4,368,809	876,618	3,492,191
	2022/23	**834,300**	**51,276**	**21,928**	**830,261**	**1,731,169**	**–**	**3,468,934**	**907,504**	**2,561,430**
Alex Russo[8] (former CFO/CEO successor)	2021/22	475,000	43,503	12,522	556,640	–	150,000	1,237,665	531,025	706,640
	2022/23	**650,000**	**24,288**	**17,207**	**668,178**	**–**	**250,000[6]**	**1,609,673**	**791,495**	**818,178**
Mike Schmidt[9] (CFO successor)	2021/22	–	–	–	–	–	–	–	–	–
	2022/23	**199,038**	**27,458**	**5,190**	**163,984**	**–**	**250,000[7]**	**645,670**	**231,686**	**413,984**

1. The 2021/22 year is for the 52 weeks ended 26 March 2022 and the 2022/23 year is for the 52 weeks ended 25 March 2023.
2. Benefits include company car/car allowance cash equivalent as a benefit in kind, fuel and running costs, critical illness insurance, healthcare insurance and life assurance. The amount for Mike Schmidt includes £19,806 in respect of travel and overnight accommodation to assist with additional costs as he transitions into his new role.
3. Pensions include auto-enrolment pension employer contributions and a cash equivalent allowance to pension contribution entitlement less employers' NICs.
4. 50% of the annual bonuses of the Executive Directors for 2022/23 being £415,131 for Simon Arora, £334,089 for Alex Russo and £81,992 for Mike Schmidt, are payable in shares which are to be deferred for a period of three years from the date of grant.
5. The 2020/21 LTIP award granted to Simon Arora has completed its performance period and is included in the 2022/23 Long term incentives figure. It will vest on the expiry of the holding period on 30 July 2025. The value is estimated based on a vesting of 100%, the three-month average share price to the year-end of £4.67 and the accrued dividends to the year-end. Share price appreciation accounts for £10,204 of the value, with dividends forming the most significant contribution to the vesting outcome. The value of the 2019/20 LTIP award has been trued up from the estimate provided in last year's report to reflect the value after three years from grant (at which point it is no longer subject to continued service), based on a share price of £4.309 on 2 August 2022.
6. A final payment of £150,000 made to Alex Russo in respect of the 2022/23 portion of his buy-out award regarding remuneration forfeited on joining B&M. In addition, as set out in the Chair's statement, the amount includes a payment of £100,000, as a one-off role-based allowance to remunerate Alex Russo fairly and commensurate with his significant contribution during this involved period of transition to succeed Simon Arora, as well as running the finance team during this period.
7. A one-off award of nil-cost options worth £250,000 was made to Mike Schmidt in relation to forfeiture of incentive compensation on joining B&M. The award vests in equal amounts on the first and second anniversary of grant.
8. Simon Arora retired from his position as CEO on 26 September 2022, when former CFO, Alex Russo, took his position. Simon continues to serve the Board as an Executive Director until the end of his notice period on 21 April 2023.
9. Mike Schmidt was appointed to the position of Chief Financial Officer on 17 October 2022 and was subsequently appointed to the Board on 1 November 2022.

The remuneration of the Executive Directors is paid by B&M Retail Limited, other than their long-term incentives. The reported figures include all such amounts.

Base salaries

Simon Arora and Alex Russo received salaries of £834,300 and £500,000 respectively, effective from 1 April 2022. Alex Russo received a salary of £800,000 effective from his appointment as CEO on 26 September 2022. Mike Schmidt received a salary of £450,000, effective from his date of appointment on 17 October 2022.

Pension

The pension amounts paid in the year represent amounts contributed to pension plans and cash supplements, adjusted for the cost of employers' NICs to the extent that provision is made as a cash supplement.

The pension benefits of the Executive Directors for 2022/23 were paid as salary supplements and were 3% of base salary (less employer's NICs), which is in line with the pension provision for UK salaried employees of the Group.

AIP outcomes

Executive Directors' bonus payments for 2022/23 are in line with the Policy and the terms of the AIP.

75% of the maximum AIP opportunity related to the achievement of financial targets for 2022/23. The targets were based on adjusted Group EBITDA performance as follows:

	Adjusted Group EBITDA target*	% maximum overall bonus opportunity
Threshold	£517.5m	18.75%
Target	£575.0m	37.5%
Maximum	£603.8m	75.0%
Actual	£573.1m	36.9%

* There is a straight-line payout for achievement between threshold, target and maximum levels.

The remaining 25% of the AIP related to personal objectives. These objectives focused on a number of key performance indicators ranging from strategic, operational and investor relations matters. The Committee assessed each objective against those criteria as explained below.

In the light of the appointment of Alex Russo as CEO half way through the year, the changing economic circumstances and the resulting development of strategy, the Committee determined that it was appropriate for the like for like ("LFL") sales target to be measured in two half years. In the first half of the year the target was not met, and in the second half of the year the maximum target was exceeded. As such, 50% of the LFL sales element was awarded (representing 2.5% of the total annual bonus for Simon Arora and Alex Russo).

Simon Arora

Objectives	Performance	Overall outcome
1. Team: (40%) – Progress the succession plan for the CFO appointment and deliver smooth transition to new CEO, ensure successful on-boarding for senior recruits and ensure transition plan for property.	Fully achieved with smooth transition to the new CEO and successful onboarding of CFO, Supply Chain Director and Property Director.	20 out of 25
2. LFL sales vs budget (20%)	Partially achieved with the LFL sales target not met in the first half of the year and exceeded in the second half.	
3. Growth (20%) – Review of growth and store format options to be presented to Board and delivery of store openings.	Partially achieved – New openings and store expansions were high-quality although the number was below target. Robust growth plan presented to the Board.	
4. Stakeholders (10%) – Maintain a diverse and balanced investor base and ensure clear communication of strategies. – Deliver an effective programme of stakeholder engagement to maintain strong external relationships.	Fully achieved with clear communication of strategy to investor base and effective engagement with key external stakeholders.	
5. Ensure effective implementation of year 1 ESG strategy (10%)	Fully achieved – Year 1 ESG strategy implemented with all ESG work streams on track.	

Alex Russo

Objectives	Performance	Overall outcome
1. Team (20%) – Onboarding of new CFO and strengthening of team in France.	Fully achieved with successful onboarding of the CFO, quality senior hires in France and creation of a high performing executive team.	20 out of 25
2. IT: (15%) – Delivery of an effective IT strategy, to include successful implementation of new finance solution. – Maintain cyber security and limit network or distribution centre downtimes to a minimum.	Fully achieved with tangible enhancements to IT operating resilience and new finance system implementation on track.	
3. France: (15%) – EBITDA. – Operational improvement. – Accelerated growth plan.	Fully achieved due to strong EBITDA out-turn driven by LFL and new store growth and increasing consistency of operational performance.	
4. LFL sales vs budget: (20%)	Partially achieved – LFL target not met in first half of year and exceed in the second half.	
5. Growth (20%) – Review of growth and store format options to be presented to Board and delivery of store openings.	Partially achieved – Strong performance from new openings and store expansions but number of openings below targets. Clear store format agreed with Board.	
6. Ensure effective implementation of year 1 ESG strategy (10%)	Fully achieved – Year 1 ESG strategy implemented with all ESG work streams on track.	

Mike Schmidt

Objectives	Performance	Overall outcome
1. Financials (40%) – Group EBITDA. – Effective year-end statutory audit and Annual Report preparation and financial planning.	Partially achieved – Group EBITDA delivered within externally guided ranges, with financial operations process on plan.	18.75 out of 25
2. Operational (30%) – Preparation for successful finance IT implementation. – Stock loss. – Development of effective and focused ESG workstreams.	Partially achieved – Finance and ESG programmes fully on track. Stock loss trends reflecting broader retail environment.	
3. Leadership team development (30%) – Effective working relationship with senior management team. – Effective execution of GCA Code Compliance Officer role. – On-board new finance appointments.	Partially achieved – induction programme is fully on-plan.	

The table below sets out the resulting bonuses earned, including the amounts deferred into shares for a three-year period:

Executive Director	Bonus maximum as % salary	Bonus earned as % maximum	Bonus earned £[1]	Of which paid in cash £ (50%)	Of which deferred in shares £ (50%)
Simon Arora	200% (for period as CEO) 150% (for period as Executive Director)	56.9%	830,261	415,130	415,131
Alex Russo	200% (for period as CEO) 150% (for period as Executive Director)	56.9%	668,178	334,089	334,089
Mike Schmidt	150%	55.7%	163,984	81,992	81,992

1. For Mike Schmidt, amounts are pro-rata to reflect the proportion of the financial year served as CFO.

The Committee considered that overall performance had been strong during 2022/23 and that the AIP outcomes appropriately reflected individual and business outcomes. No discretion was used in assessing the outcomes as set out above.

Long-term incentive outcome

The LTIP award granted to Simon Arora on 30 July 2020 had a combination of adjusted EPS and relative TSR conditions with equal weighting. The performance period ended on 31 March 2023 and the outcomes are provided below.

Performance condition	Weighting	Performance for threshold vesting (25%)	Performance for maximum vesting	Actual performance	Vesting
Adjusted EPS	50%	25p	30p	36.5p	100%
Relative TSR vs FTSE 350 retailers[1]	50%	Median	Upper quartile	Above 1st rank of 13 comparators excluding B&M	100%
Total					**100%**

1. Consists of the constituents of the FTSE General Retailers Index and the FTSE Food and Drug Retailers Index with some limited exclusions due to business fit.

The resulting awards due to vest are as follows:

Executive Director	Number of awards granted	Number of awards due to vest due to meeting performance condition	Dividend shares earned to year-end	Total shares due to vest	Total value £[1]
Simon Arora	283,436	283,426	86,970	370,406	1,731,169

1. Based on the average share price of £4.67 during the three-month period to 31 March 2023.

The awards are due to vest following the expiry of the holding period on 30 July 2025.

LTIP awards granted during the financial year – audited

LTIP awards in the form of nil-cost options were granted to Alex Russo and Mike Schmidt on 17 November 2022 as follows:

Executive Director	Award size	Number of awards granted[1]	Face value of awards £
Alex Russo	200%	414,615	1,595,812
Mike Schmidt	175%	204,068	785,437

1. The number of awards granted was based on a share price of £3.8489, being the share price prior to the date of grant.

Awards vest after five years from grant following the expiry of a two-year holding period. Dividends accrue in respect of the awards over the period from grant to vesting.

The performance conditions are measured over the three-year period to the end of 2024/25, and the targets were determined in the following way:
- The adjusted EPS targets were set by the Committee at the beginning of 2022/23, based on management's three-year plan. The LTIP targets were set taking into account the management plan and analysts' consensus forecasts at the time of setting the targets at the start of the year.
- The relative TSR condition follows a market-standard approach, with no vesting below median performance and with maximum vesting for upper quartile performance or above. This approach is consistent with the approach used for previous awards.

The resulting performance conditions and targets are as follows:

Performance condition	Weighting	Performance for threshold vesting (25%)	Performance for maximum vesting
Adjusted EPS	50%	42p	50p
Relative TSR vs FTSE 350 retailers[1]	50%	Median	Upper quartile

1. Consists of the constituents of the FTSE General Retailers Index and the FTSE Food and Drug Retailers Index with some limited exclusions due to business fit.

A one-month average applies prior to the beginning and at the end of the performance period for the TSR condition.

Straight-line vesting occurs between threshold and maximum levels of performance.

The Remuneration Committee will assess the value of the 2022 LTIP at vesting and will ensure that the final out-turns reflect all relevant factors, including consideration of any "windfall gains".

Deferred bonus awards granted during the financial year – audited

A proportion of bonus earned by Executive Directors in respect of performance during 2021/22 was deferred into shares for a period of three years on 8 June 2022 as follows:

Executive Director	Value of deferred bonus £	Number of awards granted[1]
Simon Arora	£774,563	204,856
Alex Russo	£278,320	73,610

1. The number of awards granted was based on a share price of £3.781, being the share price prior to the date of grant.

The awards are subject to continued service only.

Loss of office payments – audited

Simon Arora stepped down from his role as Executive Director and from the Board on 21 April 2023. As a retiree from the Board as a long-standing CEO, the Remuneration Committee approved that Simon should retain his outstanding LTIP awards, and these would vest at their normal vesting dates subject to performance and time pro-rating. The Committee determined that it was appropriate for the award granted in 2020 to vest without time pro-rating given its performance period was complete as at the date that Simon stepped down.

Simon will be paid salary, pension and benefits for the period to 21 April 2023, but will not be eligible for any bonus in respect of 2023/24. He did not receive any LTIP award in 2022, and will not receive any LTIP in 2023.

Payments to past Directors – audited

No payments for loss of office were made during 2022/23.

Remuneration of the Chairman and Non-Executive Directors – audited

The fees of the Chairman are set by the Remuneration Committee. The fees of each of the Non-Executive Directors are set by the Board and take account of Chairmanship of Board Committees and the time and responsibility of the roles of each of them. Non-Executive Directors are paid an annual fee only.

The fees paid for 2022/23 to the Chairman of the Board and each of the Non-Executive Directors were as follows:

Director	**2022/23 Fee £**	2021/22 Fee £
Peter Bamford	**391,400**	380,000
Tiffany Hall	**82,915**	80,500
Ron McMillan	**101,970**	99,000
Carolyn Bradley	**70,040**	68,000
Paula MacKenzie	**64,890**	24,823
Oliver Tant (appointed 1 November 2022)	**26,979**	–

The annual rates of fees paid during the year with effect from 1 April 2022 were as follows:

Role	Fee £
Chairman of the Board	391,400
Non-Executive Director base fee	64,890
Additional fee for chairing Audit & Risk Committee	18,025
Additional fee for chairing Remuneration Committee	18,025
Additional fee for Senior Independent Director	19,055
Additional fee for Director responsible for Workforce Engagement	5,150

Directors' shareholding and share interests – audited

Under the remuneration policy which operated during the year, the shareholding guideline for Executive Directors is for a shareholding to be built up and maintained of 200% of base salary. Where an Executive Director does not meet the shareholding guideline, they are expected to retain all shares which vest under the LTIP (or any other share plans in the future) after allowing for tax. They are required to retain shares following their departure from the Group through the retention of LTIP awards subject to any holding period and, depending on the circumstances of departure, any deferred bonuses or other LTIP awards.

The Committee reviews share ownership levels annually. The shareholding guideline requirement is exceeded by Simon Arora, while Alex Russo joined the Board during the year 2020/21 and Mike Schmidt joined during the year 2022/23 and are therefore working towards their shareholding requirements.

The table below sets out the number of shares held or potentially held by Directors (including their connected persons or related parties where relevant) as at the financial year ended 2022/23 (or the date of their stepping down from the Board if earlier).

Director	Shares held beneficially[1]	Unvested options with performance conditions[2]	Unvested options not subject to performance[3]	Vested but unexercised awards
Peter Bamford	5,000	–	–	–
Simon Arora	69,880,828	702,062	1,226,830	53,302
Alex Russo	–	609,684	97,235	–
Mike Schmidt	5,000	216,278	68,660	–
Ron McMillan	37,037	–	–	–
Tiffany Hall	3,050	–	–	–
Carolyn Bradley	12,192	–	–	–
Paula MacKenzie	–	–	–	–
Oliver Tant	5,000	–	–	–

1. Includes any shares held by connected persons or related parties.
2. LTIP awards in the form of nil cost options.
3. Deferred bonus awards, LTIP awards no longer subject to performance and buy-out awards in the form of nil cost options.

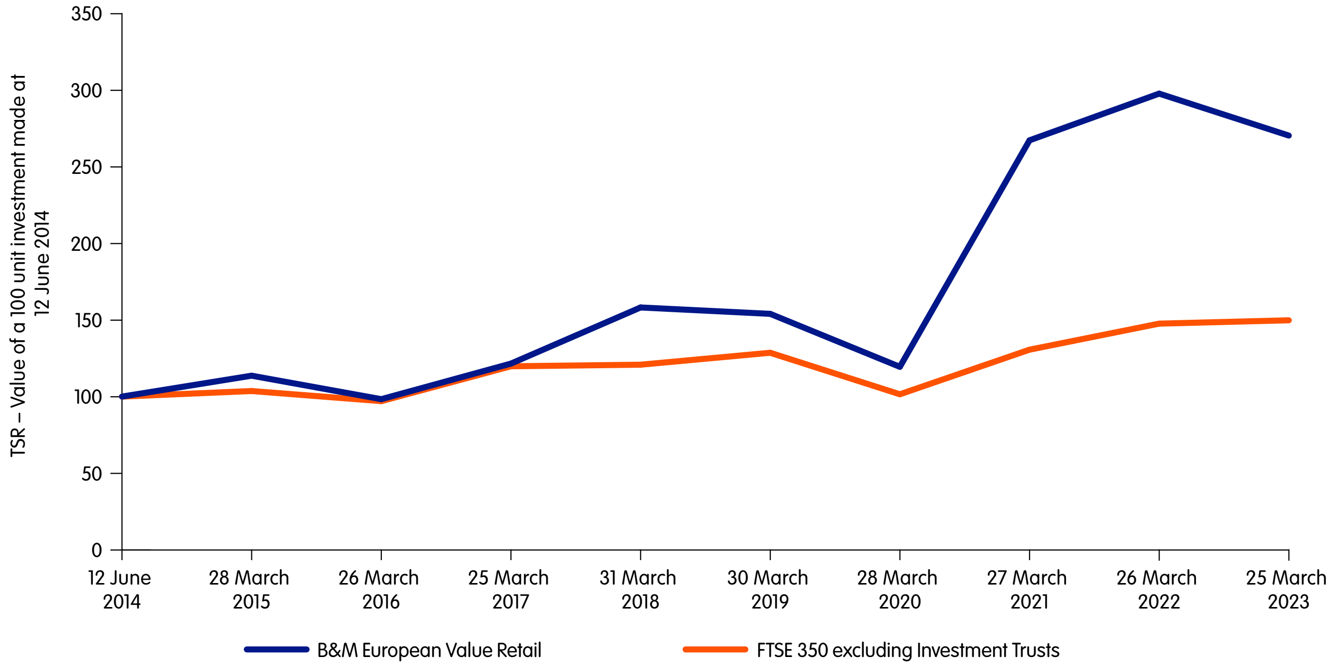
There have been no changes in the Directors' interests in shares in the Company between the end of the 2022/23 financial year and the date of this report.

Performance graph and pay table

The chart below illustrates the Company's TSR performance against the performance of the FTSE 350 Index (excluding Investment Trusts) of which the Company is a constituent, from 12 June 2014 (the date on which the Company's shares were first conditionally traded).

Total shareholder return (rebased)

Source: Datastream (Thomson Reuters)



Remuneration of the CEO

The table below shows the remuneration of the CEO for each of the last eight financial years.

	Total remuneration	Bonus as a % of max	LTIP as a % of max
2015/16 – Simon Arora	601,638	0%	n/a
2016/17 – Simon Arora	1,403,731	76.8%	n/a
2017/18 – Simon Arora	1,376,482	68.6%	n/a
2018/19 – Simon Arora	1,204,983	46.0%	n/a
2019/20 – Simon Arora	1,213,194	42.6%	n/a
2020/21 – Simon Arora	3,710,905	98.8%	89.5%
2021/22 – Simon Arora	4,368,809	95.6%	100%
2022/23 – Simon Arora (to 26 September 2022)	**2,659,356**	**56.9%**	**100%**
2022/23 – Alex Russo (from 26 September 2022)	**875,677**	**56.9%**	**n/a**

Change in remuneration of the Directors

Luxembourg law imposes an obligation relating to the reporting of changes in total remuneration of the Company's employees (but not its subsidiaries), the TSR and total remuneration of each of the individual Directors of the Company. As the law only refers to the Company's employees and not those in other companies in the Group, consequently the changes reported for employees are restricted to a nominal number of staff, being just two in 2022/23.

The relevant data, as determined under the provisions of the Luxembourg remuneration reporting law, are as follows:

	TSR performance				
	FY19	FY20	FY21	FY22	**FY23**
TSR (year-on-year)	-2.6%	-20.3%	123.7%	11.4%	**-9.2%**
3-year TSR ranking[1]	4th out of 17	9th out of 17	7th out of 15	2nd out of 14	**2nd out of 15**

	Percentage change in total remuneration in the year stated compared with the prior financial year[2]				
	FY19	FY20	FY21	FY22	**FY23**
Company only (excluding all of the other Group subsidiaries in the UK and France) on full-time equivalent basis (average)	15.49%	-16.38%	-8.44%	2.73%[3]	**3.96%**
Executive Directors:					
Simon Arora	-12.55%	0.68%	198.62%	39.03%	**-20.60%**
Alex Russo	n/a	n/a	n/a	128.01%	**30.06%**
Mike Schmidt	n/a	n/a	n/a	n/a	**–[4]**
Non-Executive Directors:					
Peter Bamford	nil	11.66%	-6.25%	26.19%	**3.00%**
Ron McMillan	nil	21.65%	6.48%	9.19%	**3.00%**
Tiffany Hall	n/a	5.17%	5.17%	8.53%	**3.00%**
Carolyn Bradley	n/a	nil	10.07%	6.52%	**3.00%**
Paula MacKenzie	n/a	n/a	n/a	n/a	**3.00%**
Oliver Tant	n/a	n/a	n/a	n/a	**–[4]**

1. The TSR figures are based on (i) a spot to spot absolute measurement for the Company over the financial year and (ii) a relative spot to spot measurement over three years compared with the current TSR comparator group (FTSE 350 retail sector and food retailers and wholesalers subsector as at the beginning of the financial year). For the 2022/23 figures the companies used are Currys, Dunelm, Frasers Group, Greggs, Howden Joinery, JD Sports Fashion, Kingfisher, Marks & Spencer, Next, Ocado, Pets At Home, Sainsbury J, Tesco and WH Smith.
2. The pay of each Director has been calculated using the single figure totals. The average pay of staff is calculated on a full-time equivalent basis for each year (excluding overtime hours) and compares the average for each year with that for the prior year. Joining and departing employees and Directors have been grossed-up to a 12-month equivalent.
3. The figure has been restated as part of this year's calculations of changes in total remuneration.
4. Mike Schmidt and Oliver Tant were appointed to the Board during FY23.

Relative importance of the spend on pay

The table below shows the movement in spend on pay for all employees compared with distributions to shareholders for the financial years ended 26 March 2022 and 25 March 2023.

£'000	2021/22	**2022/23**	% change
Total pay for employees	570,320	**629,969**	10.5%
Distributions to shareholders[1]	430,475	**365,605**	-15.1%

1. There have not been any buy-backs of shares during either year.

CEO pay ratio

In line with new UK reporting requirements which the Company has adopted on a voluntary basis, set out below are ratios which compare the total remuneration of the CEO (as included in the single total figure of remuneration table) to the remuneration of the 25th, 50th and 75th percentile of the Group's UK employees. The disclosure will build up over time to cover a rolling 10-year period.

Year	Method	25th percentile pay ratio	50th percentile (median) pay ratio	75th percentile pay ratio
2019/20	Option A	72:1	72:1	69:1
2020/21	Option A	207:1	196:1	191:1
2021/22	Option A	270:1	270:1	257:1
2022/23	**Option A**	**178:1**	**178:1**	**164:1**

We have used Option A as this is the statistically most accurate method and the preferred approach of most institutional shareholders.

The total remuneration for the CEO for 2022/23 has been taken as the total remuneration for the respective periods during which Simon Arora and Alex Russo were appointed to the CEO role during the year.

The base salary and total remuneration received during the financial year by the indicative employees on a full-time equivalent basis used in the above analysis are set out below:

	25th percentile	50th percentile (median)	75th percentile
Base salary	£19,266	£19,266	£20,800
Total remuneration	£19,844	£19,844	£21,554

The ratios disclosed above are affected by the following factors of our UK workforce. Over 98% of this population work in our retail stores and warehouses where, in line with the retail sector more generally, rates of pay are lower than those for management grades and those employees based at our head offices in more technical roles. The three employees used in the calculations are warehouse and retail sales colleagues and consequently the ratios for each are not significantly different. In addition, while warehouse and retail sales colleagues are eligible to participate in Group-wide share plans and annual opportunities to share in success and recognise outperformance, the CEO's higher bonus and LTIP opportunities are comparable with those which reflect the nature and complexity of his role as well as the remuneration levels in retail businesses of similar size. In this context, the Committee is satisfied that the ratios are appropriate and fair.

There has been a reduction in the ratios for 2022/23, which is driven primarily by lower bonus and LTIP outcomes. It is to be expected that the ratio will vary from year to year, primarily as the CEO's package consists of a much higher level of variable pay that is dependent on performance, whereas the warehouse and retail sales colleagues' remuneration is predominantly fixed in nature, which is normal practice for these roles.

Malus and clawback

The AIP and LTIP rules include provision for clawback (and malus during any holding period under the LTIP) within a three-year period following payment or vesting if the Committee concludes that there has been material misstatement of financial results, or there are circumstances which would have warranted summary dismissal of the participant, or there are circumstances having an impact on the reputation of the Company or the Group which justify clawback being operated, or where the Committee discovers information from which it concludes that a bonus or award was paid or vested to a greater extent than it should have been.

In addition, all variable pay plans include discretion to reduce the indicative formulaic out-turn in appropriate cases.

Service contracts

The service contract for the CEO, Alex Russo and CFO, Mike Schmidt is terminable by either the Company or the relevant executive on 12 months' notice. The service contracts are effective from 26 September 2022 in relation to the CEO and 17 October 2022 in relation to the CFO. Both contracts are rolling contracts with no fixed termination date.

All the Non-Executive Directors have letters of appointment with the Company for three years subject to three months' notice of termination by either side and at any time and subject to annual re-appointment as a Director by the shareholders. Paula MacKenzie's and Oliver Tant's letters of appointment are effective from 9 November 2021 and 1 November 2022 respectively, and the other Non-Executive Directors' letters of appointment are effective from 1 June 2021.

Fees for Chairman and Non-Executive Directors in 2023/24

The rates of fees for the Chairman and Non-Executive Directors were increased by 4% with effect from 1 April 2023 in line with the average all-employee increase.

Role	Fee from 1 April 2022 £	**Fee from 1 April 2023 £**
Chairman of the Board	391,400	**407,056**
Non-Executive Director base fee	64,890	**67,486**
Additional fee for chairing Audit & Risk Committee	18,025	**18,746**
Additional fee for chairing Remuneration Committee	18,025	**18,746**
Additional fee for Senior Independent Director	19,055	**19,817**
Additional fee for Director responsible for Workforce Engagement	5,150	**5,356**

All fees are subject to the aggregate fee cap for Directors in the Articles of Association of the Company, which is currently at £1,000,000 per annum.

The Committee has responsibility for determining fees paid to the Chairman of the Board.

The Chairman and the Non-Executive Directors are entitled to reimbursement of all expenses reasonably incurred by them in the performance of their duties. The Chairman and the Non-Executive Directors do not participate in any bonus or share plans of the Company.

Executive Directors remuneration for 2023/24

Base salary

As described in the Chair's statement, the base salaries for the Executive Directors were reviewed during the year. The resulting rates of salary are as follows:

Executive Director	Base salary from 1 April 2022 £	Base salary from date of appointment[1] £	Base salary from 1 April 2023 £
Simon Arora	834,300	–	–
Alex Russo	500,000	800,000	832,000
Mike Schmidt	–	450,000	468,000

1. For Alex Russo, this is from the date of his appointment as CEO on 26 September 2022 and for Mike Schmidt this is from the date of his appointment of CFO on 17 October 2022.

Benefits and pension

There are no planned changes to the provision of benefits for 2023/24.

Alex Russo and Mike Schmidt will receive pension provision equal to 3% of salary, less employer's NIC (to the extent that it is paid as a salary supplement).

Annual bonus

As set out in the summary of the Directors' Remuneration Policy, the maximum bonus opportunity for Alex Russo will be 200% salary. The maximum bonus opportunity for Mike Schmidt will be 150% of base salary for 2023/24.

Under the awards for 2023/24, 75% of the maximum bonus opportunity is again based on the achievement of an adjusted EBITDA target and 25% on achievement of personal objectives. In relation to each award, one-half of any bonus achieved will be deferred into shares for three years. The awards will also be subject to malus and claw-back provisions.

The Committee does not disclose adjusted EBITDA or personal targets in advance as they are commercially sensitive. Suitable disclosure of the targets together with details of achievement against them will again be included in next year's Directors' remuneration report.

LTIP

The Committee proposes that LTIP awards will be made to Executive Directors during 2023/24, subject to stretching financial performance conditions over a three-year period, with vesting after the completion of a further two-year holding period.

As set out in the Directors' Remuneration Policy, the 2023/24 award for Alex Russo will be 200% of salary while an award of 175% of salary will be granted to Mike Schmidt.

- We have set this year's Adjusted EPS targets taking into account management's three-year plan and the latest analysts' consensus forecasts at the time of setting targets.
- The relative TSR condition follows a market-standard approach, with no vesting below median performance and with maximum vesting for upper quartile performance or above. This approach is consistent with the approach used for previous awards.

The resulting performance conditions and the targets for the awards are as follows:

Performance condition	Weighting	Performance for threshold vesting (25%)	Performance for maximum vesting
Adjusted EPS	50%	37.9p	43.9p
Relative TSR vs FTSE 350 retailers[1]	50%	Median	Upper quartile

1. Consists of the constituents of the FTSE General Retailers Index and the FTSE Food and Drug Retailers Index.

Remuneration Committee composition and meetings in 2022/23

The members of the Committee during the year consisted solely of Independent Non-Executive Directors being Tiffany Hall (Committee Chair), Ron McMillan and Carolyn Bradley.

The responsibilities of the Committee are set out in the Corporate Governance section of the Annual Report on page 63.

The Committee invites Peter Bamford as the Chairman of the Board and Alex Russo as the CEO, as and when the Committee considers it appropriate, to attend meetings and assist the Committee in its deliberations. No person is present during any deliberations relating to their own remuneration or is involved in determining their own remuneration.

Details of Committee meetings and attendances during the year were as follows:

Director	Role	Meetings attended
Tiffany Hall	Committee Chair	4 out of 4
Ron McMillan	Committee Member	4 out of 4
Carolyn Bradley	Committee Member	4 out of 4

Meeting	Summary of activities
May 2022	• Approve AIP and LTIP outcomes for FY22. • Approval of Directors' remuneration report. • Market benchmarking of Executive Directors' remuneration. • Approve metrics and targets for AIP and LTIP for FY23. • Determine the appropriate remuneration package for the new CFO.
September 2022	• Review feedback on AGM voting outcomes. • Approve granting of FY23 LTIP awards. • Determine the appropriate remuneration package for the new CEO.
January 2023	• Update on wider workforce pay. • Review of annual bonus and LTIP metrics for FY24.
March 2023	• Review provisional AIP outcomes for FY23. • Determine salary increases for FY24 for Executive Directors. • Review AIP and LTIP metrics for FY24. • Review in-flight LTIP awards. • Review of Committee terms of reference.

Shareholder voting

The resolution to approve the Directors' Remuneration Policy at the 2021 AGM and resolution to approve the Annual Report on Remuneration at the 2022 AGM were passed as follows:

Resolution	Votes for	% for	Votes against	% against	Total votes cast	% of shares on register	Votes withheld
To approve the Directors' Remuneration Policy (2021)	659,985,530	81.46	150,159,930	18.54	810,145,460	80.95	191,067
To approve the Annual Report on Remuneration (2022)	637,198,382	94.30	38,312,060	5.70	675,510,442	67.47	18,007,885

Advisors to the Committee

The advisors to the Committee during the year were PricewaterhouseCoopers LLP ("PwC"). From time to time the Group engages PwC to provide valuation, taxation and related advice on specific matters. The Committee will continue to monitor such engagements in order to be satisfied that they do not affect PwC's independence as an adviser to the Committee.

PwC are members of the Remuneration Consultants Group and subscribe to its Code of Conduct which requires that its advice must be objective and impartial.

PwC's total fees in respect of advice to the Remuneration Committee were £102,100 excluding VAT.

Fees were determined partially under a fixed fee agreement to provide a core set of services, with additional items being determined on a time and materials basis.

This report has been approved by the Board of Directors of the Company and signed on behalf of the Board by:

Tiffany Hall
Chair of the Remuneration Committee
30 May 2023

Policy table (from the Directors' Remuneration Policy approved at the 2021 AGM)

The table below describes the elements of remuneration paid to the Executive Directors:

Element and purpose	Policy and opportunity	Operation and performance conditions
Base salary This is the basic pay and reflects the individual's role, responsibility and contribution to the Group.	Base salaries are reviewed annually. Changes typically take effect from the beginning of the relevant financial year. On reviews, consideration is given by the Committee to a range of factors including the Group's overall performance, market conditions and individual performance of executives and the level of salary increase given to employees across the Group. Base salaries are targeted at market levels, with reference to companies with a comparable market capitalisation. Annual salary increases will not exceed the general level of increase awarded to other salaried staff, save for a change in the roles or responsibilities of an Executive Director or when there are changes to the size and complexity of the business.	Base salary is typically paid four-weekly in cash. Base salaries are reviewed annually with changes usually taking effect from 1 April.
Benefits To provide an appropriate level of contribution to retirement planning.	Provide market competitive benefits. The Group may periodically review benefits available to employees. Executives will generally be eligible to receive those benefits on similar terms to other senior employees. The cost of benefits paid to an Executive in any one year is capped at £75,000, but this may be exceeded in exceptional circumstances if the cost of a benefit were to increase significantly. In addition, where the Committee considers it appropriate to do so, additional relocation expenses for a limited period and/or tax equalisation payments may be paid.	Executives are entitled to a car allowance or a company car, car insurance and other running costs and fuel for business use, death in service life assurance, permanent disability and critical illness insurance and any other Group-wide benefits including a 10% B&M stores discount card. Business travel and associated hospitality are provided in the normal course of business and authorised by the Committee on a standing basis.
Pension To provide an appropriate level of contribution to retirement planning.	Current CEO and CFO: 3% of salary New recruits: 3% of salary The pension contributions for the existing Executive Directors are 3% of salary, aligned with the wider workforce contribution rate.	Executives may take pension benefits as contributions to defined contribution personal pension plans, or elect to receive cash in lieu of all or part of that benefit (this is not taken into account as salary for calculating bonus, LTIP or other benefit awards). If the individual elects to receive any part of their pension contribution benefit as a cash allowance instead, employers' NICs are deducted from that element.

Element and purpose	Policy and opportunity	Operation and performance conditions
Annual bonus To incentivise and reward individuals for the delivery of annual performance targets.	The maximum annual bonus is 200% of base salary for the CEO and 150% of base salary for other Executive Directors. The threshold bonus will be no higher than 25% of the maximum. The target bonus is 50% of maximum. Bonuses are paid up to one-half in cash and at least one-half in shares with the share element normally contingent on employment for a further three years. Such deferred shares will be credited on vesting with dividends paid during the vesting period.	The performance measures are reviewed annually by the Committee in line with the Company's strategy. The performance measures applied may be financial (with at least a 75% weighting on such measures) and/or operational and corporate, divisional and/or individual. The Committee has discretion to make adjustments to performance targets during any performance period to reflect any events arising which were unforeseen when the performance conditions were originally set by the Committee. The Committee has discretion to adjust the outcomes of the annual bonus upwards or downwards (including to nil) to reflect any fact or circumstance which the Committee considers to be relevant. Any adjustments will be disclosed in the relevant Annual Report on Remuneration. Clawback provisions apply to the cash element of bonus under the annual bonus plan for a period of three years post-payment and to the deferred share element for a period of three years post-vesting.
Long-term incentives To incentivise the delivery of strategic objectives over the longer term, the Group operates the Long-Term Incentive Plan ("LTIP").	Awards of shares with maximum face value on grant for the CEO of 200% of base salary and for other Executive Directors of 175% of base salary each year under the LTIP, save for exceptional circumstances such as recruitment where the grant may be in excess of this. Clawback and malus provisions apply to awards made under the LTIP. LTIP awards from the date of the 2021 AGM onward are subject to a two-year holding period post the end of the performance period. Participants' awards attract dividend rights from grant to the end of the holding period.	Awards may be made annually of nil cost options based on performance conditions. The Committee may set three-year performance conditions based on financial and/or operational and corporate, divisional and/or individual criteria as it considers appropriate. The Committee has discretion to make adjustments to targets during any performance period in case of any events arising which were unforeseen when the performance conditions were originally set by the Committee. No more than 25% of an award can be earned for threshold performance.
In-employment shareholding requirement To encourage share ownership and create alignment of interests of Executive Directors and shareholders.	Executive Directors are expected to retain at least 50% of all shares which vest under the deferred bonus and LTIP (or any other plans which may be adopted in the future) on a net of tax basis until they hold shares of a specified value. Shares subject to these guidelines and any unvested share awards may not be hedged or used as security for loans.	The required level of shareholding is 200% of the base salary of the relevant executive. Executive Directors are expected to maintain their minimum shareholding levels once they have obtained those shareholding levels. The Committee will review shareholdings annually against the policy and as share awards mature. The Committee reserves the right to alter the shareholding guidelines during the period of the policy but without making the guidelines any less onerous overall.

Element and purpose	Policy and opportunity	Operation and performance conditions
Post-employment shareholding requirement	Shares must be held for two years post-employment at 100% of the in-employment shareholding requirement (or actual shareholding on departure if lower). Shares completing their performance period during this two-year period will remain subject to the two-year holding period. Only shares relating to awards which are granted after the date of the 2021 AGM will be included for the purposes of this requirement. Shares purchased by the Executive Director (including those from all employee share plans), will not be included.	Shares counting towards this requirement will not be released during the period in which the post-employment shareholding requirement applies, to support enforceability. Acceptance of the post-employment shareholding requirement will be a condition of participation in all share awards granted after the 2020 AGM and will be included in the grant documentation for awards.
All-employee share plans To encourage share ownership by employees and participate in the long-term success of the Group, the Group operates an all-employee share incentive plan for B&M UK employees which was adopted prior to Admission.	Executive Directors can participate in the all-employee share incentive plan ("SIP") on the same terms as other employees of B&M in the UK.	Under the rules of the SIP employees can purchase a maximum of £1,800 worth of shares per annum from their pre-tax and pre-National Insurance salary through a UK resident SIP Trust. The rules also permit an award of free shares worth up to £3,600 per year and for purchased shares to be matched on up to a 2:1 basis although these elements have not been operated to date.

Directors' report and business review

The Directors present their report (the "Management Report") under Luxembourg Law and DTR 4.1.5R, together with the consolidated annual accounts and financial statements of the Group and of the Company as at 25 and 31 March 2023 respectively for the accounting periods then ended.

As permitted under Luxembourg Law, the Directors have elected to prepare a single Management Report covering both the Company and Group. The Strategic Report, Corporate Governance report and Directors' remuneration report on pages 1 to 57, 58 to 68 and 76 to 91 respectively form part of this report and are incorporated into this Directors' report by reference. Also, the following information, in particular within those reports can be found as follows:

- future developments in the business – page 16;
- workforce engagement – page 40;
- viability statement – page 33;
- energy and carbon reporting – pages 46 to 53;
- directors' service contracts and appointment letters – page 86;
- directors' share interests – page 83;
- conflicts of interest – page 65; and
- stakeholders and section 172 statement – pages 54 to 57.

Company status
B&M European Value Retail S.A. (the "Company") is the parent company of the Group. It was incorporated on 19 May 2014 as a public limited liability company (Société Anonyme) under the laws of the Grand-Duchy of Luxembourg and it has it registered office in Luxembourg. The Company has a premium listing on the London Stock Exchange.

Branches
The Group had no branches during the reporting period.

Research and Development
The Company has no research and development activities.

Principal activity
The principal activity of the Group is variety retailing in the UK and France. The Company has a corporate office in Luxembourg.

Business review
This report together with the Strategic Report on pages 1 to 57, sets out the review of the Group's business during the financial year ended 25 March 2023, including factors likely to affect the future development and performance of the business and a description of the principal risks and uncertainties the Group faces, and the Strategic Report is incorporated by reference in this report.

Results and dividend
The Group's profit after tax for the financial year ended 25 March 2023 of GBP £348m is reported in the consolidated statement of comprehensive income on page 101.

The Board is recommending a final dividend of 9.6p per ordinary share, which together with the interim dividend of 5.0p per ordinary share paid in December 2022 (but not including the special dividend of 20.0p per share paid in January 2023) is a total ordinary dividend for the year of 14.6p, at the upper end of the dividend policy of paying 30 to 40% of normalised post-IPO earnings[1].

Post balance sheet events
There have been no post balance sheet events that either require adjustment to the financial statements or are important in the understanding of the Group's current position.

Corporate social responsibility
Our CSR activity is set out in the Corporate social responsibility report on pages 34 to 45 and in the standalone ESG report.

Employee engagement and involvement
The Group is committed to employee involvement, consultation and participation. At key points throughout the year colleagues are kept informed about the performance and strategy of the Group through internal business update meetings, conference calls, company newsletters and notice boards and CEO email bulletins. They include information on the financial and trading performance of the Group. Further details of workforce engagement, feedback and actions during the year are also set out on page 40, which is incorporated in this report by reference.

B&M has a share incentive plan which is open to all B&M UK employees after 12 months service. Certain employees in the Group are also eligible to participate in other share incentive schemes of the Company.

Equal opportunities
The Group is an equal opportunity employer. It is the Group's policy not to discriminate on the basis of gender, race, colour, religion, disability or sexual orientation, in its recruitment, training and promotion programmes.

Disabled persons

The Group seeks to ensure that disabled people, whether applying for a vacancy or already in employment, receive equal opportunities in respect of job vacancies which they are able to fulfil. They are not discriminated against on the grounds of their disability and are given full and fair consideration of applications, continuing training while employed and equal opportunity for career development and promotion. Where an existing colleague suffers a disability it is our policy to retain them in the workforce where that is practicable.

Directors

The interests in shares and share awards made to Directors of the Company as at 31 March 2023 are shown on page 83. On 21 April 2023, and as announced previously by the Company, Simon Arora who has been CEO of the Company and Group since 2014 retired. There have been no other changes to the Board of Directors of the Company since the year end and up to the date of this report.

In accordance with the articles of association of the Company (the "Articles of Association" or "Articles"), all the Directors will retire at the Annual General Meeting ("AGM") on 25 July 2023. All the retiring Directors, being eligible, will stand for re-election as Directors at that meeting except Carolyn Bradley who will then retire.

Directors' indemnities

The Company's Articles permit to indemnify Directors in certain circumstances, as well as to provide insurance for their benefit. The Company has Directors' and Officers' insurance in place in respect of all the Directors. The insurance does not provide cover where a Director has acted fraudulently or dishonestly.

Political donations

No political donations were made during the financial year under review.

Financial instruments

Details of the Group's objectives and policies on financial risk management, and of the financial instruments currently in use, are set out in note 1 to the consolidated annual accounts on pages 105 to 114, which forms part of this report.

Share capital

The Company's share capital and changes to it in the financial year ended 31 March 2023, are set out on page 95 below and under note 22 to the consolidated annual accounts and financial statements on page 136 which forms part of this report.

In common with other Luxembourg registered companies, the Articles allow the Board to increase the issued share capital within the limits of the authorised share capital, by the issue of new shares including under certain conditions, by limiting or cancelling pre-emption rights of existing shareholders.

Under Luxembourg Company Law such an authority can only be granted for a period of up to five years. The authority for the Board to increase the issued share capital within the limits of the authorised share capital will expire this year in July and an extraordinary general meeting of the shareholders will be convened this year, on 25 July 2023, immediately after the AGM to renew this authority of the Board. Subject to shareholders' approval, the authority of the Board will be renewed without any changes being made to its conditions and limits which are provided for under article 5.2 of the Articles.

The Directors intend to comply with the Pre-Emption Group's Statement of Principles, in relation to any issue of shares of the Company to the extent practical as a Luxembourg registered company.

The Board intends to seek an authorisation of shareholders at the AGM on 25 July 2023 that the Company may purchase, acquire or receive its own shares. This resolution is requested at each AGM. No shares of the Company have been repurchased and no contract to repurchase shares has been entered into at any time since the incorporation of the Company.

Each ordinary share entitles the holder to vote at general meetings of the Company in person or by proxy. Unless otherwise provided by Luxembourg Company Law or the Articles, all decisions by an annual or ordinary shareholders' meeting are taken by a simple majority of votes cast regardless of the proportion of the issued share capital represented by shareholders in attendance at the meeting. The notice of the AGM specifies deadlines for exercising voting rights and appointing a proxy to vote.

Holders of ordinary shares may receive a dividend and on liquidation may share in the assets of the Company.

Subject to meeting certain thresholds, holders of ordinary shares may requisition a general meeting of the Company or the proposal of resolutions at general meetings. The rights (including full details relating to voting), obligations and any restrictions on transfers relating to the Company's ordinary shares, as well as the powers of the Directors, are set out in the Articles of Association.

The Company is not aware of any agreements between shareholders that restrict the transfer of shares or voting rights attached to the shares.

Amendment to the Articles of Association

The Articles of Association of the Company may only be amended at an extraordinary general meeting of shareholders where at least one half of the issued share capital is represented (or if that condition is not satisfied at a second meeting regardless of the proportion of the issued share capital represented at that meeting) and when adopted by a resolution passed by at least two-thirds of the votes cast.

Shareholders

As at 30 May 2023, the following shareholders have notified the Company of their interest in 5% or more of the Company's issued ordinary shares (including interests in shares held through financial instruments):

Shareholder	Number of ordinary shares	% issued share Capital
The Capital Group Companies Inc.	94,785,937	9.46
Orbis Group	89,294,206	8.91
SSA Investments S.à r.l.*	69,880,828	6.98
Fidelity Management Research	67,646,667	6.75

* Includes 8,055,494 shares held by Praxis Nominees Limited on its account.

Change of control

The Company has a senior facilities agreement (the "SFA") in relation to a GBP £225m term loan (which has been drawn in full) and a GBP £225m revolving credit facility. The SFA provides that on a change of control of the Company, each lender has the right to require early repayment of their loans and to cancel all their commitments under the SFA on not less than 10 business days' notice to the Company.

The Company has GBP £400m 3.625% senior secured notes due 2025 and GBP £250m 4% senior secured notes due 2028 of which all remain outstanding. On a change of control of the Company, each bondholder has the option to require the Company to repurchase all or part of the notes of such holder at a purchase price of 101% of the principal amount plus accrued interest up to the date of repurchase.

The Group's credit and loan facilities with its banks and fleet finance agreements for HGVs contain customary cancellation and repayment provisions upon a change of control.

Employee share incentive schemes also have customary change of control provisions triggering vesting and exercise on performance conditions being met or (in the discretion of the Company) being waived.

Annual General Meeting

Notices convening the Company's AGM to be held on 25 July 2023, will be issued to shareholders. In addition to the ordinary business of the AGM, the Directors are seeking certain other approvals and authorities, details of which are set out in the notice of the AGM.

Corporate governance

The compliance by the Company with the UK Corporate Governance Code are set out in the Principal Risks and Uncertainties on pages 26 to 32, the Corporate Governance report on pages 58 to 68 and the Directors' remuneration report on pages 76 to 91, each of which form part of this report.

The Statement of Directors' Responsibilities in relation to the consolidated annual accounts and financial statements of the Group and the standalone annual accounts and financial statements of the Company appears on page 97, which forms part of this report.

Independent auditor

KPMG Audit S.à r.l. (is the independent auditor ("*réviseur d'entreprises agréé*") of the Company. Their reappointment as the Company's auditor, together with the authority for the Directors to fix their remuneration, will be proposed at the AGM on 25 July 2023.

Information on forward-looking statements

The Annual Report and financial statements include forward-looking statements that reflect the Company's or, as appropriate, the Directors' current views with respect to, among other things, the intentions, beliefs and current expectations of the Company or the Directors concerning, amongst other things, the results of operations, the financial condition, prospects, growth, strategies and dividend policy of the Company and the industry in which it operates. Statements that include the words "expects", "intends", "plans", "believes", "projects", "forecasts", "predicts", "assumes", "anticipates", "will", "targets", "aims", "may", "should", "shall", "would", "could", "continue", "risk" and similar statements of a future or forward-looking nature can be used to identify forward-looking statements.

All forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Undue reliance should not be placed on such forward-looking statements because they involve known and unknown risks and uncertainties.

Independence compliance statement

Simon Arora, Bobby Arora, Robin Arora and SSA Investments S.à r.l. ("SSA Investments") (together the "Arora Family") entered into a relationship agreement with the Company at the time of and with effect from the admission of the Company to trading on the London Stock Exchange in June 2014 ("Admission") and which continues to remain in force and regulates the ongoing relationship between the Company and the Arora Family, since Admission (the "Relationship Agreement").

The principal purpose of the Relationship Agreement is to ensure that the Company and its subsidiaries are capable of carrying on their business independently of the Arora Family (and their associates), and that transactions and relationships between the Group and the Arora Family (and their associates) are at arm's length and on normal commercial terms.

For the purpose of this section of the Annual Report, the terms "controlling shareholder(s)" and "associate(s)" have the same meanings as in the UK Listing Rules.

The Relationship Agreement contains undertakings that the Arora Family together with their associates, will:

a. conduct all transactions and relationships with the Company at arm's length and on normal commercial terms;
b. not take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
c. not propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules, (together the "Independence Provisions").

The Relationship Agreement will continue for so long as the Arora Family together with their associates hold 5% or more of the issued ordinary shares of the Company.

In the financial year 2022/23, there had been three conditional agreements to enter into future new store leases in the UK to become effective in subsequent financial years with Arora Family related parties as landlords of those stores.

The total number of leases of UK stores and rents of the Group with Arora Family related parties as at the end of the period under review were 62 store leases, representing 8.77% of a total number of 707 UK B&M stores of the Group with all landlords, and 10.14% of the overall rent roll of all UK B&M stores as at the year end.

In the financial year under review, the balance of 10.2 unused hours of flights purchased by the Group from the third party operator of the private jet owned by Arora family interests for business travel by executives and colleagues which had been carried forward from the 2021/2022 financial year was used. All of the hours were used during the 2022/23 year.

A summary of the corporate governance and Listing Rules processes and assessments undertaken by the Group and the Board together with reports of advisors and the opinion of the Sponsor, in relation to related party leases, is included on pages 65 and 66 of the Corporate Governance report.

Further details of related party transactions are included also in note 26 to the consolidated annual accounts and financial statements on pages 140 to 142.

The Board confirms that during the financial year 2022/23:

i. the Company has complied with the Independence Provisions included in the Relationship Agreement;
ii. so far as the Company is aware, the Independence Provisions included in the Relationship Agreement have been complied with by the controlling shareholder and its associates; and

iii. so far as the Company is aware, the procurement obligations in the Relationship Agreement have been complied with by the Arora Family and its associates;

and that the Company has acted independently of the Arora Family and their associates.

The Board confirms that this statement is supported by each of the independent Directors of the Company and there have been no instances where any of them declined to support this statement.

Details of other related party transactions entered with associated companies of the Group are set out in note 26 to the consolidated annual accounts on pages 140 and 142 which forms part of this report.

Those transactions relate to the following matters:

i. product sourcing and supplies to the Group from Multi-Lines International Company Limited ("Multi-Lines"); and
ii. wholesale supplies of products by the Group to Centz Retail Holdings Limited.

In accordance with article 13.10 of the Articles of Association of the Company, a report will be made at the 2023 AGM of transactions with the Company or its subsidiary undertakings in which any Directors may have had an interest, including each of the related party transactions with Directors (or in which they may have directly or indirectly had an interest) and all other related party transactions (including those with associated companies) entered into in the financial year 2022/23 referred to above together with any other such transactions entered into after the financial year ending on 31 March 2023 up to the date of the AGM, similarly to all other previous AGM's of the Company.

Article 11 report

The following disclosures are made voluntarily on the basis of article 11 of the Luxembourg Law on Takeovers of 19 May 2006 as amended ("Luxembourg Takeovers Law") and form part of this Directors' report.

Following the UK's exit from the EU, the shares of B&M European Value Retail S.A. (the "Company") being listed solely on the London Stock Exchange market are no longer admitted to trading on an EU Member State regulated market and the Company is therefore outside of the scope of Luxembourg Takeovers Law.

The Board of Directors, however, deems it however best practice for a Luxembourg incorporated company and in the best interest of shareholders to continue to provide those disclosures within the Directors' report.

Section (a) – Share capital structure

B&M European Value Retail S.A. has issued one class of shares which is admitted to trading on the London Stock Exchange. No other shares have been issued by the Company. Its issued share capital as at 31 March 2023 amounts to GBP £100,185,373.50 represented by 1,001,853,735 shares with a nominal value of GBP £0.10 each.

As at the date of this report, all shares are in dematerialised form.

In addition to the issued share capital, the Company has also an authorised but unissued share capital amounting to GBP £297,036,848.70.

All shares issued by the Company entitle to equal rights as set out in the Articles.

Section (b) – Transfer restrictions

All the shares are freely transferable subject to the conditions set out in article 6.7 and 6.7.1.2 of the Articles.

Section (c) – Major shareholdings

Details of shareholders holding more than five percent (5%) of the issued share capital of the Company as notified to B&M European Value Retail S.A. in accordance with article 8.1 of the Articles which reproduces the relevant provisions of the Luxembourg Law on Transparency requirements for issuers of securities dated 11 January 2011 as amended ("Luxembourg Transparency Law") are set out on page 93.

Section (d) – Special control rights

All the issued and outstanding shares of the Company have equal voting rights and there are no special control rights attached to its shares.

Section (e) – Control system on employee share scheme

B&M European Value Retail S.A. is not aware of any matters regarding section (e) of article 11 of the Luxembourg Takeovers Law.

Section (f) – Voting rights

Each share issued and outstanding in B&M European Value Retail S.A. represents one vote. The Articles do not provide for any voting restrictions.

In accordance with the Articles shareholders may be represented and proxies shall be received by the Company a certain time before the date of the relevant general meeting. The Board of Directors may determine such other conditions that must be fulfilled by shareholders in person or by proxy. Additional provisions may apply under Luxembourg Law. Thus, Luxembourg legislation requires shareholders to register their intention to participate in general meetings at least 14 days before the date of the meeting (the "Record Date"). In accordance with the same legislation and article 24.6.11 of the Articles, and except when voting rights are suspended, the right of a shareholder to participate in a general meeting and to exercise the voting rights attached to its shares and the number of voting rights it may exercise are determined by reference to the number of shares held by such shareholder as at midnight on the Record Date.

As provided for under article 6.5.5 of the Articles, the voting rights attached to any shares which had not been dematerialised by the Compulsory Dematerialisation Date (as defined thereunder) were to be automatically suspended. That deadline was on 8 March 2023 and as at the date of this report, 13,994 shares in aggregate had not been dematerialised by their respective owners and are now held in a securities account open in the name of the Company. The suspension of the voting rights will cease when the owner provides the details of a securities account where the shares can be held in dematerialised form.

Besides, in accordance with article 8.1.5 of the Articles which adopts article 28 of the Luxembourg Transparency Law, as long as the notice of crossing a major shareholding in the Company has not been notified to the Company in the manner prescribed, the exercise of the voting rights relating to those shares which exceed the threshold that should have been notified is suspended. The suspension of the voting rights is lifted when the shareholder makes the notification provided for under article 8.1.1 of the Articles.

Section (g) – Shareholders' agreements with transfer restrictions

B&M European Value Retail S.A. has no information about any agreements between shareholders which may result in restrictions on the transfer of securities or voting rights.

Section (h) – Appointment of Board members, amendment of Articles of Association

The appointment and replacement of Board members and the amendment of the Articles are governed by Luxembourg Law, mainly the law on Commercial Companies dated 10 August 1915 as amended ("Luxembourg Law on Commercial Companies"), and the Articles (in particular article 10 and article 24.6.3 respectively).

The Articles are published under the Investors section on the Company's website at www.bandmretail.com.

They may only be amended (i) by decision of an extraordinary general meeting of shareholders with at least half the issued share capital of the Company present or represented (and if that condition is not satisfied, a second extraordinary general meeting convened with the same agenda regardless of the proportion of the issued share capital represented) and (ii) when changes proposed are approved by a majority of two-thirds of the votes cast.

Section (i) – Powers of the Board of Directors

The Board of Directors is vested with the broadest powers to take any action necessary or useful to realise the purposes of the Company with the exception of the powers reserved to the general meeting of shareholders by the Luxembourg Law on Commercial Companies and by the Articles.

In common with the articles of association of other Luxembourg public limited liability companies, article 5.2 of the Articles gives authority to the Board of Directors to issue shares on a non-pre-emptive basis under certain conditions.

The Articles authorise the Board of Directors to dis-apply pre-emption rights:

a. for the issue for cash of shares representing up to five percent (5%) of the issued share capital of the Company in any one year;
b. for the issue for cash of shares representing up to a further five per cent (5%) of the issued share capital to deal with financing (or refinancing provided that the authority given is to be used within six (6) months as from the original transaction) an acquisition or other investment of a kind contemplated by the Statement of Principles on Dis-applying Pre-emption Rights published by the Pre-emption Group of the Financial Reporting Council;
c. to deal with treasury shares or fractional entitlements on otherwise pre-emptive issues of shares; and
d. in connection with employee share option schemes.

The Board as a matter of policy and to the extent practicable for a Luxembourg company, intends to follow the guidelines provided for under the Statement of Principles.

The authority given in article 5.2 of the Articles will expire on 29 July 2023. An extraordinary general meeting of the shareholders of the Company will be convened on 25 July 2023 to deliberate upon and if thought fit approve the amendment of the Company's Articles to allow for the issue for cash of up to five percent (5%) of the issued share capital in any one year, and a further five percent (5%) in connection with an acquisition or specified capital investment both in accordance with the guidelines of the Pre-Emption Group of the Financial Reporting Council for a period of 5 years.

The AGM of the shareholders of the Company held on 28 July 2022 authorised the Board to, in the name and on behalf of the Company, purchase, acquire or receive the Company's own shares representing up to ten percent (10%) of its issued share capital from time to time, on such terms as the Board may decide in accordance with the law.

This authorisation is generally renewed at each AGM.

No shares of the Company have been purchased by the Company and no share buyback contract has been entered into at any time since the incorporation of the Company and up to the date of this report.

Section (j) – Significant agreements or essential business contracts

The Board of Directors is not aware of any significant agreements to which B&M European Value Retail S.A. is a party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid other than:

a. the Company has Senior Facilities Agreements ("SFA") in relation to a £225m term loan agreement and a £225m revolving credit facility. The SFA provides that on a change of control of the Company, each lender has the right to require early repayment of their loans and to cancel all their commitments under the SFA on not less than ten (10) business days' notice to the Company;
b. in relation to the Senior Secured Notes issued by the Company, on a change of control of the Company, each bondholder has the option to require the Company to repurchase all or part of the notes held by such bondholder at a purchase price of 101% of the principal amount plus interest accrued up to the date of the repurchase;
c. the Group's credit and loan facilities with its banks and fleet finance agreements for HGVs which contain customary cancellation and repayment provisions upon a change of control; and
d. employee share incentives schemes in relation to shares in the Company include customary change of control provisions triggering vesting and exercise on performance conditions being met or (in the discretion of the Company), being waived.

Section (k) – Agreements with Directors and employees

No agreements exist between B&M European Value Retail S.A. and its Directors or employees which provide for compensation if Directors or employees resign or are made redundant without valid reason, or if their employment ceases because of a takeover bid other than as disclosed in the Directors' remuneration report on pages 76 to 91.

Approved on behalf of the Board.

Alejandro Russo
Chief Executive Officer
30 May 2023

Michael Schmidt
Chief Financial Officer

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Company annual accounts and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare, for each financial year, consolidated annual accounts and financial statements at Group level, and annual accounts and financial statements of the Company, on a standalone basis. Under that law they are required to prepare the Group annual accounts and financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and applicable law, and the Company's annual accounts and financial statements in accordance with Luxembourg legal and regulatory requirements regarding the preparation of annual accounts ("Lux GAAP"). In addition, the Group financial statements are required, under the UK Disclosure Guidance and Transparency Rules, to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of their profit or loss for the relevant period. In preparing each of the Group and Company's annual accounts and financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present the financial statements and policies in a manner that provides relevant, reliable, comparable and understandable information;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operation, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with company law. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' remuneration report and Corporate Governance Statement that comply with the provisions of that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The financial statements are published on the Company's website.

Legislation in Luxembourg governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that, to the best of our knowledge:

- the consolidated annual accounts and financial statements of B&M European Value Retail S.A. (the "Company") presented in this Annual Report and established in conformity with IFRSs as adopted in the European Union give a true and fair view of the assets, liabilities, financial position, cash flows and profits of the Company and the undertakings included within the consolidation taken as a whole;
- the annual accounts of the Company presented in this Annual Report and established in conformity with the Luxembourg legal and regulatory requirements relating to the preparation of annual accounts give a true and fair view of the assets, liabilities, financial position and profits of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and position of the Company and the undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties it faces.

We consider this Annual Report (including the annual accounts and financial statements), taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Approved on behalf of the Board.

Alejandro Russo
Chief Executive Officer
30 May 2023

Michael Schmidt
Chief Financial Officer

Independent Auditor's Report

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

68-70, boulevard de la Pétrusse
L-2320 Luxembourg
Luxembourg

Report of the Réviseur d'Entreprises agree
Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of B&M European Value Retail S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 25 March 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 52 week period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 25 March 2023 and of its consolidated financial performance and its consolidated cash flows for the 52 week period then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Why the matter was considered to be one of the most significant in our audit of the consolidated financial statements of the current period	How the matter was addressed in our audit
The Group's Revenue amounts to £4,983 million as per the Consolidated Statement of Comprehensive Income and Note 2 and is mainly derived from the sale of goods to customers. Retail revenue is recognised at the initial point of sale of goods to customers. Wholesale revenue is recognised at the point on dispatch. Although revenue recognition is considered to be relatively straightforward on a transactional level, the large volume of transactions, together with the significance of the balance relative to other captions in the Consolidated Statement of Comprehensive Income, has led us to identify it as a key audit matter.	Our procedures over Revenue recognition included, but were not limited to: • Obtaining a detailed understanding and evaluating the design and implementation of key controls that the Group has surrounding Revenue recognition by inquiries with the relevant process owners and performing a walkthrough of the process which includes observing the control and inspecting supporting evidence for the various controls; • Reconciling cash and receipts from the credit card provider which are related to revenue from sales made in stores and investigating outliers identified in this process; • Assessing revenue trends throughout the period and investigating any unusual variances; • Analysing sales by store for the days pre- and post-period-end to assess whether sales were recorded in the correct period; • Analysing post period-end returns and credit notes to agree that sales have been recognised in the correct period and to determine if a returns provision is required; • Sampled wholesale revenue in the period and agreed to supporting documentation to ensure that the revenue was correct to be recognised; and • Analysed wholesale revenue recognised around the period end and agreed a sample back to delivery documentation to ensure revenue was recognised in the correct period.

Accounting for foreign currency hedges

Why the matter was considered to be one of the most significant in our audit of the consolidated financial statements of the current period	How the matter was addressed in our audit
The Group's hedging reserve amounts to -£3 million and reported a net change of fair value of £33 million per the Consolidated Statement of Changes in Shareholders' Equity. Per the Financial Instruments policy in note 1 and Currency risk management (note 25), the Group adopts hedge accounting for a high proportion of its foreign currency inventory purchases. The recognition of foreign exchange gains or losses on foreign currency forward contracts, through either other comprehensive income or the income statement is determined by its qualification as a hedging instrument and its effectiveness testing. Given that the total value of purchases that are hedged is significant, and that hedge accounting is an inherently complex area of accounting, particularly in times of volatile exchange rates, we have identified accounting for foreign currency hedges as a key audit matter.	Our procedures over accounting for foreign currency hedges included, but were not limited to: • Obtaining a detailed understanding and evaluating the design and implementation of key controls that the Group has surrounding hedge accounting by inquiries with the relevant process owners and performing a walkthrough of the process which includes observing the control and inspecting supporting evidence for the various controls; • Reviewing the Group's hedging strategy; • Involving our treasury specialists to assist us in our assessment as to whether hedge accounting can be applied; • Inspecting management's hedge effectiveness testing; • For a sample of foreign currency hedges: – Assessing the related hedge accounting documentation is appropriately prepared in accordance with IFRS 9; – Vouching the details of the forward contract to third party confirmation; – For forward contracts that have matured: recalculating the gain or loss realized on the forward contract. – For forward contracts that have not yet matured: comparing a sample of the year end derivative valuations to third party confirmations, and utilizing our valuation specialists to derive our own independent expectation of the period end derivative valuation.

Inventory valuation

Why the matter was considered to be one of the most significant in our audit of the consolidated financial statements of the current period	How the matter was addressed in our audit
The Group has significant levels of inventory due to its retail operations. As per the Consolidated Statement of Financial Position and Note 15, the balance is £764 million at the year end. Per the Inventory accounting policy in Note 1, inventories are valued at the lower of cost or net realisable value. Changing consumer preferences, spending patterns and the seasonality of sales all impact the level of inventory held and the rate of inventory turnover. Per the Financial Instruments policy in Note 1, the Group adopts hedge accounting for a high proportion of its foreign currency inventory purchases. In order to apply hedge accounting it is necessary to demonstrate hedge effectiveness which requires, amongst other things, matching the hedging instrument to the hedged item and ensuring that the appropriate exchange rate is applied to each hedged item included in the inventory balance. We focused on the valuation of inventory because of the judgements and estimates required by management when assessing the level of the provision required in relation to the net realisable value inventory provision, and the risk of error inherent in the process of adjusting inventory to the appropriate hedged rate.	Our procedures over the valuation of inventory included, but were not limited to: • Obtaining a detailed understanding and evaluating the design and implementation of key controls that the Group has surrounding inventory valuation by inquiries with the relevant process owners and performing a walkthrough of the process which includes observing the control and inspecting supporting evidence for the various controls; • Evaluating the appropriateness of management's judgements and assumptions applied in arriving at the value of inventory by: – Assessing the value of a sample of inventory lines to confirm whether it is measured at lower of cost or net realisable value, through comparison to sales receipts and latest purchase invoice; – Understanding the inventory provisioning policy with specific consideration to net realisable value and slow-moving stock; – Testing the accuracy of the net realisable value inventory provision by performing a recalculation of and testing a sample of the underlying inputs of the provision calculation to supporting documentation; – Analysing the period-end stock value against total sales during the period and also goods in transit container movements post year end on a product category basis to assess whether there are any indicators that items may be overstocked and using this as a basis to consider the adequacy of the slow-moving stock provision; – Inspecting and corroborating the Group's hedging strategy, and reviewing the documentation in place for derivatives, including assessing whether it is in accordance with IFRS 9; – Reviewing management's calculations to adjust the valuation of inventories based on hedge effectiveness in order to assess whether the valuation has been appropriately adjusted.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated report including the consolidated management report but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The consolidated management report on pages 92 to 96 is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 30 May 2023

KPMG Audit S.à r.l.
Cabinet de révision agréé

Thierry Ravasio
Partner

Consolidated Statement of Comprehensive Income

Period ended	Note	52 weeks ended 25 March 2023 £'m	52 weeks ended 26 March 2022 £'m
Revenue	2	**4,983**	4,673
Cost of sales		**(3,182)**	(2,921)
Gross profit		**1,801**	1,752
Administrative expenses		**(1,265)**	(1,142)
Operating profit	4	**536**	610
Share of (losses)/profits in associates	11	**(1)**	3
Profit on ordinary activities before net finance costs and tax		**535**	613
Finance costs on lease liabilities	5	**(61)**	(59)
Other finance costs	5	**(40)**	(29)
Finance income	5	**2**	0
Profit on ordinary activities before tax		**436**	525
Income tax expense	9	**(88)**	(103)
Profit for the period	2	**348**	422
Other comprehensive income for the period			
Items which may be reclassified to profit and loss:			
Exchange differences on retranslation of subsidiary and associate investments		**5**	(2)
Fair value movement as recorded in the hedging reserve		**28**	20
Tax effect of other comprehensive income	9	**5**	(4)
Total other comprehensive income		**38**	14
Total comprehensive income for the period		**386**	436
Earnings per share			
Basic earnings per share attributable to ordinary equity holders (pence)	10	**34.8**	42.2
Diluted earnings per share attributable to ordinary equity holders (pence)	10	**34.7**	42.1

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

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

Consolidated Statement of Financial Position

As at	Note	25 March 2023 £'m	26 March 2022 £'m
Non-current assets			
Goodwill	12	**921**	920
Intangible assets	12	**120**	120
Property, plant and equipment	13	**380**	363
Right-of-use assets	14	**1,056**	1,066
Investments in associates	11	**8**	8
Other receivables	16	**6**	7
Deferred tax asset	9	**30**	31
		2,521	2,515
Current assets			
Cash at bank and in hand	17	**237**	173
Inventories	15	**764**	863
Trade and other receivables	16	**52**	53
Income tax receivable		**12**	9
Other financial assets	19	**1**	25
		1,066	1,123
Total assets		**3,587**	3,638
Equity			
Share capital	22	**(100)**	(100)
Share premium		**(2,478)**	(2,476)
Retained earnings		**(104)**	(121)
Hedging reserve		**3**	(13)
Legal reserve		**(10)**	(10)
Merger reserve		**1,979**	1,979
Foreign exchange reserve		**(10)**	(5)
		(720)	(746)
Non-current liabilities			
Interest bearing loans and borrowings	20	**(873)**	(950)
Lease liabilities	14	**(1,124)**	(1,140)
Deferred tax liabilities	9	**(43)**	(43)
Provisions	21	**(3)**	(4)
		(2,043)	(2,137)
Current liabilities			
Interest bearing loans and borrowings	20	**(81)**	(6)
Trade and other payables	18	**(541)**	(564)
Lease liabilities	14	**(177)**	(170)
Other financial liabilities	19	**(13)**	(0)
Income tax payable		**(6)**	(4)
Provisions	21	**(6)**	(11)
		(824)	(755)
Total liabilities		**(2,867)**	(2,892)
Total equity and liabilities		**(3,587)**	(3,638)

The accompanying accounting policies and notes form an integral part of these consolidated financial statements. This consolidated statement of financial position was approved by the Board of Directors and authorised for issue on 30 May 2023 and signed on their behalf by:

Alejandro Russo
Chief Executive Officer

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 equity £'m
Balance at 27 March 2021	100	2,475	128	(8)	10	(1,979)	7	733
Ordinary dividends declared	–	–	(180)	–	–	–	–	(180)
Special dividends declared	–	–	(250)	–	–	–	–	(250)
Effect of share options	0	1	1	–	–	–	–	2
Total transactions with owners	0	1	(429)	–	–	–	–	(428)
Profit for the period	–	–	422	–	–	–	–	422
Other comprehensive income	–	–	–	16	–	–	(2)	14
Total comprehensive income for the period	–	–	422	16	–	–	(2)	436
Hedging gains & losses reclassified as inventory	–	–	–	5	–	–	–	5
Balance at 26 March 2022	100	2,476	121	13	10	(1,979)	5	746
Allocation to legal reserve	**–**	**–**	**(0)**	**–**	**0**	**–**	**–**	**–**
Ordinary dividends declared	**–**	**–**	**(165)**	**–**	**–**	**–**	**–**	**(165)**
Special dividends declared	**–**	**–**	**(201)**	**–**	**–**	**–**	**–**	**(201)**
Effect of share options	**0**	**2**	**1**	**–**	**–**	**–**	**–**	**3**
Total transactions with owners	**0**	**2**	**(365)**	**–**	**–**	**–**	**–**	**(363)**
Profit for the period	**–**	**–**	**348**	**–**	**–**	**–**	**–**	**348**
Other comprehensive income	**–**	**–**	**–**	**33**	**–**	**–**	**5**	**38**
Total comprehensive income for the period	**–**	**–**	**348**	**33**	**–**	**–**	**5**	**386**
Hedging gains & losses reclassified as inventory	**–**	**–**	**–**	**(49)**	**–**	**–**	**–**	**(49)**
Balance at 25 March 2023	**100**	**2,478**	**104**	**(3)**	**10**	**(1,979)**	**10**	**720**

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

Consolidated Statement of Cash Flows

Period ended	Note	52 weeks ended 25 March 2023 £'m	52 weeks ended 26 March 2022 £'m
Cash flows from operating activities			
Cash generated from operations	23	**866**	598
Income tax paid		**(84)**	(107)
Net cash flows from operating activities		**782**	491
Cash flows from investing activities			
Purchase of property, plant and equipment	13	**(93)**	(96)
Purchase of intangible assets	12	**(5)**	(4)
Proceeds from sale of property, plant and equipment		**9**	15
Finance income received		**2**	0
Net cash flows from investing activities		**(87)**	(85)
Cash flows from financing activities			
Receipt of newly issued corporate bonds	20	**–**	250
Repayment of Heron facilities	20	**(3)**	(4)
Repayment of government backed loan in France	20	**–**	(22)
Net receipt of other French facilities	20	**0**	1
Repayment of the principal in relation to lease liabilities	14	**(168)**	(159)
Payment of interest in relation to lease liabilities	14	**(61)**	(59)
Fees on refinancing	20	**–**	(3)
Other finance costs paid	5	**(36)**	(24)
Dividends paid to owners of the parent	29	**(366)**	(430)
Net cash flows from financing activities		**(634)**	(450)
Effects of exchange rate changes on cash and cash equivalents		**3**	(1)
Net increase/(decrease) in cash and cash equivalents		**64**	(45)
Cash and cash equivalents at the beginning of the period		**173**	218
Cash and cash equivalents at the end of the period		**237**	173
Cash and cash equivalents comprise:			
Cash at bank and in hand	17	**237**	173
		237	173

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

Notes to the Consolidated Financial Statements

1 General information and basis of preparation

The consolidated financial statements have been prepared in accordance with EU IFRS.

The Group's trade is general retail, with continuing trading taking place in the UK and France. The Group has been listed on the London Stock Exchange since June 2014.

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The measurement basis and principal accounting policies of the Group are set out below and have been applied consistently throughout the consolidated financial statements.

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

The consolidated financial statements cover the 52 week period from 27 March 2022 to 25 March 2023 which is a different period to the parent company standalone accounts (from 1 April 2022 to 31 March 2023). This exception is permitted under article 1712-12 of the Luxembourg company law of 10 August 1915, as amended, because the Directors believe that;

- the consolidated financial statements are more informative when they cover the same period as used by the main operating entity, B&M Retail Ltd; and
- it would be unduly onerous to rephase the year end in that subsidiary to match that of the parent company.

The year end for B&M Retail Ltd, in any year, will not be more than six days prior to the parent company year end. The next accounting period for the Group will be a 53 week period, from 26 March 2023 to 30 March 2024.

B&M European Value Retail S.A. (the "Company") is at the head of the Group and there is no consolidation that takes place above the level of this company.

The principal accounting policies of the Group are set out below.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings, together with the Group's share of the net assets and results of associated undertakings, for the period from 27 March 2022 to 25 March 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 arrangements with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- 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.

This assessment considered various levels of trading including a severe but plausible downside like for like scenario and the Group also has recourse to several mitigations to improve liquidity. In March 2023, the Group committed to fully re-financing its existing 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. On 3 April 2023, the Group completed the funds flow in relation to this extension of its term facility bank loan. The Group has also maintained its £400m bond maturing in July 2025 and its £250m bond maturing in November 2028.

1 General information and basis of preparation continued

There have been no 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.

Note also that viability and going concern statements have been made in the 'Principal risks and uncertainties' section of this annual report.

Revenue

Under IFRS 15 Revenue is recognised when all the following criteria are met;

- the parties to the contract have approved the contract;
- the Group can identify each parties rights regarding the goods to be transferred;
- the Group can identify the payment terms;
- the contract has commercial substance; and
- it is probable that the Group will collect the consideration we are entitled to in respect to the goods to be transferred.

In the vast majority of cases the Group's sales are made through stores and the control of goods is immediately transferred at the same time as the consideration is received via our tills. Therefore, revenue is recognised at this point.

The Group sells a small quantity of gift vouchers for use in the future and, as such, a small amount of deferred revenue is recognised. At the period end the value held on the balance sheet was <£1m (2022: <£1m).

The Group operates a small wholesale function which recognises revenue when goods are delivered and an invoice is raised. The revenue is considered collectable as the Group's wholesale customers are usually related parties to the Group (such as our associates) or are subject to credit checks before trade takes place. See note 2 for the split of wholesale sales to store sales.

Revenue is the total amount receivable by the Group for goods supplied, in the ordinary course of business, excluding VAT and trade discounts, and after deducting returns and relevant vouchers and offers.

Administrative expenses

Administrative expenses include all running costs of the business, except those relating to inventory (which are expensed through cost of sales), tax, interest and other comprehensive income. Transport and warehouse costs are included in this caption.

Elements which are unusual and significant, such as material restructuring costs, may be separated as a line item.

Goodwill

Goodwill is initially measured at cost, being the excess of the fair value of consideration transferred over the fair value of the net identifiable assets acquired and liabilities assumed at the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the relevant cash-generating units (CGU's) that are expected to benefit from the combination. The cash-generating units are individual stores and the groups of cash-generating units are the store portfolios in each operational segment.

Goodwill is tested for impairment at least once per year and specifically at any time where there is any indication that it may be impaired. Internally generated goodwill is not recognised as an asset.

Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Executive Directors of the Group. The Executive Directors are responsible for assessing the performance of the business for the purpose of making decisions about resources to be allocated.

Alternative performance measures

The Group reports a selection of alternative performance measures (APM's) as detailed below and in note 3, as the Directors believe that these measures provide additional information that is useful to the users of our accounts.

The alternative performance measures we report in these accounts are:

- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Adjusted EBITDA
- Adjusted Profit
- Adjusted Earnings per share (EPS)

Both IFRS 16 and pre-IFRS 16 versions of these alternative performance measures have been calculated and presented in order to aide comparability with the figures presented in previous years.

1 General information and basis of preparation continued

Interest, tax, depreciation and amortisation are as defined statutorily whilst the items we adjust for are those we consider not to be reflective of the underlying performance of the business as detailed in note 3. These adjustments include the fair value impact of derivatives yet to mature, that have not been designated as part of a hedge accounting relationship, and foreign exchange on intercompany balances, which do not relate to underlying trading, and costs incurred in relation to significant projects, which are non-recurring and do not relate to underlying trading.

Underlying performance has been determined so as to align with how the Group financial performance is monitored on an ongoing basis by management. In particular, this reflects certain adjustments being made to consider an adjusted EBITDA (pre-IFRS 16) measure of performance.

Adjusted finance costs reflect the ongoing charges associated with our debt structure and exclude one-off effects of refinancing.

The directors believe that our adjusted APMs, and specifically, EBITDA provides users of the account with a measure of performance which is appropriate to the retail industry and presented by peers and competitors. 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 an additional metric to compare periods of account.

The alternative performance measures used 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.

Brands

Brands acquired by the business are amortised if the corresponding agreement is specifically time limited, or if the fair valuation exercise (carried out for brands acquired via business combinations) identifies a fair lifespan for the brand. This amortisation is charged to administrative expenses.

Otherwise, brands are considered to have an indefinite life on the basis that they form part of the cash generating units within the Group which will continue in operation indefinitely, with no foreseeable limit to the period over which they are expected to generate net cash inflows.

Where brands are considered to have an indefinite life they are reviewed at least annually for impairment or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is impaired accordingly with the impairment charged to administration expenses.

Intangible assets

Intangible assets acquired separately, including computer software, are measured on initial recognition at cost comprising the purchase price and any directly attributable costs of preparing the asset for use.

Following initial recognition, assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when an asset is available for use and is calculated on a straight line basis to allocate the cost of the asset over its estimated useful life as follows:

Computer software acquired – 3 or 4 years

Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost comprises purchase price and directly attributable costs. Unless significant or incurred as part of a refit programme, subsequent expenditure will usually be treated as repairs or maintenance and expensed to the statement of comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation

Freehold land is not depreciated. For all other property, plant and equipment, depreciation is calculated on a straight line basis to allocate cost, less residual value of the assets, over their estimated useful lives as follows:

Leasehold buildings	– Life of lease (max 50 years)
Freehold buildings	– 2% – 4% straight line
Plant, fixtures and equipment	– 10% – 33% straight line
Motor vehicles	– 12.5% – 33% straight line

Residual values and useful lives are reviewed annually and adjusted prospectively, if appropriate.

1 General information and basis of preparation continued

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

Leases

The Group applies the leasing standard, IFRS 16, to all contracts identified as leases at their inception, unless they are considered a short-term lease (with a term less than a year) or where the asset is of a low underlying value (<£5k). Assets which may fall into these categorisations include printers, vending machines and security cameras, and the lease expense is within administrative expenses.

The Group has lease contracts in relation to property, equipment, fixtures & fittings and vehicles. A contract is classified as a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a lease contract is recognised, the business assesses the term for which we are reasonably certain to hold that lease, and the minimum lease payments over that term are discounted to give the initial lease liability. The initial right-of-use asset is then recognised at the same value, adjusted for incentives or payments made on the day that the lease was acquired. Any variable lease costs are expensed to administrative costs when incurred.

The date that the lease is brought into the accounts is the date from which the lease has been effectively agreed by both parties as evidenced by the Group's ability to use that property.

The right-of-use asset is subsequently depreciated on a straight-line basis over the term of that lease, or useful life (whichever is shorter) with the charge being made to administrative costs. The lease liability attracts interest which is charged to finance costs, and is measured at amortised cost using the effective interest method.

Right-of-use assets may be impaired if, for instance, a lease becomes onerous. Impairment costs are charged to administrative costs.

Lease modifications are recorded where there is a change in the expected cashflows associated with a lease, such as through a rent review. When a lease modification occurs the lease liability is recalculated and an equivalent adjustment is made to the right-of-use asset, unless that asset would be reduced below zero, in which case the excess is expensed in administrative costs. The recalculation is carried out with an unchanged discount unless the change has affected management's assessment of the term of the lease.

If there is a significant event, such as the lease reaching its expiry date, the likely exercise of a previously unrecognised break clause, or the signing of an extension lease, the lease term is re-assessed by management as to how long we can reasonably certain to stay in that property, and a new lease agreement or modification (if the change is made before the expiry date) is recognised for the re-assessed term, with a recalculated discount rate.

Lease modifications are also recorded where there is a change in the expected cashflows associated with the lease, such as through a rent review. Unless the change affects the term, the discount rate is not recalculated. A lease modification results in a recalculation of the lease liability with a corresponding adjustment made to the right-of-use asset.

The discount rate used is individual to each lease. Where a lease contract includes an implicit interest rate, that rate is used. In the majority of leases this is not the case and the discount rate is taken to be the incremental borrowing rate as related to that specific asset. This is a calculation based upon the external market rate of borrowing for the Group, as well as several factors specific to the asset to be discounted.

The Group separates lease payments between lease and non-lease components (such as service charges on property) at the point at which the lease is recognised. Non-lease components are charged through administrative expenses.

Sale and leaseback transactions

The Group recognises a sale and leaseback transaction when the Group sells an asset that has been previously recognised in property, plant and equipment, and subsequently leases it back as part of the same or a linked transaction.

Management use the provisions of IFRS 15 to assess if a sale has taken place, and the provisions of IFRS 16 to recognise the resulting lease, with the liability and discount rate calculated in line with our lease policy and the asset subject to an adjustment based upon the net book value of the disposed asset, the opening lease liability, the consideration received and the fair value of the asset on the date it was sold.

Resulting gains or losses are recognised in administrative expenses.

Onerous leases

A lease is considered onerous when the economic benefits of occupying the leased properties are less than the obligations payable under the lease.

When a lease is classified as onerous, the right-of-use asset associated with the lease is impaired to £nil value and non-rental costs that are likely to accrue before the end of the contract are provided against.

1 General information and basis of preparation continued

Investments in associates

Associates are those entities over which the Group has significant influence, but which are neither subsidiaries nor interests in joint ventures. Investments in associates are recognised initially at cost and subsequently accounted for using the equity method. However, any goodwill or fair value adjustment attributable to the Group's share of associates is included in the amount recognised as investment in associates.

All subsequent changes to the share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment, including a reduction in the carrying amount equal to any dividend received. Changes resulting from the profit or loss generated by the associate are reported in "share of profits of associates" in the consolidated statement of comprehensive income and therefore affect net results of the Group. These changes include subsequent depreciation, amortisation and impairment of the fair value adjustments of assets and liabilities.

Items that have been recognised directly in the associate's other comprehensive income are recognised in the consolidated other comprehensive income of the Group. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the consolidated financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required (for goodwill or indefinite life assets), the Group estimates the asset's recoverable amount.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's cash generating units (CGU's) to which the individual assets are allocated. These budgets and forecast calculations are prepared in December and usually cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to the projected future cash flows after the fifth year. The Group's three-year plan is usually approved in March. If due to the passage of time there are significant differences in the key assumptions between the forecast and plan, or if management consider that the forecast has a more sensitive level of headroom, then the impairment test will be additionally sensitised to the plan assumptions.

Indications of impairment might include (for goodwill and the brand assets, for instance) a significant decrease in the like for like sales of established stores, sustained negative publicity or a drop off in visits to our website and social media accounts.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill and acquired brands with indefinite lives, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income, except for impairment of goodwill which is not reversed.

Inventories

Inventories are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items, using the weighted average method.

Stock purchased in foreign currency is booked in at the hedge rate applicable to that stock (if effectively hedged) or the underlying foreign currency rate on the date that the item is brought into stock.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. Transport, warehouse and distribution costs are not included in inventory.

1 General information and basis of preparation continued

The Group receives supplier rebates which are included in the cost of inventory balance (and which therefore ultimately flow through to cost of sales). These rebates are recognised on an accruals basis according to actual sales levels achieved at the end of each period.

Share options

The Group operates several equity settled share option schemes.

The schemes have been accounted for under the provisions of IFRS 2 and, accordingly, have been fair valued on their inception date using appropriate methodology (the Black Scholes and Monte Carlo models).

A cost is recorded through the statement of comprehensive income in respect of the number of options outstanding and the fair value of those options. A corresponding credit is made to the retained earnings reserve and the effect of this can be seen in the statement of changes in equity. See note 8 for more details.

Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Group operates and generates taxable income. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:
- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is highly probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Financial instruments

The Group uses derivative financial instruments such as forward currency contracts to reduce its foreign currency risk, commodity price risk and interest rate risk. Derivative financial instruments are recognised at fair value. The fair value is derived using an internal model and supported by valuations by third party financial institutions.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the statement of comprehensive income. Effectiveness of the derivatives subject to hedge accounting is assessed prospectively at inception of the derivative, and at each reporting period end date prior to maturity.

Where a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset, such as an item of inventory, the associated gains and losses are recognised in the initial cost of that asset.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is reclassified in the statement of other comprehensive income immediately.

1 General information and basis of preparation continued

Financial assets

Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost, fair value through profit or loss or fair value though other comprehensive income.

A financial asset is measured at amortised cost using the effective interest rate if it meets both of the following conditions: it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Under IFRS 9 trade receivables, without a significant financing component, are classified and held at amortised cost, being initially measured at the transaction price and subsequently measured at amortised cost less any impairment loss.

IFRS 9 includes an 'expected loss' model ('ECL') for recognising impairment of financial assets held at amortised cost. The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group performs the calculation of expected credit losses separately for each customer group. The balances involved are immaterial for further disclosure.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise derivative financial instruments entered into by the Group that are designated as hedging instruments in hedge relationships as defined by IFRS 9. Financial assets at fair value through other comprehensive income are carried in the statement of financial position at fair value with changes in fair value recognised in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired and the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full and either (a) the entity has transferred substantially all the risks and rewards of the asset, or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses at each reporting date, on a forward-looking basis the ECLs associated with our financial assets carried at amortised cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or other financial liabilities. The entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial derivatives held for trading. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group. Gains or losses on liabilities held-for-trading are recognised in profit and loss.

Other financial liabilities

After initial recognition, interest bearing loans and borrowings, trade and other payables and other liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to mark-to-market valuations obtained from the relevant bank (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

1 General information and basis of preparation continued

Refinancing

Where bank borrowings are refinanced, the Group assesses whether the transaction results in new facilities or a modification of the previous facilities.

Where the transaction results in a modification of the facilities, the Group assesses whether that modification is substantial by reference both to whether the present value of the cash flows of the new facilities is more than 10% different to the present value of the cash flows of the previous facilities and by reference to any qualitative differences between the old and new agreements.

Where a modification is substantial, the Group derecognises the original liability and recognises a new liability for the modified facilities with any transaction costs expensed to the income statement.

Where the modification is non-substantial, the Group amends the carrying amount of the liability to reflect the updated cash flows and amends the effective interest rate from the modification date.

Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand, less bank overdrafts to the extent the Group have the right to offset and settle these balances net.

Equity

Equity comprises the following:
- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess of the consideration made for the shares, over and above the nominal valuation of those shares;
- "Retained earnings reserve" represents retained profits;
- "Hedging reserve" representing the fair value of the derivatives held by the Group at the period end that are accounted for under hedge accounting and that represent effective hedges;
- "Legal reserve" representing the statutory reserve required by Luxembourg law as an apportionment of profit within each Luxembourg company (up to 10% of the standalone share capital);
- "Merger reserve" representing the reserve created during the reorganisation of the Group in 2014; and
- "Foreign exchange reserve" represents the cumulative differences arising in retranslation of the subsidiaries and associate's results.

Foreign currency translation

These consolidated financial statements are presented in pounds sterling.

The following Group companies have a functional currency of pounds sterling:
- B&M European Value Retail S.A.
- B&M European Value Retail 1 S.à r.l. (Lux Holdco)
- B&M European Value Retail Holdco 1 Ltd (UK Holdco 1)
- B&M European Value Retail Holdco 2 Ltd (UK Holdco 2)
- B&M European Value Retail Holdco 3 Ltd (UK Holdco 3)
- B&M European Value Retail Holdco 4 Ltd (UK Holdco 4)
- EV Retail Ltd
- B&M Retail Ltd
- Opus Homewares Ltd
- Retail Industry Apprenticeships Ltd – (Dissolved on 17 January 2023)
- Heron Food Group Ltd
- Heron Foods Ltd
- Cooltrader Ltd
- Heron Properties (Hull) Ltd
- Centz N.I. Limited

The following Group companies have a functional currency of the Euro:
- B&M European Value Retail 2 S.à r.l. (SBR Europe)
- B&M France SAS
- B&M European Value Retail Germany GmbH (Germany Holdco)

The Group companies whose functional currency is the Euro have been consolidated into the Group via retranslation of their results in line with IAS 21 'Effects of Changes in Foreign Exchange Rates'. The assets and liabilities are translated into pounds sterling at the period end exchange rate. The revenues and expenses are translated into pounds sterling at the average monthly exchange rate during the period. Any resulting foreign exchange difference is cumulatively recorded in the foreign exchange reserve with the annual effect being charged/credited to other comprehensive income.

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Pension costs

The Group operates a defined contribution scheme and contributions are charged to profit or loss in the period in which they are incurred.

1 General information and basis of preparation continued

Provisions

Provisions are recognised when a present obligation (legal or constructive) exists as a result of a past event and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are discounted where the time value of money is considered to be material.

The property provision also contains expected dilapidation costs, which covers expected dilapidation costs for any lease considered onerous, any related to stores recently closed, any stores which are planned or at risk of closure and those stores occupied but not under contract. At the period end, 105 stores were provided against (2022: 99).

We do not provide against stores which are under contract and not considered at risk of closure (comprising the majority of the estate) as management consider that such a provision would be minimal as a result of regular store maintenance and limited fixed fit out costs.

We also provide against the terminal dilapidation expense on our major distribution centres (DC's), which is built up over the term of the leases held over those DC's.

Critical judgements and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial information was prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Critical judgments

Investments in associates

Multi-lines International Company Ltd (Multi-lines), which is 50% owned by the Group, has been judged by management to be an associate rather than a subsidiary or a joint venture.

Under IFRS 10 control is determined by:
- Power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect the amount of the investor's returns.

Although 50% owned, B&M Group does not have voting rights or substantive rights. Therefore, the level of power over the business is considered to be more in keeping with that of an associate than a joint-venture and, therefore, it has been treated as such within these consolidated financial statements.

Hedge accounting

The Group hedge accounts for stock purchases made in US Dollars.

There is significant management judgment involved in forecasting the level of dollar purchases to be made within the period that the forward hedge has been bought for.

Management takes a cautious view that no more than 80% of the operational hedging in place can be subject to hedge accounting, due to forecast uncertainties, and assesses every forward hedge taken out, on inception, if that figure should be reduced further by considering general purchasing trends, and discussion of specific purchasing decisions.

Estimation uncertainty

There are no areas of estimation uncertainty where management consider that there is a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1 General information and basis of preparation continued

Standards and Interpretations not yet applied by the Group

The following amendments to accounting standards and interpretations, issued by the International Accounting Standards Board (IASB), have not yet been applied by the Group in the period. None of these are expected to have a significant impact on the Group's consolidated results or financial position:

IASB effective for annual periods beginning on or after 1 January 2023

Standard	Summary of changes	EU Endorsement status
Amendments to IAS 8 Accounting Estimates	Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, make a distinction between how an entity should present and disclose different types of accounting changes in its financial statements. Changes in accounting policies must be applied retrospectively while changes in accounting estimates are accounted for prospectively.	Endorsed on 2 March 2022. Effective from 1 January 2023.
Amendments to IAS 1 and IFRS Practice Statement 2	The amendment requires an entity to disclose its material accounting policy information instead of its significant accounting policies. A policy can be material by nature even if the related amounts are immaterial.	Endorsed on 2 March 2022. Effective from 1 January 2023.

IASB effective for annual periods beginning on or after 1 January 2024

Standard	Summary of changes	EU Endorsement status
Amendments to IAS 1 Presentation of Financial Statements	The amendment requires an entity to have the right to defer settlement of the liability for at least 12 months after the reporting date in order to classify a liability as non-current. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement.	Not yet endorsed
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	The amendment requires a seller-lessee to subsequently measure such leaseback liabilities in a way that does not recognise any amount of gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments do not depend on an index or rate.	Not yet endorsed

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, comprising the three separately operated businesses within the Group; UK B&M, UK Heron and France B&M.

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 €1.1581 /£ during the year, with the period end rate being €1.1360 /£ (2022: €1.1756/£ and €1.2009/£ respectively).

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**
EBITDA (pre-IFRS 16) (note 3)	**503**	**30**	**41**	**(20)**	**554**
Depreciation and amortisation	**(182)**	**(22)**	**(38)**	**–**	**(242)**
Net finance expense	**(45)**	**(3)**	**(11)**	**(40)**	**(99)**
Income tax (charge)/credit	**(87)**	**(3)**	**(6)**	**8**	**(88)**
Segment profit/(loss)	**366**	**13**	**20**	**(51)**	**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)**

52 week period to 26 March 2022	UK B&M £'m	UK Heron £'m	France B&M £'m	Corporate £'m	Total £'m
Revenue	3,909	411	353	–	4,673
EBITDA (note 3)	729	34	64	13	840
EBITDA (pre-IFRS 16) (note 3)	563	23	32	13	631
Depreciation and amortisation	(170)	(23)	(34)	–	(227)
Net finance expense	(48)	(2)	(11)	(27)	(88)
Income tax charge	(96)	(1)	(5)	(1)	(103)
Segment profit/(loss)	415	8	14	(15)	422
Total assets	2,952	281	331	74	3,638
Total liabilities	(1,513)	(117)	(251)	(1,011)	(2,892)
Capital expenditure*	(80)	(9)	(11)	–	(100)

* Capital expenditure includes both tangible and intangible capital.

Revenue is disaggregated geographically as follows:

Period to	**52 weeks ended 25 March 2023 £'m**	52 weeks ended 26 March 2022 £'m
Revenue due from UK operations	**4,552**	4,320
Revenue due from French operations	**431**	353
Overall revenue	**4,983**	4,673

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

As at	**25 March 2023 £'m**	26 March 2022 £'m
UK operations	**2,240**	2,252
French operations	**243**	224
Luxembourg operations	**8**	8
Overall	**2,491**	2,484

2 Segmental information continued

The Group operates a small wholesale operation, with the relevant disaggregation of revenue as follows:

Period to	52 weeks ended 25 March 2023 £'m	52 weeks ended 26 March 2022 £'m
Revenue due to sales made in stores	**4,940**	4,628
Revenue due to wholesale activities	**37**	45
Revenue due to online activities	**6**	–
Overall revenue	**4,983**	4,673

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

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

EBITDA, adjusted EBITDA and adjusted profit are all non-IFRS measures and therefore a reconciliation from the statement of comprehensive income is set out below.

Period to	52 weeks ended 25 March 2023 £'m	52 weeks ended 26 March 2022 £'m
Profit on ordinary activities before interest and tax	**535**	613
Add back depreciation and amortisation	**242**	227
EBITDA	**777**	840
Reverse the fair value impact of derivatives yet to mature	**17**	(13)
Online project costs	**2**	–
Foreign exchange on intercompany balances	**0**	1
Adjusted EBITDA	**796**	828
Depreciation and amortisation	**(242)**	(227)
Interest costs related to lease liabilities (see note 5)	**(61)**	(59)
Net other finance costs (see note 5)	**(38)**	(29)
Adjusted profit before tax	**455**	513
Adjusted tax	**(91)**	(101)
Adjusted profit for the period	**364**	412

Adjusted EBITDA (pre-IFRS 16) and adjusted profit (pre-IFRS 16) are also non-IFRS measures and are reconciled as follows:

Period to	52 weeks ended 25 March 2023 £'m	52 weeks ended 26 March 2022 £'m
EBITDA (above)	**777**	840
Remove effects of IFRS 16 on EBITDA	**(223)**	(209)
EBITDA (pre-IFRS 16)	**554**	631
Adjusting items (above)	**19**	(12)
Adjusted EBITDA (pre-IFRS 16)	**573**	619
Pre-IFRS 16 depreciation and amortisation	**(76)**	(66)
Net other finance costs	**(38)**	(29)
Adjusted profit before tax (pre-IFRS 16)	**459**	524
Adjusted tax	**(93)**	(107)
Adjusted profit (pre-IFRS 16) for the period	**366**	417

The effects of IFRS 16 on EBITDA caption reflects the difference between IAS 17 and IFRS 16 accounting and largely consists of the additional rent expense the Group would have incurred under the IAS 17 standard.

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 current year, recognising the loss incurred from the online trading trial, which had ceased by the year end date.

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

The following table reconciles the statutory figures to the adjusted and adjusted (pre-IFRS 16) figures in the statutory P&L format on a line by line basis:

52 week period to 25 March 2023	Statutory figures £'m	Adjusting items £'m	Adjusted figures £'m	Impact of IFRS 16 £'m	Adjusted (pre-IFRS 16) £'m
Revenue	4,983	–	4,983	–	4,983
Cost of sales	(3,182)	–	(3,182)	–	(3,182)
Gross profit	1,801	–	1,801	–	1,801
Depreciation and amortisation	(242)	–	(242)	166	(76)
Other administrative expenses	(1,023)	19	(1,004)	(223)	(1,227)
Operating profit	536	19	555	(57)	498
Share of losses in associates	(1)	–	(1)	–	(1)
Profit before interest and tax	535	19	554	(57)	497
Finance costs relating to right-of-use assets	(61)	–	(61)	61	–
Other finance costs	(40)	–	(40)	–	(40)
Finance income	2	–	2	–	2
Profit before tax	436	19	455	4	459
Income tax expense	(88)	(3)	(91)	(2)	(93)
Profit for the period	348	16	364	2	366

52 week period to 26 March 2022	Statutory figures £'m	Adjusting items £'m	Adjusted figures £'m	Impact of IFRS 16 £'m	Adjusted (pre-IFRS 16) £'m
Revenue	4,673	–	4,673	–	4,673
Cost of sales	(2,921)	–	(2,921)	–	(2,921)
Gross profit	1,752	–	1,752	–	1,752
Depreciation and amortisation	(227)	–	(227)	161	(66)
Other administrative expenses	(915)	(12)	(927)	(209)	(1,136)
Operating profit	610	(12)	598	(48)	550
Share of profits in associates	3	–	3	–	3
Profit before interest and tax	613	(12)	601	(48)	553
Finance costs relating to right-of-use assets	(59)	–	(59)	59	–
Other finance costs	(29)	–	(29)	–	(29)
Finance income	0	–	0	–	0
Profit before tax	525	(12)	513	11	524
Income tax expense	(103)	2	(101)	(6)	(107)
Profit for the period	422	(10)	412	5	417

Adjusted tax represents the tax charge per the statement of comprehensive income as adjusted only for the effects of the adjusting items detailed above.

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

The segmental split in EBITDA and Adjusted EBITDA reconciles as follows:

52 week period to 25 March 2023	UK B&M £'m	UK Heron £'m	France B&M £'m	Corporate £'m	Total £'m
Profit before interest and tax	498	19	38	(20)	535
Add back depreciation and amortisation	182	22	38	–	242
EBITDA	680	41	76	(20)	777
Adjusting items detailed above	–	–	–	19	19
Adjusted EBITDA	680	41	76	(1)	796

52 week period to 26 March 2022	UK B&M £'m	UK Heron £'m	France B&M £'m	Corporate £'m	Total £'m
Profit before interest and tax	559	11	30	13	613
Add back depreciation and amortisation	170	23	34	–	227
EBITDA	729	34	64	13	840
Adjusting items detailed above	–	–	–	(12)	(12)
Adjusted EBITDA	729	34	64	1	828

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 Operating profit

The following items have been charged in arriving at operating profit:

Period ended	52 weeks ended 25 March 2023 £'m	52 weeks ended 26 March 2022 £'m
Auditor's remuneration	1	1
Payments to auditors in respect of non-audit services:		
Other assurance services	0	0
Cost of inventories recognised as an expense (included in cost of sales)	3,182	2,921
Depreciation of owned property, plant and equipment	71	62
Amortisation (included within administration costs)	4	2
Depreciation of right-of-use assets	167	163
Impairment of right-of-use assets	2	2
Operating lease rentals	5	2
(Profit)/loss on sale of property, plant and equipment	(1)	1
Gain on sale and leasebacks	(1)	(1)
Gain on foreign exchange	(10)	(9)

5 Finance costs and finance income

Finance costs include all interest related income and expenses. The following amounts have been included in the continuing profit line for each reporting period presented:

Period ended	52 weeks to 25 March 2023 £'m	52 weeks to 26 March 2022 £'m
Interest on debt and borrowings	(38)	(27)
Ongoing amortisation of finance fees	(2)	(2)
Total other finance expense	(40)	(29)
Finance costs on lease liabilities	(61)	(59)
Total finance expense	(101)	(88)

5 Finance costs and finance income continued

The finance expense reconciles to the statement of cash flows as follows:

Period ended	52 weeks to 25 March 2023 £'m	52 weeks to 26 March 2022 £'m
Cash		
Finance costs paid in relation to debt and borrowings	**36**	24
Finance costs paid in relation to lease liabilities	**61**	59
Fees paid in relation to refinancing	**–**	3
Finance costs paid	**97**	86
Non-cash		
Movement of accruals in relation to debt and borrowings	**2**	3
Capitalisation of paid fees in relation to new facilities	**–**	(3)
Ongoing amortisation of finance fees	**2**	2
Total finance expense	**101**	88

There are no adjusting items relating to finance expenses.

Period ended	52 weeks to 25 March 2023 £'m	52 weeks to 26 March 2022 £'m
Interest income on loans and bank accounts	**2**	0
Total finance income	**2**	0

There are no adjusting items related to finance income.

Total net other finance costs are therefore:

Period ended	52 weeks to 25 March 2023 £'m	52 weeks to 26 March 2022 £'m
Total other finance expense	**(40)**	(29)
Total other finance income	**2**	0
Total net other finance costs	**(38)**	(29)

6 Employee remuneration

Expense recognised for employee benefits is analysed below:

Period ended	52 weeks to 25 March 2023 £'m	52 weeks to 26 March 2022 £'m
Wages and salaries	**583**	530
Social security costs	**39**	32
Share based payment expense	**3**	2
Pensions – defined contribution plans	**9**	8
Total remuneration	**634**	572

There are £1m of defined contribution pension liabilities owed by the Group at the period end (2022: £1m).

B&M France operates a scheme where they must provide a certain amount per employee to pay upon their retirement date. The accrual on this scheme at the period end was £1m (2022: £2m).

The average monthly number of persons employed by the Group during the period was:

Period ended	52 weeks to 25 March 2023	52 weeks to 26 March 2022
Sales staff	**42,299**	39,804
Administration	**1,206**	1,070
Total staff	**43,505**	40,874

7 Key management remuneration

Key management personnel and Directors' remuneration includes the following:

Period ended	52 weeks to 25 March 2023 £'m	52 weeks to 26 March 2022 £'m
Directors' remuneration:		
Short term employee benefits	**4**	4
Benefits accrued under the share option scheme	**1**	1
Pension	**0**	0
Total	**5**	5
Key management expense (includes Directors' remuneration):		
Short term employee benefits	**9**	9
Benefits accrued under the share option scheme	**2**	1
Pension	**0**	0
Total	**11**	10
Amounts in respect of the highest paid director emoluments:		
Short term employee benefits	**2**	2
Benefits accrued under the share option scheme	**1**	1
Pension	**0**	0
Total	**3**	3

The emoluments disclosed above are of the Directors and key management personnel who have served as a director within any of the continuing Group companies.

8 Share Options

The Group operates three equity settled share option schemes which split down to various tranches. Details of these schemes follow.

1) Long-Term Incentive Plan (LTIP) Awards

The LTIP was adopted by the board on 29 May 2014. No grant under this scheme can be made more than 10 years after this date.

Eligibility

Employees and Executive Directors of the Group are eligible for the LTIP and the awards are made at the discretion of the remuneration committee.

Limits & pricing

A fixed number of options are offered to each participant, with the pricing set at £nil. The options offered to each individual cannot exceed a total value of 100% (200% under exceptional circumstances) of the participants base salary where the value is measured as the market value of the shares on grant multiplied by the number of options awarded, with the whole scheme limited to 10% of the share capital in issue.

Dividend credits

All participants in any LTIP awards granted after 1 April 2018 are entitled to a dividend credit, where the notional dividend they would have received on the maximum number of shares available under their award is converted into new share options and added to the award based upon the share price on the date of the dividend. These additional awards have been reflected in the tables below.

Vesting & exercise

The share options are subject to a set of conditions measured over a three-year performance period as follows:

LTIP Executive ("A") awards

- 50% of the awards are subject to a TSR performance condition, where the Group's TSR over the performance period is compared with a comparator group. The awards vest on a sliding scale where the full 50% is awarded if the Group falls in the upper quartile, 12.5% vests if the Group falls exactly at the median, and 0% below that.
- 50% of the awards are subject to a Diluted EPS performance target. The awards vest on a sliding scale based upon the earnings per share as follows:

Award	EPS as at	50% paid at	12.5% paid at
LTIP 2016A	March–19	22.5p	17.5p
LTIP 2017A	March–20	24.0p	19.0p
LTIP 2018A	March–21	28.0p	23.0p
LTIP 2019A	March–22	33.0p	27.0p
LTIP 2020A	March–23	30.0p	25.0p
LTIP 2021A	March–24	45.0p	37.0p
LTIP 2022A	March–25	50.0p	42.0p

8 Share Options continued

Below the 12.5% boundary, no options vest. Diluted EPS is considered to be on frozen GAAP and so does not include the effects of IFRS 16.

- The performance period is the three years ending the period end specified in the EPS table above.
- Once the performance period concludes, the calculated number of share options remaining are then subject to a two-year holding period.
- The share options vest at the conclusion of the holding period.

LTIP Restricted ("B") awards

- Group EBITDA must be positive in each year of the LTIP.
- The awards also have an employee performance condition attached.

Vested awards can be exercised up to the tenth anniversary of grant.

Tranches

There have been several awards of the LTIP, with the details as follows.

Note that the LTIP Executive awards have been split into the element subject to the TSR (50%) and the element subject to the EPS (50%) since these were valued separately.

The TSR awards market condition has been included in the fair value calculation for those awards, all non-market conditions have not been included. Expected volatility has been calculated based upon the historic share price volatility of the Group and those of comparable companies.

The key information used in the valuation of these tranches is as follows:

Scheme	Date of grant	Original options granted	Fair value of each option	Risk free rate	Expected life (years)	Volatility
2016A-TSR	18 Aug 16	122,385.5	164p	0.09%	5	26%
2016A-EPS	18 Aug 16	122,385.5	254p	0.09%	5	26%
2017A-TSR	7 Aug 17	40,610	272p	0.52%	5	32%
2017A-EPS	7 Aug 17	40,610	351p	0.52%	5	32%
2018A-TSR	22 Aug 18	226,672.5	240p	0.97%	5	29%
2018A-EPS	22 Aug 18	226,672.5	409p	0.97%	5	29%
2019A-TSR	22 Aug 19	275,640.5	251p	0.37%	5	31%
2019A-EPS	22 Aug 19	275,640.5	361p	0.37%	5	31%
2020A-TSR	30 Jul 20	141,718	409p	–0.11%	5	48%
2020A-EPS	30 Jul 20	141,718	464p	–0.11%	5	48%
2021A-TSR	3 Aug 21	218,861	354p	0.23%	5	37%
2021A-EPS	3 Aug 21	218,861	560p	0.23%	5	37%
2022A-TSR	17 Nov 22	309,342	124p	3.16%	5	31%
2022A-EPS	17 Nov 22	309,342	386p	3.16%	5	31%
2017/B1	7 Aug 17	287,963	361p	0.25%	3	32%
2017/B2	14 Aug 17	101,654	360p	0.25%	3	32%
2018/B1	23 Jan 18	19,264	400p	0.25%	3	32%
2018/B2	20 Aug 18	236,697	406p	0.25%	3	30%
2019/B1	20 Aug 19	369,061	348p	0.47%	3	30%
2019/B2	18 Sep 19	2,678	373p	0.47%	3	30%
2020/B1	30 Jul 20	303,092	463p	–0.12%	3	39%
2021/B1	3 Aug 21	281,950	560p	0.12%	3	42%
2022/B1	3 Aug 22	396,877	437p	1.75%	3	32%
2022/B2	15 Dec 22	3,641	412p	1.75%	3	32%

8 Share Options continued

Scheme	Options at 26 Mar 22	Granted	Dividend credit	Forfeited	Exercised	Options at 25 Mar 23
2017A-TSR	27,557*	–	–	–	(27,557)	–
2017A-EPS	18,071*	–	–	–	(18,071)	–
2018A-TSR	202,465*	–	19,613	8,243†	–	230,321*
2018A-EPS	280,368*	–	25,327	(8,243)†	–	297,452*
2019A-TSR	279,393.5	–	24,963	(11,168.5)	–	293,188*
2019A-EPS	279,393.5	–	24,963	(11,168.5)	–	293,188*
2020A-TSR	169,361	–	15,763	–	–	185,124
2020A-EPS	169,361	–	15,763	–	–	185,124
2021A-TSR	229,660.5	–	21,376.5	–	–	251,037
2021A-EPS	229,660.5	–	21,376.5	–	–	251,037
2022A-TSR	–	309,342	18,509	–	–	327,851
2022A-EPS	–	309,342	18,509	–	–	327,851
2017/B1	53,576	–	–	–	(53,576)	–
2017/B2	13,379	–	–	–	(13,379)	–
2018/B2	38,289	–	–	–	(38,289)	–
2019/B1	391,522	–	10,023	(1,937)	(399,608)	–
2019/B2	3,403	–	107	–	(3,510)	–
2020/B1	297,103	–	24,247	(19,011)	–	302,339
2021/B1	271,020	–	22,204	(36,086)	–	257,138
2022/B1	–	396,877	23,532	(12,145)	–	408,264
2022/B2	–	3,641	168	–	–	3,809

Scheme	Options at 27 Mar 21	Granted	Dividend credit	Forfeited	Exercised	Options at 26 Mar 22
2016A-TSR	122,385.5*	–	–	–	(122,385.5)	–
2016A-EPS	70,982.5*	–	–	–	(70,982.5)	–
2017A-TSR	27,557*	–	–	–	–	27,557*
2017A-EPS	18,071*	–	–	–	–	18,071*
2018A-TSR	262,012	–	14,692	(74,239)	–	202,465*
2018A-EPS	262,012	–	18,356	–	–	280,368*
2019A-TSR	259,633	–	19,760.5	–	–	279,393.5
2019A-EPS	259,633	–	19,760.5	–	–	279,393.5
2020A-TSR	157,438.5	–	11,922.5	–	–	169,361
2020A-EPS	157,438.5	–	11,922.5	–	–	169,361
2021A-TSR	–	218,861	10,799.5	–	–	229,660.5
2021A-EPS	–	218,861	10,799.5	–	–	229,660.5
2017/B1	73,667	–	–	–	(20,091)	53,576
2017/B2	13,379	–	–	–	–	13,379
2018/B2	234,759	–	4,876	(7,657)	(193,689)	38,289
2019/B1	395,455	–	27,849	(31,782)	–	391,522
2019/B2	3,163	–	240	–	–	3,403
2020/B1	300,724	–	22,073	(25,694)	–	297,103
2021/B1	–	281,950	13,600	(24,530)	–	271,020

* These share options have vested and are in a two-year holding period.

† There was a rebalancing between the EPS and TSR awards after the final analysis of the performance conditions of this scheme. The overall shares options vesting on the scheme does not change, only the split between TSR and EPS.

2) Deferred Bonus Share Plan (DBSP) Awards

The Deferred Bonus Share Plan differs from the LTIP awards in that there are no vesting conditions.

The scheme has been set up in order to allocate a specified proportion of the Executive Director's annual bonus into £nil price share options which are then placed in holding for three years.

As there are no vesting conditions, these awards have been valued at the amount of the bonus to be converted into share options under the scheme.

There are annual awards of the scheme. The 2023 award will be made after this set of statutory accounts have been published and will therefore be reported in the next annual report.

8 Share Options continued

Scheme	Options at 26 Mar 22	Granted	Dividend credit	Forfeited	Exercised	Options at 25 Mar 23
2019 Bonus allocation	**72,909**	**–**	**–**	**–**	**(72,909)**	**–**
2020 Bonus allocation	**54,591**	**–**	**5,082**	**–**	**–**	**59,673**
2021 Bonus allocation	**89,550**	**–**	**8,335**	**–**	**–**	**97,885**
2022 Bonus allocation	**–**	**278,466**	**25,916**	**–**	**–**	**304,382**

Scheme	Options at 27 Mar 21	Granted	Dividend credit	Forfeited	Exercised	Options at 26 Mar 22
2019 Bonus allocation	67,920	–	4,989	–	–	72,909
2020 Bonus allocation	50,748	–	3,843	–	–	54,591
2021 Bonus allocation	–	85,340	4,210	–	–	89,550

The fair values of the presented schemes are £1.1m (2022), £0.5m (2021), £0.2m (2020) and £0.2m (2019).

3) Specific LTIP Awards

The remuneration committee are able to award specific share schemes under the LTIP framework, where considered appropriate.

There are two such schemes at the year end, both relating to the buy-out of executive share option schemes held prior to appointment with the business. Both schemes have no vesting conditions but are time limited with details given below.

Scheme	Options at 26 Mar 22	Granted	Dividend credit	Forfeited	Exercised	Options at 25 Mar 23
Buy-out Nov-23	**–**	**32,392**	**1,938**	**–**	**–**	**34,330**
Buy-out Nov-24	**–**	**32,392**	**1,938**	**–**	**–**	**34,330**

The fair values of the presented schemes are both £0.1m.

The summary period end position is as follows:

Period ended	25 March 2023	26 March 2022
Share options outstanding at the start of the year	**3,170,633**	2,736,978
Share options granted during the year (including via dividend credit)	**1,692,106**	1,004,705
Share options forfeited or lapsed during the year	**(91,517)**	(163,902)
Share options exercised in the year	**(626,899)**	(407,148)
Share options outstanding at the end of the year	**4,144,323**	3,170,633
Of which;		
Share options that are not vested	**2,499,574**	2,319,878
Share options that are in holding	**1,644,749**	745,511
Share options that are vested and eligible for exercise	**–**	105,244

All exercised options are satisfied by the issue of new share capital. The weighted average share price on exercise was £3.59 (2022: £5.64). All outstanding options have a £nil (2022: £nil) exercise price and the weighted average remaining contractual life is 2.1 years (2022: 2.0 years).

In the year, £3m has been charged to the consolidated statement of comprehensive income in respect to the share option schemes (2022: £2m). At the end of the year the outstanding share options had a carrying value of £6m (2022: £5m).

9 Taxation

The relationship between the expected tax expense based on the standard rate of corporation tax in the UK of 19% (2022: 19%) and the tax expense actually recognised in the statement of comprehensive income can be reconciled as follows:

Period ended	52 weeks to 25 March 2023 £'m	52 weeks to 26 March 2022 £'m
Current tax expense	**84**	90
Deferred tax charge	**4**	13
Total tax expense recorded in profit and loss	**88**	103
Deferred tax (credit)/charge in other comprehensive income	**(5)**	4
Total tax charge recorded in other comprehensive income	**(5)**	4
Result for the year before tax	**436**	525
Expected tax charge at the standard tax rate	**83**	100
Effect of:		
Expenses not deductible for tax purposes	**3**	4
Income not taxable	**(2)**	(4)
Lease accounting	**(1)**	(0)
Foreign operations taxed at local rates	**2**	2
Changes in the rate of corporation tax	**1**	2
Adjustment in respect of prior years	**2**	(2)
Hold over gains on fixed assets	**0**	1
Other	**0**	(0)
Actual tax expense	**88**	103

The caption 'Changes in the rate of corporation tax' includes the differences arising due to the change in the future corporation tax rate to 25% from April 2023.

Deferred taxation

Statement of financial position	25 March 2023 £'m	26 March 2022 £'m
Accelerated tax depreciation	**(11)**	(6)
Relating to intangible brand assets	**(27)**	(28)
Fair valuing of assets and liabilities (asset)	**3**	0
Fair valuing of assets and liabilities (liability)	**(1)**	(6)
Temporary differences relating to the tax accounting for leases	**24**	24
Movement in provision	**0**	1
Relating to share options	**3**	3
Held over gains on fixed assets	**(4)**	(3)
Losses carried forward	**–**	3
Other temporary differences	**0**	0
Net deferred tax liability	**(13)**	(12)
Analysed as;		
Deferred tax asset	**30**	31
Deferred tax liability	**(43)**	(43)

9 Taxation continued

Statement of comprehensive income	52 weeks to 25 March 2023 £'m	52 weeks to 26 March 2022 £'m
Accelerated tax depreciation	(5)	(4)
Relating to intangible brand assets	1	(6)
Fair valuing of assets and liabilities	8	(7)
Temporary differences relating to the tax accounting for leases	0	5
Movement in provision	(0)	(1)
Relating to share options	(0)	1
Held over gains on fixed assets	(0)	(2)
Brought forward losses	(3)	(3)
Other temporary differences	(0)	0
Net deferred tax charge	1	(17)
Analysed as;		
Total deferred tax charge in profit or loss	(4)	(13)
Total deferred tax credit/(charge) in other comprehensive income	5	(4)

There were no unrecognised deferred tax assets within the Group at the period end (2022: same).

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

10 Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit or loss 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 (see note 8) which have a dilutive effect on both periods presented. The following reflects the income and share data used in the earnings per share computations:

Period ended	25 March 2023 £'m	26 March 2022 £'m
Profit for the period attributable to owners of the parent	348	422
Adjusted profit for the period attributable to owners of the parent	364	412
Adjusted (pre-IFRS 16) profit for the period attributable to owners of the parent	366	417

	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	1,001,593	1,001,061
Dilutive effect of employee share options	1,730	1,893
Weighted average number of ordinary shares adjusted for the effect of dilution	1,003,323	1,002,954

	Pence	Pence
Basic earnings per share	34.8	42.2
Diluted earnings per share	34.7	42.1
Adjusted basic earnings per share	36.3	41.2
Adjusted diluted earnings per share	36.2	41.1
Adjusted (pre-IFRS 16) basic earnings per share	36.5	41.6
Adjusted (pre-IFRS 16) diluted earnings per share	36.5	41.6

11 Investments in associates

Period ended	25 March 2023 £'m	26 March 2022 £'m
Net book value		
Carrying value at the start of the period	**8**	4
Share of (losses)/profits in associates since the prior year valuation exercise	**(1)**	3
Effect of foreign exchange on translation	**1**	1
Carrying value at the end of the period	**8**	8

The Group has a 22.5% holding in Centz Retail Holdings Limited, "Centz", a company incorporated in Ireland. The principal activity of the company is retail sales and their registered address is 5 Old Dublin Road, Stillorgan, Co. Dublin.

The Group has a 50% interest in Multi-lines International Company Ltd, "Multi-Lines", a company incorporated in Hong Kong. The principal activity of the company is the purchase and sale of goods and their registered address is 8/F, Hope Sea Industrial Centre, No. 26 Lam Hing Street, Kowloon Bay, Hong Kong.

None of the entities have discontinued operations or other comprehensive income, except that on consolidation both entities have a foreign exchange translation difference.

Period ended	25 March 2023 £'m	26 March 2022 £'m
Multi-lines		
Non-current assets	**14**	15
Current assets	**69**	94
Non-current liabilities	**–**	–
Current liabilities	**(75)**	(99)
Net assets	**8**	10
Revenue	**252**	324
(Loss)/profit	**(3)**	3

Period ended	25 March 2023 £'m	26 March 2022 £'m
Centz		
Non-current assets	**16**	16
Current assets	**24**	20
Non-current liabilities	**(10)**	(8)
Current liabilities	**(13)**	(15)
Net assets	**17**	13
Revenue	**71**	78
Profit	**3**	5

The figures for both associates show 12 months to December 2022 (prior year: 12 months to December 2021), being the period used in the valuation of the associate.

12 Intangible assets

	Goodwill £'m	Software £'m	Brands £'m	Other £'m	Total £'m
Cost or valuation					
At 27 March 2021	921	11	115	1	1,048
Additions	–	3	1	–	4
Disposals	–	–	–	–	–
Effect of retranslation	(1)	(0)	(0)	(0)	(1)
At 26 March 2022	**920**	**14**	**116**	**1**	**1,051**
Additions	**–**	**3**	**2**	**–**	**5**
Disposals	**–**	**(7)**	**(4)**	**–**	**(11)**
Effect of retranslation	**1**	**0**	**0**	**0**	**1**
At 25 March 2023	**921**	**10**	**114**	**1**	**1,046**
Accumulated amortisation/impairment					
At 27 March 2021	–	8	1	–	9
Charge for the year	–	2	0	–	2
Disposals	–	–	–	–	–
Effect of retranslation	–	(0)	(0)	–	(0)
At 26 March 2022	**–**	**10**	**1**	**–**	**11**
Charge for the year	**–**	**1**	**3**	**–**	**4**
Disposals	**–**	**(6)**	**(4)**	**–**	**(10)**
Effect of retranslation	**–**	**0**	**0**	**–**	**0**
At 25 March 2023	**–**	**5**	**0**	**–**	**5**
Net book value at 25 March 2023	**921**	**5**	**114**	**1**	**1,041**
Net book value at 26 March 2022	920	4	115	1	1,040

At the period end, no software was being developed that is not yet in use (2022: same), and the Group was not committed to the purchase of any intangible assets (2022: committed to £2m of trademarks).

Impairment review of intangible assets held with indefinite life

The Group holds the following assets with indefinite life:

Segment	25 March 2023 Goodwill £'m	25 March 2023 Brand £'m	26 March 2022 Goodwill £'m	26 March 2022 Brand £'m
UK B&M	**807**	**99**	807	98
UK Heron	**88**	**14**	88	14
France B&M	**26**	**–**	25	–

Not all items in the brand classification have an indefinite life as some are time limited. The brand intangible assets that have been identified as having an indefinite life are designated as such as management believe that these assets will hold their value for an indefinite period of time. Specifically, the B&M and Heron brands represent leading brands in their sectors with significant histories and growth prospects.

The B&M France goodwill is held in Euros, with an underlying balance of €30m (2022: €30m).

In each case the goodwill and brand assets have been allocated to one group of CGU's, being the store estate within the specific segment to which those assets relate.

The Group performs impairment tests at each period end. The impairment test involves assessing the net present value (NPV) of the expected cash flows in relation to the stores within each CGU according to a number of assumptions to calculate the value-in-use (VIU) for the group of CGU's.

The key assumptions in assessing the value in use as at 25 March 2023 were;

The Group's discount rate

This was calculated using an internal CAPM model which includes external estimates of the risk-free-rate, cost of debt, equity beta and market risk premium. It is adjusted for which country the segment is in, how large the segment is and includes an alpha rate estimate made by management. Discount rates have increased during the year, largely due to an increase in the risk-free rate.

The inflation rate for expenses

This is based upon the consumer price index for the relevant country, as well as official reports from the appropriate central bank.

12 Intangible assets continued

Like for like sales growth

This is an estimate made by management which encompasses the historical sales trends of the entity and management's assessment of how each segment will perform in the context of the current economic environment.

Gross margin

The standing assumption made by management is that forecast gross margin will be similar to that experienced in the prior year, and the result is subsequently sensitised to the gross margin input to demonstrate the robustness of the projection against this assumption.

Terminal growth rate

An estimate made by management based upon the expected position of the business at the end of the five-year forecast period, in the context of the macro growth level of the economic environment in which that segment operates.

The assumptions were as follows:

As at	25 March 2023	26 March 2022
Discount rate (B&M)	**12.7%**	10.8%
Discount rate (Heron)	**14.7%**	13.7%
Discount rate (B&M France)	**14.7%**	12.9%
Inflation rate for costs (B&M & Heron)	**8.0%/1.0%***	3.5%
Inflation rate for costs (B&M France)	**6.0%/4.0%/2.0%***	1.5%
Like for like sales growth (B&M)	**2.0%**	3.5%
Like for like sales growth (Heron)	**5.0%/2.0%***	4.0%
Like for like sales growth (B&M France)	**7.0%/2.0%***	4.5%
Gross Margin (all)	**±0bps**	N/A
Terminal growth rate (B&M)	**0.5%**	0.5%
Terminal growth rate (Heron)	**1.0%**	1.2%
Terminal growth rate (B&M France)	**1.2%**	1.2%

* The first figure reflects the assumptions in year one (and year two for French inflation) which are higher due to the current economic environment.

These assumptions are reflected for five years in the CGU forecasts and beyond this a perpetuity calculation is performed using the assumptions made regarding terminal growth rates.

In each case, the results of the impairment tests on the continuing operations identified that the VIU was in excess of the carrying value of assets within each group of CGU's at the period end dates. The headroom with the base case assumptions in B&M was £3,380m, Heron £83m and B&M France €248m (2022: £4,833m, £43m and €349m respectively).

No indicators of impairment were noted in the segments and the impairment tests were sensitised with reference to the key assumptions for reasonable possible scenarios.

These scenarios specifically included;

- A drop off in sales or gross margin, modelling flat long term like for like sales and terminal growth rates.
- Sales prices failing to keep pace with inflation such that the local inflation rates increase 50bps without a corresponding increase in like for like sales.
- A deterioration of the credit environment, leading to a significantly increased cost of capital of 20%.

12 Intangible assets continued

To further quantify the sensitivity, the below tables demonstrate the point at which each impairment test would first fail for changes in each of the key assumptions, when applied to all years, except any specific year one or two assumptions noted above, whilst assuming each other key assumption is held level (e.g. for inflation sensitivity, the LFL was not adjusted):

	25 March 2023	26 March 2022
B&M		
Discount rate	**53.9%**	61.7%
Inflation rate for expenses	**12.8%**	14.1%
Like for like sales	**(5.4)%**	(7.3)%
Gross margin	**(234)bps**	N/A
Terminal growth rate	**Not sensitive**	Not sensitive
B&M France		
Discount rate	**72.0%**	55.1%
Inflation rate for expenses	**8.0%**	6.9%
Like for like sales	**(3.0)%**	(0.5)%
Gross margin	**(152)bps**	N/A
Terminal growth rate	**Not sensitive**	Not sensitive
Heron		
Discount rate	**22.4%**	17.1%
Inflation rate for expenses	**3.9%**	4.7%
Like for like sales	**(0.5)%**	3.0%
Gross margin	**(56)bps**	N/A
Terminal growth rate	**(17.6)%**	(5.0)%

In the prior year, Heron's result demonstrated a lower level of headroom when compared to the other two segments, but the Directors considered that the assumptions made were reasonably prudent and that it was unlikely that a situation will arise where an impairment would be required in that segment. This has been borne out by the actual results outstripping the projection which has resulted in a higher level of headroom for this year's test.

13 Property, plant and equipment

	Land and buildings £'m	Motor vehicles £'m	Plant, fixtures and equipment £'m	Total £'m
Cost or valuation				
At 27 March 2021	100	20	436	556
Additions	18	2	76	96
Disposals	(8)	3	(5)	(10)
Effect of retranslation	–	(0)	(1)	(1)
At 26 March 2022	**110**	**25**	**506**	**641**
Additions	**7**	**6**	**80**	**93**
Disposals	**(18)**	**(5)**	**(47)**	**(70)**
Effect of retranslation	**–**	**0**	**3**	**3**
At 25 March 2023	**99**	**26**	**542**	**667**
Accumulated depreciation and impairment charges				
At 27 March 2021	23	9	188	220
Charge for the period	5	3	54	62
Disposals	(0)	1	(4)	(3)
Effect of retranslation	–	–	(1)	(1)
At 26 March 2022	**28**	**13**	**237**	**278**
Charge for the period	**4**	**5**	**62**	**71**
Disposals	**(15)**	**(2)**	**(46)**	**(63)**
Effect of retranslation	**–**	**0**	**1**	**1**
At 25 March 2023	**17**	**16**	**254**	**287**
Net book value at 25 March 2023	**82**	**10**	**288**	**380**
Net book value at 26 March 2022	82	12	269	363

Under the terms of the loan and notes facilities in place at 25 March 2023, fixed and floating charges were held over £82m of the net book value of land and buildings, £10m of the net book value of motor vehicles and £257m of the net book value of the plant, fixtures and equipment. (2022: £82m, £12m and £242m respectively).

At the period end £3m of assets were under construction (2022: <£1m).

13 Property, plant and equipment continued

Included within land and buildings is land with a cost of £6m (2022: £6m) which is not depreciated.

Capital commitments

There were £7m of contractual capital commitments not provided within the Group financial statements as at 25 March 2023 (2022: £5m).

14 Right-of-use assets

	Land and buildings £'m	Motor vehicles £'m	Plant, fixtures and equipment £'m	Total £'m
Net book value				
As at 27 March 2021	1,050	15	6	1,071
Additions	160	0	2	162
Modifications	23	–	–	23
Disposals	(18)	(1)	(0)	(19)
Impairment	(2)	–	–	(2)
Depreciation	(154)	(6)	(3)	(163)
Foreign exchange	(6)	–	–	(6)
As at 26 March 2022	**1,053**	**8**	**5**	**1,066**
Additions	**130**	**2**	**3**	**135**
Modifications	**32**	**–**	**–**	**32**
Disposals	**(18)**	**(0)**	**(0)**	**(18)**
Impairment	**(2)**	**–**	**–**	**(2)**
Depreciation	**(160)**	**(4)**	**(3)**	**(167)**
Foreign exchange	**9**	**0**	**1**	**10**
As at 25 March 2023	**1,044**	**6**	**6**	**1,056**

The vast majority of the Group's leases are in relation to the property comprising the store and warehouse network for the business. The other leases recognised are trucks, trailers, company cars, manual handling equipment and various fixtures and fittings. The leases are separately negotiated, and no sub-group is considered to be individually significant nor to contain individually significant terms.

The Group recognises a lease term appropriate to the business expectation of the term of use for the asset which usually assumes that all extension clauses are taken, and break clauses are not, unless the business considers there is a good reason to recognise otherwise.

At the period end, there was one property with a significant unrecognised extension clause for which the Group has full autonomy over exercising in 2040. On the date of recognition of the relevant right-of-use asset, in March 2020, the extension period liability had a net present value of £30m.

There are no material covenants imposed by our right-of-use leases.

In the year the Group expensed £3m (2022: £2m) in relation to low value leases and <£1m (2022: <£1m) in relation to short term leases for which the Group applied the practical expedient under IFRS 16.

The Group expensed <£1m (2022: <£1m) in relation to variable lease payments. The agreements are on-going and future payments are expected to be in-line with those expensed recently.

The Group received £2m (2022: £2m) in relation to subletting right-of-use assets.

The impairments noted in the table above are recorded when the carrying value of a right-of-use asset exceeds the value in use of that asset. These arise when we exit a store before the related lease has come to an end, or as the outcome of our annual store impairment review. All impairments are in relation to store leases. No impairments have been reversed in the presented periods.

The segmental splits of the impairments were B&M <£1m, Heron £1m, B&M France <£1m (2022: B&M <£1m, Heron £1m, B&M France <£1m).

The current and future cashflows for the right-of-use assets are:

	25 March 2023 £'m	26 March 2022 £'m
This year	**229**	218
Within 1 year	**229**	219
Between 1 and 2 years	**217**	210
Between 2 and 3 years	**200**	194
Between 3 and 4 years	**184**	177
Between 4 and 5 years	**166**	160
Between 5 and 10 years	**486**	478
More than 10 years	**141**	167
Total	**1,623**	1,605

14 Right-of-use assets continued

The change in lease liability reconciles to the figures presented in the consolidated statement of cashflows as follows:

	25 March 2023 £'m	26 March 2022 £'m
Lease liabilities brought forward	**1,310**	1,302
Cash		
Repayment of the principal in relation to right-of-use assets	**(168)**	(159)
Payment of interest in relation to right-of-use assets	**(61)**	(59)
Non-cash		
Interest charge	**61**	59
Effects on lease liability relating to lease additions, modifications and disposals	**150**	172
Effects of foreign exchange	**9**	(5)
Total cash movement in the year	**(229)**	(218)
Total non-cash movement in the year	**220**	226
Movement in the year	**(9)**	8
Lease liabilities carried forward	**1,301**	1,310
Of which current	**177**	170
Of which non-current	**1,124**	1,140

Discount rates

Where, as in most cases, a discount rate implicit to the lease is not available, discount rates are calculated for each lease with reference to the underlying cost of borrowing available to the business and several other factors specific to the asset.

We have calculated the weighted average discount rates and sensitivity to a 50bps change in the discount rate to the interest charge as follows:

	25 March 2023	26 March 2022
Weighted average discount rate		
Property	**4.7%**	4.5%
Equipment	**4.2%**	3.2%
All right-of-use assets	**4.7%**	4.5%

	£'m	£'m
Effect on finance costs with a change of 50bps to the discount rate		
Property	**6**	7
Equipment	**0**	0
All right-of-use assets	**6**	7

Sale and Leaseback

During the year the business has undertaken two sale and leasebacks (2022: two).

The details of the transactions were as follows:

	25 March 2023 £'m	26 March 2022 £'m
Consideration received	**4**	14
Net book value of the assets disposed	**(3)**	(7)
Costs of sale when specifically recognised	**(0)**	–
Profit per pre-IFRS 16 accounting standards	**1**	7
Opening adjustment to the right-of-use asset	**(0)**	(6)
Profit recognised in the statement of comprehensive income	**1**	1
Initial right-of-use asset recognised	**1**	6
Initial lease liability recognised	**(2)**	(11)

The pre-IFRS 16 profit is higher because the provisions of IFRS 16 require that a portion of the profit relating to the sale and leaseback is instead recognised as a reduction in the opening right-of-use asset, and therefore the benefit is released over the term of the contract.

15 Inventories

As at	25 March 2023 £'m	26 March 2022 £'m
Goods for resale	**764**	863

Included in the amount above was a net release of £3m related to inventory provisions (2022: £14m net release). In the period to 25 March 2023, £3,182m (2022: £2,921m) was recognised as an expense for inventories, and £26m of supplier rebates were received (2022: £21m).

16 Trade and other receivables

	25 March 2023 £'m	26 March 2022 £'m
Non-current		
Other receivables	**6**	7
Total non-current receivables	**6**	7
Current		
Trade receivables	**9**	6
Deposits on account	**2**	13
Provision for impairment	**(2)**	(2)
Net trade receivables to non-related parties	**9**	17
Prepayments	**26**	20
Related party receivables	**2**	3
Other tax	**5**	3
Other receivables	**10**	10
Total current receivables	**52**	53

Trade receivables are stated initially at their fair value and then at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying amount is determined by the directors to be a reasonable approximation of fair value.

There are no individually non-related significant balances held at the current period end. See note 26 in respect of balances held with related parties.

The following table sets out an analysis of provisions for impairment of trade and other receivables:

Period ended	25 March 2023 £'m	26 March 2022 £'m
Provision for impairment at the start of the period	**(2)**	(0)
Impairment during the period	**(0)**	(2)
Utilised/released during the period	**0**	0
Effect of foreign exchange	**(0)**	0
Balance at the period end	**(2)**	(2)

Trade receivables are non-interest bearing and are generally on terms of 30 days or less.

The following table sets out a maturity analysis of trade receivables, including those which are current:

As at	25 March 2023 £'m	26 March 2022 £'m
Current	**6**	2
1-30 days past due	**1**	1
31-90 days past due	**0**	2
Over 90 days past due	**2**	1
Balance at the period end	**9**	6

17 Cash and cash equivalents

As at	25 March 2023 £'m	26 March 2022 £'m
Cash at bank and in hand	**237**	173
Cash and cash equivalents	**237**	173

As at the period end the Group had available £142m of undrawn committed borrowing facilities (2022: £142m).

18 Trade and other payables

As at	25 March 2023 £'m	26 March 2022 £'m
Current		
Trade payables	**371**	388
Other tax and social security payments	**80**	62
Accruals and deferred income	**63**	75
Related party trade payables	**11**	27
Other payables	**16**	12
Total current payables	**541**	564

Trade payables are generally on 30 day terms and are not interest bearing. The carrying value of trade payables approximates to their fair value. For further details on the related party trade payables, see note 26.

The Group had supply chain financing facilities in place during the year. The facilities are operated by major banking partners with high credit ratings and are limited to $50m total exposure at any one time.

The exposure at the period end was $nil (2022: $21m), the average balance over the year was $13m (2022: $19m).

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.

From the Group's perspective, the invoices subject to these schemes are treated in the same way as those not subject to these schemes. That is that they are approved under our usual processes (and cannot be drawn down against until they have been approved) and paid on the usual due date, which is in line with the payment terms of our other international suppliers. We do not benefit from the margin charged by the banks for any early draw down, and the banks do not benefit from additional security when compared to the security originally enjoyed by the supplier. There is no impact on potential liquidity risk as the cash flow timings and amounts are unchanged for those invoices in the schemes against those not in these schemes.

There would be no impact on the Group if the facilities became unavailable and there are no fees or charges payable by the Group in regard to these arrangements.

As these invoices continue to be part of the normal operating cycle of the Group, the schemes do not change the recognition of the invoices subject to them, 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.

19 Other financial assets and liabilities

Other financial assets

As at	25 March 2023 £'m	26 March 2022 £'m
Current financial assets at fair value through profit and loss:		
Foreign exchange forward contracts	**1**	9
Current financial assets at fair value through other comprehensive income:		
Foreign exchange forward contracts	**0**	16
Total current other financial assets	**1**	25
Total other financial assets	**1**	25

Financial assets through profit or loss reflect the fair value of those derivatives that are not designated as hedge relationships but are nevertheless intended to reduce the level of risk for expected sales and purchases.

Other financial liabilities

As at	25 March 2023 £'m	26 March 2022 £'m
Current financial liabilities at fair value through profit and loss:		
Foreign exchange forward contracts	**8**	0
Current financial liabilities at fair value through other comprehensive income:		
Foreign exchange forward contracts	**5**	–
Total current other financial liabilities	**13**	0
Total other financial liabilities	**13**	0

19 Other financial assets and liabilities continued

The other financial liabilities through profit or loss reflect the fair value of those foreign exchange forward contracts that are not designated as hedge relationships but are nevertheless intended to reduce the level of risk for expected sales and purchases.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at the reporting dates, the Group held the following financial instruments carried at fair value on the balance sheet:

	Total £'m	Level 1 £'m	Level 2 £'m	Level 3 £'m
25 March 2023				
Foreign exchange contracts	**(12)**	**–**	**(12)**	**–**
26 March 2022				
Foreign exchange contracts	25	–	25	–

The financial instruments have been valued by the issuing bank, using a mark to market method. The bank has used various inputs to compute the valuations, which include inter alia the relevant maturity date and strike rates, the current exchange rate, fuel prices and relevant interbank floating interest rate levels.

20 Financial liabilities – borrowings

As at	25 March 2023 £'m	26 March 2022 £'m
Current		
Term facility bank loan	**78**	–
B&M France loan facilities	**3**	3
Heron loan facilities	**–**	3
Total	**81**	6
Non-current		
High yield bond notes	**646**	646
Term facility bank loan	**219**	297
B&M France loan facilities	**8**	7
Total	**873**	950

Extension of senior loan facilities

On 3 April 2023, the Group completed an extension of its term facility bank loan. The transaction was committed on 21 March 2023 and therefore took place from an accounting perspective before the year end date.

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 has been 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 has been made by management with the conclusion that the transaction represents an extension and not a significant modification.

This is as the terms are substantially the same under the new agreement with the only differences that Heron is now included as a Guarantor and that the information requirements, covenant calculations and leverage boundaries have been updated to reflect the implementation of IFRS 16 such that the new levels are materially equivalent to the pre-IFRS 16 levels previously used. The discounted committed cash payments due under the new agreement are also not materially different to those prior to the extension.

As such, the remaining £2m of unamortised capitalised fees have remained on the balance sheet and will be amortised over the extended term. There are £4m of fees associated with the extension which have also been capitalised into the loan balance. None of these fees were paid prior to the year-end date, whilst a portion of these fees are payable to the banking partners on the funds flow date.

As the extension was committed pre-year end the pre-existing £300m term loan has been split into a £225m non-current liability and a £75m current liability for disclosure. This is since the £225m is to be rolled into the newly extended term facility directly whilst the £75m is repayable. The funds flow completed successfully on April 3, shortly after the year end date.

20 Financial liabilities – borrowings continued

Other borrowings

The carrying values given above include fees incurred on refinancing which are to be amortised over the terms of those facilities. More details of these are given below.

The Group holds two tranches of high yield bonds which are each held at amortised cost.

The two tranches of bonds were issued in July 2020 and November 2021, respectively, with £4m and £3m of fees capitalised at inception. A number of these bonds have been purchased by related parties, see note 26.

All other loans are carried at their gross cash amount. The maturities, which only relate to the position as at 25 March 2023, and gross cash amounts of these facilities are included in the table below:

	Interest rate %	Maturity	25 March 2023 £'m	26 March 2022 £'m
Revolving facility loan	1.75% + SONIA	N/A	–	–
Term facility bank loan A	2.00% + SONIA	Apr-23	75	–
Term facility bank loan A	2.00% + SONIA	Apr-28	225	300
High yield bond notes (2020)	3.625%	Jul-25	400	400
High yield bond notes (2021)	4.00%	Nov-28	250	250
Heron loan facilities – Melton	N/A	N/A	–	3
B&M France – BNP Paribas	0.75-3.50%	Jul-23 to Feb-28	3	1
B&M France – Caisse d'Épargne	0.75-2.60%	Aug-23 to Nov-29	2	1
B&M France – CIC	0.71-0.75%	Sept-24 to Jan-27	2	3
B&M France – Crédit Agricole	0.39-0.81%	Aug-23 to Jan-28	1	1
B&M France – Crédit Lyonnais	0.68-0.74%	Nov-24 to Mar-27	3	4
B&M France – Société Générale	0.63%	Jun-23	0	0
Total			**961**	963

The term facility bank loans and the high yield bond notes have carrying values which include transaction fees allocated on inception.

All B&M France facilities have gross values in euros, and the values above have been translated at the period end rates of €1.1360/£ (2022: €1.2009/£).

The movement in the loan liabilities during the year breaks down as follows:

As at	25 March 2023 £'m	26 March 2022 £'m
Borrowings brought forward	956	730
Cash		
Issue of new corporate bonds	–	250
Repayment of B&M France loan guaranteed by the French government	–	(22)
Repayment of Heron loan facilities	(3)	(4)
Receipt of other B&M France loan facilities	0	1
Capitalised fees on refinancing	–	(3)
Non-cash		
Foreign exchange on loan balances	0	2
Refinancing fees accrued	(1)	–
Ongoing amortisation of fees capitalised on refinancing	2	2
Total cash movement in the year	(3)	222
Total non-cash movement in the year	1	4
Movement in the year	(2)	226
Borrowings carried forward	954	956
Of which current	81	6
Of which non-current	873	950

21 Provisions

	Property provisions £'m	Other £'m	Total £'m
At 27 March 2021	9	4	13
Provided in the period	5	2	7
Utilised during the period	(1)	(2)	(3)
Released during the period	(2)	(0)	(2)
At 26 March 2022	**11**	**4**	**15**
Provided in the period	**1**	**2**	**3**
Utilised during the period	**(1)**	**(2)**	**(3)**
Released during the period	**(6)**	**(0)**	**(6)**
At 25 March 2023	**5**	**4**	**9**
Current liabilities 2023	**2**	**4**	**6**
Non-current liabilities 2023	**3**	**0**	**3**
Current liabilities 2022	7	4	11
Non-current liabilities 2022	4	–	4

The property provision relates to the expected future costs on specific leasehold properties. This is inclusive of onerous leases and dilapidations on these properties. The timing in relation to utilisation is dependent upon the individual lease terms.

The other provisions principally relate to disputes concerning insured liability claims. A prudent amount has been set aside for each claim as per legal advice received by the Group. These claims are individually non-significant and average £9k per claim (£9k in 2022).

22 Share capital

	Shares	£'m
Allotted, called up and fully paid		
B&M European Value Retail S.A. ordinary shares of 10p each		
As at 27 March 2021	1,000,819,688	100
Release of shares related to employee share options	407,148	0
As at 26 March 2022	**1,001,226,836**	**100**
Release of shares related to employee share options	**626,899**	**0**
As at 25 March 2023	**1,001,853,735**	**100**

Ordinary shares

Each ordinary share ranks pari passu with each other ordinary share and each share carries one vote. The Group parent is authorised to issue up to an additional 2,970,368,487 ordinary shares.

23 Cash generated from operations

Period ended	52 weeks ended 25 March 2023 £'m	52 weeks ended 26 March 2022 £'m
Profit before tax	**436**	525
Adjustments for:		
Net interest expense	**99**	88
Depreciation on property, plant and equipment	**71**	62
Depreciation on right-of-use assets	**167**	163
Impairment of right-of-use assets	**2**	2
Amortisation of intangible assets	**4**	2
Gain on sale and leaseback	**(1)**	(1)
(Gain)/loss on disposal of property, plant and equipment	**(1)**	1
Share option expense	**3**	2
Change in inventories	**103**	(260)
Change in trade and other receivables	**1**	(12)
Change in trade and other payables	**(30)**	40
Change in provisions	**(6)**	2
Share of loss/(profit) from associates	**1**	(3)
Loss/(profit) resulting from fair value of financial derivatives	**17**	(13)
Cash generated from operations	**866**	598

24 Group information and ultimate parent undertaking

The financial results of the Group include the following entities.

Company name	Country	Date of incorporation	Percent held within the Group	Principal activity
B&M European Value Retail S.A.	Luxembourg	May 2014	Parent	Holding company
B&M European Value Retail 1 S.à r.l.	Luxembourg	November 2012	100%	Holding company
B&M European Value Retail Holdco 1 Ltd	UK	December 2012	100%	Holding company
B&M European Value Retail Holdco 2 Ltd	UK	December 2012	100%	Holding company
B&M European Value Retail Holdco 3 Ltd	UK	November 2012	100%	Holding company
B&M European Value Retail Holdco 4 Ltd	UK	November 2012	100%	Holding company
B&M European Value Retail 2 S.à r.l.	Luxembourg	September 2012	100%	Holding company
EV Retail Limited	UK	September 1996	100%	Holding company
B&M Retail Limited	UK	March 1978	100%	General retail
Opus Homewares Limited	UK	April 2003	100%	Property management
Heron Food Group Ltd	UK	August 2002	100%	Holding company
Heron Foods Ltd	UK	October 1978	100%	Convenience retail
Cooltrader Ltd	UK	September 2012	100%	Dormant
Heron Properties (Hull) Ltd	UK	February 2003	100%	Dormant
B&M European Value Retail Germany GmbH	Germany	November 2013	100%	Ex-holding company
B&M France SAS	France	November 1977	100%	General retail
Centz N.I. Limited	UK	January 2021	100%	Property management

During the year, on 17 January 2023, Retail Industry Apprenticeships Ltd was dissolved and ceased to be a member of the group.

Registered Offices

- The Luxembourg entities are all registered at 68-70 boulevard de la Pétrusse, L-2320 Luxembourg.
- Centz N.I Limited are registered at Murray House, 4 Murray Street, Belfast, United Kingdom, BT1 6DN.
- The other UK entities are all registered at The Vault, Dakota Drive, Estuary Commerce Park, Speke, Liverpool, L24 8RJ.
- B&M European Value Retail Germany GmbH are registered at Am Hornberg 6, 29614, Soltau.
- B&M France are registered at 8 Rue du Bois Joli, 63800 Cournon d'Auvergne.

Associates

The Group has a 50% interest in Multi-lines International Company Limited, a company incorporated in Hong Kong, and a 22.5% interest in Centz Retail Holdings Limited, a company incorporated in the Republic of Ireland. The share of profit/loss from the associates is included in the statement of comprehensive income, see note 11.

Ultimate parent undertaking

The Directors of the Group consider the parent and the ultimate controlling related party of this Group to be B&M European Value Retail S.A., registered in Luxembourg.

25 Financial risk management

The Group uses various financial instruments, including bank loans, related party loans, finance company loans, cash, equity investment, derivatives and various items, such as trade receivables and trade payables that arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, currency risk, cash flow interest rate risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. In order to manage the Group's exposure to those risks, in particular the Group's exposure to currency risk, the Group enters into forward foreign currency contracts. No transactions in derivatives are undertaken of a speculative nature.

Market risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and commodity price risk. Commodity price risk is not considered material to the business as the Group is able to pass on pricing changes to its customers.

The Group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled 'interest rate risk' below.

Currency risk

The Group is exposed to translation and transaction foreign exchange risk arising from exchange rate fluctuations on its purchases from overseas suppliers.

In relation to translation risk, this is not considered material to the business as amounts owed in foreign currency are short term of up to 30 days and are of a relatively modest nature. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts.

25 Financial risk management continued

All of the Group's sales are to customers in the UK and France and there is no currency exposure in this respect. A proportion of the Group's purchases are priced in US Dollars and the Group generally uses forward currency contracts to minimise the risk associated with that exposure.

Approach to hedge accounting

As part of the Group's response to currency risk the currency forwards taken out are intended to prudently cover the majority of our stock purchases forecast for that period. However, the Group only hedge accounts for that part of the forward contract that we are reasonably certain will be spent in the forecast period, allowing for potential volatility. Therefore, management always consider the likely volatility for a period and assign a percentage to each tranche of forwards purchased, usually in the range 50-80%, and never more than 80%.

Effectiveness of the hedged forward is then assessed against the Group hedge ratio, which has been set by management at 80% as a reasonable guide to the certainty level we expect the hedged portions of our forwards to at least achieve. If they fail, or are expected to fail, to meet this ratio of effectiveness then they are treated as non-hedged items, and immediately expensed through administrative expenses in Profit and Loss.

Ineffectiveness can be caused by exceptional volatility in the market, by the timing of product availability, or the desire to manage short term company cash flows, for instance, when a large amount of cash is required at relatively short notice.

Where a hedged derivative matures efficiently, the fair value is transferred to inventory and subsequently to cost of sales when that item is sold. If the Group did not hedge account, then the difference is that the gain or loss in other comprehensive income would be presented in profit or loss and the assets and liabilities presented under the classification fair value through other comprehensive income would be at fair value through profit or loss.

In the period, the Group has had $634m of hedged derivatives mature (2022: $516m). The difference to profit before tax if none of our forwards had been hedge accounted during the year would have been a loss of £7m (2022: £30m gain) and a pre-tax loss in other comprehensive income of £28m (2022: £20m loss).

The net effective hedging gain transferred to the cost of inventories in the year was £49m (2022: net loss of £5m). At the period end, the amount of outstanding US Dollar contracts covered by hedge accounting was $641m (2022: $487m), which mature over the next 15 months (2022: 9 months). The change in fair value of the hedging instruments used as the basis for recognising hedge ineffectiveness was £2m (2022: £nil), achieved effectiveness was 97% (2022: 100%).

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in US Dollar period end exchange rates with all other variables held constant. The impact on the Group's profit before tax and other comprehensive income (net of tax) is largely due to changes in the fair value of our foreign exchange derivatives and revaluation of creditors and deposits held on account with our US Dollar suppliers.

As at	Change in USD rate	**25 March 2023 £'m**	26 March 2022 £'m
Effect on profit before tax	+2.5%	**(11)**	(4)
	–2.5%	**12**	5
Effect on other comprehensive income	+2.5%	**(13)**	(9)
	–2.5%	**13**	10

Profit before tax and other comprehensive income are not sensitive to the effects of a reasonably possible change in the Euro period end exchange rates.

These calculations have been performed by taking the period end translation rate used in the accounts and applying the changes noted above. The balance sheet valuations are then directly calculated. The valuation of the foreign exchange derivatives were projected based upon the spot rate changing and all other variables being held equal.

Interest rate risk

Interest rate risk is the risk of variability of the Group cash flows due to changes in the interest rate. The Group is exposed to changes in interest rates as a portion of the Group's bank borrowings are subject to a floating rate based on SONIA (previously LIBOR until December 2021).

The Group's interest rate risk arises mainly from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's exposure to interest rate fluctuations is not considered to be material, however the Group has in the past used interest rate swaps to minimise the impact.

If floating interest rates had been 50 basis points higher/lower throughout the year with all other variables held constant, the effect upon calculated pre-tax profit for the year would have been:

As at	Basis point increase/decrease	**25 March 2023 £'m**	26 March 2022 £'m
Effect on profit before tax	+50	**(1)**	(1)
	–50	**1**	1

25 Financial risk management continued

This sensitivity has been calculated by changing the interest rate for each interest payment and accrual made by the Group over the period, by the amount specified in the table above, and then calculating the difference that would have been required.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's principal financial assets are cash, derivatives and trade receivables. The credit risks associated with cash and derivatives are limited as the main counterparties are banks with high credit ratings (A long term and A-1 short term (Standard & Poor) or better, (2022: A, A-1 (or better) respectively). The principal credit risk arises therefore from the Group's trade receivables.

Credit risk is further limited by the fact that the vast majority of sales transactions are made through the store registers, direct from the customer at the point of purchase, leading to a low trade receivables balance.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. Provisions against bad debts are made where appropriate.

Liquidity risk

Any impact on available cash and therefore the liquidity of the Group could have a material effect on the business as a result.

The Group's borrowings are subject to semi-annual banking covenants against which the Group has had significant headroom to date with no anticipated issues based upon forecasts made. Short term flexibility is achieved via the Group's rolling credit facility. The following table shows the liquidity risk maturity of financial liabilities grouping based on their remaining period at the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows:

	Within 1 year £'m	Between 1 and 2 years £'m	Between 2 and 5 years £'m	More than 5 years £'m	Total £'m
25 March 2023					
Interest bearing loans	**117**	**40**	**480**	**489**	**1,126**
Lease liabilities	**229**	**217**	**550**	**627**	**1,623**
Trade payables	**382**	**–**	**–**	**–**	**382**
26 March 2022					
Interest bearing loans	48	44	794	290	1,176
Lease liabilities	219	210	531	645	1,605
Trade payables	415	–	–	–	415

Fair value

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. These all represent financial assets and liabilities measured at amortised cost except where stated as measured at fair value through the profit and loss or fair value through other comprehensive income.

As at	25 March 2023 £'m	26 March 2022 £'m
Financial assets		
Fair value through profit and loss		
Forward foreign exchange contracts	**1**	9
Fair value through other comprehensive income		
Forward foreign exchange contracts	**0**	16
Loans and receivables		
Cash and cash equivalents	**237**	173
Trade receivables	**11**	20
Other receivables	**10**	10

25 Financial risk management continued

As at	25 March 2023 £'m	26 March 2022 £'m
Financial liabilities		
Fair value through profit and loss		
Forward foreign exchange contracts	8	0
Fair value through other comprehensive income		
Forward foreign exchange contracts	5	–
Amortised cost		
Lease liabilities	1,301	1,310
Interest-bearing loans and borrowings	954	956
Trade payables	382	415
Other payables	16	12

26 Related party transactions

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

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

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

There were significant related party transactions in the 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. The overall related bond position is summarised in the table below with all related party bondholders being Arora related parties.

	52 weeks ended 25 March 2023 £'m	52 weeks ended 26 March 2022 £'m
Simon Arora (3.625%, 2025 bonds)	35	–
SSA Investments (3.625%, 2025 bonds)	13	–
SSA Investments (4.000%, 2028 bonds)	99	56
Rani 1 Investments (3.625%, 2025 bonds)	50	50
Rani 2 Investments (3.625%, 2025 bonds)	50	50
Total	247	156

The expense incurred during the year, and the accrual at the end of the year are shown in the table below:

	Expense to 25 March 2023 £'m	Accrual on 25 March 2023 £'m	Expense to 26 March 2022 £'m	Accrual on 26 March 2022 £'m
Simon Arora	0.3	0.3	–	–
SSA Investments	4.0	1.6	1.5	0.8
Rani 1 Investments	1.8	0.4	1.8	0.4
Rani 2 Investments	1.8	0.4	1.8	0.4
Total	7.9	2.7	5.1	1.6

26 Related party transactions continued

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

Period ended	25 March 2023 £'m	26 March 2022 £'m
Sales to associates of the Group		
Centz Retail Holdings Limited	**34**	44
Total sales to related parties	**34**	44

Period ended	25 March 2023 £'m	26 March 2022 £'m
Purchases from associates of the Group		
Multi-lines International Company Ltd	**193.7**	279.4
Purchases from parties related to key management personnel		
Fulland Investments Limited	**0.2**	0.2
Golden Honest International Investments Limited	**0.2**	0.2
Hammond Investments Limited	**0.2**	0.2
Joint Sino Investments Limited	**0.2**	0.2
Ocean Sense Investments Limited	**0.2**	0.2
SSA Investments	**0.1**	0.0
Total purchases from related parties	**194.8**	280.4

The IFRS 16 lease figures in relation to these 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 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)**
Total	**11**	**4**	**15**	**65**	**(81)**	**(16)**

	Depreciation charge £'m	Interest charge £'m	Total charge £'m	Right-of-use asset £'m	Lease liability £'m	Net liability £'m
Period ended 26 March 2022						
Rani Investments	0	0	0	1	(1)	(0)
Ropley Properties	1	1	2	8	(11)	(3)
TJL UK Limited	1	1	2	11	(13)	(2)
Triple Jersey Limited	9	3	12	54	(67)	(13)
Total	11	5	16	74	(92)	(18)

There were no new leases entered into by the Group during the current period with the Arora related parties (2022: one new). The total expense on this lease in the prior period was <£1m. There were 3 conditionally exchanged leases with Arora related parties in the current period with a long stop completion date (2022: none).

26 Related party transactions continued

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

As at	25 March 2023 £'m	26 March 2022 £'m
Trade receivables from associates of the Group		
Centz Retail Holdings Ltd	2	3
Total related party trade receivables	2	3

As at	25 March 2023 £'m	26 March 2022 £'m
Trade payables to associates of the Group		
Multi-lines International Company Ltd	7	25
Trade payables to companies owned by key management personnel		
Rani Investments	0	–
Ropley Properties Ltd	1	0
TJL UK Limited	1	–
Triple Jersey Ltd	2	2
Total related party trade payables	11	27

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

The balance with Multi-lines International Company Ltd includes $nil (2022: $21m) held within a supply chain facility. See note 18 for more details.

The business has not recorded any impairment of trade receivables relating to amounts owed by related parties as at 25 March 2023 (2022: no impairment). This assessment is undertaken each year through examining the financial position of the related party and the market in which the related party operates.

The future lease commitments on the Arora related party properties are:

As at	25 March 2023 £'m	26 March 2022 £'m
Not later than one year	14	15
Later than one year and not later than two years	13	14
Later than two years and not later than five years	35	36
Later than five years	35	47
Total	97	112

See note 11 for further information on the Group's associates.

For further details on the transactions with key management personnel, see note 7 and the remuneration report.

27 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current or prior period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group uses the following definition of net debt:

External interest-bearing loans and borrowings less cash and short-term deposits.

27 Capital management continued

The interest-bearing loans figure used is the gross amount of cash borrowed at that time, as opposed to the carrying value under the amortised cost method.

As at	25 March 2023 £'m	26 March 2022 £'m
Interest bearing loans and borrowings (note 20)	**961**	963
Less: Cash and short-term deposits (note 17)	**(237)**	(173)
Net debt	**724**	790

28 Post balance sheet events

On 3 April 2023, the Group completed the funds flow with respect to the extension of their bank facilities for a further five years. See note 20 for further details.

29 Dividends

A Special dividend of 20.0 pence per share (£200.4m), was declared in January 2023 and has been paid.

An interim dividend of 5.0 pence per share (£50.1m) was declared in November 2022 and has been paid.

A final dividend of 9.6 pence per share (£96.2m), giving a full year dividend of 14.6 pence per share (£146.3m), is proposed.

Relating to the prior year;

A Special dividend of 25.0 pence per share (£250.3m), was declared in December 2021 and has been paid.

An interim dividend of 5.0 pence per share (£50.1m) was declared in November 2021 and has been paid.

A final dividend of 11.5 pence per share (£115.1m), giving a full year dividend of 16.5 pence per share (£165.2m), was declared in July 2022 and has been paid in the current year.

30 Contingent liabilities and guarantees

As at 25 March 2023, B&M European Value Retail S.A., B&M European Value Retail 1 S.à r.l., B&M European Value Retail 2 S.à r.l., B&M European Value Retail Holdco 1 Ltd, B&M European Value Retail Holdco 2 Ltd, B&M European Value Retail Holdco 3 Ltd, B&M European Value Retail Holdco 4 Ltd, EV Retail Ltd, B&M Retail Ltd, Heron Food Group Ltd and Heron Foods Ltd are all guarantors to both the loan and notes agreements which are formally held within B&M European Value Retail S.A. The amounts outstanding as at the period end were £300m for the loans, with the balance held in B&M European Value Retail Holdco 4 Ltd, and £650m for the notes, with the balance held in B&M European Value Retail S.A.

As at 26 March 2022, B&M European Value Retail S.A., B&M European Value Retail 1 S.à r.l., B&M European Value Retail 2 S.à r.l., B&M European Value Retail Holdco 1 Ltd, B&M European Value Retail Holdco 2 Ltd, B&M European Value Retail Holdco 3 Ltd, B&M European Value Retail Holdco 4 Ltd, EV Retail Ltd and B&M Retail Ltd were all guarantors to both the loan and notes agreements which are formally held within B&M European Value Retail SA. The amounts outstanding as at the period end were £300m for the loans, with the balance held in B&M European Value Retail Holdco 4 Ltd, and £650m for the notes, with the balance held in B&M European Value Retail S.A.

As at 26 March 2022, Heron Food Group Limited and Heron Foods Ltd were guarantors to the loans which were formally held within Heron Foods Ltd. These loans were repaid during the year, with no amounts outstanding as at 25 March 2023 (2022: £3m), with the balance held in Heron Foods Ltd.

31 Directors

The directors that served during the period were:

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

Simon Arora has retired from the Group on 21 April 2023.

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

Independent Auditor's Report

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

68-70, boulevard de la Pétrusse
L-2320 Luxembourg
Luxembourg

Report of the Réviseur d'Entreprises agree
Report on the audit of the annual accounts

Opinion
We have audited the annual accounts of B&M European Value Retail S.A. (the "Company"), which comprise the balance sheet as at 31 March 2023, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 March 2023 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion
We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of "réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other information
The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report but does not include the annual accounts and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the annual accounts
The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The management report on pages 92 to 96 of the annual report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

Luxembourg, 30 May 2023

KPMG Audit S.à r.l.
Cabinet de révision agréé

Thierry Ravasio

Company profit and loss account
for the financial year ended 31 March 2023

	Notes	31 March 2023 £	31 March 2022 £
Raw materials, consumables and other external expenses:	8		
Other external expenses		**(1,426,926)**	(3,660,768)
Staff costs:	9		
Wages and salaries		**(115,963)**	(102,273)
Social security costs:			
Relating to pensions		**(7,864)**	(7,470)
Other social security costs		**(5,666)**	(4,248)
Other operating expenses	10	**(838,903)**	(969,095)
Income from participating interests:	11		
Derived from affiliated undertakings		**360,000,000**	420,000,000
Other interest receivable and similar income:	12		
Derived from affiliated undertakings		**24,767,246**	18,394,763
Other interest and similar income		**488,309**	345,359
Interest payable and similar expenses:	13		
Other interest and similar expenses		**(25,097,950)**	(18,251,003)
Tax on profit or loss	14	**–**	2,541
Profit or loss after taxation		**357,762,282**	415,747,806
Other taxes not included in the previous caption	14	**(4,233)**	(4,073)
Profit or loss for the financial year		**357,758,049**	415,743,733

The accompanying notes form part of these financial statements.

Company balance sheet
as at 31 March 2023

	Notes	31 March 2023 £	31 March 2022 £
Fixed assets			
Financial assets:	3		
Shares in affiliated undertakings		**2,624,999,999**	2,624,999,999
Other loans		**5,467**	5,467
		2,625,005,467	2,625,005,467
Current assets			
Debtors:			
Amounts owed by affiliated undertakings becoming due and payable within one year	4	**753,267,506**	760,370,073
Other debtors becoming due and payable within one year	5	**252,037**	216,238
		753,519,542	760,586,311
Cash at bank and in hand		**55,224**	110,965
Total assets		**3,378,580,233**	3,385,702,743
Equity	6		
Subscribed capital		**100,185,374**	100,122,684
Share premium account		**2,473,832,360**	2,473,832,360
Reserves:			
Legal reserve		**10,040,000**	10,010,000
Profit or loss for the financial year		**357,758,049**	415,743,733
Profit or loss brought forward		**23,613,103**	23,471,198
Interim dividends		**(250,463,434)**	(300,368,051)
		2,714,965,452	2,722,811,923
Creditors	7		
Debenture loans:			
Non-convertible loans becoming due and payable within one year		**6,520,833**	6,520,833
Non-convertible loans becoming due and payable after more than one year		**650,000,000**	650,000,000
Trade creditors becoming due and payable within one year		**606,215**	134,918
Amounts owed to affiliated undertakings becoming due and payable within one year		**6,448,923**	6,100,386
Other creditors:			
Tax authorities		**6,751**	11,409
Other creditors becoming due and payable within one year		**32,059**	123,274
		663,614,781	662,890,820
Total equity and liabilities		**3,378,580,233**	3,385,702,743

The accompanying notes form part of these financial statements.

Notes to the annual accounts

for the financial year ended 31 March 2023

1 General Information

B&M European Value Retail S.A., hereinafter the "Company", was incorporated on 19 May 2014 as a "société anonyme" for an unlimited period. The Company is organised under the laws of the Grand-Duchy of Luxembourg, in particular the law of 10 August 1915 on commercial companies, as amended.

The Company is registered with the Luxembourg Trade and Companies Register under number B 187.275 and having its registered office at 68-70, boulevard de la Petrusse, L-2320 Luxembourg. The financial year starts on 1 April each year and ends on 31 March the following year. The Company also prepares consolidated financial statements.

The Articles of association of the Company were amended during the financial year ending 31 March 2022 further to the issue of new shares by the Board of Directors, acting on the basis of article 5.2 of the Articles setting an authorised share capital and allowing the Board to allocate shares and shares options for free to employees and Directors of the Group. Those shares are issued under the various schemes in place, including the Restricted Stock Awards Plan and Long Term Incentive Plan (LTIP) and are paid for free out of available reserves of the Company.

The Company's purpose is to acquire and hold interests, directly or indirectly, in any form whatsoever, in other Luxembourg or foreign entities, by way of, among others, subscription or acquisition of (i) any securities and rights through participation, contribution, underwriting, firm purchase or option, negotiation or in any other way, or of (ii) debt instruments in any form whatsoever, and to administrate, develop and manage such holding of interests.

The Company may in particular enter into transactions to borrow money in any form or to obtain any form of credit and raise funds through, including, but not limited to, the issue of shares, bonds, notes, promissory notes, certificates and other debt instruments or debt securities, convertible or not, or the use of financial derivatives. The Company may also enter into any guarantee, pledge or any other form of security agreement.

The Company announced on 22 April 2022 that Simon Arora would retire as Chief Executive Officer, after over 17 years leading the business, within a period of 12 months from that date, this has subsequently occurred with his retirement on 21 April 2023. On 15 September 2022, the Company announced that Alejandro Russo would become Chief Executive Officer with effect from 26 September 2022, and Michael Stefan Schmidt who joined the Board on 1 November 2022 became the Chief Financial Officer.

2 Summary of significant accounting policies and valuation methods

Basis of preparation

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002, as subsequently amended (the "Law"), determined and applied by the Board of Directors.

These accounts have been prepared on a going concern basis.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

Significant accounting policies and valuation methods

The main accounting policies and valuation rules applied by the Company are the following.

Financial assets

Shares in affiliated undertaking are valued at purchase price including the expenses incidental thereto.

In the case of durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them as at the balance sheet date. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2 Summary of significant accounting policies and valuation methods continued

Foreign currency translation

The Company maintains its accounting records in Great Britain Pounds sterling (GBP) and the balance sheet and the profit and loss accounts are expressed in this currency.

Transactions expressed in currencies other than GBP are translated into GBP at the exchange rate effective at the time of the transaction (the "historical exchange rate").

Long term non-monetary assets expressed in currencies other than GBP are translated into GBP at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain converted using the historical exchange rate.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the relevant financial year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The realised and unrealised exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.

Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date at which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date at which they will arise.

Provision for taxation

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has not yet been filed are recorded under the caption "Tax authorities". The advance payments are shown in the assets of the balance sheet under the caption "Other debtors", if applicable.

Creditors

Creditors are stated at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown in the profit and loss account when the debt is issued.

Dividends

Dividends receivable are recognised when the Company's right to receive the dividend has been established. This is considered to be on the date that the dividend is agreed by the Board of a subsidiary or when the dividend is to be received from any other investee.

Dividends payable are recognised when the Company's obligation to pay the dividend is established. This is considered to be for interim dividends on the date that the dividend is approved by the Board and for final dividends on the date that the dividend has been approved by shareholders.

Issuance costs

Bond issuance costs are expensed through the profit and loss account at the time that they are incurred. This is considered to be the date on which the relevant issuance is legally performed.

3 Financial assets

The undertaking in which the Company holds interests is as follows:

Undertaking's name	Registered office	Percentage of holding	Net equity as at 31 March 2023 £	Net result for the financial year ended 31 March 2023 £	Net book value as at 31 March 2023 £
B&M EVR 1[1]	Luxembourg	100%	**646,884,429**	**360,004,902**	**2,624,999,999**

1 B&M EVR 1 refers to B&M European Value Retail 1 S.à r.l.

As at the balance sheet date, the Board of Directors assessed the valuation of the underlying operations and concluded that no value adjustment is deemed necessary on the investment.

The annual accounts of B&M EVR 1 have yet to be closed by its Managers and as such the amounts are unaudited.

On 27 October 2022 an interim dividend of GBP 50 million was declared and distributed by B&M EVR 1 to the Company.

On 5 January 2023 an interim dividend of GBP 200 million was declared and distributed by B&M EVR 1 to the Company.

On 13 March 2023 an interim dividend of GBP 110 million was declared and distributed by B&M EVR 1 to the Company.

4 Amount owed by affiliated undertakings

	March 2023 £	March 2022 £
Becoming due and payable within one year:		
B&M European Value Retail Holdco 4 Ltd. ("B&M Holdco 4")	**748,681,673**	737,864,994
Accrued income in relation to intercompany UK audit fees	**375,000**	465,000
Accrued income in relation to intercompany loan agreements (interest receivable)	**4,210,833**	22,040,079
Total	**753,267,506**	760,370,073

The amounts owed by B&M Holdco 4 are interest bearing (Note 12) and payable on demand. Where interest is calculated it has been done on an arm's length basis.

5 Other debtors

	March 2023 £	March 2022 £
Becoming due and payable within one year:		
Prepaid VAT	**39,717**	–
Prepaid income and net wealth taxes	**1,952**	5,176
Other advances	**210,367**	211,062
Total	**252,037**	216,238

6 Capital and reserves

Subscribed capital and share premium account

As at 31 March 2023, the issued share capital of the Company is set at GBP 100,185,373.50 divided into 1,001,853,735 ordinary shares with a nominal value of GBP 0.10 each and the unissued but authorised share capital is set at GBP 297,036,848.70 represented by 2,970,368,487 ordinary shares. The Company's share capital is represented by only one class of (ordinary) shares all in dematerialised form.

In December 2020, the shareholders of the Company approved the compulsory conversion of all the shares which were then in registered form into dematerialised form. The deadline for the compulsory dematerialisation of the shares was on 8 March 2023 and all the shares not converted by that deadline (13,994 shares in aggregate) are now held in an account in the name of the Company. The rights attached to those shares are suspended and for the time of that suspension, the shares will not be taken into account to for quorum and majority at general meetings.

During the financial year, share options reported under the annual accounts in previous years as 'off balance sheet commitments' have been exercised by employees and directors of the Group; the Board of Directors acting on the basis of article 5.2 of the Articles and within the frame of the authorised share capital clause, issued in aggregate, 626,899 new ordinary shares of 10 pence. The Articles have been updated accordingly.

Movements for the period on the reserves and profit/loss captions are as follows:

	Share premium and similar premiums £	Legal reserve £	Profit or loss brought forward £	Profit for the financial period £	Interim dividends £	Total £
As at the beginning of the financial year	2,473,832,360	10,010,000	23,471,198	415,743,733	(300,368,051)	2,622,689,240
Allocation of prior period's result	–	–	415,743,733	(415,743,733)	–	–
Allocation of legal reserve	–	30,000	(30,000)	–	–	–
Proceeds from share options	–	–	(62,690)	–	–	(62,690)
Allocation of dividends	–	–	(300,368,051)	–	300,368,051	–
Final dividend (August 2022)	–	–	(115,141,086)	–	–	(115,141,086)
Interim dividend (December 2022)	–	–	–	–	(50,092,687)	(50,092,687)
Special dividend (February 2023)	–	–	–	–	(200,370,747)	(200,370,747)
Profit for the financial year	–	–	–	357,758,049	–	357,758,049
As at the end of the financial year	**2,473,832,360**	**10,040,000**	**23,613,103**	**357,758,049**	**(250,463,434)**	**2,614,780,079**

On 30 June 2022 the Board of Directors unanimously approved the distribution of a final dividend of 11.5 pence per ordinary share, being a total aggregate distribution of GBP 115,141,086.14 paid by the Company on 5 August 2022.

On 9 November 2022 the Board of Directors unanimously approved the distribution of an interim dividend of 5.0 pence per ordinary share, being a total aggregate distribution of GBP 50,092,686.75 paid by the Company on 16 December 2022.

On 5 January 2023 the Board of Directors unanimously approved the distribution of a special dividend of 20.0 pence per ordinary share, being a total aggregate distribution of GBP 200,370,747.00 paid by the Company on 3 February 2023.

Legal reserve

In accordance with article 710-23 of the Luxembourg law on commercial companies dated 10 August 1915, as amended, the Company is required to allocate to a legal reserve, which is not available for distributions to shareholders, a minimum of 5% of its annual net profit. This allocation ceased to be mandatory when and for so long as this reserve equals 10% of the subscribed share capital.

Consequently, no allocation will be proposed to the AGM approving those financial statements.

7 Creditors

Amounts due and payable for the accounts shown under "Debenture loans" are as follows:

	Within one year £	After one year and within five years £	After more than five years £	**March 2023 £**	March 2022 £
Debenture Loans					
Non-convertible loans – Bonds interest	6,520,833	–	–	**6,520,833**	6,520,833
Non-convertible loans – Bonds principal	–	400,000,000	250,000,000	**650,000,000**	650,000,000
	6,520,833	400,000,000	250,000,000	**656,520,833**	656,520,833

On 13 July 2020, the Company issued GBP 400,000,000 3.625% Senior Secured Notes (the "2020 Notes") which are due on 15 July 2025. Interest on the 2020 Notes is paid semi-annually in arrears on 15 January and 15 July each year, commencing on 15 January 2021. The 2020 Notes are listed for trading on the Euro MTF Market of the Luxembourg Stock Exchange. The Euro MTF Market of the Luxembourg Stock Exchange is not a regulated market pursuant to the provisions of Directive 2014/65/EU on markets in financial instruments. The Euro MTF Market falls within the scope of Regulation (EU) 596/2014 on market abuse and the related Directive 2014/57/EU on criminal sanctions for market abuse.

7 Creditors continued

On 24 November 2021, the Company issued GBP 250,000,000 4.000% Senior Secured Notes (the "2021 Notes") which are due on 15 November 2028. Interest on the 2021 Notes is paid semi-annually in arrears on 15 May and 15 November of each year. The 2021 Notes are listed for trading on the Euro MTF Market of the Luxembourg Stock Exchange.

The Company may redeem the 2021 Notes in whole or in part at any time on or after 15 November 2024, in each case, at the redemption prices set out in the Offering Circular.

Prior to 15 November 2024, the Company is entitled to redeem, at its option, all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the 2021 Notes, plus accrued and unpaid interest and additional amounts, if any, to the redemption date, plus a "make-whole" premium, as described in this Offering Circular.

Prior to 15 November 2024, the Company may, at its option, and on one or more occasions, also redeem up to 40% of the original aggregate principal amount of the 2021 Notes with the net proceeds from certain equity offerings. Additionally, the Company may redeem the Notes in whole, but not in part, at a price equal to their principal amount plus accrued and unpaid interest and additional amounts, if any, upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a change of control, the Issuer may be required to repurchase all or any portion of the 2021 Notes at 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase.

The £250 million 2021 Notes will rank pari passu in right of payment with the Company's obligations in respect of its existing senior credit facilities and its existing £400 million 3.625% 2020 Notes.

Both Notes are senior obligations of the Company, guaranteed on a senior basis by its various affiliated companies.

Other amounts due and payable for the accounts shown under "Creditors" are as follows:

	Within one year £	After one year and within five years £	After more than five years £	**March 2023 £**	March 2022 £
Trade creditors					
Suppliers	509,388	–	–	**509,388**	25,980
Suppliers – Invoices not yet received (Note 7.1)	96,827	–	–	**96,827**	108,938
	606,215	–	–	**606,215**	134,918
Amounts owed to affiliated undertakings B&M EVR 2 (Note 7.2)	6,448,923	–	–	**6,448,923**	6,100,386
Other creditors					
Tax authorities:					
Net wealth tax	4,233	–	–	**4,233**	8,176
Other taxes	2,517	–	–	**2,517**	3,233
	6,751	–	–	**6,751**	11,409
Dividends payable	–	–	–	**–**	–
Other creditors	32,059	–	–	**32,059**	123,274
Total	7,093,948	–	–	**7,093,948**	6,369,987

Note 7.1 The balance of suppliers' invoices not yet received relates mostly to audit fees.
Note 7.2 Dividend payments in GBP received by the Company on behalf of B&M EVR 2.

8 Other external expenses

	March 2023 £	March 2022 £
Advisory and consultancy fees	**331,776**	–
Fees relating to redemption and issue of bond debt	**–**	2,627,204
Stock exchange fees	**188,643**	201,650
Accounting and administrative fees	**144,482**	153,232
Marketing, communication and travel expenses	**167,432**	148,124
Government regulatory fees	**132,899**	129,194
Audit fees	**94,518**	89,427
Rentals	**48,322**	46,162
Staff recruitment expenses	**298,691**	39,967
Repairs and maintenance	**7,669**	7,207
Others	**12,494**	218,601
Total	**1,426,926**	3,660,768

The audit fees shown above are parent-only fees. Audit fees paid to members of the KPMG network are disclosed in the consolidated financial statements.

9 Staff costs

As at 31 March 2023, the Company employed one part time employee and one full time employee (2022: one part time and one full time).

10 Other operating expenses

	March 2023 £	March 2022 £
Director fees	**677,118**	690,827
Non-deductible VAT	**161,785**	278,269
Total	**838,903**	969,095

11 Income from participating interests

	March 2023 £	March 2022 £
Derived from affiliated undertakings:		
Dividend income (Note 11.1)	**360,000,000**	420,000,000
Total	**360,000,000**	420,000,000

Note 11.1 Dividend income relates to dividends distributed by B&M EVR 1.

12 Other interest receivable and similar income

	March 2023 £	March 2022 £
Derived from affiliated undertakings (Note 12.1):		
Interest recharge	**24,767,246**	18,394,763
	24,767,246	18,394,763
Other interest and similar income:		
Realised foreign exchange gain	**488,309**	345,359
	488,309	345,359
Total	**25,255,554**	18,740,122

Note 12.1 The Company and its UK and Luxembourg affiliates are bound by the terms of a Management Services Agreement ("MSA"). Included in the provisions of this MSA is the right for the Company to charge or be charged with interest on any intercompany balances held with affiliates outside of Luxembourg ("Interest recharge"). The basis for the interest recharge is the outstanding balance per management accounts at the start and end of each month, and the marginal external rate of borrowing available to the Group as reviewed by management on at least quarterly basis.

13 Interest payable and similar expenses

	March 2023 £	March 2022 £
Other interest and similar expenses:		
Interest expense on bonds payable (Note 7)	**24,250,000**	18,000,000
Realised foreign exchange loss	**847,950**	251,003
Total	**25,097,950**	18,251,003

14 Taxation

The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

15 Off balance sheet commitments and contingencies

As at the balance sheet date, the Company has financial commitments relating to i) share option plans and ii) pledge agreements. The nature and the commercial objective of the operations not disclosed on the balance sheet can be described as follows:

Note 15.1 Share option plans

The Company operates the following open share option plans. The details of which are as follows:

1. The B&M European Value Retail S.A. Long Term Incentive Plan 2017, split into three; (i) LTIP 2017A (ii) LTIP 2017B1 (iii) LTIP 2017B2
2. The B&M European Value Retail S.A. Long Term Incentive Plan 2018, split into two; (i) LTIP 2018A (ii) LTIP 2018B2
3. The B&M European Value Retail S.A. Long Term Incentive Plan 2019, split into three; (i) LTIP 2019A (ii) LTIP 2019B1 (iii) LTIP 2019B2
4. The B&M European Value Retail S.A. Long Term Incentive Plan 2020, split into two; (i) LTIP 2020A (ii) LTIP 2020B1
5. The B&M European Value Retail S.A. Long Term Incentive Plan 2021, split into two; (i) LTIP 2021A (ii) LTIP 2021B1
6. The B&M European Value Retail S.A. Long Term Incentive Plan 2022, split into three; (i) LTIP 2022A (ii) LTIP 2022B1 (iii) LTIP 2022B2
7. The B&M European Value Retail S.A. Deferred Benefit Share Plan 2019 (DBSP19)
8. The B&M European Value Retail S.A. Deferred Benefit Share Plan 2020 (DBSP20)
9. The B&M European Value Retail S.A. Deferred Benefit Share Plan 2021 (DBSP21)
10. The B&M European Value Retail S.A. Deferred Benefit Share Plan 2022 (DBSP22)
11. The B&M European Value Retail S.A. Buy-Out awards 2022, split into two; (i) BO22A (ii) BO22B

LTIPs

These awards are ordinary shares subject to a mixture of market based and non-market based performance conditions. They vest after a period of three years.

LTIP 2017A, LTIP 2018A, LTIP 2019A, LTIP 2020A, LTIP 2021A and LTIP 2022A have been separated into two tranches based upon the conditions required for vesting, as the two tranches were calculated to have separately identifiable and different fair values. The tranches are labelled "TSR" and "EPS" as the relevant key performance conditions are based upon total shareholder return and earnings per share. These LTIP schemes all have a holding period of two years after the shares have vested. The other LTIP schemes do not have this feature.

The LTIP 2018 schemes and all subsequent schemes awarded have additional options granted to holders for each dividend paid by the Company whilst the options are held. These dividend grants are equivalent to the amount of new shares they could have bought with the dividend that would have been due to them had they held the actual shares.

15 Off balance sheet commitments and contingencies continued

The options were valued using a Monte Carlo method. All LTIP options have a nil exercise price.

Scheme/Tranche	Date of grant	Date of vesting	Fair value of option £	Number of options outstanding at 31 March 2022	Number of options granted/ (forfeited or lapsed) in the year	Number of options exercised in the year	**Number of options outstanding at 31 March 2023**
LTIP 2017A / EPS	7 Aug 2017	7 Aug 2020	3.51	18,071	–	(18,071)	**–**
LTIP 2017A / TSR	7 Aug 2017	7 Aug 2020	2.72	27,557	–	(27,557)	**–**
LTIP 2018A / EPS	22 Aug 2018	22 Aug 2021	4.09	280,368	17,084	–	**297,452**
LTIP 2018A / TSR	22 Aug 2018	22 Aug 2021	2.40	202,465	27,856	–	**230,321**
LTIP 2019A / EPS	2 Aug 2019	2 Aug 2022	3.61	279,393.5	13,794.5	–	**293,188**
LTIP 2019A / TSR	2 Aug 2019	2 Aug 2022	2.51	279,393.5	13,794.5	–	**293,188**
LTIP 2020A / EPS	30 Jul 2020	30 Jul 2023	4.64	169,361	15,763	–	**185,124**
LTIP 2020A / TSR	30 Jul 2020	30 Jul 2023	4.09	169,361	15,763	–	**185,124**
LTIP 2021A / EPS	3 Aug 2021	3 Aug 2024	5.60	229,660.5	21,376.5	–	**251,037**
LTIP 2021A / TSR	3 Aug 2021	3 Aug 2024	3.54	229,660.5	21,376.5	–	**251,037**
LTIP 2022A / EPS	17 Nov 2022	17 Nov 2025	3.86	–	327,851	–	**327,851**
LTIP 2022A / TSR	17 Nov 2022	17 Nov 2025	1.24	–	327,851	–	**327,851**
LTIP 2017B1	7 Aug 2017	7 Aug 2020	3.61	53,576	–	(53,576)	**–**
LTIP 2017B2	14 Aug 2017	14 Aug 2020	3.60	13,379	–	(13,379)	**–**
LTIP 2018B2	23 Jan 2018	23 Jan 2021	4.06	38,289	–	(38,289)	**–**
LTIP 2019B1	2 Aug 2019	2 Aug 2022	3.48	391,522	8,086	(399,608)	**–**
LTIP 2019B2	18 Sept 2019	18 Sept 2022	3.73	3,403	107	(3,510)	**–**
LTIP 2020B1	30 Jul 2020	30 Jul 2023	4.63	297,103	5,236	–	**302,339**
LTIP 2021B1	3 Aug 2021	3 Aug 2024	5.60	271,020	(13,882)	–	**257,138**
LTIP 2022B1	3 Aug 2022	3 Aug 2025	4.37	–	408,264	–	**408,264**
LTIP 2022B2	15 Dec 2022	15 Dec 2025	4.12	–	3,809	–	**3,809**

LTIP 2017A, LTIP 2017B1, LTIP 2017B2, LTIP 2018B2, LTIP 2019B1 and LTIP 2019B2 have all been fully exercised.
LTIP 2018A and LTIP 2019A have vested and are in a two year holding period.
None of the outstanding options are available for immediate exercise as at 31 March 2023.

Assumptions

The fair valuing exercise uses several assumptions, including those given in the table below.

Scheme / Tranche	Risk-free rate	Expected life (years)	Volatility	Dividend yield
LTIP 2017A / EPS	0.52%	5	32%	1%
LTIP 2017A / TSR	0.52%	5	32%	1%
LTIP 2018A / EPS	0.97%	5	29%	N/A
LTIP 2018A / TSR	0.97%	5	29%	N/A
LTIP 2019A / EPS	0.37%	5	31%	N/A
LTIP 2019A / TSR	0.37%	5	31%	N/A
LTIP 2020A / EPS	-0.11%	5	48%	N/A
LTIP 2020A / TSR	-0.11%	5	48%	N/A
LTIP 2021A / EPS	0.23%	5	37%	N/A
LTIP 2021A / TSR	0.23%	5	37%	N/A
LTIP 2022A / EPS	3.16%	5	31%	N/A
LTIP 2022A / TSR	3.16%	5	31%	N/A
LTIP 2017B1	0.25%	3	32%	1%
LTIP 2017B2	0.25%	3	32%	1%
LTIP 2018B1	0.25%	3	32%	1%
LTIP 2018B	0.25%	3	30%	N/A
LTIP 2019B1	0.47%	3	30%	N/A
LTIP 2019B2	0.47%	3	30%	N/A
LTIP 2020B1	-0.12%	3	39%	N/A
LTIP 2021B1	0.12%	3	42%	N/A
LTIP 2022B1	1.75%	3	32%	N/A
LTIP 2022B2	1.75%	3	32%	N/A

15 Off balance sheet commitments and contingencies continued

DBSP

The Defined Benefit Share Plan (DBSP) is a holding scheme where a portion of the Executive Directors annual bonus is deferred into a share option holding scheme where the options are held for three years before they can be exercised.

As such these are valued at the portion of the bonus which has been deferred. This scheme also attracts the additional dividend related grants as detailed above for the post 2018 LTIP schemes.

All DBSP options have a nil exercise price.

Scheme/Tranche	Date of grant	Date of vesting	Fair value of option £	Number of options outstanding at 31 March 2022	Number of options granted/ (forfeited or lapsed) in the year	Number of options exercised in the year	**Number of options outstanding at 31 March 2023**
DBSP 2019	4 Jun 2019	4 Jun 2022	N/A	72,909	–	(72,909)	**–**
DBSP 2020	17 Jun 2020	17 Jun 2023	N/A	54,591	5,082	–	**59,673**
DBSP 2021	4 Jul 2021	4 Jul 2024	N/A	89,550	8,335	–	**97,885**
DBSP 2022	8 Jun 2022	8 Jun 2025	N/A	–	304,382	–	**304,382**

Buy-Out Awards

The Buy-Out Awards relate to schemes awarded to Executive Directors relating to the buy-out of share schemes which previously were held with their prior employer. Two such schemes were awarded in the period, with both time limited; BO22A vesting in November 2023 and BO22B vesting in November 2024.

These schemes are valued at a value agreed by the remuneration committee upon their award. This scheme also attracts the additional dividend related grants as detailed above for the post 2018 LTIP schemes.

All Buy-Out Awards have a nil exercise price

Scheme / Tranche	Date of grant	Date of vesting	Fair value of option £	Number of options outstanding at 31 March 2022	Number of options granted/ (forfeited or lapsed) in the year	Number of options exercised in the year	**Number of options outstanding at 31 March 2023**
Buy-Out 2022 A	16 Nov 2022	16 Nov 2023	N/A	–	34,330	–	**34,330**
Buy-Out 2022 B	16 Nov 2022	16 Nov 2024	N/A	–	34,330	–	**34,330**

In accordance with Luxembourg GAAP, as long as the option holders have not exercised their rights, the related amounts are reported as off balance sheet commitments.

Note 15.2 Pledge agreements

Pursuant to a share pledge agreement dated (and effective as of) 14 July 2020, all shares and related assets owned from time to time in B&M EVR 1 by the Company and, in particular, the 198,916,673 shares owned as of 31 March 2023 and including any shares acquired by the Company in the future and related assets, are pledged in favour of Deutsche Bank AG, London Branch, as security agent, acting for itself and as security agent for and on behalf of the Secured Parties, in relation of the issuance of the Bonds (Note 7).

16 Directors emoluments

Director fees payable to the independent Non-Executive Directors of the Company are paid in GBP and subject to withholding tax in Luxembourg at the rate of 20%.

The contractual emoluments granted to the members of the administrative managerial and supervisory bodies in that capacity are as follows:

	March 2023 £	March 2022 £
Director fees paid to the Non-Executive Directors of the Group	**747,042**	686,113
	747,042	686,113

There were no obligations arising or entered into in respect of retirement pensions for former members of those bodies for the financial year.

There were no advances or loans granted during the financial year to the members of those bodies.

There are no pension obligations to members of those bodies.

There are no guarantees or direct substitutes granted or given of the members of those bodies

The Executive Directors are remunerated through other Group companies.

17 Subsequent events

After the year end date, Simon Arora, and Executive Director of the Company, resigned on 21 April 2023. Simon was the ex-CEO of the Company and his retirement had already been announced on 22 April 2022.

No other matters or circumstances of importance other than those already described in the present notes to the accounts have arisen since the end of the financial year which could have significantly affected or might significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

The financial statements were approved by the Board of Directors and authorised for issue on 30 May 2023 and signed on its behalf by:

Alejandro Russo
Chief Executive Officer

Michael Stefan Schmidt
Chief Financial Officer

Corporate Directory

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Listing
The ordinary shares of B&M European Value Retail S.A. are listed with a premium listing on the London Stock Exchange.

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