

# Bellis Finco PLC

Annual Report and Consolidated Financial Statements

For the Year Ended 31 December 2024

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## Company Information

<b>Directors</b>	M Issa (resigned 19 December 2024) Z Issa (resigned 31 October 2024) M Gleeson (appointed 11 November 2024) R Hattrell (appointed 11 November 2024)
<b>Company secretary</b>	H Selby (appointed 30 January 2024) Imraan Patel (resigned 30 January 2024)
<b>Registered office</b>	Asda House Great Wilson Street Leeds England LS11 5AD
<b>Auditor</b>	KPMG LLP 15 Canada Square Canary Wharf E14 5GL

## Strategic Report

The Directors present their strategic report for Bellis Finco plc (“the Company”), and Bellis Finco plc and its subsidiaries, (together “Asda”, “the Group”), for the year ended 31 December 2024. Bellis Finco plc is the holding company of the Asda group of businesses and all references throughout this Annual Report to Asda refer to the group of companies consolidated within Bellis Finco plc.

### About Asda

#### Company Background

Asda is a British retailer headquartered in Leeds, UK.

With roots dating back to a family business in the 1920’s in West Yorkshire, today Asda serves over 20 million customers each week through over 1,200 stores and food service sites and has c. 140,000 colleagues.

Our primary operations include the sales of groceries, clothing, general merchandise and fuel through our large format and convenience stores, and online through Asda.com and George.com. We also offer a range of other services including food services, Asda Money, Asda Mobile, Pharmacy and Optical Services.

Asda was the first UK grocer to open a clothing range in its stores, with the George brand introduced into our supermarkets in 1990. Today George is a fixture of the British high street.

#### Our Ownership

Asda is owned and controlled by TDR Capital LLP, a UK Limited Liability Partnership registered in England and Wales, with a minority shareholding held by Mohsin Issa.

TDR Capital LLP is a leading private equity firm with approximately €15 billion of assets under management, managing capital on behalf of institutional, government and private investors worldwide. It typically acquires majority stakes in strong, market leading European businesses and partners with them to develop and grow their operations. TDR Capital LLP works in partnership with management to harness opportunities together through board representation and professional support. TDR has an experienced team of investment professionals and operating partners and has a low-volume investment strategy based on principles developed by the investment team over the past decade.

Mohsin Issa is a co-founder of EG Group, a leading global petrol forecourt retail convenience operator founded from a single petrol forecourt in Bury, Lancashire in 2001.

## Our Purpose and Strategy

Our purpose is to be the UK’s best fresh food and clothing superstore by satisfying the daily and weekly shopping needs of ordinary people and their families who demand value.

It is the reason we exist and defines what we aim to deliver for our customers.

Our strategy is the means by which we will achieve our purpose. Following the appointment of Allan Leighton as Executive Chairman, we have refocused around seven key areas all brought together under a framework we call the formula for growth.

1. **Offering 5 – 10% better value** to our customers;
2. **Asda ranged, always available**, ensuring that our customers can buy the products they want, where and when they need them;
3. Providing **stunning fresh food** by leveraging IPL, our produce sourcing and cooked meats processing operation, to give us an advantage in freshness and quality;
4. Giving our customers **25% unmatched mix** by providing an unbeatable proposition, including in store services such as cafés, food service, pharmacy and optical;
5. Delivering a **serious clothing offer** to our customers through our George brand;
6. Ensuring our products are **sold and served with personality**, creating a positive environment in stores; and
7. Offering **truly different stores and channels** by focusing our store refresh programme on the areas that matter the most to our customers.



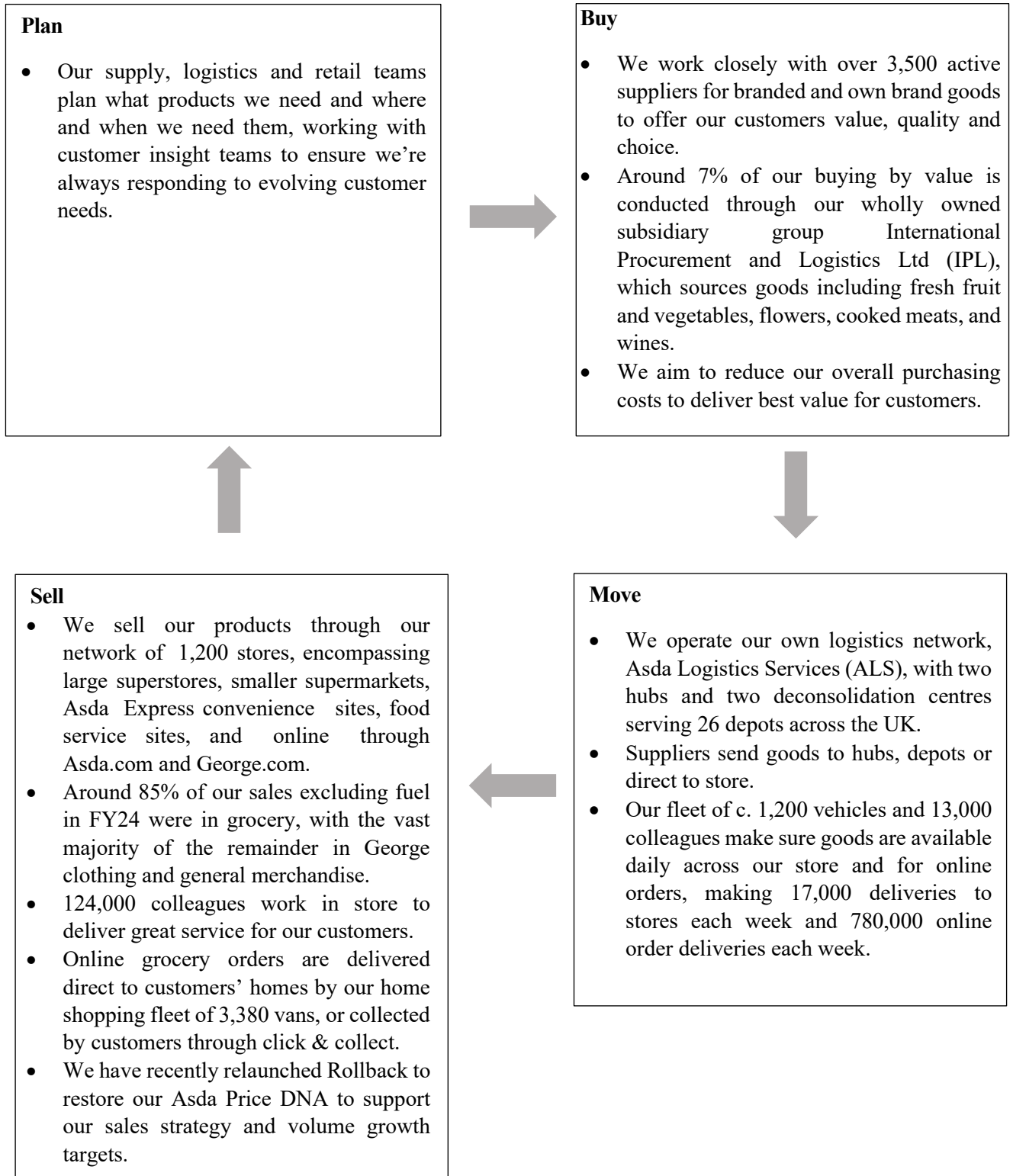
## Our Values

Our values are the behaviours and ways of working that make us Asda. They demonstrate that we put customers at the heart of everything we do, always striving to do better for them, working together as one team. We have six values:

- *We are all colleagues, together one team*
- *What we sell is better value*
- *Selling is our universal responsibility*
- *Through selling we make our service legendary*
- *We hate waste of any kind*
- *We each need to improve the business every day*

## Our Business Model

We create value in our business through four key operational steps: plan, buy, move, sell, shown on the diagram below. All parts of our business are directly or indirectly aligned to achieve one of these outcomes.



## Key Performance Indicators

The Key Performance Indicators (“KPIs”) provided in the tables below and on pages 9 to 11 are those against which the Group measures its performance on an ongoing basis.

### IFRS Financial Measures

	<b>FY24</b>	<b>FY23</b>
<b>Revenue</b>	£26,847m	£25,617m
<b>Operating (loss)/profit</b>	(£44m)	£569m
<b>(Loss)/profit before tax</b>	(£599m)	£180m
<b>(Loss)/profit after tax</b>	(£487m)	£195m

Discussion of each of these measures is included in the Financial Review section from page 12 below.

### Alternative Performance Measures

Further KPIs presented below are not required by or presented in accordance with International Financial Reporting Standards (known as Alternative Performance Measures, "APMs"). The APMs included do not alone provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for an equivalent IFRS measure (if applicable) or any other generally accepted measure as an indicator of operating performance or liquidity. Such APMs are unaudited. Where applicable, reconciliations are provided below to reconcile the APMs to captions shown on the face of the primary statements.

The Directors believe that these APMs assist in providing additional useful information on the trends, performance and position of the Group, and are consistent with how management views the business for internal reporting, analysis, planning and decision-making. Further, the APMs are the key measures by which the Group's external lenders and bondholders assess our performance.

<b>Metric</b>	<b>Definition</b>	<b>FY24</b>	<b>FY23</b>
<b>Revenue ex-fuel</b>	Total sales (excluding VAT) excluding fuel	£21,713m	£21,898m
<b>Like-for-like sales growth (ex-fuel)</b>	Current year comparable sales excluding fuel (excluding VAT) versus prior year comparable sales. Current year comparable sales includes all revenue except fuel sales, sales generated from stores in the first twelve complete calendar months following opening or acquisition, sales generated from stores that have permanently closed, sales generated from stores that have been temporarily closed for more than two consecutive calendar months within the previous twelve full calendar months, financial services commissions, and toyou sales. Sales are net of Asda Rewards earned and other discounts. For details of the calculation of like-for-like sales growth refer to the Reconciliation of IFRS to Non-IFRS Measures on page 21.	(3.4)%	5.4%
<b>Operating profit pre-non-underlying items</b>	Certain costs are presented on the face of the Consolidated Income Statement as non-underlying in the current year and prior year by virtue of their size and nature. Please refer to Note 5 Operating Costs for further detail.	£671m	£637m
<b>EBITDA</b>	EBITDA is calculated by adding back to Operating Profit/(Loss) amortisation and depreciation, certain gains/losses on disposal of tangible, intangible and right-of-use assets, and impairments. EBITDA is included as an APM for FY24 reporting as a measure of profitability.	£1,141m	£1,032m
<b>Adjusted EBITDA</b>	Adjusted EBITDA is a pre-IFRS16 measure which is adjusted for the period for certain historical costs, including: rental costs to eliminate the impact of IFRS 16, one-off incremental costs associated with the implementation of a standalone IT infrastructure as we separate from Walmart ("Project Future"), and the removal of other one-off items. Details of adjustments are included in the reconciliation from Operating (Loss)/Profit to Adjusted EBITDA on page 21.	£1,141m	£1,078m
<b>Pro Forma EBITDA</b>	Adjusted EBITDA for the period including further adjustments to reflect the expected future benefit of the acquisitions of Arthur Foodstores Ltd ("Arthur") and Euro Garages (Jersey) Ltd ("EGJL"). Adjustments include the annualised impact of disposals of Arthur sites, targeted synergies in respect of the acquisition of Arthur, expected EBITDA recovery of underperformance in Arthur and EGJL, and targeted synergies in respect of the acquisition of EGJL. Refer to the Supporting Reconciliations for Non-IFRS Measures section on page 23. Pro Forma EBITDA is included as an APM for FY24 reporting as a key measure used by the Group's investors and lenders to assess performance.	£1,235m	£1,264m
<b>Capital Expenditure</b>	The total costs of property, plant and equipment and intangible assets of which the Group takes ownership within a financial period (as opposed to the IFRS measurement of capital expenditure which is based on cash flows). Refer to Reconciliation of IFRS to Non-IFRS Measures on page 22.	£366m	£336m

<b>Underlying Free Cash Flow</b>	Adjusted EBITDA less Capital Expenditure (excluding capital expenditure on Project Future). Refer to the Supporting Reconciliations for Non-IFRS Measures section on page 23.	£817m	£776m
<b>Cash Flow from Operations</b>	Underlying Free Cash Flow plus movements in net working capital.	£717m	£960m
<b>Total Free Cash Flow</b>	Cash Flow from operations less Future costs, disposals and exceptionals plus Pro Forma Cash Adjustment (see below).	£564m	£676m
<b>Net Debt</b>	Total external debt excluding IFRS16 lease liabilities and ground rent obligations, net of cash on balance sheet. Refer to a breakdown in the Capital Structure, Net Debt and Leverage section below on page 18. Net Debt is included as an APM for FY24 reporting as a key measure used by the Group's investors and lenders to assess performance.	£3,831m	£3,831m
<b>Leverage</b>	Net Debt divided by Pro Forma EBITDA.	3.1x	3.0x
<b>Pro Forma Cash Adjustment</b>	Pro Forma Cash Adjustment relates to £211m of terms benefits agreed in 2024 and to be delivered in 2025.	£211m	-
<b>Pro Forma Adjusted Leverage</b>	Pro Forma Adjusted Leverage includes the Pro Forma Cash Adjustment. Pro Forma Adjusted Leverage is included as an APM for FY24 reporting as a key measure used by the Group's investors and lenders to assess performance. Refer to the Supporting Reconciliations for Non-IFRS Measures section on page 23 for further information.	2.9x	3.0x

## Non-Financial KPIs

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The Group also considers a number of key non-financial measures to track its performance, shown in the table below.

<i>Unaudited</i>	<b>FY24</b>	<b>FY23</b>
<b>Kantar FMCG Grocery Panel – Grocery market share<sup>1</sup></b>	10.3%	11.4%
<b>Number of in-store transactions (thousands)<sup>2</sup></b>	840,200	874,899
<b>Online sales participation<sup>3</sup></b>	17.5%	16.9%
<b>Asda Rewards active customer numbers<sup>4</sup></b>	5.7m	5.7m
<b>Asda Rewards participation<sup>5</sup></b>	56%	49%

Discussion of each of these KPIs in the context of FY24 performance is included within the Financial Review section on page 12 below.

In addition to grocery data, a range of other Kantar market data metrics is reviewed and tracked routinely on a category basis. The Group also tracks market data from other private sources, customer satisfaction surveys and supplier surveys. Please refer to the customer and supplier sections below for further information.

<sup>1</sup> Kantar week FMCG grocery panel, grocery market share, 12 weeks ending 29 December 2024 and 24 December 2023 respectively

<sup>2</sup> Total number of individual transactions in-store during the year (excludes transactions at stores from acquisitions)

<sup>3</sup> Sales through online and click and collect channels as a proportion of sales excluding fuel (excludes sales through stores from acquisitions)

<sup>4</sup> Number of customers using Asda Rewards in the last 13 weeks, as at 31 December 2024 and 31 December 2023 (excludes customers at stores from acquisitions)

<sup>5</sup> Proportion of sales linked to Asda Rewards, December 2024 and December 2023 (excludes stores from acquisitions)

## Financial Review

### Summary

FY24 was an important year for Asda as we completed the conversion and integration of the Euro Garages UK (Project America) and Co-op (Project Arthur) acquisitions to the Asda Express format and made significant progress in the implementation of our new IT infrastructure – Project Future.

In Project Future we are delivering a best-in-class technology stack and unlocking breakthrough advancements in Food Retail data analytics. Approaching the end of the programme, we have already delivered significant technology enhancements in all depots, home offices as well as rolling out inventory management solutions across over 800 stores, primarily our smaller formats.

The Asda business will be stronger and fit for the future as a result of the transformation progress made in FY24.

Group EBITDA has remained resilient in 2024 through disciplined cost control and cash management and Adjusted EBITDA has grown year-on-year. However, trading has been challenging and food sales have been behind expectations.

Operating profit/loss post-non-underlying items has reduced year-on-year due to a £226m impairment reversal in the FY23 and a net impairment charge of £378m in FY24. Cash generation was strong, with Underlying Free Cash Flow of £817m, +5% year on year.

During the year we invested significantly into colleague pay and additional hours in store to improve customer experience, whilst continuing to enhance our quality credentials through the launch of Exceptional, our new premium food tier, and continuing to leverage our IPL sourcing business across fresh produce and meat.

Our George clothing business continues to perform well, with sales flat YoY despite the drag from lower sales and footfall in the core food business.

Progress in our Asda Express format continues with EBITDA up YoY in HY2, building momentum after some early impacts as we converted the acquired stores.

In May 2024 we refinanced £3.4bn of debt, and, as a result of our strong cash generation, were able to use cash on hand to reduce our borrowings. In December 2024, we completed a further drawdown of £152m of debt. These transactions pushed out all material near-term debt maturities into the next decade. For more information, refer to the Key Principal Decisions section on page 19.

Further detail of performance in the year is discussed below.

### Revenue

Revenue ex-fuel was £21,713m in FY24 (FY23: £21,898m), year on year decline of 0.8% (FY23: growth of 7.1%), and a like-for-like decrease of 3.4% (FY23: increase of 5.4%) (note that like-for-like growth excludes the impact of sales from acquired businesses until they have been trading for more than one year; please refer to the definition in the KPIs section on page 9).

Revenue including fuel of £26,847m was £1,230m higher than the prior year (FY23: £25,617m), due to the impact of including a full year of sales for Euro Garages (Jersey) Limited (now called Asda Express (Jersey) Limited) and Arthur Foodstores Limited in FY24, partly offset by an overall decline in ex-fuel sales.

Ex-fuel sales comprise food, clothing, general merchandise and food service sales. C. 85% of ex-fuel revenue in FY24 related to food (FY23: 86%). Ex-fuel revenue reduced across both food and non-food in the legacy Asda business.

Ex-fuel sales were impacted across the year by challenging on-shelf availability, weakness in our customer experience and in our price position against our competitors.

By the end of FY24 availability had started to recover through better supplier collaboration, improved depot picking and delivery accuracy, and investment into additional replenishment hours in store. Our price position is now more competitive as we invest in 'Rollback' pricing to restore 'Asda Price' DNA. We have invested over £40m of payroll into additional store hours in the second half of 2024 to ensure more colleagues on the shop floor and to open more checkouts throughout the week. As a result, we are starting to see improvements in customer satisfaction.

### *Food*

Food sales at a group level fell 3.7% like-for-like in 2024. Despite this, our Asda Rewards loyalty scheme continued to grow strongly during the year, increasing the proportion of sales linked to the loyalty scheme from 49% at the end of 2023 to 56% at the end of 2024. Management sees further opportunity to expand the scheme through working closely with suppliers and other relevant third party organisations to create an engaging platform for customers to interact with the Asda brand.

As an example of this, to provide further value for families and support local primary schools, Asda raised over £5.7m in FY24 through its 'Cashpot for Schools' initiative. The industry-first campaign, which ran from September to November, allowed customers to donate 0.5% of the value of their shopping to a local school of their choice every time they used the Asda Rewards app. Thanks to this initiative, more than 21,000 primary schools have benefitted, bringing much-needed resources and support to communities across the UK.

In the Asda Express convenience business, food sales including foodservice contributed £841m of ex-fuel revenue in FY24 (FY23: £293m from when the results were consolidated). The conversion of all sites to Asda Express branding completed in March 2024.

Asda did experience a decline in grocery market share in its legacy estate according to Kantar, holding 10.3% as at December 2024 (December 2023: 11.4%<sup>6</sup>). However, the declines in market share have stabilised and our food business is benefitting from the recent improvements in availability, customer satisfaction and our price position.

We remain confident that the underlying financial strength of the group provides a platform to return to sales growth in food and start to recover market share through 2025. Our Formula for Growth which was launched in Q1 2025 marks the return to a clear, straight-forward strategy which plays to Asda's established strengths and value credentials.

### *Non-food*

Non-food revenue comprises sales of clothing and general merchandise, predominantly generated from Asda's legacy store estate, and accounted for c.14% of the Group's sales ex-fuel in FY24. Clothing sales remained consistent year on year on a like-for-like basis, and general merchandise sales decreased by 3.7% like-for-like in 2024. During the year, the non-food business overall grew 0.5% pts ahead of the market<sup>7</sup>. Non-food is a key asset to the Group and delivers relatively higher margins compared to the food business. Trading was resilient during the year against the backdrop of a more challenging non-food market.

Asda's George clothing business is the third largest UK clothing retailer by volume, and in FY24 we held the largest market share in children's wear in terms of volume, supported by our market leadership in school wear and baby wear<sup>8</sup>. George is a leading name in UK apparel retail and continues to be a key differentiator for our customers with its brand resonance.

Despite being impacted by lower footfall to our core food business, overall we remain pleased with the performance of Non-Food.

<sup>6</sup> Kantar FMCG grocery panel, grocery market share, 12 weeks ended 29 December 2024 and 24 December 2023 respectively

<sup>7</sup> NIQ, 52 weeks ended 29 December 2024

<sup>8</sup> Kantar clothing 24 weeks ended 5 January 2025

We had clean and profitable exits from all seasonal ranges, despite our General Merchandise Outdoor categories being impacted by the unseasonably wet summer. Disciplined execution and supply management minimised clearance markdown and maximised full price sales, improving margins and lowering inventory through the year.

### *Online*

Online sales comprise Asda.com grocery sales and non-food sales through George.com. Online grocery sales performed relatively better than the core food business, declining 0.5% YoY. George.com non-food sales grew by 4.6% in FY24. Online is a key element of Asda's omnichannel retail offering, fostering strong customer loyalty and typically larger spend per basket. The proportion of sales made through online delivery and click and collect orders grew in FY24 to 17.5% (FY23: 16.9%).

### *Fuel*

Fuel sales of £5,134m were 38% higher than the prior year (FY23: £3,719m) as we benefited from a full year of sales for Asda Express (Jersey) Limited and Arthur Foodstores Limited, which amounted to £2,001m and £586m respectively in FY24. This is partially offset by a reduction in the Asda legacy business' fuel sales due to a market driven reduction in average selling price per litre of fuel.

### *Food service*

Our food service offering comprises franchises of well-known brands including Greggs, Subway and Burger King, as well as one proprietary brand Leon. Food service sales of £251m were recorded in FY24 (November and December 2023: £40m).

## Operating Profit Pre-non-underlying Items

Operating profit pre-non-underlying items improved to £671m in FY24 vs. £637m in FY23, driven by an improvement in trading margins, disciplined cost management through the delivery of operational efficiencies and the consolidation of Asda Express (Jersey) Ltd and Arthur Foodstores Limited for a full year. This is despite a reduction in ex-fuel sales year-on-year and the investments into pay and hours in stores.

## Operating Profit/Loss

Operating loss (post-non-underlying items) was £44m (FY23: operating profit of £569m). The operating loss in FY24 includes a net impairment charge of £378m (FY23: impairment reversal of £226m). Additionally, exceptional costs were incurred in the year relating to the Group's investment in Project Future of £310m (FY23: £241m), our IT separation programme from Walmart. Non-underlying costs incurred related to this project included research spend, design and build costs relating to IT infrastructure and software-as-a-service solutions which cannot be capitalised, consultancy costs incurred in relation to the management of the programme, run costs relating to standalone systems where equivalent legacy Walmart systems are still in use by the business, and costs of interim software solutions which do not meet the criteria of the Group's policy to capitalise (see Note 1 Accounting Policies for further detail).

Further non-underlying items relate to restructuring costs of £27m (FY23: £nil) as a result of a Home Office restructure. In FY23, the group recognised non-underlying costs of £53m relating to third party advisory fees incurred in association with Asda's acquisition of Asda Express (Jersey) Ltd. No such costs were incurred in FY24.

## Adjusted EBITDA

Some further adjustments are made to operating profit pre-non-underlying items to arrive at Adjusted EBITDA, which provides an alternative view of underlying operating performance of the business on a pre-IFRS16 basis, as tracked by management. Adjusted EBITDA grew by 6% to £1,141m (FY23: £1,078m) in FY24, driven by the Group's careful and conscious management of inflation in its cost prices and cost base, and the consolidation of Asda Express (Jersey) Ltd into the Group for the full year.

Note, in Adjusted EBITDA for the prior year, the Group reflected a full year's result for Arthur Foodstores which reflects our period of ownership, notwithstanding the CMA's IEO in place to 30 May 2023.

Please refer to the Reconciliation of IFRS to non-IFRS measures section on page 21 below for details of a reconciliation of Adjusted EBITDA to the Consolidated Income Statement.

## Interest

### *Finance Income*

Finance income increased from £53m in FY23 to £56m in FY24, primarily due to the recognition of £8m finance lease income (2023: £nil), offset by a decrease in bank interest receivable as a result of lower interest rates on short term deposits in FY24 vs. FY23.

### *Finance Costs*

Finance costs were £611m, compared to £441m in the prior year. The increase was primarily due to higher costs on external borrowings (£340m vs. £252m FY23) due to higher interest rates following our refinancing activities in FY24 (see the Key Principal Decisions section on page 19 for more information). Interest on lease liabilities also increased to £218m compared to £177m in the prior year, due to recognising a full year's interest charge on leases which were entered into as a result of the sale-and-leaseback transaction completed in August to November 2023 to part fund the acquisition of Asda Express (Jersey) Ltd, and also due to recognising a full year's interest charge on the leases acquired on acquisition of Arthur Foodstores and Asda Express (Jersey) Ltd. Finally, intercompany interest payable to a fellow subsidiary of the ultimate parent increased to £48m (FY23: £8m) due to being charged a full year of interest on the £401m shareholder loan which arose as part of the funding to purchase Asda Express (Jersey) Ltd.

## Profit/Loss Before Tax

Loss before tax of £599m (FY23: profit before tax £180m) was a deterioration of £779m on the prior year, reflecting the operating loss after non-underlying items arising from the net impairment charge recorded in the year and higher interest costs as discussed above.

## Taxation

Income tax was a credit of £112m in FY24 compared to a credit in FY23 of £14m, primarily due to the deterioration in profit before tax in FY24 compared to FY23.

## Net Profit/Loss

A net loss of £487m (FY23: net profit £195m) was a deterioration of £682m compared to FY23 due to a net impairment charge in FY24, compared to an impairment reversal in FY23, and higher interest costs in FY24.

## Capital Expenditure

Capital Expenditure (as defined by management, including Project Future investment) of £366m in the year was £30m higher than the prior year (FY23: £336m). The underlying spend was £324m vs. £302m in FY23, and Capital Expenditure on Project Future was £41m vs £34m in FY23.

Around 57% of the Group's investment in FY24 was on essential asset replacement and maintenance (FY23: 51%), including replacement of store refrigeration units and property maintenance costs, 32% was focused on discretionary spend to drive growth (FY23: 38%), including upgrades to store environment and investment in systems to improve efficiency of operations. The remaining 11% (FY23: 11%) was invested in Project Future, comprising investment in the detailed design, build and implementation of Asda's standalone IT environment as we separate from previous owner Walmart's

IT systems.

Please refer to the Reconciliation of IFRS to Non-IFRS Measures section on page 22 below for detail on the calculation of management's Capital Expenditure KPI.

### Underlying Free Cash Flow

Underlying Free Cash Flow of £817m was higher than the prior year (£776m), driven by an improvement in Adjusted EBITDA performance discussed above, partially offset by an increase in capital expenditure.

### Total Free Cash Flow

Total Free Cash Flow was £564m in FY24 (FY23: £676m), which included underlying working capital of £494m including the pro-forma cash adjustment (FY23: £165m). Over the last 3 years, we have delivered c.£800m of underlying working capital improvement.

### Cash Flows from Operating, Investing and Financing Activities

Net cash flow from operating activities in FY24 was £991m, which included a net working capital outflow of £128m. The net working capital outflow was driven primarily by year end timing impacts within trade and other payables as there was an additional weekly supplier payment included in 2024. A volume-driven outflow in trade payables due to a year on year decrease in quarter 4 sales was broadly offset by an improvement in supplier payment terms across food, non-food, fuel and GNFR areas.

Net cash outflows from investing activities of £311m included the purchase of property, plant and equipment and intangibles of £380m (refer to Capital Expenditure section above). This was partially offset by proceeds from the sale of property, plant and equipment and from assets held for sale of £38m, and external interest received of £21m.

Net cash outflows from financing activities of £884m included the repayment of external debt of £3,172m following our refinancing activities, partially offset by the proceeds from the draw down of external debt (net of fees) of £2,972m. For more information about our refinancing events during the year, see the Key Principal Decisions section on page 19. The net cash outflow was also driven by capital and interest payments in respect of leases of £370m and external interest paid of £302m.

### Balance Sheet

The Group had net assets of £3.5bn as at 31 December 2024 (FY23: £3.9bn), which included principally:

- £15.9bn of non-current assets including PPE, right of use assets, intangibles and amounts due from wholly owned subsidiaries of the ultimate parent;
- Negative net working capital of £(3.1)bn, including £1.3bn of inventory and £0.3bn of trade and other receivables, offset by £(4.5)bn of trade and other payables and £(0.2)bn of provisions;
- Total net debt of £(4.1)bn, comprising £(4.9)bn of external borrowings net of £0.8bn of cash;
- £(3.8)bn lease liabilities;
- £(1.0)bn deferred tax liability; and
- £(0.5)bn shareholder loan.

Key movements in the balance sheet between 31 December 2024 and 31 December 2023 include:

- Decrease in PPE of £618m, primarily attributed to £506m of depreciation charged, £373m of impairment charged and £20m disposals, partially offset by £285m of additions;
- Increase in intangibles of £45m, as a result of £106m of additions, partially offset by amortisation of £49m and disposals of £6m;

- Decrease in right of use assets of £70m, due to depreciation of £229m, partially offset by additions of £158m.
- Decrease in cash of £204m and a decrease in borrowings of £259m, following the repayment of some of our borrowings as part of our refinancing events, as explained in the Key Principal Decisions section on page 19.

## Capital Structure, Net Debt and Leverage

The Group is funded through a capital structure of equity, external debt and cash on balance sheet. The table below provides a summary of the Net Debt (as defined by management) as at 31 December 2024.

Facility	Amount (£m)	Maturity	Interest	Notes
<b>Cash and cash equivalents</b>	<b>823</b>			
<b>Revolving Credit Facility</b>	-	Oct-28	SONIA + 3.75bps	The Group has an available facility of £793m. Of the available facility, £nil was drawn at the balance sheet date. The facility attracts a commitment fee of 1.125% and interest payable on any drawn portion only.
<b>Term Loan A</b>	<b>4</b>	Feb-25	SONIA + 3.25bps	
<b>Term Loan A</b>	<b>162</b>	Oct-28	SONIA + 3.75bps	
<b>Term Loan B</b>	<b>1,100</b>	May-31	EURIBOR + 4.00bps	The Euro loan balance of €1,285m has been fixed via cross-currency interest rate swaps, which mature in May 2027. The value shown adjacent is the equivalent GBP value as at inception taking into account the hedge in place. The currency element of the associated cash flows have been fully hedged at rates between 1.14 - 1.22 and 74% of the variable interest rate element has been hedged at fixed GBP interest rates ranging from 8.64% to 8.80%.
<b>Term Loan B</b>	<b>152</b>	May-31	EURIBOR + 4.00bps	The Euro loan balance of €185m has been fixed via cross-currency interest rate swaps, which mature in May 2027. The value shown adjacent is the equivalent GBP value as at inception taking into account the hedge in place. The currency element of the associated cash flows been fully hedged at rates between 1.21 - 1.22 and 75% of the variable interest rate element has been hedged at an effective rate of 8.74%.
<b>Senior Unsecured Notes</b>	<b>500</b>	Feb-27	4.00%	
<b>Senior Secured Notes</b>	<b>262</b>	Feb-26	3.25%	
<b>Senior Secured Notes</b>	<b>40</b>	Feb-26	4.50%	
<b>Senior Secured Notes</b>	<b>1,750</b>	May-30	8.125%	
<b>Apollo facility</b>	<b>684</b>	Oct-29	SONIA + 5.75bps	79% of the floating SONIA element is hedged with an interest rate swap at 4.77bps until Nov-25.
<b>Total Net Debt</b>	<b>3,831</b>	<b>Note: excludes lease and ground rent liabilities</b>		

The Group has a number of covenants in place in respect of its financing structure which, among other things, restrict the Group from entering into certain transactions. This includes limitations on the incurrence of additional indebtedness, and restrictions on certain types of payments, liens, dividends, sale of assets, affiliate transactions and mergers and acquisitions. The Group is also required to test certain financial covenants at each quarter end in the event that the RCF is 40% drawn at the quarter end

date. The Group has policies and procedures in place to ensure that it continues to comply with its covenants, and was compliant with its covenants throughout FY24.

The Group entered into re-financing events in 2024 in which a new Term Loan A and a new Term Loan B were entered into in May 2024, and some of the existing Senior Secured Notes and the existing Term Loan A were partially repaid and the existing Term Loan B was fully repaid using the proceeds and cash on hand. In December 2024, the Group drew down an additional amount under the Term Loan B facility, and the proceeds will be used along with cash on the balance sheet to repay the remaining maturities due in 2026. For more information, see the Key Principal Decisions section on page 19.

The capital structure has enabled the business to deliver value for customers whilst also providing liquidity to drive growth through investment in strategic initiatives and its IT separation programme Project Future.

Asda's Pro-forma adjusted leverage ((Net Debt adjusted for Pro Forma cash adjustment) / Pro Forma EBITDA) decreased to 2.9 x as at 31 December 2024 (Dec-23: 3.0 x). The pro-forma cash adjustment of £211m represents terms benefits agreed in 2024 and cash effective in 2025.

Please refer to the Consolidated Balance Sheet and Note 21 Borrowings in the Notes to the Financial Statements for further information.

## Liquidity

Asda is a highly cash generative business and has access to liquidity in the form of cash on balance sheet and a revolving credit facility (RCF) of £793m. This was extended from £667m as part of our refinancing activities, which are detailed further in the Key Principal Decisions section below. The RCF has not been drawn since Q1 FY22.

The Group also benefits from supply chain finance facilities which enable suppliers participating in the programme to receive payment sooner than our standard payment terms. The facility is at no cost to the Group. Please refer to Note 20 Financial Instruments to the Financial Statements for further information about this.

## Key Principal Decisions

### *Refinancing of £3.4bn of debt*

On 14 May 2024, Bellis Acquisition Company plc, Bellis Finco's immediate subsidiary, completed (i) its offering (the "Offering") of an aggregate principal amount of £1,750 million of 8.125% Senior Secured Notes due 2030, (ii) tender offers for cash (the "Tender Offers") of certain of its 3.25% Senior Secured Notes due 2026 and 4.500% Senior Secured Notes due 2026 (collectively, the "Existing Senior Secured Notes"), and (iii) its entry into a new €1,285 million senior term loan facility.

The proceeds from the Offering were used, together with borrowings under Facility B (EUR) and cash on hand, to (1) partially repurchase the Existing Senior Secured Notes, pursuant to the Tender Offers and certain other open market purchases of a portion of the Existing Senior Secured Notes, (2) prepay and cancel the existing term loan facility B in full and (3) pay fees and expenses incurred in connection with such transactions.

### *Raising of £152m-equivalent fungible add on to EUR Term Loan B*

On December 4, 2024, Bellis Acquisition Company plc raised £152 million through a private addition to the existing EUR Term Loan B. Proceeds from this issuance will be used, alongside a similar amount of cash from the balance sheet to address remaining maturities due in 2026.

These transactions pushed out all material near-term debt maturities into the next decade as the Directors remain focused on prudently managing the capital structure over the long-term.

## Outlook: Trends and Factors Affecting Future Development

The UK grocery market continues to be highly competitive in the face of a range of challenging macroeconomic factors, including the increase in employer's National Insurance contributions from April 2025, the introduction of extended producer responsibility (EPR), economic uncertainty and geopolitical instability. Asda has remained highly resilient in the face of these challenges and has kept focused on supporting both customers with cost-of-living pressures through initiatives such as the re-introduction of 'Rollback' pricing to restore 'Asda Price' DNA, and also colleagues through investment into colleague hours and pay, whilst continuing to deliver strong financial results.

We will invest in price to stimulate volume growth and recover market share. This will result in a material reduction in EBITDA and a modest increase in leverage in the near term, which we expect to reverse as our market share recovers and improves over time. We expect to generate a broadly similar level of total free cash flow to that generated in 2024, despite the reduction in EBITDA in the near term, as we expect to deliver further working capital improvements and will reduce our spend on Project Future.

The Group expects the UK food and non-food markets to remain resilient into 2025. There is uncertainty in the face of conflict in both Europe and the Middle East which is likely to continue to impact consumer confidence and commodity prices. Asda remains focused on providing our strong value offering in food, non-food and fuel to enable us to serve customers on any type of budget, extending our ability to do so through our expansion into convenience whereby we can offer value to a greater number of communities in new locations.

Convenience will continue to be a significant growth channel for retailers, characterised by ongoing store openings and the expansion of loyalty and price-matching programs.

Online retail will benefit from investments in technology, resulting in enhanced search capabilities and user experiences. Quick commerce will further extend its coverage and range, while also benefiting from increased disposable income and a growing customer base.

With continued investment into our convenience proposition and already significant online fulfillment capacity, Asda is well positioned to benefit from these fast-growing UK grocery retail channels.

## Events since the Balance Sheet Date

There are no events subsequent to the Balance Sheet date and prior to the date of approval of the financial statements which require disclosure or recognition per the requirements of IAS 10.

## Reconciliation of IFRS to Non-IFRS Measures

### Reconciliation of revenue to like-for-like sales

	FY24	FY23
<i>Unaudited</i>		
<b>Revenue</b>	<b>26,847</b>	<b>25,617</b>
Fuel	(5,134)	(3,719)
Non-store sales (inc. wholesale)	(109)	(115)
Newly opened stores	(3)	(7)
Grocery and foodservice sales from newly acquired stores – Arthur Foodstores Ltd and Asda Express (Jersey) Ltd	(585)	(22)
Permanently closed stores	-	(1)
<b>Like-for-like sales</b>	<b>21,016</b>	<b>21,753</b>
% like-for-like sales growth	(3.4)%	5.4%

### Reconciliation of operating (loss)/profit to Adjusted EBITDA

<b>Operating (loss)/profit</b>	<b>(44)</b>	<b>569</b>
Depreciation and amortisation	783	686
Loss on disposal	24	3
Impairments charges/(reversals)	378	(226)
<b>EBITDA</b>	<b>1,141</b>	<b>1,032</b>
Proxy rental charge for leased assets and ground rent (1)	(395)	(303)
One-off separation costs for Project Future (2)	310	241
One-off acquisition costs (3)	(6)	53
Adjusted EBITDA attributed to Arthur Foodstores Ltd (4)	-	22
Restructuring costs (5)	35	17
Legal settlement (6)	-	(17)
Other advisor and integration fees (6)	20	28
Reversal of TSA prepayment unwind (6)	14	2
Recognition of Starbucks rental income (6)	8	2
Other (6)	14	1
<b>Adjusted EBITDA</b>	<b>1,141</b>	<b>1,078</b>

Adjustments between EBITDA and Adjusted EBITDA comprise:

**(1) Proxy rental charge for leased assets and ground rent.** Adjusted EBITDA is presented on a pre-IFRS16 basis to provide a view of rental cost and this adjustment therefore relates to the charge for all leases. It further includes an adjustment to reflect the Group's obligations in respect of ground rent agreements, which is equivalent to the interest payable on the loan. Please refer to Note 21 Borrowings for further information. This treatment is to align the presentation with the commercial substance of the ground rent arrangement and is consistent with treatment of rent related to leases. The rental charge has not been included as a non-underlying item in Note 5 Operating Costs as it does not conform with UK-adopted international accounting standards ("UK-adopted IFRS").

**(2) One-off separation costs for Project Future.** Since Asda's acquisition by TDR Capital and the Issa Brothers in February 2021, the Group has embarked on a programme, Project Future, to separate its IT systems from its previous owner Walmart. The separation programme is one-off and non-recurring in nature, and will transition the Group to a standalone, leading edge IT infrastructure using software as a service from best-in-class digital partners. Having no legacy systems will provide significant competitive advantage, deliver operating efficiencies, enable better use of data, and agility in taking on growth opportunities and in responding to customers' needs. Project Future is expected to complete in 2025. Cumulative cash outflow to 31 December 2024 for the project was £867m.

<i>Unaudited</i>	<b>Cumulative cost recognised to 31 December 2024</b>
Capital expenditure	124
Operating expenditure	764
<b>Total expenditure</b>	<b>889</b>

**(3) One-off acquisition costs.** In FY24, this relates to the reversal of accruals made in relation to third party advisor fees regarding the acquisition of Asda Express (Jersey) Ltd in FY23. In FY23, this related to the recognition of such fees.

**(4) Adjusted EBITDA attributed to Arthur Foodstores Ltd.** The Group acquired Arthur Foodstores Ltd, a carve-out of 129 convenience sites and three development sites from the Co-operative Group, in October 2022. From the acquisition date until 30 May 2023, the acquisition was subject to an Initial Enforcement Order by the Competition and Markets Authority and it was therefore management's judgement that that Asda did not have control according to the principles defined in IFRS10 Consolidated Financial Statements in order to consolidate the results into the Group during this period. As a result, for five months in FY23, the Group included EBITDA related to the trading performance of the business since the acquisition date in Adjusted EBITDA.

**(5) Restructuring costs.** This relates to the total restructuring cost incurred in the year. Restructuring costs of £27m included as a non-underlying item in Note 5 Operating Costs relate to a head office restructuring programme enacted during the year. £8m of restructuring costs incurred in the normal course of business have not been classed as non-underlying in Note 5 Operating Costs.

**(6)** These items are not included as non-underlying items in Note 5 Operating Costs due to materiality.

Please refer to Note 1 Accounting Policies in the Notes to the Financial Statements for the year ended 31 December 2023 for further information about judgements made in respect of consolidation of Arthur Foodstores Ltd.

### Reconciliation of Capital Expenditure to purchase of PPE and intangibles

A reconciliation from the Capital Expenditure key performance indicator to capital expenditure as disclosed in the consolidated statement of cash flows is outlined below. There are timing differences between the two measures due to internal capital expenditure being presented on an accruals basis. Additionally, management's Capital Expenditure KPI excludes investment in Project Future as this investment programme is one-off and non-recurring in nature.

<i>Unaudited</i>	<b>FY24</b>	<b>FY23</b>
Capital expenditure – management KPI	324	302
Project Future capital expenditure	41	34
Timing differences	15	1
<b>Capital Expenditure per Consolidated Statement of Cash Flows</b>	<b>380</b>	<b>337</b>

## Supporting Reconciliations for Non-IFRS Measures

## Reconciliation of Adjusted EBITDA to Underlying Free Cash Flow

<i>Unaudited</i>	<b>FY24</b>	<b>FY23</b>
<b>Adjusted EBITDA</b>	<b>1,141</b>	<b>1,078</b>
Capital Expenditure excluding Future	324	302
<b>Underlying Free Cash Flow</b>	<b>817</b>	<b>776</b>

## Reconciliation of Underlying Free Cash Flow to Total Free Cash Flow

<i>Unaudited</i>	<b>FY24</b>	<b>FY23</b>
<b>Underlying Free Cash Flow</b>	<b>817</b>	<b>776</b>
Movements in net working capital	(100)	184
<b>Cash Flow from Operations</b>	<b>717</b>	<b>960</b>
Future costs	(350)	(275)
Disposals	29	24
Exceptionals	(43)	(33)
Pro-forma cash adjustment	211	-
<b>Total Free Cash Flow</b>	<b>564</b>	<b>676</b>

## Reconciliation of Adjusted to Pro Forma EBITDA

<i>Unaudited</i>	<b>FY24</b>	<b>FY23</b>
<b>Adjusted EBITDA</b>	<b>1,141</b>	<b>1,078</b>
Arthur Foodstores Adjusted EBITDA	-	(5)
Arthur synergies	14	17
Sale-and-leaseback rent store assets annualisation	-	(44)
Ground rent annualisation	-	(15)
EGJL Adjusted EBITDA annualisation	-	164
EGJL synergies	67	69
Grocery integration learnings	13	-
<b>Pro Forma EBITDA</b>	<b>1,235</b>	<b>1,264</b>

## Leverage Calculation

<i>Unaudited</i>	<b>Dec-24</b>	<b>Dec-23</b>
Net Debt (A) <sup>9</sup>	3,620	3,831
Pro Forma EBITDA (B)	1,235	1,264
<b>Pro Forma Adjusted Leverage (A / B)</b>	<b>2.9 x</b>	<b>3.0 x</b>

<sup>9</sup> Net debt as at 31 December 2024 includes a pro-forma cash adjustment of £211m relating to terms benefits agreed in 2024 and cash effective in 2025.

## Governance

The Group qualifies for the enhanced annual reporting disclosure requirements placed upon portfolio companies and private equity in accordance with the Guidelines for Disclosure and Transparency in Private Equity, the “Walker Guidelines”.

In addition, the Companies (Miscellaneous Reporting) Regulations 2018 applies to companies of a certain size to make a statement in the Directors’ Report summarising the corporate governance arrangements applied by the company. Whilst Bellis Finco PLC does not fall within the scope for this regulation, it has a number of subsidiary companies (Asda Stores Limited, McLagan Investments Limited, The Burwood House Group Limited, International Procurement and Logistics Limited) which do meet the criteria. Given the structure of the Group’s governance arrangements, the expectations of users of the accounts for the Group, and the overlap with certain Walker Guideline disclosures, an outline of governance arrangements is provided below.

### Governance Framework

The Group’s governance framework has continued to evolve since our change in ownership in February 2021. The governance framework is summarised below in the context of the Corporate Governance Principles for Large Private Companies published by the Financial Reporting Council in 2018. As noted above, these disclosures are provided voluntarily for Bellis Finco PLC to meet the expectations of, and provide appropriate transparency for, the users of the accounts.

#### Principle One: Purpose and Leadership

##### *Purpose*

Our purpose is to be the UK’s best fresh food and clothing superstore by satisfying the daily and weekly shopping needs of ordinary people and their families who demand value.

##### *Values and Culture*

There are six values which are the behaviours and ways of working that make us Asda. Please refer to the Our Values section above for further information.

We aim to create an inclusive and diverse culture. Refer to the Our Colleagues section below for further detail of how we do this.

##### *Strategy*

The Group has seven strategic priorities which support the delivery of our purpose, focused around pace, motivation and simplicity. Please refer to the Our Purpose and Strategy section on page 5 for further information.

#### Principle Two: Board Composition

The Group is ultimately governed by the board of directors of Bellis Finco PLC’s indirect parent company, Bellis Topco 2 Limited (“the Board”). The Board comprises six directors and meets regularly to facilitate monitoring and oversight of the operations, performance and key decisions of the Group. Details of the Board are provided in the table below and includes those who served during the year-ended 31 December 2024. Those marked with an asterisk are directors of both Bellis Topco 2 Limited and the Company Bellis Finco PLC, as detailed in the Company Information section of this report.

Name and role	Appointment date	Career and experience
<b>Allan Leighton</b> – <i>Executive Chairman</i>	November 2024	<p>Allan started his career at Mars Confectionery as a Salesman in 1974. He worked his way up through the company before leaving in 1991. Allan then joined Pedigree Petfoods, where he was Sales Director until his appointment in 1992 to Asda Stores Ltd.</p> <p>He began his career in Asda as Group Marketing Director and was appointed Chief Executive in 1996. There he was credited with a successful turn-around of the business in the mid-late nineties and oversaw the acquisition of the business by Wal-Mart in 1999. In November 1999 Allan also became the President and CEO of Wal-Mart Europe.</p> <p>In November 2000, Allan left Asda as he took on a number of non-executive roles at high-profile companies including Royal Mail, Co-Op, Dyson and lastminute.com. Allan also spent time in Canada, as President of Loblaw Companies Ltd (Canada’s largest Food retailer).</p> <p>Allan rejoined Asda as Executive Chairman in November 2024.</p>
<b>Lord Stuart Rose</b> – <i>Non-Executive Director</i>	December 2021 (resigned March 2025)	<p>Stuart possesses a wealth of retail and business experience, having been a Chair, board director and Chief Executive of many of the UK’s biggest retailers, including Marks &amp; Spencer. He joined Marks &amp; Spencer as a management trainee in 1972 and returned in 2004 as CEO and then went on to become Executive Chair. Stuart has also held executive roles at the Burton Group, Argos, Booker and Arcadia.</p> <p>His non-executive career included roles at Woolworth Holdings SA and Ocado, where he spent seven years as Chairperson between 2013 and 2020. Stuart is also currently Chair of Zenith Automotive and EG Group. He was knighted in 2008 for services to the retail industry and corporate social responsibility and granted a life peerage in August 2014.</p> <p>Stuart was appointed to the Board as Non-Executive Chairman in December 2021 and in September 2024 was appointed Executive Chairman. Stuart stepped down as Executive Chairman in November 2024 on the appointment of Allan Leighton, and remained as a Non-Executive director until his resignation from the Board on 31 March 2025.</p>
<b>Gary Lindsay - Director</b>	September 2020	<p><i>Managing Partner of TDR Capital LLP.</i> Gary joined TDR Capital in June 2008 and is Managing Partner of the firm. Prior to joining TDR, he worked at Citi and Bear Stearns.</p> <p>Gary received a master’s degree in Finance with distinction from the University of Strathclyde and a Master’s degree in Chemistry, with first class honours, from the University of Edinburgh.</p>

<b>Robert Hattrell – Director*</b>	December 2023	<i>Partner and Head of Digital at TDR Capital LLP.</i> Rob joined TDR Capital in September 2022 as Head of Digital. Prior to TDR, he was Senior Vice President for eBay Europe in charge of the European business strategy and operations. Prior to eBay, Rob spent 7 years at Tesco in various roles including leading the General Merchandise business and as UK’s Chief Information Officer. Rob began his career at Accenture where he focused on technology-led transformation projects for retail clients globally.
He holds a bachelor’s degree in Geography from Oxford University.		
Rob was appointed to the board of Bellis Finco plc on 11 November 2024.		
<b>Mohsin Issa - Director</b>	September 2020	<i>Minority shareholder of Bellis Topco Limited, indirect parent of the Group.</i> Mohsin is a resourceful business leader who has been a major driving force behind the growth and development of EG Group, a leading global petrol forecourt retail convenience operator, including being actively involved in negotiations with major brand partners, capital raising and financing transactions. Mohsin is also the CEO and Co-Founder of EG Group, which now has more than 6,200 sites in 10 countries after launching from a single petrol forecourt in Bury, Lancashire, in 2001.
Prior to EG Group, Mohsin held senior leadership roles at various Issa family businesses. Mohsin was honoured in the Queen’s Birthday Honours List 2020 for his contribution to business and charity.		
Mohsin stepped down as a Director of Bellis Finco plc on 19 December 2024. He continues to be a Director and member of the Board of Bellis Topco 2 Limited.		
<b>Zuber Issa – Director</b>	October 2020 (resigned October 2024)	<i>Previously Co-Owner of Bellis Topco Limited, indirect parent of the Group.</i> Zuber is a natural leader and versatile strategist who has spearheaded the growth of EG Group, including actively leading on introducing its new-to-industry sites, site investment and development, and Group operations.
Prior to EG Group, Zuber established a number of enterprises including a chain of newsagents in busy mall locations in the north-west of England.		
Zuber resigned as a Director of Bellis Topco 2 Limited and Bellis Finco plc, and stepped down from the Board in October 2024.		
<b>Dame Alison Carnwath – Non- Executive Director and Chair of Audit Committee</b>	December 2021 (resigned March 2025)	Dame Alison has a strong track record as a Non-Executive Director of some of the UK’s leading companies, including as Chairperson of Land Securities, a position which she held for 10 years before retiring in 2018. She has also served as a Director on the boards of BP, Friends Provident, Gallaher, Barclays and Man Group among others, and as Chair of the Audit Committee at Zurich Insurance. Dame Alison was Chair of the Audit Committee during the year and continued in this role until the end of March 2025. Dame Alison is an independent Non-Executive Director at EG Group and her current roles also include Director of Collier Capital and Non-Executive Director at Paccar, a NASDAQ-listed Fortune 500 company, and Trustee of the Economist Group. She is a former member of the UK Takeover Panel and was named a Dame in the 2014 New Years’ Honours for her services to business.

Dame Alison resigned as Chair of the Audit Committee and as a Non-Executive Director of the Board on 31 March 2025 and is succeeded in these roles by Jo Whitfield.

<b>Courtney Naudo</b> <i>- Director</i>	September 2023	<i>Chief People Officer for Walmart International.</i> Courtney supports Walmart's 500,000 associates across the 18 countries where Walmart operates outside the United States. Courtney also served as the SVP of Strategic Portfolio Management supporting the delivery of strategic initiatives, partnerships, and corporate development activities across the international portfolio of businesses. She joined Walmart as the VP of International Technology, leading product and engineering teams to deliver technology solutions for Merchandising, Back Office, Global Sourcing, and Operations. Before joining Walmart in 2019, Courtney was a Partner at Deloitte Consulting, having almost 20 years' experience in global management consulting and corporate finance advisory.
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<b>Jo Whitfield</b> – <i>Non-Executive Director</i>	April 2025	Jo was appointed to the Board as a Non-Executive Director and Chair of the Audit Committee on 1 April 2025, succeeding Dame Alison Carnwath.
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Jo began her career at Ernst & Young and worked in finance roles for companies including Northern Foods and Matalan. She spent eight years with Asda and George from 2008 onwards, holding a number of senior leadership positions in operations, ecommerce, commercial, general merchandise and Asda Money & Mobile.

After this, Jo joined the Co-op, where she was Chief Executive of Food for five years from 2017. During her time with the Co-op, she was awarded a CBE in the 2021 New Year honours for her work during the Covid pandemic. Until last year, Jo was the CEO at Matalan, leading a business turnaround strategy and a refocus on value.

\* Denotes directors of both Bellis Finco PLC and Bellis Topco 2 Limited.

#### *Executive Committee*

On a day-to-day basis, Asda is run by the Executive Committee, a group of senior leaders who provide strategic direction and operational management across Asda's business. Allan Leighton and Robert Hattrell are both members of the Executive Committee. Information on the other members of the Executive Committee is included in the table below.

<b>Name and role</b>	<b>Date appointed to Executive Committee</b>	<b>Career and experience</b>
<b>Allan Leighton</b> – <i>Executive Chairman</i>	November 2024	On his appointment to the Board of Bellis Topco 2 Limited as Executive Chairman in November 2024, Allan Leighton also joined the Asda Executive Committee. He leads the Executive Committee in setting and executing Asda's strategy and is hands-on in the day-to-day management of the business.

<b><i>Robert Hattrell</i></b>	July 2024	After having been appointed to the Board of Bellis Topco 2 Limited in December 2023, Rob Hattrell joined the Executive Committee in July 2024. Rob plays an active role in the day-to-day management of Asda which benefits from his considerable experience as a retailer.
<b><i>Michael Gleeson – Chief Financial Officer •</i></b>	2023	Michael joined Asda in May 2023 as Chief Financial Officer, having previously held a similar role at Morrisons. He joined Morrisons in 2014 initially as Group Financial Controller, holding a number of senior finance roles before being appointed CFO in December 2019. Prior to joining Morrisons, Michael also worked for Tesco in a number of senior finance roles. He is a chartered accountant having qualified with Arthur Andersen in Dublin.  Michael was appointed as a Director of Bellis Finco plc on 11 November 2024.
<b><i>Hayley Tatum – Chief People and Corporate Affairs Officer</i></b>	2011	Hayley oversees all matters related to our c. 140,000 colleagues. From 2017 to 2020, Hayley was a Non-Executive Director of the Department for Work and Pensions, and prior to joining Asda spent 20 years at Tesco.
<b><i>Kris Comerford – Chief Commercial Officer – Food</i></b>	2022	Kris is responsible for delivering a market-leading food proposition for customers. Kris joined from Tesco where he has held a number of senior roles within the commercial function, including spending three years as Chief Commercial Officer for Tesco Lotus in Thailand before returning to the UK in 2020.
<b><i>Helen Selby – General Counsel &amp; Company Secretary</i></b>	2020	Helen has overall responsibility for the legal and compliance functions. She has previously spent the majority of her legal career working for a number of food manufacturers, including Mars Wrigley Confectionary UK and Hovis where she was a member of the respective executive leadership teams. Prior to qualifying as a solicitor, Helen served as an Officer in the Royal Air Force both in the UK and overseas.
<b><i>Liz Evans – Chief Commercial Officer, Non-Food and Retail</i></b>	2022	Liz leads the Non-Food and Retail business. She spent her early career at Marks & Spencer in roles across retail, womenswear and its international business, before leading a number of UK fashion brands. Prior to joining Asda, Liz was the CEO of family lifestyle brand FatFace.
<b><i>David Hills – Chief Customer Officer</i></b>	2023	David joined Asda in September 2023 and oversees the Group’s customer function. He spent his early career at Kellogg’s across a variety of sales, category management and customer marketing leadership roles before joining Aldi in 2007. At Aldi he worked as a Buying Director before becoming Group Director Marketing and Communications in 2012.

<b><i>Matthew Kelleher – Chief Digital Officer</i></b>	2024	Matt has nearly 30 years of experience in the retail sector, including 11 years at Morrisons, where he was part of the Operating Board for the last five years. He established and scaled the Morrisons.com channel and most recently had responsibility for Supply Chain, IT and Productivity as the Morrisons Group Chief Information Officer.
<b><i>David Lepley</i></b>	2025	<p>Matt is responsible for Asda's data and e-commerce functions.</p> <p>David began his career at Asda as a Christmas temporary colleague at the Grantham store in 2001, working his way up to Vice President Online Grocery when he left the business in 2016.</p> <p>David then spent 8 years at Morrisons, overseeing stock replenishment and group operations, before leaving his role as Executive Group Operations Director at Morrisons to rejoin Asda in January 2025, where he now oversees Asda's food and general merchandise supply operations.</p>

- *Denotes directors of Bellis Finco PLC*

#### *Balance, Diversity, Size and Structure*

The size and composition of the Board is appropriate for the nature of the decisions made and implemented by the Executive Committee. It is considered that the Directors of the Company have the appropriate balance of background, skills, experience and knowledge to make and execute Group decisions, working closely with the wider Executive Committee.

The scrutiny, review and support provided by the Board provides an appropriate amount of independent rigour and challenge to the operation and decisions of the Executive Committee. This includes participation in appointments to the Board and Executive Committee, monitoring the effectiveness of the Board and Executive Committee and implementation of governance approval procedures.

The size and composition of the Executive Committee is appropriate for the size and nature of the business. In particular, each of the Group's key business functions are represented in Executive Committee meetings and each member is highly skilled and experienced in the function that they represent. The variety of backgrounds, skills, experience and knowledge ensures decisions relevant to the Group are being made in a diverse forum. The diversity of thought and expertise provided by the respective Executive Committee members promotes balanced and holistic decision making which assesses the impacts of decisions on the various stakeholders who have an interest in the operations of the Group and who are affected by the decisions made.

The Executive Committee and the Group observe a Diversity and Inclusion policy. The Executive Committee and the directors of the Company continuously strive to increase diversity at all levels of the organisation.

#### *Effectiveness*

There are periodic evaluations of the constitution and effectiveness of the Executive Committee and additional appointments are made where necessary to deliver the appropriate diversity and expertise. Further, Executive Committee members have a formal appraisal process twice annually which considers performance and rewards.

The Group is committed to on-going professional development of its employees, including Executive Committee members. This is delivered through a variety of means such as mentoring programmes, Officer development days and various training courses, ensuring that employees have the most up to date knowledge and skills to ensure they are effective in their roles.

For further details on how the Board and Executive Committee engage with the Group's stakeholders and promote the success of the Group, please refer to the Our Stakeholders and Section 172 Statement on page 33.

### Principle Three: Director Responsibilities

#### *Accountability*

The Board and Executive Committee observe detailed corporate governance policies and procedures which set out clear guidelines as to which internal stakeholders within the Group and ownership structure need to be informed, consulted with or approve certain matters, which ensures that there are appropriate checks and balances in place before making decisions.

The members of the Executive Committee receive a detailed on-boarding pack upon appointment detailing their accountabilities and obligations. Individual responsibilities are clearly defined by the People Team and any changes to an Executive Committee member's areas of responsibility and/or reporting lines are briefed to the whole business via colleague email communications. The business as a whole therefore has a clear understanding of each Executive Committee member's responsibilities and remit. Where individuals are directors of separate legal entities within the Group, they are aware of their responsibilities regarding each of these legal entities.

#### *Our Governance Committees*

We have a range of committees with board-delegated authority which meet regularly to manage day-to-day operations and decision-making on behalf of the Board. The areas of responsibility of each group are described below. Committees are chaired and attended by members of the Board and Executive Committee as appropriate, and other relevant members of senior management. These committees operate under clearly documented terms of reference and the remit of each is regularly reviewed, and the terms of reference are updated as and when required.

Governance committees are described below and take place at different levels within the group structure.

#### Committees at Bellis Topco 2 Limited

##### *Audit Committee*

The Audit Committee's objectives are to provide oversight and effective governance over the appropriateness and integrity of the financial reporting of the Group, the internal financial controls and risk management systems, compliance with laws and regulations, and the effectiveness of the internal audit function and external auditor. The committee meets at least four times a year aligned with the external reporting and audit cycle, and was chaired by non-executive director Dame Alison Carnwath, who was succeeded by Jo Whitfield on 1 April 2025.

##### *Nominations and Remuneration Committee*

The Nominations and Remuneration Committee meets twice a year and is chaired by Executive Chairman Allan Leighton. Its remit includes evaluating the balance, experience, knowledge and skills of the Board, succession planning, monitoring independence of non-executive directors, monitoring trends and compliance with corporate governance best practice, and recommending remuneration strategy and policies for the Group.

Additionally a Nominations and Remuneration Committee for Asda Group Limited and its subsidiaries is chaired and attended by members of the Executive Committee, and is responsible for setting remuneration policies for the business more broadly, including decisions around bonus and hourly pay.

#### Committees at Bellis Finco PLC

##### *Disclosure Committee*

The Disclosure Committee is responsible for managing the disclosure of material non-public

information (MNPI) to Asda's bond investors and lenders. It meets quarterly aligned with the quarterly investor reporting cycle and on an ad hoc basis as required when potentially material events arise. It is chaired by the Chief Financial Officer and attended by the General Counsel and the Group Financial Controller (who is also the Group's Disclosure Officer). The Committee reports into the Audit Committee.

#### Committees at Asda Group Limited

##### Liquidity and Financial Risk Management Committee (LARM)

LARM meets on a monthly basis and is chaired by the Chief Financial Officer and attended by the General Counsel, the Group Financial Controller, and the Senior Director for FP&A and Treasury. Its role is to review and make recommendations to the Board with respect to cash, liquidity, financial risk management, and any other area relating to risks arising out of financial transactions, including investment decisions, interest rate and foreign currency exposure.

##### Compliance, Ethics, Risk and Audit Committee (CERA)

CERA meets monthly and is chaired by the General Counsel and attended by the Chief Financial Officer and the Chair of the Audit Committee. Its role is to oversee review and monitoring of Asda's systems of internal controls and risk management, the internal audit process, and compliance with laws, regulations and ethical codes of practice. CERA reports into the Audit Committee.

##### Asda Real Estate and Investment Committee (AREIC)

AREIC meets monthly and is chaired by the Chief Financial Officer. It is responsible for reviewing and providing recommendations to the Board on capital investment and real estate matters, including overseeing the annual capital planning process, reviewing and providing recommendations of approval on material projects, and identifying risks and opportunities within the plan.

### *Integrity of information*

The Board and Executive Committee have established formal and robust internal processes which ensure that the systems and controls in place are operating effectively. This ensures the quality and integrity of financial and non-financial information provided to the Board and the Executive Committee is reliable, to allow for better-informed decision making. Routine and specific ad hoc reporting is provided to the Board and Executive Committee on a regular basis, covering all key aspects of the Group's performance against agreed key performance indicators of a financial and non-financial nature.

## Principle Four: Opportunity and Risk

### *Opportunity*

The Board and Executive Committee seek out opportunity which is conducive to achieving the Group's strategy, whilst mitigating risk, in line with the Group's risk management framework.

### *Risk*

The Company has a risk management programme which drives identification, mitigation and ongoing monitoring of significant risks which is overseen by the Audit Committee and CERA which are described above. Please refer to the Principal Risks and Uncertainties section below for further details on the risks identified and assessed.

## Principle Five: Remuneration

### *Setting remuneration and delegating remuneration decisions*

Asda aims to attract and retain a high-quality workforce through appropriate, fair and affordable remuneration at all levels of the Group. Remuneration decisions are handled by the Nomination and Remuneration Committees for Bellis Topco 2 Limited and Asda Group Limited, as described above. When setting director remuneration for senior management there is a key focus on the Group's performance, both in terms of annual results and the long-term sustainable success of the Group. Bonuses are set on annual metrics including profit and sales to ensure a balanced focus on creating value for the Group's investors whilst improving the shopping experience for customers. Senior leaders are able to participate in a Cash Incentive Scheme whereby the level of financial return to participants is directly linked to the performance of the business over annual and five-year pay-out horizons. In this way, participants in this scheme are incentivised to make decisions which promote and protect the Group's long-term value.

Pay of the Board and Executive Committee is regularly benchmarked against competitors to ensure the appropriate individuals, who have the ability to deliver the Group's strategic objectives, are secured and retained.

## Principle Six: Stakeholder Relations and Engagement

Asda engages regularly with each of its key stakeholder groups to ensure their needs are appropriately reflected in our purpose and priorities. Key stakeholder groups include customers, colleagues, suppliers, and investors. Please refer to the Our Stakeholders and Section 172 Statement on page 33 for details on how we engage with each group and take their needs into account.

## Our Stakeholders and Section 172 Statement

Engagement with stakeholders is a key consideration for the Board in decision-making and promoting the long-term success of the Group. This section sets out our key stakeholders, how we engage with them, and how this shapes and influences how we do business, and serves as the section 172 statement for Bellis Finco PLC, and together with its subsidiaries, the Group.

During the year ended 31 December 2024, the directors of the Company have acted in accordance with Section 172(1) of the Companies Act 2006, in the way they consider, in good faith, would be most likely to promote the success of the Company and the Group for the benefit of its members as a whole and, in doing so, have regard to the interests of other stakeholders, whilst maintaining high standards of business conduct.

The Company does not itself trade with suppliers or customers and has no employees. It has interests in subsidiary undertakings, including ownership of Asda Group Ltd and its subsidiaries, which is responsible for relationships with external stakeholders including customers, colleagues, suppliers and debtholders.

### Customers

Our mission is to be Britain's best fresh food and clothing superstore by satisfying the weekly shopping needs of ordinary working people and their families who demand value.

To do this successfully, it is essential that we listen to customers to meet their needs. We have over 20 million customers who shop with us in store and online each week and there are a range of ways in which we engage with them on a regular basis so we can make sure we are delivering to meet their needs.

In 2024 we continued to listen to our customers as part of our Customer Insight Programme. We routinely conduct qualitative and quantitative research including surveys, focus groups and accompanied shopping trips with our customers on a number of important subjects across our grocery, non-food and clothing business, to place them at the heart of our strategic priorities. These included:

- Understanding our customers' needs – how they think, feel and behave, and ultimately how our proposition, products and services can be designed or optimised to best meet their needs;
- Testing and measuring our value propositions and campaigns with our customers;
- Understanding customer mindsets to help support the development of our propositions during key moments across the year, including Easter, Summer, Halloween and Christmas;
- Competitor benchmark tracking to understand our brand and experience performance relative to our competitors on a range of themes, including value, price, quality, ease, and choice;
- Conducting deep dives across our insight sources to understand the impact of new initiatives, for example our refreshed product ranges, and new store trials and layouts;
- Supporting our commercial teams with research to inform delivery of category strategies; and
- Running regular customer listening groups to allow colleagues across our business to hear what is important to our customers and what is happening in their lives, to put our customers at the heart of everything we do.

Some examples of the surveys we routinely conduct with customers include:

- **Customer satisfaction survey – Tell Asda:** 3.5 million customers provided feedback on their experience shopping with us in store and online in 2024, helping the business to understand key areas of priority to drive improvements to the experience we deliver;

- **Asda Online Customer Community:** ongoing engagement with Asda customers through an online community where our customers feed back regularly on what is important to them in their lives, as well as our products and services through polls, discussion rooms, surveys, focus groups and in-depth interviews;
- **The Asda Income Tracker:** a report produced monthly by the Centre for Economics and Business Research (CEBR), with key economic indicators including essential spend and disposable income to enable an understanding of the economic challenges facing our customers; and
- **The Asda Foundation Community Togetherness tracker:** a quarterly survey to support the Asda Foundation in understanding the areas of importance to customers and community champion colleagues, covering issues ranging from the cost of living crisis through to mental health and loneliness/isolation, the outputs of which help the Asda Foundation prioritise areas of focus to support the communities Asda serves.

We also regularly review the purchase behaviour of our customers both within Asda and in the wider market in collaboration with a number of external insight partners. This information is used to identify areas of opportunity, review the strength and appeal of our propositional activity, and prioritise where customers' needs can be best served by Asda.

In addition to understanding the needs of our customers in the moment, we also adopt a horizon scanning approach to identify the emerging and future trends that we believe will be most important to our customers.

Customer insight is shared directly with key decision makers and stakeholders across our business on a regular basis, including weekly with the Executive Committee's Performance Board meeting.

## Colleagues

Our colleagues are what make Asda. Our workforce is made up of around 140,000 colleagues across 1,200 stores and food service outlets, 30 depots, hubs and consolidation centres, and our four home office locations. Our retail colleagues make up the largest proportion of this, with approximately 85% of our workforce serving customers in store, 9% in the distribution network and online fulfilment centres, and 6% in home offices and other operations.

Our commitment to creating an inclusive environment, which reflects the communities we serve, allows the Group to attract, recruit and retain high-calibre colleagues, as well as driving better engagement with our customers. Creating an inclusive culture that supports colleagues to thrive and reach their full potential is a key focus area.

### *Colleague Involvement*

We pride ourselves on involving our colleagues in helping to make Asda a great place to work. Examples include regular local engagement with store, depot and home office Colleague Voice groups to help promote the work we are doing to create a diverse and inclusive workplace.

We are a values led organisation. Our values and supporting leadership behaviours are integrated into our people processes (recruitment selection, performance, and development). These are supported by a comprehensive Leadership Framework and a corresponding Learning and Development program designed to empower both colleagues and leaders to embody our values in their work.

We have regular constructive engagement with our Trade Union Partners, GMB, Usdaw, URTU and Unite to ensure that we consider the views of members and colleagues alike. In 2024, we launched our Colleague Advisory Panel (CAP) which brings together the chairs of all our elected representative forums and representatives from the inclusion networks to discuss strategic business issues directly with members of our Executive.

To ensure we inform and consult appropriately, we work with our National Colleague Voice groups and trade unions on business change proposals we may have. We also work together to improve health and safety and seek their views and opinions on new initiatives we trial such as our Retail Leadership Structure. We have quarterly meetings with our colleague representative groups to update and listen to their views. Agendas are jointly agreed and contain key business updates such as the progress on our Project Future IT separation programme, employment policy development and our inclusion agenda. Senior leaders attend each of the sessions to update on business performance and respond to points raised.

We also engage directly with our colleagues. 59% participated in our annual Your Voice engagement survey in 2024 which provides us with an additional way to listen and respond to colleague feedback about working at Asda. This insight is reviewed by our Executive team, line managers and within individual teams to drive change and continue to improve colleague engagement.

As part of our engagement strategy each year, we hold our Proud to be Asda awards, where both colleagues and customers can nominate individuals who have lived our values and, in many cases, displayed amazing acts of heroism and kindness. Service milestones are also celebrated at regional events across the country to thank colleagues for their long service.

### *Recruitment, Training and Development*

Offering the right training and development opportunities is key to attracting and retaining high-calibre talent. At Asda, both informal and formal development are part of our culture to ensure colleagues are supported to achieve their potential.

Asda is proud to support those who have previously served in the Armed Forces and guarantee interviews for ex-servicemen and women who meet the minimum criteria for a role, provide leave for reservists' and cadet training as well as support employment opportunities for service spouses and partners. Asda recruits more than 1,000 new colleagues from the armed forces service leaver community each year.

We have a range of over 80 apprenticeship programmes on offer to support managers in our stores, depots and home offices, along with apprenticeships to support specialist roles in our home offices. In 2024, we supported over 820 colleagues to work towards or complete a qualification, and committed £0.9m (bringing the total since launch to £4.6m) of our apprenticeship levy to support 135 new apprentices.

Our "How to get on at Asda" programme runs across retail, depots and head office and promotes clear development pathways and apprenticeships for colleagues at every level so that they can learn new skills and build their own path to the next stage in their career.

Within the programme, we promote in-house learning programmes, apprenticeships and external learning resources tailored to a colleague's onward career aspirations. This includes supporting hourly paid retail colleagues to progress towards their first salaried position; programmes to support managers aspiring towards senior manager positions; a development programme focusing on behavioural change to enhance leadership effectiveness amongst the senior leadership; and a partnership with the Cranfield School of Management.

Our "Lead Asda" development programme received accreditation from the Institute of Leadership and is accessible to all leaders and salaried colleagues across the business. The curriculum is broken down into three levels: Leading Self & Others, Leading Teams and Leading Organisations, with skill pillars covering coaching, culture, change influencing and interpersonal relationships. In 2024, over 7,000 colleagues accessed the programme.

Our commitment to internal development transcends all levels and formats in Asda. With this in mind, we launched the Asda Talent Hub in September 2024 with the ambition of creating a single location for colleagues to find everything they need relating to the knowledge, skills and behaviours to grow

in their roles and careers.

We also invest in our future talent through our retail graduate and degree funded programmes, as well as our bespoke internal programmes, Activate and Intentional Allyship. Colleagues are given a range of support to develop their careers and achieve leadership roles and this investment will fuel a representative talent pipeline for our future.

In 2024, we invested further and launched our retail training stores. Retail training stores are where our new-to-business and new-to-role leaders will complete their technical training. Over 1,000 leaders have been through these to date. We also re-designed our compliance, safety and customer training, creating the Retail Ready learning programme to support our new colleagues to capability at pace and to drive a culture of safety and compliance.

### *Colleague Reward*

It is important to us that we offer transparent, fair and affordable pay. We negotiate with the GMB, URTU and Unite trade unions for our hourly paid colleagues in our distribution and logistics business, and with Usdaw for our hourly paid Retail colleagues in Northern Ireland, hourly paid and salaried colleagues in Arthur Foodstores Ltd and hourly paid colleagues in Asda Express Ltd and Leon Restaurants Ltd who are part of our Asda Express convenience business. Pay negotiations also take place with Usdaw for hourly and salaried colleagues who have joined Asda Express as part of the acquisition from the Co-op.

All salaried colleagues up to the Executive Committee are eligible for a bonus scheme, based on functional objectives set for each department. The Remuneration Committee approves the metrics on an annual basis.

For senior leadership there is a further cash incentive scheme which includes a combination of annual and five-year pay-out horizons, designed to reward performance against both short- and long-term business objectives.

We provide a range of discounts and benefits for all our colleagues including 10% off all shopping, which was increased to 15% in January 2025.

### *Developing an Inclusive and Diverse Culture*

We're passionate about and committed to building a business that is diverse and inclusive. Each day we listen to our colleagues to understand their experiences – working to create an environment that is inclusive, safe and supportive for all our colleagues, so they can be their best selves.

We continue to run a two-hour “Why Inclusion Matters” course for all of our line managers, and home office new starters. The course aims to improve our colleagues’ understanding of the importance and benefits of diversity and inclusion in the workplace and the role they play in making it happen. In 2024 we launched “Every Customer Matters”, a new module in the Retail Ready learning that aims to build awareness of the different needs of shoppers and empower colleagues to provide an inclusive and accessible shopping experience for all our customers.

We've also continued our focus on the importance of allyship through our #AsdaAllies campaign. At the beginning of 2024 we relaunched our five Inclusion Networks (Employee Resource Groups) and throughout the year ran campaigns and events to raise the awareness of the importance of allyship. Within campaigns, we worked with our Inclusion Networks to share colleague case studies, celebrate allyship across all underrepresented groups, and help colleagues understand how to support one another's wellbeing. In 2024 we were proud to continue supporting the work of our charity partners Diversity Role Models and Show Racism the Red Card through our George Pride range and Wear Red Day monetary donation.

In our 2024 Your Voice Survey, 80% of colleagues said they could “be myself at work every day”

and 76% said Asda “provides opportunities for people from diverse backgrounds to succeed”. While these scores are positive reflections of the inclusive culture of our business, we are not willing to stop here. By leveraging our leadership and development programmes, empowering our Inclusion Networks and putting the voice of colleagues at the heart of our decision making, we aim to build on these figures in 2025 and beyond.

### *Supporting Colleagues with Disabilities*

The Group is a proud member of the Business Disability Forum and is a Level 2 accredited Disability Confident Employer. We continue to deliver on our commitment to attract, recruit and retain colleagues who reflect the customers and communities that the Group serves.

We are an equal opportunities employer, meaning that selection, training, development and promotion is accessible and inclusive. We have a duty to make reasonable adjustments throughout the employment lifecycle to ensure that everyone can perform to the best of their ability.

### *Gender Diversity*

While equal remuneration and development opportunities apply to all our employees, like many businesses, an imbalance of men and women exists in certain roles. Reducing our gender pay gap and increasing the representation and opportunities for women at all levels remains a core focus for us. In 2021 we set a goal to increase the proportion of General Store Managers who are female to 30%, and as at 31 December 2024 had reached 29%. We are committed to exploring policies and approaches to achieve this.

Our gender split as at 31 December 2024 for directors, senior managers and employees is shown in the table below.

Note, the below table presents Full Time Equivalents (FTEs) of the consolidated group Bellis Finco PLC and its subsidiaries. Details of the Board of Bellis Topco 2 Ltd, Bellis Finco PLC’s indirect parent company, are provided in the Governance section above. The Directors disclosed in the table below are the statutory directors of Bellis Finco PLC as disclosed in the Company Information section at the beginning of this report.

<b>FTEs as at 31 December 2024</b>	<b>Total</b>	<b>Men</b>	<b>Women</b>	<b>Male %</b>	<b>Female %</b>
Directors	2	2	-	100%	0%
Senior Managers	1,095	695	400	63%	37%
Employees	97,779	51,876	45,903	53%	47%
<b>Total FTEs</b>	<b>98,876</b>	<b>52,573</b>	<b>46,303</b>	<b>53%</b>	<b>47%</b>

<b>FTEs as at 31 December 2023</b>	<b>Total</b>	<b>Men</b>	<b>Women</b>	<b>Male %</b>	<b>Female %</b>
Directors	2	2	-	100%	0%
Senior Managers	1,077	658	420	61%	39%
Employees	95,216	50,090	45,125	53%	47%
<b>Total FTEs</b>	<b>96,295</b>	<b>50,750</b>	<b>45,545</b>	<b>53%</b>	<b>47%</b>

In this context, the definition of Senior Manager is aligned with the Financial Reporting Council’s strategic report guidance, i.e. an employee who has responsibility for planning, directing or controlling the activities of the entity or a strategically significant part of it.

Please refer to Note 7 Employee numbers and costs in the Notes to the Financial Statements for further employee information.

### *Our Plans to Close the Gap*

In 2024, for the third year running we delivered a bespoke six-month development programme to help improve female and ethnic minority representation at senior levels in our business. This is a significant step in our commitment towards levelling the playing field in gender and ethnic diversity. Since 2022, the programme has reached over 800 female and ethnically diverse colleagues from all functions across our business to work with over 50 senior leadership mentors.

We recognise the significant impact menopause can have on wellbeing and continue to promote inclusive practices and education to raise awareness of the impact menopause has at work and to de-stigmatise conversations about menopause in the workplace. As a menopause friendly employer, we have made sure that all line managers have access to training on menopause at work, run in collaboration with our partners Henpicked.

### *Colleague Wellbeing*

At Asda we seek to create a culture which enables colleagues to be the best they can be, whilst also ensuring they feel able to seek support and have access to helpful resources as and when they might need them. Our Colleague Voice groups are key to creating this inclusive culture and ensuring our people feel heard. In addition, we also have a number of other wellbeing programmes, initiatives and benefits in place to support colleagues to keep mentally, physically, financially, and socially well.

Every colleague can access a one-hour training course focussed on mental wellbeing which is accredited by Rethink Mental Health Illness, which supplements our wider wellbeing curriculum featuring sessions including 'Looking after my Wellbeing', a 3.5-hour course focused on mental, physical, and emotional wellbeing. This course is accessible to all colleagues and mandatory for retail section leaders and managers, as well as depot department managers and shift managers.

By providing high-quality training, our ambition is to continue driving awareness of mental health and to de-stigmatise conversations around mental health in the workplace.

### *Health and Safety*

We are committed to maintaining high standards of health and safety which protect colleagues and customers and to minimising the number of accidents/incidents and loss across our business. The Board is committed to help ensure that we reduce, so far as is reasonably practicable, health, safety, and fire risks for our colleagues, customers, suppliers, and others that we work with. Where accidents, fires, or other incidents likely to lead to loss do occur, we aim to minimise the impact of these events on the affected individuals and wider business through our response procedures.

We achieve this by:

- Providing resources and structures to ensure appropriate governance and management;
- Establishing processes and procedures to identify, mitigate and monitor health, safety, and fire risks;
- Providing and maintaining a workplace with safe facilities and equipment;
- Providing suitable information, instruction, training, and supervision to all colleagues; and
- Working with colleagues and third parties to promote and maintain safe working practices.

## Suppliers

We have around 2,400 Goods For Resale (GFR) suppliers that supply products for food, clothing and general merchandise, and 1,100 Goods Not For Resale (GNFR) suppliers across the Group that support all functions, including retail, distribution, and home office operations. Our suppliers range from large multi-national companies to small independently-run businesses.

Our supplier engagement strategy aims to achieve world-class business relationships with an “always on” approach to communication. Our suppliers are our partners for growth, and positive relationships are critical to achieving mutually beneficial goals, particularly as we progress through our Project Future IT transformation as we separate our IT environment from our previous owners Walmart, and expand our business into the convenience sector. We seek to facilitate efficient ways of working by providing knowledge and support through our dedicated supplier portal, through frequent supplier conferences, and regularly listening to and acting on feedback.

Our suppliers complete annual independent surveys, from which we use the results to form the basis of supplier workshops across key business areas to find ways to improve our supplier relationships.

In respect of suppliers of grocery products, Asda is subject to the requirements of the Groceries Supply Code of Practice (“GSCOP”) and we have mature policies and processes embedded into our ways of working to ensure ongoing compliance. Each year we review our performance and build additional layers into our compliance programme to ensure continuous improvement. In 2024, 95% of suppliers ranked Asda as “consistently or mostly” following GSCOP (2023: 94%).

## Shareholders and Finance Providers

Mohsin and Zuber Issa and TDR Capital acquired Asda in FY21. In October 2024, TDR completed the acquisition of Zuber Issa’s shares in Asda, making TDR the majority shareholder. As board members, representatives of TDR Capital and Mohsin Issa work with the Asda Executive Committee to deliver Asda’s strategy.

The acquisition of Asda Group in February 2021 was funded by raising external debt financing in the form of senior secured notes (SSNs), senior unsecured notes (SUNs) and term loans. Further, in October 2023 the Group entered into a financing facility of £684m with Apollo Global Management to part finance the acquisition of Asda Express (Jersey) Ltd. In 2024, £3.4 billion of debt comprising some of the senior secured notes and term loans was refinanced, and a further £152m was drawn down. For more information see the Key Principal Decisions section on page 19. We provide an update on the financial performance, strategic priorities and significant projects of the business on a quarterly basis to our lenders, in accordance with the terms of our lending agreements. Material reportable events are also reported to debtholders as and when they arise. The Investor Relations team manages routine and ad hoc reporting on behalf of the Group.

Asda’s previous owner Walmart retains a preference shareholding and Board position, and thereby remains informed and consulted on the Group’s activities and strategic direction through their contribution to the Board of the indirect parent company Bellis Topco 2 Ltd. The preference shares mature in February 2028. The expected repayment amount that would be required to be made in cash to Walmart by Bellis TopCo 2 in February 2028, including any accrued and unpaid interest, is approximately £900 million. Bellis TopCo 2 Limited may voluntarily redeem the Senior Shares at any time subject to paying a make-whole amount.

## Approach to Risk Management

Effective risk management is essential to executing our strategy. We assess the risks we need to take to remain successful and to grow. These risks inform our strategic decision making and we manage identified risks as effectively and pragmatically as possible.

The Board is ultimately responsible and accountable for overseeing the effectiveness of our risk management process, including identification of the principal risks facing our business. The Board challenges management's implementation of effective systems of risk identification, assessment and mitigation. The Board has delegated the responsibility for reviewing the effectiveness of the Group's internal controls and risk management arrangements to the Audit Committee.

To support the Audit Committee in executing its risk management responsibility, Asda's operating procedures and processes are closely aligned to business risks with management having responsibility for mitigating risk in the first line. This comprises identifying risks, assessing impact and likelihood, and implementing action and mitigation plans. Second line risk management activities are also in place to provide further assurance and rigour. The impact assessment of a risk includes considering its potential reputational, financial, and operational effects.

The Group risk management framework derives from the Group Risk Management Policy which is subject to periodic review and is designed to support the business in achieving its strategic objectives. As part of its risk management activities, the Board reviews the Group's principal risks and risk appetite on a regular basis.

## Principal Risks and Uncertainties

The Board considers the principal risks to be the most significant risks faced by the Group, including those that are the most material to our performance and those that could threaten our business model or the future long-term solvency or liquidity of the Group. The principal risks do not comprise all the risks associated with our business and are not set out in priority order. Additional risks not known to management, or currently deemed to be less material, may also have an adverse effect on our business.

## Regulatory, Political and Compliance Environment

**Failure to comply with legal requirements or regulatory standards, or respond adequately to changes in an increasingly regulated and complex UK political environment, as well as demonstrate considered and legitimate engagement with key stakeholders, trade unions and colleague representatives, could lead to significant fines, reputational damage and affect our ability to operate.**

### Context

- We are subject to extensive, increasingly stringent and frequently changing laws and regulations. Increased scrutiny from regulators and enforcement authorities, including in relation to advertising, food and product safety, health and safety matters and the environment could impose substantial liabilities and costs. It could also have a material adverse effect on our business, financial condition and results of operations.
- Any claims could result in litigation against the Group and could also result in regulatory or legal proceedings being brought against the Group. Often these cases raise complex factual, accounting and legal issues, which are subject to risks and uncertainties and which could require significant management time, legal expenses and exposure to financial penalty.

### Mitigations

- We continue to risk assess all regulatory developments and test compliance with internal processes designed to mitigate risks, making improvements where required.
- We engage our colleague representatives quarterly to update on progress and consult them on business change proposals as required.
- Robust policies, procedures and training are in place and we have an established Legal & Compliance Programme designed to ensure compliance with relevant legal and regulatory requirements across key subject areas including but not limited to GSCOP, Health & Safety, Privacy, Financial Services and Anti-Bribery.
- The Statement of Ethics also provides clear guidance to colleagues on appropriate behaviour, including guidance on how to raise any business conduct concerns they may have.
- Colleagues can raise issues by contacting the independent ethics hotline, or by contacting the Legal and Compliance team directly by email, phone or online. In addition, procedures were in place during the period in respect of compliance with the UK Bribery Act.

**Oversight is provided by the Compliance, Ethics, Risk & Audit (CERA) Committee.**

Safeguarding our Colleagues and Customers

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**Inability to manage risks relating to health and safety, sourcing, food safety and customer expectations for both food and non-food products and in our stores and premises increases the risk of injury or loss of life, reputational damage, and decreased customer confidence.**

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**Context**

- Any event, such as a significant product recall or negative press reaction to statements made or actions taken could damage our brand or reputation or cause customers to lose confidence in the safety and quality of the products we sell.
- Our colleagues are critical to maintaining our customer and supplier relationships and ultimately protecting our reputation as a business.
- These risks could have an adverse impact on our brand, reputation, colleagues, customers operations and regulatory standing.
- There is also a risk that products are not sourced in a responsible, ethical and sustainable way.

**Mitigations**

- The Asda Legal and Compliance team continue to work with the relevant home authorities to ensure the safety of customers and colleagues within our stores. All government guidelines are followed within all our stores and offices.
- We maintain strong relationships with our suppliers by operating on terms that are mutually agreed and updated as appropriate to reflect changes in both parties' respective needs.
- The Group has clear supplier standards as well as a human rights policy. Supplier audit procedures are in place to monitor adherence to these required standards and policies on responsible sourcing. We also continue to work with suppliers to help alleviate the challenges arising from recent supply chain pressures.

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**Oversight is provided by the Compliance, Ethics, Risk & Audit (CERA) Committee.**

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## Cyber and Data Security

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**There is a risk that Asda systems are vulnerable to cyber-attacks or data breaches which could lead to significant limitations in ability to operate, loss of earnings, brand and reputational damage and regulatory fines.**

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### Context

- There is a risk that the Group's systems are vulnerable to cyber-attacks which could lead to significant limitations in ability to operate, loss of earnings, reputational damage and regulatory fines.
- In the event of non-compliance with the requirements of General Data Policy Regulations (“GDPR”), there is a risk of data loss or misuse or other data breaches which could lead to significant fines and reputational damage.

### Mitigations

- A well-established Cyber Security team provides insight and detailed analysis of risks and remediations and is continually developing ways to mitigate potential risks.
- A Privacy team is in place to ensure all required areas of expertise and process for the programme is fit for purpose and for the future.

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**Oversight is provided by the Compliance, Ethics, Risk & Audit (CERA) Committee.**

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## Talent

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**There is a risk that Asda is unable to attract talented individuals with the relevant skillset, retain key colleagues, or adapt colleague skillsets to align with transformation activities, which could lead to a negative impact on operational performance, a delay in separation transformation and ultimately impact external reputation.**

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### Context

- Our ability to attract, retain and develop talented colleagues is important for long-term stability and success. There is a risk that we are unable to attract or retain talented colleagues and key individuals.

### Mitigations

- Regular industry benchmarking to inform decision making on our pay and benefits.
- Recruitment of new, experienced senior leaders to add to our current team to help deliver on our business strategy.
- There is an annual engagement survey to collate colleague views and an action plan is prepared and shared within functions to ensure we address specific issues that may arise.
- Following the launch of our new purpose and values in 2023, we integrated the values and supporting leadership behaviours into our people processes (recruitment selection, performance, and development). This was supported by a comprehensive Leadership Framework and a corresponding Learning and Development programme designed to empower both colleagues and leaders to embody our values in their work. The programme offers nine modules for individual leadership, eight modules for team leadership, and five additional seminars for our most senior leaders. We continue to invest in accelerated development through our “how to get on at Asda” programmes to ensure all grades have access to development material relevant for their career and have an opportunity to update, learn and develop their skills.
- Towards the end of 2024, we reflected on and refreshed the values which underpin our strategic direction, which are set out on page 6. We will continue to integrate these values into our people processes throughout 2025.

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- We have a range of over 70 apprenticeship programmes on offer to support hourly colleagues to managers in our stores, depots and home offices, along with apprenticeships to support specialist roles in our home offices and healthcare (Optical). We continually review our programmes and in 2024, we added a further 12 apprenticeship programmes to build colleague capability in specific areas including packaging, customer delivery drivers and artificial intelligence.
  - At the end of 2024, we had over 550 colleagues on an apprenticeship programme who were working towards or had completed a qualification.
  - A range of graduate level roles are available, including opportunities in retail, buying, finance and data science.
  - Talent reviews take place twice a year to ensure we continue to identify and develop talent within the organisation, in particular for critical roles.
  - Wellbeing support - every colleague can access a one-hour training course focused on mental wellbeing which is accredited by Rethink Mental Health. In March 2023 we introduced a new course, 'Looking after my Wellbeing', a 3.5-hour course focused on mental, physical, and emotional wellbeing, with 575 attendees in 2024. This course is accessible to all colleagues and is mandatory for retail section leaders and managers, and depot department managers and shift managers. In September 2023, we launched a 90-minute facilitated session, Supporting Colleague Mental Health which is available to all our leaders and had 215 attendees in 2024.

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**Oversight is provided by the Remuneration Committee, Compliance Ethics Risk & Audit Committee (CERA) and the Executive Committee.**

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## Operational Resilience

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**Inability to prevent, adapt or respond to a major failure or external event to a key part of the business or supply chains or with a third party (e.g. natural disaster, pandemics, technology) or inability to continue to improve productivity in operations could impact Asda's ability to trade, prevent us from serving our customers and result in not achieving our strategic objectives.**

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### Context

- Disruption as a result of major incident or external events can have a number of impacts, for example increased freight costs and wholesale energy prices and shortage of raw materials. Any disruption to our supply chain or suppliers can impact our future.
- There is no assurance that such pressures will not increase in the future which could materially increase our costs and impact our business. Sourcing and supply chain challenges could also be exacerbated through climate change as adverse weather conditions increasingly disrupt our ability to source, transport and deliver goods whilst also impacting our customers' ability to access our stores.
- It is critical that productivity across the business is sufficient to meet our ambitious growth plans and to achieve our strategic objectives.

### Mitigations

- We continue to work with suppliers to help alleviate the challenges arising from recent supply chain pressures. This includes using our own logistics network to support suppliers in the transportation of products from their manufacturing sites to our distribution centres, and amending ordering profiles to enable suppliers to better manage the efficiency of their production lines.
- A number of disaster recovery and business continuity plans are in place in the event of an incident which could severely affect the Group's ability to trade. A comprehensive Incident Response Plan exists to ensure business continuity in the event of a major incident.

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**Oversight is provided by the Executive Committee.**

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## Competition, Markets and Brand

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**In a highly competitive environment during a time of economic uncertainty, there is a risk we are unable to navigate changes in market structure and consumer shopping trends, effectively respond to government actions taken in response to price inflation or adjust to customers' changing expectations of value. This may lead to failure to enhance brand value and reputation, which could result in loss of market share.**

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### Context

- Our business is dependent on the economic situation in the United Kingdom and we are exposed to local, regional, national and global economic, political, social and other trends that could impact our operations and financial performance.
- In the highly competitive retail industry, success depends on satisfying changing customer needs more effectively than the competition. Failure to meet consumer demands is a competitive disadvantage and the Group may therefore be exposed to a loss of market share.
- Our brand and reputation constitute a significant part of our value proposition. Our success has been founded in part on our ability to develop our brand as a leading UK retailer of quality, competitively priced grocery, clothing and general merchandise. Maintaining the reputation of and value associated with our brand is central to the success of our business.

### Mitigations

- The Executive Committee invests significant time formulating, reviewing, and communicating our business strategy. This is delivered through strategic programmes with allocated programme teams tasked with delivering the objectives set out.
- There are regular reviews of relevant data on aspects such as price position, product availability and other measures of quality and service that are important to our customers.
- Continuous monitoring of market information to understand our position relative to competitors enabling action to be taken on a timely basis.
- The Group regularly engages with customers, both directly and through the monitoring of available external data, in order to ensure that our positive customer perception is maintained.

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**Oversight is provided by the Executive Committee.**

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## Climate Change

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**As the global climate crisis becomes more critical, there is a risk that Asda will fail to address climate-related impacts on our business in reputational, operational and financial terms and may not meet stakeholder expectations.**

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### Context

- As a retailer, we recognise that we have a responsibility to minimise the adverse impact that our business activities have on the environment. Failure to do this may result not only in adverse environmental impacts, but also financial penalties and long-term damage to our reputation.
- Other climate-related issues, for example adverse weather, may have a significant impact on our operations, property, supply chain, particularly in fresh, and our ability to maintain availability on our shelves.

### Mitigations

- We have a clear roadmap to achieve net zero Scope 1 & 2 greenhouse gas emissions, as we work towards net zero by 2040. We intend to resubmit near-term science-based targets covering all scopes and FLAG to the Science-Based Targets Initiative (SBTi) following acquisitions made in 2023.
- Scope 1 and 2 emissions come from fleet, buildings and purchased energy, and we have undertaken numerous activities to reduce these, e.g. continuing to rollout gas-powered HGVs and electrifying the Asda Online delivery fleet, and moving to lower-carbon refrigerants.
- On Scope 3 we continue to engage with our suppliers to reduce product-related emissions and work particularly closely with our largest suppliers on setting climate commitments for the products they sell us.
- Our ESG Steering Committee oversees risk analysis for climate-related risks to our operations and financial position, and puts mitigating actions in place. Please refer to the Non-financial and Sustainability Information Statement on page 59 for further information.

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**Oversight is provided by the Executive Committee.**

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## Separation

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**Delays in our ability to separate from Walmart could result in significant cost and any issues with the separation process, particularly system cutovers, could significantly disrupt business operations and impact our ability to meet our strategic objectives.**

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### Context

- The separation of Asda from Walmart is complex, and will require significant management attention and poses a number of risks including, but not limited to, the implementation of new IT infrastructure independent from Walmart (Project Future).
- Asda's other ongoing transformation programmes create a complex landscape for navigating delivery of transformation alongside business operations.

### Mitigations

- Following the separation, a dedicated programme team has been created and key partners identified to deliver the separation. Walmart will continue to provide services to ASDA under a Transitional Services Agreement. This includes continuity of existing IT services and support whilst independent systems are developed and implemented.
  - Appointed a Business Endurance Leader to ensure effective delivery of Future programme; weekly executive meetings held to ensure cross-functional transparency about progress of all workstreams. Continued focus on surfacing and mitigating risks, as well as resolving any issues that arise.
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**Oversight is provided by the Executive Committee**

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## Integration

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**There is a risk that the additional complexity of integrating acquisitions results in disruption and distracts management and colleagues which could impact profitability.**

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### Context

- Without an appropriate plan, there is a risk that the integration of acquisitions could result in significant added complexity and management distraction. Delays or issues could lead to additional cost which impacts profitability.

### Mitigations

- Dedicated workstreams have been set up to manage specific areas of the integration while ensuring minimal disruption to the wider Group.
- A governance structure has been established to provide oversight of key risks and decision making.

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**Oversight is provided by the Executive Committee.**

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## Liquidity, Funding and Financial Risks

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**There is a risk that Asda is unable to access the short-term and long-term funding required to meet business needs. In addition, there is a risk that fluctuations in foreign exchange, interest rates and commodity markets adversely impact on Asda's performance.**

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### Context

- Availability and ability to access appropriate levels of funding and maintain liquidity is critical for continued business operations. There is a risk that Asda is unable to access financial markets to obtain appropriate sources and levels of funding at economic rates or debt funding is removed due to non-compliance with lending agreements and related covenants.
- There is a risk of a working capital outflow if there were a significant reduction in payment terms to suppliers. Some of our suppliers benefit from access to supply chain finance facilities. The withdrawal of these facilities could lead to a review of payment terms.
- Markets around the world experience volatility due to macroeconomic and geopolitical conditions. There is a risk that Asda is not able to effectively manage and mitigate the impact of these events on financial performance.

### Mitigations

- The Group's Treasury function monitors current and forecasted cashflows and ensures that adequate short-term funds and borrowing facilities are in place to meet upcoming obligations.
- Covenant compliance is reviewed quarterly by the Controllershship team.
- The Liquidity & Risk Management Committee conducts regular horizon scanning for emerging financial risks including but not limited to volatility in foreign exchange rates and commodity prices.
- Refer to the next section on Financial Risks for further details, as well as Note 20 Financial Instruments.

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**Oversight is provided by the Liquidity & Risk Management Committee (LARM).**

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## Technology

**Failure to deliver and maintain secure, scalable and efficient key IT systems and infrastructure, including management of key technology partners and failing to adjust to evolving regulatory standards, could result in significant service disruptions, financial losses and reputational damage.**

### Context

- Failure of our IT infrastructure or key IT systems could lead to loss of earnings or regulatory fines, limit our ability to operate effectively and have a negative impact on our reputation.
- There has been a significant change in Asda's IT environment following the separation from Walmart and Project Future.
- As part of Project Future, a number of critical systems are cloud-based, software as a service (SaaS) solutions which increases the importance of effective management of IT vendors.
- The risk associated with cyber attacks or data breaches is covered within the Cyber and Data Security risk.
- The risk associated with Asda's IT separation programme (Project Future) is covered in the Separation and Integration risks.

### Mitigations

- We are continuously upgrading our technology infrastructure and platforms to strengthen resilience. This includes significant investment to enhance our internal infrastructure and upgrade legacy systems across the organisation.
- We are dedicated to strengthening our technology team's skills to improve and advance our core technology solutions.
- We continue to invest in, further refine and test our disaster recovery business continuity plans to ensure minimal disruption in the event of a technology failure.
- We oversee operations through a well-defined process for managing minor and major events.
- We prioritise, track and oversee technological innovation at Asda via robust governance and oversight framework.

**Oversight is provided by the Executive Committee.**

## Financial Risks

The key financial risks faced by the Group are liquidity and funding, foreign currency and interest rate risks. The policies and strategies for managing these risks are summarised below with further detail in Note 20 Financial Instruments in the notes to the Financial Statements.

### Economic Risk

Our business is dependent on the economic situation in the United Kingdom and we are exposed to local, regional, national and global economic, political, social and other trends that could impact our operations and financial performance.

### Liquidity and Funding Risk

The Group's principal day to day financial risk is having funds available at the right time to meet business needs. This risk is managed by the Treasury function, which forecasts cash flows and ensures that adequate short-term funds and borrowing facilities are in place to meet liabilities to suppliers, colleagues and our lenders as they fall due.

The Group is party to a number of covenants associated with external borrowings; refer to the Capital Structure, Net Debt and Leverage section on page 18 for further information. There is a risk that the covenants attached to these borrowings are not met which could result in penalties and adversely impact the Group's ability to secure funding in the future. As such, covenant compliance is continuously monitored and managed.

The Group's Treasury function ensures that the Group continues to have sufficient funding by monitoring rolling forecasts of the Group's cash flows, which includes the Group's ability to service its debt obligations.

The Group has arrangements with a number of third-party financial institutions that allow a number of the Group's suppliers to participate in Supply Chain Finance ("SCF"). The Group is subject to risk of a working capital outflow in the event of a reduction in available SCF facilities. This risk is mitigated by supplier payment terms being contractually agreed with the majority of suppliers separately from SCF arrangements, and by the Group having SCF arrangements with a number of financial institutions.

The Group is subject to the risk that its capital structure may not be sufficient to support the growth of its business and maintain its existing credit rating. The capital structure of the Group consists of debt obligations (including the Senior Facilities, the Senior Secured Notes, term loans and the Senior Unsecured Notes), equity (issued share capital, share premium and reserves) and a shareholder loan. Part of the Group's capital risk management strategy is to monitor a broad range of financial metrics and manage compliance with financial covenants relating to the Group's debt obligations. Refer to the Capital Structure, Net Debt and Leverage section on page 18 above for further information.

The Group entered into re-financing events in 2024. For more information see the Key Principal Decisions section on page 19.

### Credit Risk

The majority of the Group's revenue is received in cash or cards at the point of sale. Some credit risk does arise from cash and cash equivalents, deposits with banking groups and exposures from other sources of income such as commercial income.

### Foreign Exchange Risk

The Group is exposed to foreign exchange risk as certain transactions with suppliers are denominated in foreign currencies. Cash flows can be affected by movements in exchange rates, primarily US Dollars and Euros. The Commercial Finance function forecasts the timing and level of foreign currency requirements, and the Treasury function buys forward contracts accordingly for certain product

categories. Other currency requirements are purchased on the spot market. It is the Group's policy not to buy or hold foreign currency speculatively. Currency forward contracts are hedge accounted at fair value.

### Interest Rate Risk

The Group is exposed to interest rate risk on its floating rate liabilities (based on SONIA and EURIBOR) primarily composed of the Senior Facilities, which consist of the Revolving Credit Facility, Term Loan A, Term Loan B and the Apollo Facility entered into to finance the acquisition of Asda Express (Jersey) Ltd. As noted in the Key Principal Decisions section on page 19, during the year the Group completed the re-financing of a substantial portion of its capital structure. This involved entering into two new Term Loan B facilities which both mature in May 2031. The previous Term Loan B has been repaid in full. The EURIBOR interest rate risk on Term Loan B is partially hedged through entering cross-currency interest rate swaps to fix 74% of the interest payments in pound sterling until May 2027. The SONIA interest rate risk on the Apollo Facility is partially hedged through entering into an interest rate swap to fix 79% of the interest. The re-financing of the Group's capital structure has not had an impact on how the group hedges SONIA interest rate risk on the Apollo Facility. Taking into account the swaps that were in place at the Balance Sheet date, the proportion of the Group's total debt which is exposed to variable interest rates is less than 15%.

### Commodity Price Risk

The Group manages the risks associated with the purchase of electricity and gas consumed by its activities by entering into hedging contracts to fix prices for expected consumption. The Board reviews the Group's exposure to commodity prices and ensures it remains within policy limits.

## Environmental, Social, Governance (ESG)

Asda's leadership is aware of the impact that the operations of the Group can have on the environment and society. Our Environmental, Social and Governance (ESG) programme is considered a core part of our growth strategy and in ensuring the long-term sustainability of our business, and as such the programme is overseen by the Board and led by the Executive Committee.

In early 2024, we received our first ESG rating of 3 by the ratings agency Sustainable Fitch, indicating an average ESG profile, and an underlying score of 54.

### ESG strategic priorities

In 2022/2023, the Asda Executive led a reset of the ESG strategy to ensure alignment with the Group's broader strategy and to deliver a programme that can withstand cultural shifts and other demands. Our strategy focuses on providing accessible and affordable solutions for the growing number of customers who want to shop in a healthier and more sustainable way, and developing a more efficient and resilient value chain so that we grow sustainably.

We reassess our material issues regularly to ensure we continue to address the most relevant topics to our stakeholders and make a meaningful impact. Following our most recent materiality assessment in 2022, our priorities are the five key areas below.

- **Healthy and sustainable choices** – develop healthy, sustainable and affordable products and provide customer access and responsible marketing to support healthy and sustainable choices;
- **Net Zero Carbon** – reduce emissions to become an end-to-end net zero carbon emissions business;
- **Nature** – more sustainable and resilient supply chains, driving a positive impact on key natural resources;
- **Zero Waste** – reduce, reuse and recycle waste across the supply chain and operationally; and
- **Responsible Business Fundamentals** – a focus on health and safety, diversity and inclusion, responsible sourcing and human rights, modern slavery and charitable fundraising including Asda Tickled Pink, corporate giving and local community outreach.

### Healthy and Sustainable Choices

As one of the UK's biggest supermarkets, we understand the important role we play in providing accessible, healthy choices for customers, and the impact these choices can have on the nation's health. In early 2024, we relaunched our health strategy, marking a new chapter in our long history of action on health, including being the first retailer to introduce front of pack traffic light labelling and the establishment of our Live Better icon, which signposts customers to the healthiest options.

In partnership with the charity Nesta, an independent research organisation, we have set out our ambition to improve the average sales weighted health score of the food we sell, both branded and own-brand, year on year, using the Government's Nutrient Profiling Model. As we have a clear target, we will be publishing our baseline and will agree the milestones to measure our performance against. Our previous health metrics (to increase the number of Live Better products, to grow Asda Plant Based sales, to reduce red traffic lights on Asda products and to increase the proportion of healthy non-HFSS Asda own branded products) will continue to be monitored internally as they all contribute to the improved Health Score target.

"Sustainable choices" focuses on how we best support customers to make more sustainable product choices when shopping with us. To fulfil customer needs on sustainable choices we aim to: decarbonise baskets; reduce packaging where possible, whilst improving the sustainability credentials and circularity of what remains; and drive engagement through transparent and consistent communications.

To address the challenge of decarbonisation of baskets, Asda has joined the British Retail Consortium Monda Coalition and are assessing the carbon footprint of our own label product portfolio to support the aims of the coalition. Meanwhile, in 2024 we exited our four refill trial stores due to the complexities of scaling and operating refillable packaging, and intend to deliver new, scalable refill and prefill trials that build on our learnings.

## Net Zero Carbon

We have been working to decarbonise our Scope 1 and Scope 2 emissions since 2007 and have reduced them by 48% since our 2015 baseline, including by a further 7% in FY24 (in the Asda legacy business before acquisitions). This has been driven in part by a reduction in electricity and gas use, decarbonisation of refrigeration gas and decarbonisation of the National Grid, as well as by continued transition of our fleet to low or no carbon fuels. Our intention to set a science-based carbon reduction target across all scopes, including a specific Forests, Land and Agriculture (FLAG) target has been pushed to 2025 to allow time for integration of data from the acquisition of new sites that now form part of our Asda Express convenience format, so that it accurately reflects Asda's footprint. To address Scope 3 emissions, which account for 98% of our emissions, we are working collaboratively with suppliers and partners to drive climate action. Working alongside the sustainability ratings platform, EcoVadis, we now require our largest suppliers to share sustainability data with us through the EcoVadis platform, to ensure two-way visibility of data.

Refer to the carbon reporting section below for further details about our operational emissions.

## Nature

In early 2024, we launched our new natural resource stewardship strategy, delivering on our 2020 commitment to establish a programme by 2024. Its aim is to ensure we have a more resilient value chain and that we are driving a positive impact on natural resources. The strategy is structured around three critical pillars: water, biodiversity and soil. These aims build on our existing programmes working on The Courtauld Commitment 2030, our sourcing standards and certification of fresh produce through LEAF, deforestation-free sourcing across key commodities, and project work to develop soil health metrics. In our 2023 ESG Report, we also reported our operational water consumption for the first time, setting a target to reduce this year on year.

## Zero Waste

We continue to work towards our 2025 waste reduction targets across food (20% reduction in waste), packaging (100% recyclable own brand packaging, 30% recycled content) and operational waste (90% diversion from energy and maintain zero to landfill). We will update on progress against these targets in our 2024 ESG Report.

We have expanded our comprehensive "back of store" food donation scheme, entering into a new three-way partnership with long-standing food redistribution charity FareShare and local food sharing app Olio. The addition of Olio as a food redistribution partner will see over 680 donation slots added to Asda's back of store donation scheme. Similarly, we extended our partnership with Too Good To Go, introducing it across nearly 1,000 sites.

For more detail about our environmental commitments, please refer to our latest ESG Report available on our website.

## Responsible Business Fundamentals

Please see the Supporting Local Communities section on page 66 for information about our actions on responsible business fundamentals during the year.

## Streamlined Energy and Carbon Reporting

In line with the SECR guidance, in the prior year, the Group elected to report emissions results as if the acquired businesses Arthur Foodstores Ltd and Asda Express (Jersey) Ltd had been acquired at the start of the reporting period, i.e. including a full year’s worth of emissions for FY23, rather than including emissions only from the consolidation dates 30 May 2023 and 31 October 2023 respectively. This approach is in accordance with the SECR guidance on the basis that the impact of the acquisitions on the overall carbon footprint of the Group is less than 5%.

The footprint and year on year change reported for FY24 at a group level reflects a decrease in emissions to 534,438 tCO<sub>2</sub>e, representing a 12.0% decrease on the reported figures versus FY23. The FY23 figures have been restated to include an estimate for emissions from fugitives and fleet vehicles which were not included in the FY23 reporting due to a lack of data.

For the Asda legacy business (excluding acquisitions), in FY24 we continued our track record in reducing carbon emissions from our operations, reporting a 12.3% reduction in emissions compared to the prior year (FY23: 2.2%). This was driven by a 14.4% reduction in Scope 1 emissions, largely a result of moving to less carbon intensive fuels for fleet vehicles.

The table below details our emissions for the year to 31 December 2024, showing emissions for the legacy Asda business and the combined group including acquisitions. The methodology used is the WBCSD/WRI Greenhouse Gas Protocol: a corporate accounting standard revised edition in conjunction with UK Government environmental reporting guidelines including SECR guidance, and we have taken an operational control approach, using the UK Government greenhouse gas conversion factors for company reporting for 2024. Scope 2 emissions from purchased electricity are reported using a location-based approach. We voluntarily report Scope 1 Stationary Fuels other than Natural Gas, which is not a mandatory requirement for unquoted companies.

	Asda legacy 31-Dec-24	Group including acquisitions 31-Dec-24	Asda legacy 31-Dec-23 (restated) <sup>10</sup>	Group including acquisitions 31-Dec-23 (restated) <sup>11</sup>
<b>Emissions source</b>				
<i>Energy usage to calculate emissions</i>				
Electricity	1,021,098,353	1,116,159,568	1,052,048,312	1,154,236,690
Natural gas	358,624,953	358,968,403	393,114,161	393,395,635
Other stationary	69,880,295	69,880,295	70,397,348	70,412,549
Transport fuel	722,581,341	831,626,905	749,002,235	862,946,485
<b>Total kWh</b>	<b>2,172,184,942</b>	<b>2,376,635,171</b>	<b>2,264,562,056</b>	<b>2,480,991,359</b>
<i>Greenhouse gas emissions</i>				
Direct combustion	84,004	84,067	92,029	92,084
Fugitive emissions	90,617	94,290	85,260	89,017
Fleet vehicles	121,079	139,503	168,026	187,505
<b>Total Scope 1</b>	<b>295,700</b>	<b>317,860</b>	<b>345,315</b>	<b>368,606</b>
Scope 2: electricity (location)	197,331	215,773	216,994	238,147
Scope 3: business travel	805	805	821	821
<b>Total tCO<sub>2</sub>e</b>	<b>493,836</b>	<b>534,438</b>	<b>563,130</b>	<b>607,574</b>
<b>tCO<sub>2</sub>e % change YOY</b>	(12.3%)	(12.0%)	(2.2%)	N/A
<b>Intensity ratio (tCO<sub>2</sub>e/£million in sales)</b>	<b>21.09</b>	<b>19.91</b>	<b>22.87</b>	<b>21.61</b>

<sup>10</sup> 2023 Asda legacy emissions intensity has been restated and is now calculated using Asda legacy sales

<sup>11</sup> 2023 Group including acquisitions results have been restated to include an estimate for emissions from fugitives and fleet vehicles for Asda Express Ltd and Arthur Foodstores Ltd which were not included in the FY23 reporting due to a lack of data. 2023 Group including acquisitions emissions intensity has been restated and is now calculated using 2023 reported sales for the group plus Asda Express (Jersey) Limited and Arthur Foodstores Ltd’s sales for the periods from 1 Jan 2023 to their respective acquisition/consolidation dates. This reflects the fact that a full year of emissions are included in the 2023 group results for both acquisitions in line with SECR guidance. The % change YOY of tCO<sub>2</sub>e for the group has not been calculated for 2023 as there is no comparable data for 2022.

We are committed to delivering net zero operations by 2040. We continue to make strong progress on delivering our interim 50% reduction for scope 1 & 2 emissions by 2025 for our legacy estate and have worked to establish and model back dated reporting for acquisitions made in 2023. We continue to work through the integration of scope 3 data for acquisitions the purposes of updating our transition plan and setting science-based targets.

### Energy Efficiency Actions

Asda's energy and carbon reduction strategy to become a net zero business by 2040 aligns with the British Retail Consortium climate action roadmap. We recognise the importance of reducing energy consumption as part of our broader carbon reduction target, which involves us investing each year in energy efficiency measures.

We work closely with the Energy Bureau, a department within our facilities management and energy partner, City FM, whose role is to monitor, control and reduce the amount of energy the Group uses. In 2024 we invested £3.2m in over 1,250 energy efficiency projects touching over 550 stores and depots in our estate, which included:

- Building on our 2023 program in further optimising the control of refrigerated cabinets which previously have had doors fitted;
- Additional refrigeration control algorithms across more than 500 stores to optimise the efficiency of defrost control;
- Installation of fan speed controllers on evaporator fans in back-of-house cold rooms in a further 461 stores; and
- Updating lighting controls and optimisation at a further 20 stores.

We also continue to invest in trials of new technologies and work with external partners and contractors to innovate, such as the EU Enough programme and GreenScies (Green Smart Community Integrated Energy Systems), with a view to expanding a wider range of energy efficiency actions.

## Non-financial and Sustainability Information Statement

For the FY24 reporting year the Group is required to comply with climate-related financial disclosures as implemented by the UK Government, which are aligned to the Taskforce on Climate-related Financial Disclosures (TCFD)’s recommendations. The disclosures below are structured in line with the four core elements of the TCFD framework: governance, risk management, strategy and metrics and targets.

### Governance

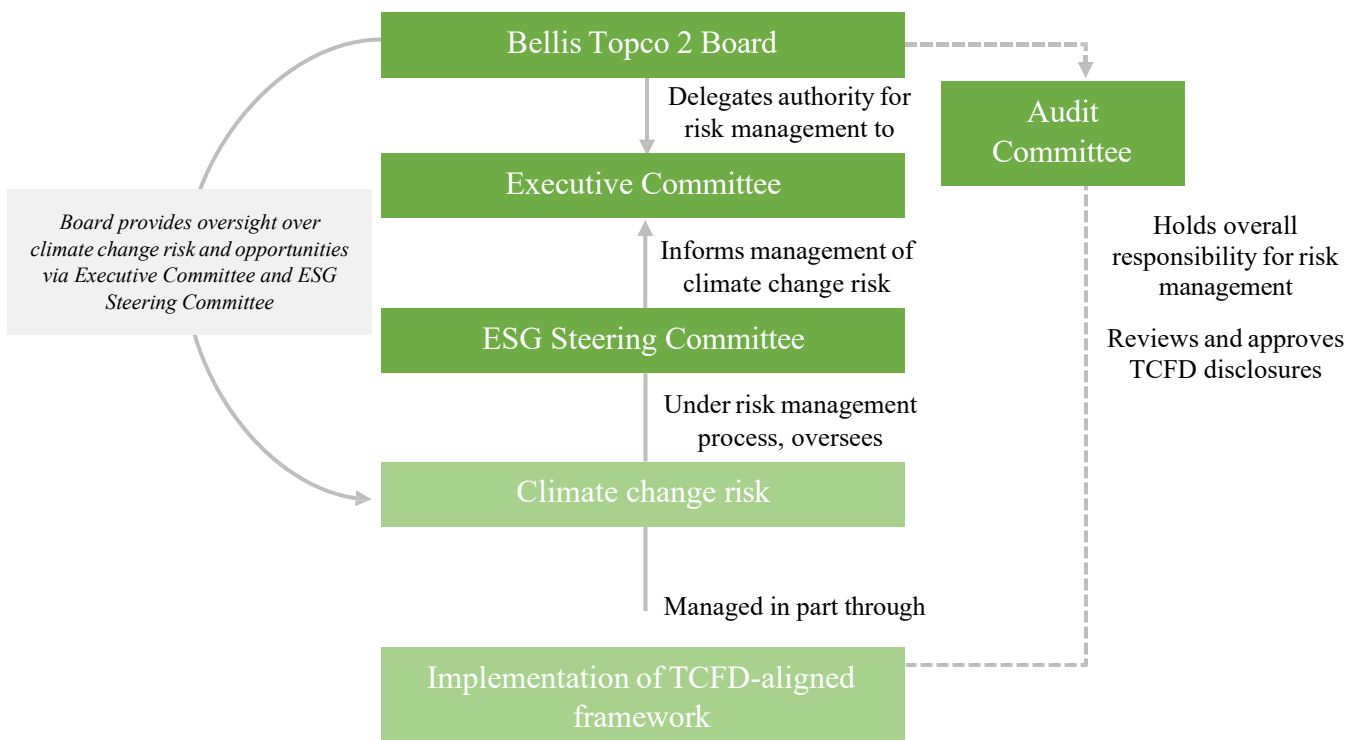
Asda’s Board is ultimately responsible and accountable for overseeing the effectiveness of risk management process, including identification of the principal risks facing our business. Climate risk was first designated as a Principal Risk in FY22.

The Board delegates responsibility for risk management to the Executive Committee. Responsibility for managing climate risk is held by the ESG Steering Committee, a sub-committee of the Executive Committee which is attended by the Chief Finance Officer, General Counsel, Chief People and Customer Affairs Officer and Chief Commercial Officer - Food. The ESG Steering Committee meets every two months and has responsibility for Asda’s ESG policies and for mitigating Asda’s climate change enterprise risk, and providing updates to the Audit Committee.

Opportunities related to climate change are further supplemented by the Transformation team which is responsible for strategic planning.

Refer to the Approach to Risk Management section on page 40 for further detail, and specifically the climate change principal risk and uncertainty (page 48). For further information on each of the governance groups included within the diagram below, please also refer to the Governance section of the Strategic Report, Principle Three: Director Responsibilities (page 30).

### Climate Risk Governance Structure



## Risk Management

Under our Principal Risk management framework, the ESG Steering Committee is responsible for managing climate risk for the Group. This includes identifying, recording and assessing the possible impact and likelihood of climate-related risks, as well as agreeing mitigation and action plans where required.

Relative to the Group’s broader and long-established Principal Risk register, FY24 marked the third year of climate change being included as a Principal Risk for the Group and we are therefore in the development phase of our management of climate change risk.

Taking detailed input from subject matter experts from across the business, supported by a broader landscape review and detailed industry benchmarking, we have developed a functional risk register which is overseen by the ESG Steering Committee and is reviewed on a half yearly basis. The table below summarises the key climate-related risks identified through this process. This is not intended to be an exhaustive list, but indicates the likely relatively most material risks and opportunities.

Risk/opportunity type	Risk/opportunity	Impact pathway	Asda value chain impact	Risk/opportunity time horizon
<b>Physical risk</b>	Extreme heat	Impact of fridge and/or freezer failure on sales of chilled/frozen goods and potential loss of inventory	Revenue, costs, assets	Near term, medium term
<b>Physical risk</b>	Extreme heat	Impact on supply of poultry both for meat sales and use as a raw ingredient	Revenue, cost prices	Medium term
<b>Physical risk</b>	Drought	Impact on supply of tomatoes	Revenue, cost prices	Medium term
<b>Transitional risk</b>	Carbon pricing	Cost exposure from own operations to possible future carbon pricing/taxation mechanisms; pricing strategy	Revenue, Costs	Medium term
<b>Transitional risk</b>	Fuel regulation	Risk of lost revenue due to possible future developments in fuel regulation and green energy transition	Revenue	Long term
<b>Transitional opportunity</b>	Shift in consumer preferences	Scale of opportunity from transitioning to alternatives to carbon-intensive meat products	Revenue	Near term, medium term

## Strategy

Asda’s ESG programme remains a key business priority. Part of the remit of the ESG Steering Committee is to manage the risks and opportunities associated with climate change, and ensure that these are embedded into our strategic planning. To help shape our understanding of the potential implications of both the physical and transition risks associated with climate change, and therefore inform this strategic planning, we have conducted qualitative scenario analysis with the support of an external specialist. This approach is intended to identify risk “hotspots” and provide a relative assessment of risks, in order that we can improve our strategies to manage them. It is not intended to provide an assessment of value at risk and relative level of risk for each risk/opportunity considered may therefore not be directly comparable.

Each risk has been assessed using a standard, recognised methodology, using the following risk formula:



The likelihood element uses climate models to take account of possible climate outcomes at specific locations, e.g. sourcing, manufacturing or operational sites. The impact element uses Asda data, including e.g. information about our assets and product-specific financial information, to determine the possible relative impact of each risk. This enables us to establish an overall risk rating across different time horizons and warming scenarios (described further below).

Based on this rating, the spectrum of outcomes ranges from low to high. A low risk is assumed to have very limited impact on our operations or finances, whereas high risk could have material operational and financial consequences if not appropriately mitigated. We take these risk assessments into account for our strategic planning on both a financial and operational basis, to ensure we appropriately mitigate the likelihood of risk, and are able to respond to the impact of such risks materialising.

As recommended by the TCFD we have considered our climate-related risks and opportunities in the context of three possible warming scenarios, which provide a range of possible future outcomes for the business. These are aligned to the Shared Socioeconomic Pathways (SSPs) as defined by the Intergovernmental Panel on Climate Change (IPCC), as follows:

- **Optimistic:** a Paris-aligned 1.5°C scenario, (SSP1.2.6, net zero by 2050);
- **Middle of the road:** a <2°C scenario, (SSP 2-4.5, delayed transition); and
- **Pessimistic:** a >3°C warming scenario, (SSP 5-8.5, current policies).

Similarly, in line with the TCFD’s recommendations we have considered each of these warming scenarios across three time horizons:

- **Near term:** present-2026;
- **Medium:** 2026-2030; and
- **Long term:** 2030-2050.

The near-term period reflects our detailed business planning cycle, whilst medium term indicates a broader strategic planning horizon. The long-term horizon reflects the time period over which the Group

plans its net zero roadmap and targets. It should be noted that risk evolution is not necessarily linear over the near to long-term time horizons due to complexities in the climate data, which give rise to the risk profiles evolution shown in the results detailed below.

*Results of scenario analysis*

Scenario analysis was conducted for the five risks and one opportunity we identified. The potential impacts from the risks could primarily impact the Group’s availability of products in-store, and value and competitive positioning versus competitors, hindering our ability to meet our strategic objectives. However, the results demonstrate that the exposure to risk in the near term is very limited, particularly in a middle of the road scenario, with lower to moderate potential risk in the medium term.

Management considers the business to be resilient in the face of climate change risks, with mitigating factors already in place in areas such as managing the impact of extreme heat on operations. Additionally, with our vertically integrated sourcing model, through our subsidiary International Procurement and Logistics Ltd we have flexibility and influence when sourcing from regions where some of the types of products most likely to be exposed to the impacts of climate change originate (including tomatoes, as described below, and other produce sourced from similar regions). This model ensures we have close connections to suppliers to influence resilience planning, and enables us to diversify supply in response to risk factors as and when they arise.

**Extreme heat: operational impact**

We considered the possible impact of extreme heat increasing stress on cooling capabilities at our stores and distribution centres based on location-based climate forecasting. This could lead to stock or asset loss, or revenue loss due to failure of refrigeration units and inability to sell chilled food. The risks are considered lower in the near-medium term, increasing in a more pessimistic scenario.

	Optimistic (1.5°C)	Middle of the road (<2°C)	Pessimistic (>3°C)
Near term (2026)	Lower-moderate	Lower	Lower-moderate
Medium term (2030)	Moderate	Lower	Moderate
Long term (2050)	Higher-moderate	Higher-moderate	Higher-moderate

We have mitigating actions in place to address the risks of heat impacting our operations, including:

- Adiabatic cooling which increases the capacity of refrigeration during ambient conditions;
- Autoload shedding to enable units to run at more efficient temperatures; and
- Investment in energy saving measures to reduce refrigeration load, including for example, installation of chiller doors, LED lighting to reduce heat, and active fridge control to optimise efficiency.

Refer to the energy efficiency actions section on page 58 for further information.

**Extreme heat: poultry supply**

We analysed the potential impact of extreme heat on our poultry supply chain, shown in the table below. Extreme heat could impact animal welfare and lead to loss of poultry livestock by suppliers, leading to lost revenue by an inability to supply poultry products or for use as a raw ingredient. It could also lead to raw material price increases in the event of reduced availability in the market.

We work closely with our suppliers to assess and mitigate such risks. Risk assessments are carried out on a location basis to identify farms at risk of heat stress so that they can then be targeted with the appropriate level of mitigation. For higher risk farms, our suppliers are installing mitigations such as misting systems to provide cooling. Stocking density can also be reduced for the warmer months to

reduce the risk of heat stress. We also work with suppliers to ensure that colleagues have appropriate training on heat management to know when and how to implement measures to avoid the risk of stress.

	Optimistic (1.5°C)	Middle of the road (<2°C)	Pessimistic (>3°C)
Near term (2026)	Lower	Lower	Moderate
Medium term (2030)	Moderate	Lower	Moderate
Long term (2050)	Moderate	Moderate	Higher-moderate

Working with suppliers to find sustainable and resilient farming methods forms part of our key ESG strategic priority: Nature.

**Drought: tomatoes**

Tomatoes were selected as a product for which to analyse the risk of drought as an example of one of many crops grown in areas such as southern Spain, as both sold directly to customers and as a key ingredient in many own brand and branded products. The risk of drought could lead to failure of supply leading to lost revenues, and/or increased cost prices due to more limited availability of tomatoes for resale or use as a raw material. The risks in the near-term across all warming scenarios are considered to be higher to moderate, with higher risk in the medium and long term.

	Optimistic (1.5°C)	Middle of the road (<2°C)	Pessimistic (>3°C)
Near term (2026)	Higher-moderate	Higher-moderate	Higher-moderate
Medium term (2030)	Higher	Higher	Higher
Long term (2050)	Higher	Higher	Higher

Mitigating water shortages falls under our Nature ESG strategic priority. We’re working on a number of important projects to support resilience in our supply chain and good water stewardship to mitigate and manage this risk. The mitigations below relate more broadly to produce with provenance similar to tomatoes.

As signatories of the Courtauld Commitment 2030 steered by WRAP, we’re committed to targeting 50% of fresh food to be sourced from areas with sustainable water management by 2030. We are involved in projects in two key locations, Spain and South Africa, to support improvements in water management.

South Africa is a key region for fruit supply. At the start of FY23 we committed to a three-year programme to financially and operationally support a project with WRAP across the country. The project involves clearing invasive tree species from river corridors and restoring the natural river ways with native shrubs and trees, reducing the risk of drought and improving river flows. Ground water, river flow and water level monitoring enables data collection which can then be used to pilot initiatives with farmers in the local areas.

Doñana in Andalusia, Spain, is another key growing area for fresh produce. It is home to some key wetland areas which offer a resting place for migrating birds between northern Europe and South Africa, which are being put at risk due to a range of factors, including the use of water in crop growing. We’ve signed up to a three-year commitment to support farmers in improving water resilience through improved efficiency of usage, trialing initiatives and seeking improve water quality. During 2024, we took part in multi-stakeholder workshops in Doñana aimed at identifying collective action opportunities around four main topics: ensuring legality, improving the status of ecosystems and water bodies, managing water quantity and quality risks, and activities to drive water stewardship practice.

Water stewardship plays a pivotal role in achieving sustainable and climate-resilient supply chains, and projects like these help us to get closer to the Courtauld Commitment target of 50% of the UK’s fresh food sourced from areas with sustainable water management.

### Carbon pricing

We considered the impact of possible carbon pricing on our business, based on our target of reaching net zero scope 1 and 2 emissions by 2040. Carbon pricing could lead to increased costs for the business, hindering our ability to offer the best value for customers. Possible exposure to carbon prices would be greatest in the optimistic scenario in the near to medium terms, which would require an accelerated decarbonisation pathway, but would be lower in the middle of the road or pessimistic scenario.

We mitigate our risk of exposure to carbon pricing through our ambitious carbon reduction programme and 2040 net zero commitment, detailed further in the climate section above. We have already demonstrated significant progress in reducing our emissions versus the 2015 base by 48%, (excluding the acquisitions consolidated from FY23) and have a clear roadmap for achieving further reductions, including transitioning our delivery fleets to lower carbon or electric vehicles, electrification of our heating and cooling systems and energy efficiency actions. Please refer to our latest ESG Report available on our website for further information.

	Optimistic (1.5°C)	Middle of the road (<2°C)	Pessimistic (>3 °C)
Near term (2026)	Higher-moderate	Lower	Lower
Medium term (2030)	Higher-moderate	Lower	Lower
Long term (2050)	Lower	Lower	Lower

### Fuel regulation

Changes to fuel policy could pose a possible transitional risk due to our presence in the fuel market, which was increased during the prior year with the acquisitions of Arthur Foodstores Ltd and Asda Express (Jersey) Ltd. The Government’s ban on the sale of internal combustion engine vehicles from 2030, or other similar policy decisions, could lead to reduced demand for fuel as consumers transition to electric vehicles (EVs). The risk is considered to be relatively low in the near term as petrol and diesel vehicles will continue to be sold up to the medium-term time horizon.

We’re already preparing for the fuel transition, with EV charging capacity installed at a number of our stores. We continue to explore options for further roll out of EV charging, balancing capital investment, charge speed and pricing, as well as considering the planned electrification of our online delivery fleet, to establish the best commercial approach. We are also exploring trials of hydrogen powered vehicles in our heavy goods delivery fleet, which will provide us with a greater understanding of the role that this technology may play in the market in the future. This work and exploration will inform our strategy over the medium to long term, where we expect that alternative fuel sources will form a part of our customer offering in order to mitigate any long-term decline in the fossil fuel market.

	Optimistic (1.5°C)	Middle of the road (<2°C)	Pessimistic (>3 °C)
Near term (2026)	Lower	Lower	Lower
Medium term (2030)	Moderate	Lower	Lower
Long term (2050)	Higher	Higher	Higher

Partially offsetting the risk of fuel regulation to our fuel business, our intention to increase EV charging capacity across our sites gives rise to an opportunity to increase grocery and food service sales as a result of the additional dwell time when customers use electric chargers compared to using petrol and diesel pumps. We anticipate this opportunity to grow over the medium to long term as we roll out EV charging points across our sites and as consumers transition from internal combustion engine vehicles to EVs.

### Opportunity: shift in consumer preferences

We identified a potential shift in consumer preferences towards meat-free alternatives as an opportunity for our business, presenting a moderate opportunity in the near to longer term. This could enable us to

better serve a wider range of customer needs as preferences for more sustainable food choices evolve.

	Optimistic (1.5°C)	Middle of the road (<2°C)	Pessimistic (>3°C)
Near term (2026)	Moderate	Moderate	Moderate
Medium term (2030)	Moderate	Moderate	Moderate
Long term (2050)	Moderate	Higher-moderate	Moderate

The potential to harness the demand for meat-free or less carbon intensive products presents an opportunity to offer our customers more sustainable alternatives and forms a key part of our ESG strategy to offer healthy, sustainable choices to our customers.

We have two meat-free sub brands: Plant Based, a healthy range of balanced, plant-based products, and OMV!, an unapologetically indulgent vegan range which we continue to benefit from. These are just some of the steps we’re taking to enable our customers to make greener choices, and to make climate-conscious business choices.

**Metrics and Targets**

We use several key metrics to measure progress against our climate-related risks and opportunities.

**Drought: tomatoes**

We aim to source 50%, by volume, of our fresh food in certain categories from farms with sustainable water management (defined using the WRAP/WWF water assessment tool) by 2030. The purpose of this target is to quantify, establish and increase the holistic management of water within our fresh food supply chains, especially those that are large land users, to improve resilience. We aim to achieve our target through quantification of data, collaboration with industry partners and through the WRAP programmes of work we are already involved in, in Spain and South Africa, and build on our progress on our LEAF certification across produce. This is a new commitment for 2024 and we have not yet measured our progress.

We have also committed to reducing our water consumption in our operations year on year by using water more efficiently across our operations. This is a new commitment for 2024 and we have not yet measured our progress.

**Carbon pricing**

We have a commitment to reduce the carbon impact of our operational emissions (scopes 1 and 2) by 50% from our 2015 baseline by 2025. We aim to achieve our target through improved efficiency (energy use and consumption in sites and stores and through logistics) and reducing fugitive emissions production through electrification and fridge doors. We have already achieved a 48% reduction from our 2015 baseline.

Please refer to the Streamlined Energy and Carbon Reporting section on page 57 above for further details of our emissions in FY24.

**Opportunity: shift in consumer preferences**

As part of our commitment to provide healthy and sustainable choices to our customers, we aim to grow Asda Plant Based sales by 100% from our baseline set in 2020. In 2023, we achieved growth of 31%.

For details on all other ESG-related metrics which do not relate directly to the risks and opportunities covered by this section, please refer to our latest ESG Report which can be found on our website.

## Social, Community and Human Rights Issues

### Supporting Local Communities

Our stores are central to the communities that we serve and we understand that we have a vital supporting role to play. Our work in this area forms part of the Better Lives pillar of our Creating Change for Better Programme.

We have a network of 391 Community Champions in our large stores, who have a focus on local charity fundraising and community support. The work of Community Champions, with the Asda Foundation, remains a lifeline for many grassroots community groups and charities. Community Champions usually spend their time out and about delivering practical support, listening to our communities' needs, and working with local people to channel funding and assistance where needed the most. Through our champions we have been able to donate over half a million pounds in goods donations to support local causes, spent over 19,000 days volunteering and supported over 26,000 groups. Our Community Champions also helped to raise funds for local schools through the Asda Rewards Cashpot for Schools scheme, which raised over £5.7m in total.

The Asda Better Starts programme is our focus on supporting children and young people and helping them to reach their full potential by tackling the barriers that prevent them from thriving.

In 2024, we delivered our biggest ever year of funding for BBC Children in Need since the partnership began in 2000, raising over £3.8m to support the charity. Asda's partnership with Children in Need aims to help the charity support 100,000 children over a three-year period, through the Fuelling Potential campaign, which seeks to boost physical and mental wellbeing through access to Children in Need funded holiday programmes. Alongside fundraising, our Community Champions delivered a series of Pudsey clubs across stores and cafes to support Asda customers with free activities and resources in the school holidays. In 2024, through sales of our George Pride range, we raised over £20,000 for charity partners Diversity Role Models and we continued our support of Rethink Fuel.

Through our partnership with The Children's Book Project, we collected over 45,000 new and used books in our stores and redistributed these, providing two books to each child in 50 primary schools. We will continue to support the collection and redistribution of books throughout 2025.

Continuing Asda's legacy of fighting hunger, in 2024, together with our customers, we donated the equivalent of over two million meals to foodbanks in the Trussell Trust network. In May 2024, Asda stores across the country took part in the annual food drive in partnership with the Trussell Trust. The three-day event generated the equivalent of over 247,000 meals for our communities and gave foodbanks across the Trussell Trust network as well as independent food banks the opportunity to bring volunteers into stores to raise vital funds and awareness. In 2024 we also increased the number of food collection points across our estate, expanding into supermarkets alongside superstores.

Further to this, in 2024 we served over 2.1 million meals to children in our in-store cafes, as part of our "Kids eat for £1" initiative. The campaign has continued to support families in school and term time. In November and December, we also served a Winter Warmers offer of soup, a roll and unlimited tea and coffee to over 292,000 customers over 60 visiting our 205 cafes.

Asda Spaces and Places is our platform to build community togetherness. 'Spaces' may be Asda stores, where we encourage community connections and giving, while 'Places' are in the surrounding neighbourhoods, where we build community resilience through Community Champion outreach activities, colleague volunteering and grants from our charity, Asda Foundation. We have over 25 purpose-built community rooms across the UK, and over 100 stores also offer space to help local groups and communities connect.

We have been proud supporters of the Royal British Legion Poppy Appeal for a number of years and in 2024 we continued to donate both colleague time and store space to help raise £1.2m to support veterans and their families.

We continue our award winning national fundraising and awareness partnership Asda Tickled Pink with breast cancer charities, Breast Cancer Now and CoppaFeel! 2024 marked 28 years since we launched our Tickled Pink campaign. The campaign encourages regular breast and chest checking and raises vital funds for life-changing support, education and research, which has been delivered through fun and engaging in-store activities, events, clothing recycling, digital customer donations and also through our exclusive range of Tickled Pink products. In 2024, fundraising for Tickled Pink raised £9.0m, our biggest year to date. In addition, over two million Asda customers checked their chest as a direct result of seeing our Breast Cancer Awareness month Tickled Pink campaign in October.

## Our Responsible Sourcing and Human Rights Approach

Many millions of people around the world play a part in keeping Asda shelves stocked and we have a responsibility to ensure the dignity of every worker in our supply chain. We are committed to operating and sourcing products in a way that respects human rights.

As a responsible retailer we are committed to the principles of sourcing responsibly, respecting human rights, and promoting the dignity of all those who contribute to our business. We collaborate across industries and organisations around the world to help combat risks including but not limited to, forced and child labour, unsafe working conditions, restricted freedom of association, violence, harassment, and discrimination. Our commitment extends to all individuals impacted by the Asda Group's business activities and relationships, including colleagues, customers, suppliers, workers within our supply chains, and the communities in which we operate. Asda's Human Rights Policy outlines the steps we take to respect internationally recognised human rights and formalises our expectations across our global supply chains.

Transparency of the supply chain is key to our approach. We map and collect data on our supply chains which helps us to identify our salient labour risks. We monitor and investigate issues in the supply chain and enable colleagues within the business to understand their role in human rights and its impacts. We also engage in initiatives to find root cause solutions that can transform entire supply chains. Partnering with our suppliers and their global facilities, we work to mitigate risks, drive remediation, and improve standards for workers via our risk-based approach. We are active members of external collaborations such as the Ethical Trading Initiative (of which we are a founding member), Stronger Together, and the Food Network for Ethical Trade which continue to support their members to drive continuous improvement. Through these partnerships we engage with other retailers, NGOs, Trade Unions, and suppliers to address risks, share best practice, investigate issues where appropriate, and establish initiatives to achieve collective goals.

## Monitoring Our Supply Chain

Improving labour standards is a responsibility that should be shared with all our suppliers. We expect suppliers to operate responsibly, abiding to applicable local labour and employment laws and adhering to our Standards for Suppliers. These standards are the cornerstone of our programme and lay out how we expect our suppliers to respect foundational worker rights across the globe. Our Standards for Suppliers are aligned to the ETI Base Code, an internationally recognised code of labour practice. Our Supply Chain Monitoring Requirements and Guidance policy details how we monitor supply chain compliance with our standards and how we will support suppliers to demonstrate continuous improvement through the provision of guidance and resources.

We currently use third party social, safety, and environmental compliance audits to help us evaluate our suppliers' compliance to our standards and to manage risk in the supply chain. These audits seek to monitor whether, among other things, workers are properly paid for the work they do, labour is voluntary, working hours are not excessive and are consistent with local laws, and facilities meet health and safety laws and regulations. Whilst social audits still have a place within our programme, we

recognise their limitations and the need to move beyond audit to identify root cause. We will continue to work with suppliers to help upskill and improve standards within their facilities through the provision of guidance and access to tools and resources. In early 2025 we launched our new Transparency and Supply Chain Monitoring Policy which articulates how in-scope sites achieve compliance with our standards and expectations. This document represents a simplification of our approach to Responsible Sourcing and better communicates the steps needed to drive standards, protect workers and address risks within our supply chains. The Policy will launch in May 2025 following a detailed consultation process with suppliers and partners.

Where an issue is identified in the supply chain, we are committed to working with suppliers and third parties to understand the root cause and provide relevant guidance and resources to support thorough investigation and remediation for impacted workers. We ask suppliers to close any non-compliances raised in a social audit within the timelines recommended by the auditor. If this is not possible, we will discuss the circumstances on a case-by-case basis and where there is both commitment and a clear action plan to resolve the outstanding issues, we may agree an extension. We encourage our suppliers to apply the same principles when working with their supply chain. Further examples of our approach to incident management can be found in our annual Modern Slavery Statement, available on the Asda Corporate website.

### Anti-corruption and Anti-bribery Matters

Asda is committed to doing business in the right way and has a zero-tolerance approach to bribery and corruption. Our anti-bribery team manage a risk-based compliance programme, covering areas such as third party due diligence, gifts and hospitality and colleague training and awareness, all aimed at ensuring we adhere to applicable anti-bribery and anti-corruption laws and regulations.

The Strategic Report was approved by the Board of Directors on 4 April 2025 and signed on its behalf by:



Michael Gleeson

Director

## Directors' Report

The Directors present their Report and the Consolidated Financial Statements for the year ended 31 December 2024.

### Statutory Disclosures

The following disclosures have been included elsewhere in this Annual Report and are incorporated into the Directors' Report by reference:

<b>Disclosure area</b>	<b>Page</b>
<b>Directors of the Group</b>	3
<b>Information on Asda's potential exposure to financial risks, and financial risk management policies</b>	53-54
<b>Likely future developments in the business of the company</b>	20
<b>Detail on the company's training, career development and promotion of disabled persons</b>	35-37
<b>Information on the Group's communication and engagement with employees</b>	34-38
<b>Summary of the directors' regard for relationships with stakeholders and key principal decisions</b>	33-39; 19
<b>Information on the Group's greenhouse energy consumption, gas emissions and energy efficiency actions</b>	57-58

## Going Concern

Notwithstanding the loss after tax for the year of £487m (2023: profit after tax for the year of £195m) and net current liabilities of £2,225m (2023: £2,074m), the financial statements for the year ended 31 December 2024 have been prepared on the going concern basis as the Directors have determined that the Group has sufficient resources and liquidity facilities to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements ('the going concern period').

In assessing the Group's ability to adopt the going concern basis, the Directors have reviewed the Group's annual corporate planning process which includes profitability, cashflow and liquidity forecasting and have based their projections for the going concern period on the FY25 plan and extrapolated forecasts up to 30 April 2026.

Following the appointment of a new Executive Chairman (see page 25), the announcement of the Group's new strategy (see page 5) and the investment required to fund a period with lower profits to restore volume growth in the business, the FY25 plan will result in a material reduction in EBITDA and a modest increase in leverage in the near term, which is expected to reverse as market share recovers and improves over time. The plan includes a £300m debt repayment due in the going concern period (Q1 FY26) which will be paid using cash reserves.

The Group's Treasury function ensures that the Group continues to have sufficient funding by monitoring forecasts of the Group's cash flows and maintaining a sufficient level of facilities via the Revolving Credit Facility (RCF). Any capital repayments of long-term financing are forecast in the cash flow model used in the going concern scenarios. Other than noted above, there are no significant maturities of the Group's long-term financing arrangements during the going concern period. The Directors continue to assess how to best manage these medium-term and long-term maturities through maintaining adequate facilities or refinancing to ensure the Group maintains a long-term sustainable capital structure.

The Revolving Credit Facility remains undrawn at the year end and no utilisation is forecast in the base case cash flow model for the going concern period. For more information on liquidity risk and maturity of financial liabilities see Note 20 Financial Instruments. At the year end, the Group held £4,654m of debt and £823m of cash, resulting in net debt of £3,831m. For more information about the outstanding debt, see page 18. In May 2024 £3.4bn of debt was refinanced or repaid, using cash on hand to reduce borrowings. In December 2024, a further amount of £152m of new debt was drawn. As a result of these transactions, £2,965m of debt matures in 2030 and beyond. Nearer term maturities relate to the February 2026 Senior Secured Notes (£302m); February 2027 Senior Notes (£500m) and 2029 Apollo Facility (£684m). For more information about our refinancing transactions, refer to page 19. See Note 21 Borrowings for details of our borrowings and their respective maturity dates.

In assessing the Group's ability to continue to adopt the going concern basis, the Directors have tested the ability of the Group to meet its liabilities as they fall due during the going concern period, in the event of various cash flow scenarios, including a severe but plausible downside scenario.

This scenario applies severe but plausible economic downsides to our base case forecast, modelling the cumulative impact of:

- i. LFL sales and volume not recovering at the trajectory assumed in our base case plan, through change in consumer preferences or a reputational incident;
- ii. Food margin initiatives not being realised as quickly as planned;
- iii. Non-Food margin declining;
- iv. Retail productivity improvements taking longer to materialise and do not offset inflationary pressure;
- v. Project Future completion extending;
- vi. Working capital benefits unwinding; and
- vii. Acquisition synergies not being delivered.

Mitigating actions that are in the control of management have been included in the scenario to offset the above risks, such as reducing non-essential capital expenditure and discretionary spend in areas such as marketing.

The Group is subject to a maintenance covenant whereby the senior secured net leverage ratio cannot exceed 4.90:1. This covenant is required to be tested if, as at the quarter end, drawings on the RCF exceed 40% of the facility. The Directors have not been required to test compliance with this covenant during the year nor in the period in between the Balance Sheet date and the date of approval of these financial statements. In the severe but plausible downside scenario, the RCF is not drawn by 40% or more at any point. Therefore, the senior secured net leverage ratio is not required to be tested in the going concern period.

The Directors have considered all of the factors noted above, including the inherent uncertainty in forecasting the impact of the current economic environment, and are confident that the Group has adequate resources to continue to meet all liabilities as and when they fall due for at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements are prepared on a going concern basis.

## Dividends

No dividends were paid during the year (2023: £nil).

## Political Donations

The Group did not make any political donations during the period (2023: £nil).

## Disclosure of Information to the Auditor

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

## Reappointment of Auditor

The auditor KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

## Directors' Liabilities

During the period, the Directors were insured against liability in respect of proceedings brought by third parties, subject to the limitations set out in the Companies Act 2006.

## Events since the Balance Sheet Date

Events since the balance sheet date are disclosed within the Strategic Report on page 20.

## Guidelines for Disclosure and Transparency in Private Equity Statement

The Directors consider the Annual Report and Accounts to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

This report was approved by the Board of Directors on 4 April 2025 and signed on its behalf by:

*Michael Gleeson*  
Michael Gleeson

Director

## Statement of Directors' Responsibilities

### Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 the Company and of the profit or loss of the Group and the Company for that period.

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs (and in respect of the parent company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- In respect of the Group financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- In respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company and/or the Group will not continue in business.

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

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and Directors' Report, that comply with 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.

## Directors' Responsibility Statement

The Directors confirm, to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole;
- That the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and,

That they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

**KPMG LLP’s Independent Auditor’s Report**



To the members of Bellis Finco PLC

# KPMG LLP’s Independent Auditor’s Report

To the members of Bellis Finco PLC

## 1. OUR OPINION IS UNMODIFIED

In our opinion:

- the financial statements of Bellis Finco PLC give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 December 2024, and of the Group’s loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## WHAT OUR OPINION COVERS

We have audited the Group and Parent Company financial statements of Bellis Finco PLC (“the Company”) for the year ended 31 December 2024 (FY24) included in the Annual Report and the consolidated financial statements, which comprise:

Group (Bellis Finco PLC and its subsidiaries)	Parent Company (Bellis Finco PLC)
<ul style="list-style-type: none"> <li>- Consolidated Balance Sheet as at 31 December 2024</li> <li>- Consolidated Income Statement for the Year Ended 31 December 2024</li> <li>- Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2024</li> <li>- Consolidated Statement of Changes in Equity for the Year Ended 31 December 2024</li> <li>- Consolidated Statement of Cash Flows for the Year Ended 31 December 2024</li> </ul> <p>Notes 1 to 30 to the Group financial statements, including the accounting policies in note 1.</p>	<ul style="list-style-type: none"> <li>- Company Balance Sheet as at 31 December 2024</li> <li>- Company Statement of Changes in Equity for the Year Ended 31 December 2024</li> </ul> <p>Notes 1 to 11 to the Parent Company financial statements, including the accounting policies in note 1.</p>

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## 2. OVERVIEW OF OUR AUDIT

<p><b>FACTORS DRIVING OUR VIEW OF RISKS</b></p>	<p>The key audit matters identified in the current period were those matters that, in our professional judgement, indicated the most significance to our audit of the financial statements and indicated the most significant risk of material misstatements. These matters therefore had the greatest impact on our overall audit strategy and allocation of resources.</p>	<b>Key Audit Matters</b>	<b>Vs FY23</b>	<b>Item</b>
		<p><b>Existence and accuracy of store inventory and accuracy of inventory loss estimate</b></p>	↔	4.1
		<p><b>Impairment of Property, Plant and Equipment and Right of Use Assets</b></p>	↑	4.2

# KPMG LLP's Independent Auditor's Report



## To the members of Bellis Finco PLC

Within the Asda Stores component gross retail inventory held across all stores is estimated using the retail inventory method and includes the inventory loss estimate recognised at the year-end, which represents a significant estimate in the consolidated financial statements. The level of imprecision in the underlying store inventory records, coupled with the timing of physical counts being ahead of the year-end, increases the uncertainty of the estimate and, as such, we have determined this to be a fraud and error risk.

Where stores have an indicator of impairment and a review for impairment is conducted, the recoverable amount is determined under both 'value in use' (VIU) and fair value less costs of disposal ("FVLCD"). Management estimates the FVLCD of the stores with the assistance of independent professional valuers. The VIU of an individual Asda store relies on a number of assumptions, most notably the rate of Grocery market growth (sales volume) and the Group's participation in this growth, gross margin performance and Selling, General and Administrative ("SG&A") cost inflation as per the Group's 5-year plan and the discount rate, which all involve a high degree of estimation uncertainty. The carrying value of each CGU has been assessed against the recoverable amount under both FVLCD and VIU and the higher of the two has been used to determine if there is any impairment or reversal of impairment.

Following the acquisition of Euro Garages (Jersey) Limited and Arthur Foodstores Limited in the prior year, two new groups of Cash Generating Units (CGUs) have been identified being referred to as America and Arthur, respectively. The carrying value of America and Arthur group of CGUs is assessed using a fair value less cost to dispose approach which relies on a number of assumptions in respect of the impact of the transition from internal combustion engines to electric vehicles on UK roads. Key assumptions include the growth in grocery sales arising from increased dwell time of customers charging electric vehicles, the synergies available to the group of CGUs from being part of the Asda group of companies and the discount rate. Each of these assumptions involve a high degree of estimation uncertainty.

The carrying amount of the Parent Company's investments in subsidiaries through share capital represents 27% of the Parent Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on the Parent Company audit.

Carrying value of America and Arthur Groups of Cash Generating Units (CGUs)	↑	4.3
Recoverability of Parent Company's Investment in Subsidiaries (Parent only)	↔	4.4

### AUDIT COMMITTEE INTERACTION

During the year, the Audit Committee met 5 times. KPMG are invited to attend all Audit Committee meetings and are provided with an opportunity to meet with the Audit Committee in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the Audit Committee in section 4, including matters that required particular judgement for each.

# KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

<p><b>MATERIALITY</b> (ITEM 6 BELOW)</p>	<p>The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.</p> <p>We have determined overall materiality for the Group financial statements as a whole at £40.0m (FY23: £33.5m) and for the Parent Company financial statements as a whole at £16.0m (FY23: £13.4m). Consistent with FY23, we determined that adjusted EBITDA, which includes the add-back of the separation costs related to the IT transformation project and a proxy rental charge for leased assets and ground rent remains the most appropriate benchmark for the Group as it is the most relevant measure for stakeholders. As such, we based our Group materiality on adjusted EBITDA, of which it represents 3.51% (FY23: 2.53%).</p> <p>Materiality for the Parent Company financial statements was determined with reference to a benchmark of Parent Company total assets of which it represents 0.66% (FY23: 0.70%).</p>	<p><b>Materiality levels used in our audit</b></p> <table border="1"> <thead> <tr> <th>Category</th> <th>FY24 £m</th> <th>FY23 £m</th> </tr> </thead> <tbody> <tr> <td>Group</td> <td>40</td> <td>33.5</td> </tr> <tr> <td>GPM</td> <td>26</td> <td>21.7</td> </tr> <tr> <td>HCM</td> <td>30</td> <td>30</td> </tr> <tr> <td>PLC</td> <td>16</td> <td>13.4</td> </tr> <tr> <td>LCM</td> <td>6</td> <td>13.4</td> </tr> <tr> <td>AMPT</td> <td>2</td> <td>1.65</td> </tr> </tbody> </table> <p> <b>Group</b> Group Materiality  <b>GPM</b> Group Performance Materiality  <b>HCM</b> Highest Component Materiality  <b>PLC</b> Parent Company Materiality  <b>LCM</b> Lowest Component Materiality  <b>AMPT</b> Audit Misstatement Posting Threshold         </p>	Category	FY24 £m	FY23 £m	Group	40	33.5	GPM	26	21.7	HCM	30	30	PLC	16	13.4	LCM	6	13.4	AMPT	2	1.65
Category	FY24 £m	FY23 £m																					
Group	40	33.5																					
GPM	26	21.7																					
HCM	30	30																					
PLC	16	13.4																					
LCM	6	13.4																					
AMPT	2	1.65																					
<p><b>GROUP SCOPE</b> (ITEM 7 BELOW)</p>	<p>We have performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, what audit procedures to perform at these components and the extent of involvement required from our component auditors.</p> <p>Of the 24 components we identified for the Group, we performed audit procedures on 7 components.</p> <p>In addition, for the remaining components for which we performed no audit procedures, we performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.</p> <p>We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.</p>	<p><b>Coverage of Group financial statements</b></p> <p>Our audit procedures covered 99% of Group revenue:</p> <p>We performed audit procedures in relation to components that accounted for the following percentages:</p>																					

## KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

### 3. GOING CONCERN

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

#### GOING CONCERN

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Parent Company's available financial resources and metrics relevant to debt covenants over this period were:

- The ability to deliver on the Group's new strategy to restore volume growth in the business in the timeframes assumed in the Group's 5 year plan;
- The impact of inflation and the associated increase in costs of living, which may result in a reduction in customer demand; and
- The impact of a decline in sales due to the high level of competition within the retail industry.

We also considered less predictable but realistic second order impacts, such as the erosion of customer or supplier confidence, which could result in a reduction of available financial resources.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern.

Accordingly, based on those procedures, we found the directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

#### Our conclusions

Our conclusions based on those procedures described in this report are:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- we found the going concern disclosure in note 1 to be acceptable.

### 4. KEY AUDIT MATTERS

#### WHAT WE MEAN

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and
- directing the efforts of the engagement team.

We include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters. These matters were addressed for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

# KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

4.1 ACCURACY OF STORE INVENTORY, AND THE ACCURACY OF THE INVENTORY LOSS ESTIMATE (GROUP)		
Financial Statement Elements		Our assessment of risk vs FY23
FY24	FY23	
Goods held for resale	£1,324m	£1,332m
Inventory loss estimate	£87m	£140m



Risk of error in relation to the accuracy of the gross store inventory and the inventory loss estimate.

Description of the Key Audit Matter	Our response to the risk
<p><b>Estimate valuation</b></p> <p>Gross retail inventory held across all stores is estimated using the retail inventory method and includes the inventory loss estimate recognised at the year-end, which represents an estimate in the consolidated financial statements.</p> <p>The retail inventory method involves an estimation of gross stock value based on observed sales margins by store, by department, based on gross sales, markdowns, and purchases data within the financial systems. The derivation of gross stock value is reliant on the accuracy of this transactional data given that store inventory is estimated at an operating department level. As this cannot be performed at a Stock Keeping Unit ("SKU") level judgement is applied over the use of average margins, sales and purchases, at an operating department level.</p> <p>An independent third party performs at least one inventory count across the first 11 months of the year, with some additional counts performed based on risk assessment. As a result, management calculate the closing stock of inventory using certain estimates. These estimates include assumptions such as inventory loss, obsolescence, wastage and price markdowns (collectively "inventory loss"). We believe that the inventory loss estimate includes significant estimation uncertainty due to the choice of inventory loss assumptions used, which are highly judgemental, in both the reflection of the appropriateness of historic stock loss as an approximation for future loss, and in the level of imprecision in the underlying store stock records.</p> <p>The selection of assumptions used in the inventory loss estimate provides an opportunity to manipulate cost of goods sold, driving adjustments to the EBITDA value, thereby representing a fraud risk associated with incentive to achieve bonus or increase costs. The selection of the assumptions used remain consistent with those used in the prior year.</p> <p>There is a significant risk of misstating the closing inventory balance owing to the judgement involved in estimating the expected inventory loss given the timing of physical counts being ahead of the year end as well as through the roll-forward of stock based on estimated quantities held within stores.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>▪ <b>Assessment of general IT control environment and automated control re-performance:</b> Testing the operating effectiveness of IT controls and any relevant compensating general IT controls in the current and prior periods, over sales and purchase transactions and the allocation of transactions by department;</li> <li>▪ <b>Test of details:</b> Performing roll forward procedures over gross inventory balances between the date of count and the period end, for a sample of stores, including testing on sales and purchase reports which underpin the roll forward testing;</li> <li>▪ <b>Test of details:</b> Evaluating the allocation of SKUs to operating departments by testing a sample of items to ensure that similar products are allocated to the correct operating departments;</li> <li>▪ <b>Test of details:</b> Obtaining management's retrospective review over the margin applied to determine the year end gross store stock balance to identify whether a material misstatement exists given post year end margins;</li> <li>▪ <b>Control design and implementation:</b> Evaluating the design and implementation of controls over the store count cycle plan, store inventory counts and inventory loss estimate including understanding any service organisations present, and subsequent accounting entries to the general ledger;</li> <li>▪ <b>Test of operating effectiveness:</b> Testing the operating effectiveness of controls over the store inventory counts and inventory loss estimate, and subsequent accounting entries to the general ledger;</li> <li>▪ <b>Service organisation assessment:</b> Obtaining the service organisation ("RGIS") System and Organisation Controls ("SOC1") report and evaluating the appropriateness of the period under review, any bridge requirements, the controls identified and any impact on findings included on our reliance of controls operated;</li> <li>▪ <b>Control re-performance:</b> Attending inventory counts for a sample of sites, testing the controls in operation with RGIS counters and management's control activities that underpin the recording of the count results in the general ledger;</li> </ul>

# KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

	<ul style="list-style-type: none"> <li>▪ <b>Test of details:</b> Challenging and evaluating whether there is adequate support for the key assumptions of the inventory loss estimate, including the use of last count results to form an expectation of inventory loss estimate, and data underlying management's assessment, whether they are realistic, achievable and consistent with the external and internal environment, and other matters identified in the audit;</li> <li>▪ <b>Test of details:</b> Creating an independent assessment of the inventory loss estimate calculation and comparing this to management's calculation, agreeing relevant data back to source and corroborating differences;</li> <li>▪ <b>Test of details:</b> Reperformed management's calculation of the inventory loss estimate for a sample of stores where we attended a physical stock count;</li> <li>▪ <b>Test of details:</b> Assessment of management's post year-end physical stock count analysis, comparing actual losses recognised in Quarter 1 to the year-end estimate. Attending a sample of management's post year-end physical counts in Quarter 1 2025, performing sample stock counts and calculating an independent expectation of the inventory loss estimate; and</li> <li>▪ <b>Assessing transparency:</b> Assessing the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the gross store stock balance and inventory loss estimate.</li> </ul>
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Further information in the Annual Report and Accounts: See page 101 for the accounting policies on the existence of inventory and accuracy of the inventory loss estimate, and page 155 for the financial disclosures.

## 4.2 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

Financial Statement Elements			Our assessment of risk vs FY23	
	FY24	FY23		
Property, plant and equipment	£9,145m	£9,762m	↑	Increased risk of error in relation to the recoverability of non-financial assets given the trading underperformance of the Group in the period
Right of use assets	£2,987m	£3,057m		

Description of the Key Audit Matter	Our response to the risk
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<p><b>Forecast based assessment</b></p> <p>Under IAS 36 'Impairment of Assets', the Group is required to complete an impairment review of its store portfolio where there are indicators of impairment charges or reversals. Judgement is required in identifying indicators of impairment charges or reversals and estimation is required in determining the recoverable amount of the Group's store portfolio.</p> <p>There is a risk that the carrying values of stores and related PPE and ROU assets may be higher than the recoverable amount. Where there is an indicator of impairment and a review for impairment is conducted, the recoverable amount is determined based on the higher of 'value-in-use' (VIU) or fair value less costs of disposal (FVLCD). The recoverable amount is calculated at a cash generating unit (CGUs) level and a single store is considered to be a CGU.</p>	<p>We performed the detailed tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>▪ <b>Identification of the cash generating units (CGUs):</b> Evaluating whether the CGUs have been determined at the appropriate level;</li> <li>▪ <b>Data comparison:</b> Comparison of the cash flows included in the value in use (VIU) models against the board approved budgets and related going concern analysis to confirm the consistency of assumptions.</li> </ul>
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# KPMG LLP's Independent Auditor's Report



## To the members of Bellis Finco PLC

<p>Management estimates the FVLCD of the stores with the assistance of independent professional valuers. External valuations are obtained for all CGUs with indicators of impairment.</p> <p>The VIU of an individual Asda store relies on a number of assumptions, most notably the rate of Grocery market growth (sales volume) and the Group's participation in this growth, gross margin performance and SG&amp;A cost inflation as per the Group's 5-year plan, the discount rate, maintenance and capital spend, which all involve a high degree of estimation uncertainty.</p> <p>The carrying value of each CGU has been assessed against the recoverable amount under both FVLCD and VIU and the higher of the two has been used to determine if there is any impairment or reversal of impairment.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of the individual store's has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 12) disclose the sensitivity estimated by the Group.</p> <p>As a result, there is a risk which we consider to be significant of incomplete indicators of impairment identified by the Directors and that inappropriate recoverable amounts may be estimated for the CGUs.</p>	<ul style="list-style-type: none"> <li>▪ <b>Methodology implementation:</b> Testing of the VIU and impairment charge models to assess whether they are designed appropriately and comply with the requirements of the relevant accounting standard including allocation of central overheads and working capital.</li> <li>▪ <b>Historical comparison:</b> We performed a retrospective review, comparing historical budgets to actual performance to assess historical forecasting accuracy;</li> <li>▪ <b>Historical performance:</b> We performed a review of historical achievement of results for Asda and its major competitors to assess the achievability of the board approved new 5 year plan;</li> <li>▪ <b>Benchmarking assumptions:</b> Using our own economic specialists, we evaluated key assumptions such as projected economic growth, customer spending behaviours and cost inflation and market inputs used in deriving the discount rate, against externally derived publicly available data.</li> <li>▪ <b>Valuation expertise:</b> Using our own valuation specialists, we assessed the appropriateness of the methodology adopted to determine the fair value of the CGUs and evaluated the competence, capability and objectivity of management's independent valuers;</li> <li>▪ <b>Sensitivity analysis:</b> Performing analysis of changes in the key assumptions to understand the sensitivity of the VIU model to changes in these key assumptions.</li> <li>▪ <b>Assessing management bias:</b> we evaluated whether judgements and decisions made by the Directors when determining the value of the discount rate contain indicators of possible management bias, when viewed against other judgements made in this area;</li> <li>▪ <b>Assessing transparency:</b> Assessing the Group's disclosures in relation to the sensitivities applied to the impairment assessment, including changes in the key assumptions related to the risk around the valuation of the PPE and ROU assets.</li> </ul>
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Further information in the Annual Report and Accounts: See page 110 for the accounting policy on the Impairment of Property, Plant and Equipment and Right of Use Assets, and pages 141 to 145 for the financial disclosures.

4.3 CARRYING VALUE OF AMERICA AND ARTHUR GROUPS OF CASH GENERATING UNITS (GROUP)		
Financial Statement Elements	Our assessment of risk vs FY23	
FY24	FY23	
Goodwill	£1,081m	£1,182m
<span style="font-size: 2em; vertical-align: middle;">↑</span> Increased risk of error in relation to the recoverability of non-financial assets given trading performance for both businesses has been behind expectations as at the date of acquisition .		
Description of the Key Audit Matter	Our response to the risk	
<p><b>Forecast-based assessment</b></p> <p>There is a risk that the business may not meet expected growth projections in order to support the carrying value of goodwill held relating to the America and Arthur group of cash generating units ("CGU'S). The risk has increased in the period in light of the trading performance for both businesses being behind expectations as at the date of acquisition .</p>	<p>We performed the detailed tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>▪ <b>Historical comparisons:</b> Compare the previous forecasts for each CGU against the actual outcomes to assess the historical reliability of the Group's forecasting;</li> <li>▪ <b>Methodology implementation:</b> we tested the Group's discounted cashflow models to assess whether they are designed appropriately and comply with the requirements of the relevant accounting standard</li> </ul>	

## KPMG LLP's Independent Auditor's Report



### To the members of Bellis Finco PLC

<p>Goodwill is significant and at risk of irrecoverability due to uncertainty in the future business model given the transition from internal combustion engine cars to electric vehicles in line with the government's Zero Emission Vehicle mandate which aims for 80% of new car sales in Great Britain to be zero emission by 2030, increasing to 100% by 2035.</p> <p>The directors consider the recoverability of the group of CGUs based on their estimated fair value less costs of disposal using discounted cash flow projections that had underlying assumptions of varying sensitivities. The fair value less costs of disposal is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the fair value of America and Arthur groups of CGUs have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p>	<ul style="list-style-type: none"> <li>▪ <b>Benchmarking assumptions:</b> Compare each CGU's trading forecasts against current trading performance and anticipated changes in the business model, comparing assumptions in respect of the increase in grocery sales due to increased dwell time to industry analyst reports and our own internal economic outlook analysis, comparing expected future synergies from acquisition against those achieved to date and apply our knowledge of the business and sector in investigating any significant deviations in order to challenge assumptions included in the forecasts;</li> <li>▪ <b>Sensitivity analysis:</b> Perform sensitivity analysis on individual key assumptions and in combined scenarios over growth in grocery and food service sales from increased dwell time whilst consumers charge vehicles, achievability of assumed synergies arising through being part of the Asda Group of companies, terminal growth rate and discount rate in order to assess the level of sensitivity of the fair value to these assumptions;</li> <li>▪ <b>Our sector experience:</b> Assess and challenge the discount rate by obtaining the inputs used in the discount rate calculations, benchmarking against our own expectations, consulting with our Corporate Finance team and comparing the overall rate to an expected range based on our own benchmarks;</li> <li>▪ <b>Comparing valuations:</b> Compare the fair value less costs of disposal using a discounted cash flow method to a multiples-based valuation approach, to assess the reasonableness of those cashflows and the reasonableness of the carrying value of those CGUs;</li> <li>▪ <b>Assessing management bias:</b> we evaluated whether judgements and decisions made by the Directors when allocating goodwill contain indicators of possible management bias, when viewed against other judgements made in this area;</li> <li>▪ <b>Assessing transparency:</b> Consider the adequacy of the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions.</li> </ul>
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Further information in the Annual Report and Accounts: See page 100 for the accounting policies on the approach to impairment of goodwill testing, and pages 151-155 for the financial disclosures.

# KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

4.4 RECOVERABILITY OF PARENT COMPANY'S INVESTMENT IN SUBSIDIARIES (PARENT COMPANY)		
Financial Statement Elements		Our assessment of risk vs FY23
	FY24	FY23
Investments in subsidiaries	£665m	£665m
		↔
Given their materiality in the context of the Parent Company financial statements, the recoverability of Parent Company investments is considered to be the area that had the greatest effect on our overall Parent Company audit.		
Description of the Key Audit Matter		Our response to the risk
<p><b>Low risk, high value</b></p> <p>The carrying amount of the Parent Company's investments in subsidiaries through share capital represent 27% of the Parent Company's total assets.</p> <p>Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on the Parent Company audit.</p>		<p>We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>▪ <b>Test of details:</b> Comparing the carrying amount of 100% investments in subsidiaries with the relevant subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of the minimum recoverable amount, were in excess of their carrying amount, and assess whether those subsidiaries have historically been profit-making; and</li> <li>▪ <b>Assessing transparency:</b> Assessing the adequacy of the Parent Company's disclosures in respect of the investment in subsidiaries.</li> </ul>

Further information in the Annual Report and Accounts: See page 200 for the accounting policy on the Recoverability of Parent Company's Investment in Subsidiaries (Parent Company), and pages 201 for the financial disclosures.

Following the completion of the acquisition of Euro Garages (Jersey) Limited in the prior year, we have not assessed it as a significant risk in our current year audit and, therefore, it is not separately identified in our report this year.

## 5. OUR ABILITY TO DETECT IRREGULARITIES, AND OUR RESPONSE

FRAUD - IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO FRAUD	
<b>FRAUD RISK ASSESSMENT</b>	<p>To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:</p> <ul style="list-style-type: none"> <li>• Enquiring of Directors, management, Internal Audit, Group Legal, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.</li> <li>• Reading Board, Audit Committee, and the Compliance, Ethics, Risk and Audit committee minutes.</li> <li>• Considering remuneration incentive schemes and performance targets for management, Directors and sales staff.</li> <li>• Using analytical procedures to identify any unusual or unexpected relationships.</li> </ul> <p>Throughout the engagement we remained alert for any indication of potential fraud risks. This included holding regular meetings with management across the business to understand the susceptibility to fraud, considering performance targets and any ability for management to influence the results to meet these targets. We also considered relevant controls that the Group has in place which would assist in detecting and preventing fraud across the business.</p>
<b>RISK COMMUNICATIONS</b>	<p>We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group auditor to component auditors of relevant fraud risks identified at the Group level and requesting component auditors performing procedures at the component level to report to the Group auditor any identified fraud risk factors or identified or suspected instances of fraud.</p>

# KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

<b>FRAUD RISKS</b>	<p>As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the transactions are high in volume, low in value, cash-based and highly automated. We therefore concluded that the opportunity for management to achieve material fraudulent revenue recognition on a transactional basis is limited.</p> <p>We identified a fraud risk in relation to the estimation uncertainty that is inherent in the calculation of the expected year-end inventory loss estimate.</p>
<b>LINK TO KAMS</b>	<p>Further detail in respect of inventory is set out in the key audit matter disclosures in section 4 of this report.</p>
<b>PROCEDURES TO ADDRESS FRAUD RISKS</b>	<p>Based on the above we designed our audit procedures to identify any instances of fraud or management override of controls. Our procedures involved journal entry testing over the full population of journals throughout the year, with a focus on any journals which impact the fraud risk factors identified.</p> <p>We also performed additional procedures over the related party confirmations, transactions and disclosures to confirm there were no instances of fraud identified.</p> <p>We performed procedures including:</p> <ul style="list-style-type: none"> <li>• Identifying journal entries and other adjustments to test at the Group level and for selected components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by users who do not typically post journals as a part of their job role, finance management, key words, those posted to unusual or unexpected account combinations (unusual double entries on certain accounts), unexpected postings that increase EBITDA and post-closing journals increasing or decreasing EBITDA.</li> <li>• Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.</li> </ul>

<b>LAWS AND REGULATIONS - IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT RELATING TO COMPLIANCE WITH LAWS AND REGULATIONS</b>	
<b>LAWS AND REGULATIONS RISK ASSESSMENT</b>	<p>We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors, management, Internal Audit and the Group legal team (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Group legal team the policies and procedures regarding compliance with laws and regulations.</p> <p>As a subsidiary within the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.</p>
<b>RISK COMMUNICATIONS</b>	<p>We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group auditor to component auditors of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.</p>
<b>DIRECT LAWS CONTEXT AND LINK TO AUDIT</b>	<p>The potential effect of these laws and regulations on the financial statements varies considerably.</p> <p>Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.</p>
<b>MOST SIGNIFICANT INDIRECT LAW/REGULATION AREAS</b>	<p>Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: groceries supply code of practice (GSCOP), health and safety, data protection laws, anti-bribery, employment law, food and drug administration, misrepresentation act, and certain aspects of company legislation recognising the financial nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors, and other management, and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.</p>
<b>KNOWN ACTUAL OR SUSPECTED MATTERS/LEGISLATION OF PARTICULAR RELEVANCE</b>	<p>For the Equal Value Claim matter discussed in note 28 of the consolidated financial statements we assessed disclosures against our understanding from legal correspondence, review of the Walmart indemnification agreement and meetings held with management, involving our legal specialists.</p> <p>We discussed with the audit committee other matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.</p>

# KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

CONTEXT	
<p><b>CONTEXT OF THE ABILITY OF THE AUDIT TO DETECT FRAUD OR BREACHES OF LAW OR REGULATION</b></p>	<p>Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.</p>

## 6. OUR DETERMINATION OF MATERIALITY

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

<p><b>£40.0M</b> <b>(FY23: £33.5M)</b> <b>MATERIALITY FOR THE GROUP FINANCIAL STATEMENTS AS A WHOLE</b></p>	<p><b>What we mean</b></p> <p>A quantitative reference for the purpose of planning and performing our audit.</p>
	<p><b>Basis for determining materiality and judgements applied</b></p> <p>Materiality for the Group financial statements as a whole was set at £40.0m (FY23: £33.5m). This was determined with reference to a benchmark of adjusted EBITDA, which includes the add-back of separate costs related to the IT transformation project of £309.5m as we consider these to be non-recurring and including a proxy rental charge for leased assets and ground rent of £395m given this is adjusted for by management in their assessment of "adjusted EBITDA".</p> <p>Consistent with FY23, we determined that adjusted EBITDA remains the main benchmark for the Group given the sector in which the entity operates, its ownership, the financing structure, and the focus of the users of the accounts.</p> <p>Our Group materiality of £40.0m was determined by applying a percentage to adjusted EBITDA. When using a benchmark of adjusted EBITDA to determine overall materiality, KPMG's approach considers a guideline range 2% - 4% of the measure. In setting overall Group materiality, we applied a percentage of 3.51% (FY23: 2.53%) to the benchmark.</p> <p>Materiality for the Parent Company financial statements as a whole was set at £16.0m (FY23: £13.4m), determined with reference to a benchmark of Parent Company total assets, of which it represents 0.66% (FY23: 0.70%).</p>

<p><b>£26.0M</b> <b>(FY23: £21.7M)</b> <b>PERFORMANCE MATERIALITY</b></p>	<p><b>What we mean</b></p> <p>Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.</p>
	<p><b>Basis for determining performance materiality and judgements applied</b></p> <p>We have considered performance materiality at a level of 65% (FY23: 65%) of materiality for Bellis Finco PLC Group financial statements as a whole to be appropriate.</p> <p>The Parent Company performance materiality was set at £10.4m (FY23: £8.7m), which equates to 65% (FY23: 65%) of materiality for the Parent Company financial statements as a whole.</p> <p>We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies during the prior period.</p>

<p><b>£2.0M</b> <b>(FY23: £1.675M)</b> <b>AUDIT MISSTATEMENT POSTING THRESHOLD</b></p>	<p><b>What we mean</b></p> <p>This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud.</p> <p>This is also the amount above which all misstatements identified are communicated to the Group's Audit Committee.</p>
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# KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

	<p><b>Basis for determining the audit misstatement posting threshold and judgements applied</b></p> <p>We set our audit misstatement posting threshold at 5% (FY23: 5%) of our materiality for the Group financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.</p>
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The overall materiality for the Group financial statements of £40.0m (FY23: £33.5m) compares as follows to the main financial statement caption amounts:

	Total Group Revenue		Group loss before tax (2023: profit before tax)		Total Group Assets	
	FY24	FY23	FY24	FY23	FY24	FY23
<b>Financial statement Caption</b>	<b>£26,846.6m</b>	£25,616.9m	<b>£(599.0)m</b>	£180.3m	<b>£18,445.6m</b>	£19,288.9m
<b>Group Materiality as % of caption</b>	<b>0.1%</b>	0.1%	<b>6.7%</b>	18.6%	<b>0.2%</b>	0.2%

# KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

## 7. THE SCOPE OF OUR AUDIT

<b>GROUP SCOPE</b>	<p><b>What we mean</b></p> <p>How the Group auditor determined the procedures to be performed across the Group.</p>											
	<p>This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.</p> <p>In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement ("RMMs"). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.</p> <p>We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.</p> <p>In total, we identified 24 components, having considered our evaluation of the Group's legal structure, the existence of common information systems and our ability to perform audit procedures centrally.</p> <p>Of those, we identified 4 quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.</p> <p>Additionally, having considered qualitative and quantitative factors, we selected 3 additional components with accounts contributing to the specific RMMs of the Group financial statements.</p> <p>The below summarises where we performed audit procedures:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Component type</th> <th style="text-align: center;">Number of components where we performed audit procedures</th> <th style="text-align: center;">Range of materiality applied</th> </tr> </thead> <tbody> <tr> <td>Quantitatively significant components</td> <td style="text-align: center;">4</td> <td style="text-align: center;">£16m - £30m</td> </tr> <tr> <td>Other components where we performed procedures</td> <td style="text-align: center;">3</td> <td style="text-align: center;">£6m - £12m</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: center;"><b>7</b></td> <td></td> </tr> </tbody> </table> <p>We involved component auditors in performing the audit work on 2 components. We set the component materialities having regard to the mix of size and risk profile of the Group across the components. We also performed the audit of the parent Company.</p> <p>Our audit procedures covered 99% of Group revenue. We performed audit procedures in relation to components that accounted for 84% of Group loss before tax and 89% of Group total assets.</p> <p>For the remaining components for which we performed no audit procedures, no component represented more than 5% of Group loss before tax or 7% of Group total assets. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.</p> <p>We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.</p>	Component type	Number of components where we performed audit procedures	Range of materiality applied	Quantitatively significant components	4	£16m - £30m	Other components where we performed procedures	3	£6m - £12m	<b>Total</b>	<b>7</b>
Component type	Number of components where we performed audit procedures	Range of materiality applied										
Quantitatively significant components	4	£16m - £30m										
Other components where we performed procedures	3	£6m - £12m										
<b>Total</b>	<b>7</b>											
<b>GROUP AUDITOR OVERSIGHT</b>	<p><b>What we mean</b></p> <p>The extent of the Group auditor's involvement in work performed by component auditors.</p>											
	<p>In working with component auditors, we:</p> <ul style="list-style-type: none"> <li>• Held planning calls with component audit teams to discuss the significant areas of the audit relevant to the components, including the key audit matter in respect of the impairment of property, plant and equipment and right of use assets;</li> <li>• Issued group audit instructions to component auditors on the scope of their work, including specifying the minimum procedures to perform in their audit of journals, revenue and PPE impairment.</li> <li>• Held risk assessment update discussions with 2 component audit teams before the commencement of the final phases of the audit led by the Group engagement partner and engagement quality control partner;</li> <li>• Inspection of component audit teams' key work papers (in person and/or using remote technology capabilities) to evaluate the quality of execution of the audits of the components, with a particular focus on impairment of property, plant and equipment and right of use assets.</li> </ul>											

## KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

### 8. OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

<b>ALL OTHER INFORMATION</b>	
<p><b>Our responsibility</b></p> <p>Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.</p>	<p><b>Our reporting</b></p> <p>Based solely on that work we have not identified material misstatements or inconsistencies in the other information.</p>
<b>STRATEGIC REPORT AND DIRECTORS' REPORT</b>	
<p><b>Our responsibility and reporting</b></p> <p>Based solely on our work on the other information described above we report to you as follows:</p> <ul style="list-style-type: none"> <li>▪ we have not identified material misstatements in the strategic report and the directors' report;</li> <li>▪ in our opinion the information given in those reports for the financial year is consistent with the financial statements; and</li> <li>▪ in our opinion those reports have been prepared in accordance with the Companies Act 2006.</li> </ul>	
<b>OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION</b>	
<p><b>Our responsibility</b></p> <p>Under the Companies Act 2006, we are required to report to you if, in our opinion:</p> <ul style="list-style-type: none"> <li>▪ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or</li> <li>▪ the Parent Company financial statements are not in agreement with the accounting records and returns; or</li> <li>▪ certain disclosures of directors' remuneration specified by law are not made; or</li> <li>▪ we have not received all the information and explanations we require for our audit.</li> </ul>	<p><b>Our reporting</b></p> <p>We have nothing to report in these respects.</p>

## KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

### 9. RESPECTIVE RESPONSIBILITIES

#### Directors' responsibilities

As explained more fully in their statement set out on page 72-73, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### 10. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

**Adrian Wilcox (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

4 April 2025

**Consolidated Income Statement for the Year Ended 31 December 2024**

	Note	Pre non- underlying items £ m	Non-underlying items £ m	Post non- underlying items £ m
<b>Year ended 31 December 2024</b>				
Revenue	3	26,846.6	-	26,846.6
Other income	4	80.1	-	80.1
Operating costs	5	(26,255.9)	(714.4)	(26,970.3)
<b>Operating profit/(loss)</b>		670.8	(714.4)	(43.6)
Finance income	9	55.9	-	55.9
Finance costs	9	(611.3)	-	(611.3)
<b>Profit/(loss) before tax</b>		115.4	(714.4)	(599.0)
Income tax (expense)/credit	5, 11	(22.6)	134.4	111.8
<b>Profit/(loss) for the year</b>		92.8	(580.0)	(487.2)

	Note	Pre non- underlying items £ m	Non-underlying items £ m	Post non- underlying items £ m
<b>Year ended 31 December 2023</b>				
Revenue	3	25,616.9	-	25,616.9
Other income	4	70.9	-	70.9
Operating costs	5	(25,051.2)	(68.0)	(25,119.2)
<b>Operating profit</b>		636.6	(68.0)	568.6
Finance income	9	52.5	-	52.5
Finance costs	9	(440.8)	-	(440.8)
<b>Profit before tax</b>		248.3	(68.0)	180.3
Income tax credit	5, 11	-	14.2	14.2
<b>Profit for the year</b>		248.3	(53.8)	194.5

The above results were derived from continuing operations. Further detail of amounts presented as non-underlying items is provided in note 1 and 5.

The accompanying notes form part of these financial statements.

**Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2024**

	Note	Year Ended 31 December 2024 £ m	Year Ended 31 December 2023 £ m
<b>(Loss)/profit for the year</b>		<u>(487.2)</u>	<u>194.5</u>
<b>Items that will not be reclassified to profit or loss in subsequent years</b>			
Total remeasurement of defined benefit obligation	22	0.9	(0.1)
Tax on items recognised in other comprehensive income	11	<u>(0.3)</u>	<u>0.1</u>
		<u>0.6</u>	<u>-</u>
<b>Items to be reclassified subsequently to profit or loss in subsequent years</b>			
<i>Forward contracts:</i>			
Reclassification during the year to Income Statement		11.1	15.3
Net gain/(loss) during the year on not-yet-matured contracts		23.6	(36.3)
Tax on cash flow hedges recognised directly in other comprehensive income	11	(8.7)	5.2
<i>Cross-currency hedge:</i>			
Reclassification during the year to Income Statement		56.1	(2.5)
Net loss during the year on cross-currency swaps		(58.7)	(21.8)
Currency basis movements on cost of hedging reserve		(3.0)	(0.9)
Time-value movements on cost of hedging reserve		(0.2)	-
Tax on cross-currency swaps	11	1.5	6.3
<i>Interest rate swaps:</i>			
Net gain/(loss) during the year on interest rate swaps		7.1	(6.0)
Reclassification during the year to income statement		(2.0)	(0.4)
Time value movements on cost of hedging reserve		(0.2)	-
Tax on interest rate swaps	11	<u>(1.3)</u>	<u>1.6</u>
		<u>25.3</u>	<u>(39.5)</u>
<b>Other comprehensive income/(expense) for the year</b>		<u>25.9</u>	<u>(39.5)</u>
<b>Total comprehensive (expense)/income for the year</b>		<u>(461.3)</u>	<u>155.0</u>

**Consolidated Balance Sheet as at 31 December 2024**

	Note	Year Ended 31 December 2024 £ m	Year Ended 31 December 2023 £ m
Registration number: 12855336			
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	9,144.6	9,762.4
Right-of-use assets	13	2,987.4	3,057.1
Investment properties	12	39.1	39.1
Intangible assets	15	2,807.8	2,763.1
Amounts due from fellow wholly-owned subsidiaries of the ultimate parent	17	799.9	773.2
Other financial assets	21	8.9	5.5
Derivative assets	17	8.7	0.2
Finance lease receivable	13	127.2	128.9
		<u>15,923.6</u>	<u>16,529.5</u>
<b>Current assets</b>			
Inventories	16	1,325.9	1,334.3
Trade, other receivables and derivative assets	17	329.7	307.6
Amounts due from fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent	17	10.4	9.2
Finance lease receivables	13	6.1	4.2
Income tax asset		1.9	-
Cash and cash equivalents	18	823.5	1,027.7
		<u>2,497.5</u>	<u>2,683.0</u>
Assets held for sale	14	24.5	76.4
<b>Total assets</b>		<u><u>18,445.6</u></u>	<u><u>19,288.9</u></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	24	0.1	0.1
Share premium	24	1,280.0	1,280.0
Cash flow hedge reserve	25	13.8	(13.9)
Cost of hedging reserve		(2.6)	(0.2)
Retained earnings	25	2,173.8	2,658.8
Equity attributable to owners of the Company		<u>3,465.1</u>	<u>3,924.8</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	11	1,012.9	1,136.7
Shareholder loan	19	457.2	409.1
Lease liabilities	20	3,640.5	3,651.2
Borrowings	21	4,897.0	5,140.5
Pension liability	22	8.0	8.6
Provisions	23	161.9	178.2
Derivative liabilities	19	55.7	6.0
		<u>10,233.2</u>	<u>10,530.3</u>
<b>Current liabilities</b>			
Trade, other payables and derivative liabilities	19	4,533.9	4,604.7
Amounts due to fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent	19	14.0	9.9
Income tax liability		-	3.2
Lease liabilities	20	152.3	139.0
Provisions	23	39.7	39.0
Borrowings	21	7.4	22.7
		<u>4,747.3</u>	<u>4,818.5</u>
Liabilities directly associated with assets held for sale	14	-	15.3
<b>Total liabilities</b>		<u><u>14,980.5</u></u>	<u><u>15,364.1</u></u>
<b>Total equity and liabilities</b>		<u><u>18,445.6</u></u>	<u><u>19,288.9</u></u>

Approved by the Board on 4 April 2025 and signed on its behalf by:

M Gleeson  
Director*Michael Gleeson*

## Consolidated Statement of Changes in Equity for the Year Ended 31 December 2024

### Year ended 31 December 2023

	Note	Share capital £ m	Share premium £ m	Cash flow hedging reserve £ m	Cost of hedging reserve £ m	Retained earnings £ m	Total equity £ m
<b>At 1 January 2023</b>		<u>0.1</u>	<u>1,280.0</u>	<u>57.4</u>	<u>0.6</u>	<u>2,430.8</u>	<u>3,768.9</u>
Profit for the year		-	-	-	-	194.5	194.5
<i>Defined benefit pension scheme:</i>							
Total remeasurement on defined benefit obligation	22	-	-	-	-	(0.1)	(0.1)
Tax on items recognised directly in other comprehensive income	11	-	-	-	-	0.1	0.1
<i>Forward contracts:</i>							
Cash flow hedges - reclassified during year to Income Statement		-	-	15.3	-	-	15.3
Cash flow hedges - net loss during year on not-yet matured contracts		-	-	(36.3)	-	-	(36.3)
Tax on cash flow hedges recognised directly in other comprehensive income	11	-	-	5.2	-	-	5.2
<i>Cross-currency interest rate swaps:</i>							
Reclassification during the year to Income Statement		-	-	(2.6)	0.1	-	(2.5)
Net loss during the year on cross-currency interest rate swaps		-	-	(21.8)	-	-	(21.8)
Currency basis movements on cost of hedging reserve		-	-	-	(0.9)	-	(0.9)
Tax on cross-currency interest rate swaps	11	-	-	6.3	-	-	6.3
<i>Interest rate swaps:</i>							
Reclassification during the year to income statement		-	-	(0.4)	-	-	(0.4)
Net loss during the year on interest rate swaps		-	-	(6.0)	-	-	(6.0)
Tax on interest rate swaps		-	-	1.6	-	-	1.6
<b>Total comprehensive (expense)/income</b>		-	-	(38.7)	(0.8)	194.5	155.0
Change in fair value of share-based payments		-	-	-	-	0.9	0.9
Reclassification		-	-	(32.6)	-	32.6	-
<b>At 31 December 2023</b>		<u>0.1</u>	<u>1,280.0</u>	<u>(13.9)</u>	<u>(0.2)</u>	<u>2,658.8</u>	<u>3,924.8</u>

## Consolidated Statement of Changes in Equity for the Year Ended 31 December 2024 (continued)

### Year ended 31 December 2024

		Share capital £m	Share premium £m	Cash flow hedging reserve £m	Cost of hedging reserve £m	Retained earnings £m	Total equity £m
At 1 January 2024		0.1	1,280.0	(13.9)	(0.2)	2,658.8	3,924.8
Loss for the year	25	-	-	-	-	(487.2)	(487.2)
<i>Defined benefit pension scheme:</i>							
Total remeasurements on defined benefit obligation	22	-	-	-	-	0.9	0.9
Tax on items recognised directly in other comprehensive income	11	-	-	-	-	(0.3)	(0.3)
<i>Forward contracts:</i>							
Cash flow hedges - reclassified during the year to Income Statement		-	-	11.1	-	-	11.1
Cash flow hedges - net gain during year on not-yet-matured contracts		-	-	23.6	-	-	23.6
Tax on cash flow hedges recognised directly in other comprehensive income	11	-	-	(8.7)	-	-	(8.7)
<i>Cross-currency interest rate swaps:</i>							
Reclassification during the year to Income Statement		-	-	55.1	1.0	-	56.1
Net loss during the year on cross-currency interest rate swaps		-	-	(58.7)	-	-	(58.7)
Currency basis movements on cost of hedging reserve		-	-	-	(3.0)	-	(3.0)
Time-value movements on cost of hedging reserve		-	-	-	(0.2)	-	(0.2)
Tax on cross-currency interest rate swaps	11	-	-	1.5	-	-	1.5
<i>Interest rate swaps:</i>							
Reclassification during the year to income statement		-	-	(2.0)	-	-	(2.0)
Net gain during the year on interest rate swaps		-	-	7.1	-	-	7.1
Time-value movements on cost of hedging reserve		-	-	-	(0.2)	-	(0.2)
Tax on interest rate swaps		-	-	(1.3)	-	-	(1.3)
<b>Total comprehensive income/(expense)</b>		-	-	27.7	(2.4)	(486.6)	(461.3)
Change in fair value of share-based payments	22	-	-	-	-	1.6	1.6
<b>At 31 December 2024</b>		<u>0.1</u>	<u>1,280.0</u>	<u>13.8</u>	<u>(2.6)</u>	<u>2,173.8</u>	<u>3,465.1</u>

## Consolidated Statement of Cash Flows for the Year Ended 31 December 2024

	Note	Year ended 31 December 2024 (£ m)	Year ended 31 December 2023 (£ m)
(Loss)/profit before tax for the year		(599.0)	180.3
Depreciation of property, plant and equipment	5	505.5	411.1
Depreciation of right-of-use assets	5	229.0	192.2
Amortisation of intangible assets	5	48.6	82.3
Impairment charge/(reversal) of property, plant and equipment	5	372.7	(148.9)
Impairment reversal of right-of-use assets	5	(2.1)	(76.8)
Impairment of assets held for sale	5	3.7	-
Impairment on goodwill reclassified to assets held for sale	5	3.3	-
Finance income	9	(55.9)	(52.5)
Finance costs	9	611.3	440.8
Loss on disposal of assets held for sale		24.9	-
Loss on sale of property, plant and equipment	5	0.5	0.5
Gain on disposal of right-of-use assets	5	(1.8)	(0.9)
Pension contributions	22	(0.1)	(0.1)
Increase in trade and other receivables		(20.6)	(32.0)
Decrease/(increase) in inventories		8.4	(13.0)
(Decrease)/increase in trade and other payables		(109.0)	280.9
Decrease in provisions		(6.3)	(12.5)
Tax paid		(22.0)	(5.6)
<b>Net cash flow from operating activities</b>		<b>991.1</b>	<b>1,245.8</b>
Principal and interest on finance leases as lessor		11.2	-
Proceeds from sale of property, plant and equipment		19.5	24.3
Proceeds from sale of assets held for sale		18.1	-
Purchase of property, plant and equipment		(281.3)	(279.7)
Purchase of intangible assets		(98.4)	(57.3)
Buy-in loan repayment		12.5	0.7
Deferred consideration paid to Walmart		(12.5)	-
External interest received	9	20.6	26.7
Increase in amounts due from fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent		(1.0)	(5.7)
Cash consideration paid for acquisition of Euro Garages (Jersey) Limited		-	(2,000.1)
Cash acquired on consolidation of Arthur Foodstores Limited		-	36.4
Cash acquired on consolidation of Euro Garages (Jersey) Limited		-	31.2
Deferred consideration paid relating to acquisition of Arthur Foodstores Limited		-	(4.4)
Partial repayment of loan by Arthur Foodstores Limited		-	18.0
Proceeds from sale-and-leaseback	10	-	136.2
<b>Net cash flows from investing activities</b>		<b>(311.3)</b>	<b>(2,073.7)</b>
Proceeds from draw down of external debt (net of fees)		2,971.6	1,304.3
Repayment of external debt		(3,172.2)	(499.8)
Revolving credit facility fees paid		(13.9)	(4.9)
External interest paid		(301.5)	(187.5)
Increase/(decrease) in amounts owed to fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent		2.0	(0.2)
Interest payments relating to leases		(217.0)	(175.9)
Capital payments relating to leases		(153.0)	(148.5)
Drawdown of short-term liquidity facilities		-	10.0
Repayment of short-term liquidity facilities		-	(10.0)
Part repayment of loan balance owed to Arthur Foodstores Limited		-	(4.8)
Proceeds from sale-and-leaseback	10	-	509.4
Drawdown of shareholder loan		-	401.0
<b>Net cash flows from financing activities</b>		<b>(884.0)</b>	<b>1,193.1</b>
Net (decrease)/increase in cash and cash equivalents		(204.2)	365.2

**Consolidated Statement of Cash Flows for the Year Ended 31 December 2024 (continued)**

	<b>Note</b>	<b>Year ended 31 December 2024 (£ m)</b>	<b>Year ended 31 December 2023 (£ m)</b>
Cash and cash equivalents at beginning of the year		<u>1,027.7</u>	<u>662.5</u>
Cash and cash equivalents at end of the year	18	<u><u>823.5</u></u>	<u><u>1,027.7</u></u>

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024

### 1 Accounting policies

#### General information

The Company is a private company limited by share capital, incorporated and domiciled in England under the Companies Act 2006 (registration number 12855336).

The address of its registered office is:

ASDA House  
Great Wilson Street  
Leeds  
LS11 5AD  
UK

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as "the Group").

These financial statements were authorised for issue by the Board on 4 April 2025.

#### Statement of compliance

The Group financial statements have been prepared and approved by directors in accordance with UK-adopted international accounting standards ("UK-adopted IFRS").

#### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements.

#### Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards ("UK-adopted IFRS").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Group financial statements are presented in Sterling and all values are rounded to the nearest hundreds of thousands of pounds (£0.1m) except where otherwise stated.

As described in the Strategic Report, the main activities of the Group are the retailing of food, food service, clothing, general merchandise products, fuel and services throughout the United Kingdom and online.

The key risks and opportunities arising from climate change are detailed in the Non-financial and Sustainability Information Statement in the Strategic Report. These have been informed by the Group's risk identification process, as described in the Principal Risks and Uncertainties section. The risk assessment indicates that the potential exposure to climate risks in the near-term is low, with lower to moderate potential risks in the medium term. Management will continue to monitor climate-related risks, and any potential impact on the financial position of the Group, as they evolve in future periods, through its risk management processes. Further detail is provided in Note 15 of how the expected transition to alternative fuel vehicles is expected to impact on the Group's future cashflows, and how this has been taken into account in the impairment tests performed in relation to the Group's long-lived assets.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### Going concern

Notwithstanding the loss after tax for the year of £487.2m (2023: profit after tax for the year of £194.5m) and net current liabilities of £2,225.3m (2023: £2,074.4m), the financial statements for the year ended 31 December 2024 have been prepared on the going concern basis as the Directors have determined that the Group has sufficient resources and liquidity facilities to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements ('the going concern period').

In assessing the Group's ability to adopt the going concern basis, the Directors have reviewed the Group's annual corporate planning process which includes profitability, cashflow and liquidity forecasting and have based their projections for the going concern period on the FY25 plan and extrapolated forecasts up to 30 April 2026.

Following the appointment of a new Executive Chairman (see page 25), the announcement of the Group's new strategy (see page 5) and the investment required to fund a period with lower profits to restore volume growth in the business, the FY25 plan will result in a material reduction in EBITDA and a modest increase in leverage in the near term, which is expected to reverse as market share recovers and improves over time. The plan includes a £302m debt repayment due in the going concern period (Q1 FY26) which will be paid using cash reserves.

The Group's Treasury function ensures that the Group continues to have sufficient funding by monitoring forecasts of the Group's cash flows and maintaining a sufficient level of facilities via the Revolving Credit Facility (RCF). Any capital repayments of long-term financing are forecast in the cash flow model used in the going concern scenarios. Other than noted above, there are no significant maturities of the Group's long-term financing arrangements during the going concern period. The Directors continue to assess how to best manage these medium-term and long-term maturities through maintaining adequate facilities or refinancing to ensure the Group maintains a long-term sustainable capital structure.

The Revolving Credit Facility remains undrawn at the year end and no utilisation is forecast in the base case cash flow model for the going concern period. For more information on liquidity risk and maturity of financial liabilities see Note 20 Financial Instruments. At the year end, the Group held £4,654m of debt and £823m of cash, resulting in net debt of £3,831m. For more information about the outstanding debt, see page 18. In May 2024 £3.4bn of debt was refinanced or repaid, using cash on hand to reduce borrowings. In December 2024, a further amount of £152m of new debt was drawn. As a result of these transactions, £2,965m of debt matures in 2030 and beyond. Nearer term maturities relate to the February 2026 Senior Secured Notes (£302m); February 2027 Senior Notes (£500m) and 2029 Apollo Facility (£684m). For more information about our refinancing transactions, refer to page 19. See Note 21 Borrowings for details of our borrowings and their respective maturity dates.

In assessing the Group's ability to continue to adopt the going concern basis, the Directors have tested the ability of the Group to meet its liabilities as they fall due during the going concern period, in the event of various cash flow scenarios, including a severe but plausible downside scenario.

This scenario applies severe but plausible economic downsides to our base case forecast, modelling the cumulative impact of:

- i. Like-for-like sales and volume not recovering at the trajectory assumed in our base case plan, through change in consumer preferences or a reputational incident;
- ii. Food margin initiatives not being realised as quickly as planned;
- iii. Non-Food margin declining;
- iv. Retail productivity improvements taking longer to materialise and do not offset inflationary pressure;
- v. Project Future completion extending;
- vi. Working capital benefits unwinding; and
- vii. Acquisition synergies not being delivered.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

Mitigating actions that are in the control of management have been included in the scenario to offset the above risks, such as reducing non-essential capital expenditure and discretionary spend in areas such as marketing.

The Group is subject to a maintenance covenant whereby the senior secured net leverage ratio cannot exceed 4.90:1. This covenant is required to be tested if, as at the quarter end, drawings on the RCF exceed 40% of the facility. The Directors have not been required to test compliance with this covenant during the year nor in the period in between the Balance Sheet date and the date of approval of these financial statements. In the severe but plausible downside scenario, the RCF is not drawn by 40% or more at any point. Therefore, the senior secured net leverage ratio is not required to be tested in the going concern period.

The Directors have considered all of the factors noted above, including the inherent uncertainty in forecasting the impact of the current economic environment, and are confident that the Group has adequate resources to continue to meet all liabilities as and when they fall due for at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements are prepared on a going concern basis.

### Changes in accounting policy

Additional disclosures relating to the Group's supply chain financing arrangements as required by amendments to IFRS 7, are included in note 20. Other than this, none of the standards, interpretations and amendments effective for the first time from 1 January 2024 have had a material impact on the financial statements.

### New standards, interpretations and amendments not yet effective

#### *Amendments to IFRS 9 - Financial Instruments*

The Directors note the issuance in May 2024 by the IASB of amendments to IFRS 9 in relation to the date on which financial assets and financial liabilities are derecognised, which is effective for financial years beginning on 1 January 2026 with earlier application permitted. In particular, the Directors note that this guidance is likely to lead to material impacts in relation to the balance sheet classification of electronic card payments made by customers prior to or on the Balance Sheet date and received in the bank post the Balance Sheet date. Further, the Directors note that there are potential material impacts relating to the timing of derecognition of trade and other payables which are settled by electronic payments approved prior to the Balance Sheet date but for which physical transfer of cash to third parties occurs after the Balance Sheet date. The former is likely to lead to a reduction in cash and cash equivalents and the latter is likely to lead to an increase in cash and cash equivalents with the net impact being dependent on the intra-week timing of the Balance Sheet date.

At 31 December 2024, electronic card payments from customers relating to sales made prior to the Balance Sheet date which, in the vast majority of cases, settled on the first working day after the Balance Sheet date totalled £86.7m. Furthermore, electronic payments to suppliers of the Group which were approved prior to the Balance Sheet date and were settled on the first working day after the Balance Sheet date totalled £168.9m. As such, the amendment to IFRS 9 would have resulted in a net increase in Cash and cash equivalents of £82.2m, an increase in Trade and other receivables of £86.7m and increase in Trade and other payables of £168.9m compared to the amounts reported in the Consolidated Balance Sheet.

#### *IFRS 18 - Presentation and Disclosure in Financial Statements*

The Directors are considering the impact of IFRS 18 on the presentation of the Group's financial statements from the effective date of 1 January 2027.

There are no other issued but not yet effective standards, interpretations and amendments, which have not been applied in these financial statements, that will or may have a material impact on the Group financial statements in the future.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### Judgements, estimates and assumptions

Management are required to make judgements, estimates and assumptions that affect the application of policies and reported assets and liabilities, income and expenses. Judgements, estimates and assumptions are continually evaluated and are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Significant judgements and critical accounting estimates

##### *Significant judgements*

##### *IFRS 16 discount rate*

IFRS 16 requires that lease liabilities are discounted at the interest rate implicit in a lease, or where this isn't available, the Group's incremental borrowing rate. The majority of the Group's leases do not include an interest rate implicit in the lease, and therefore the incremental borrowing rate is utilised to calculate these lease liabilities.

The incremental borrowing rate is considered a key judgement and under IFRS 16 reflects the rate of interest a lessee would incur to borrow over a similar term, with similar security, the funds necessary to obtain an asset of a similar value in a similar economic environment.

We consider the following factors in determining the incremental borrowing rate:

- The risk free rate of return in the UK market; and,
- The credit risk spread which reflects the additional risks associated with lending specifically to the Group, taking into account factors such as our credit rating, the term of the lease, and the geographic location.

The risk free rate is observable in the market and is the base of our calculation. However, there is significant judgement in determining the additional credit risk spread specific to the Group on the basis that there is limited market observable data on which to make this judgement, particularly for lease terms in excess of 10 years. As a result we utilise rates from other geographical regions (e.g. US) for companies with a similar credit rating where there is more market observable data on which to base our judgement. The geographical locations utilised, alongside the specific data selected for inclusion are considered a key judgement.

Due to the extent of the Group's lease portfolio, small changes in discount rate can significantly impact the accounting recognition and could result in a material difference to the right-of-use asset, lease liability, and associated depreciation and interest charge recognised in the Consolidated Income Statement. Further, the Group has leases for a wide range of different terms, from 1 year to in excess of 100 years. Judgement is used by the Group to apply a cap of 30 years to the discount rate on the basis that data relating to loans for terms in excess of 30 years is rare and as such, no more reliable rate than a 30 year rate can be determined.

The Group also applies judgement in determining the incremental borrowing rate on a quarterly basis. Management have asserted that by updating the incremental borrowing rate on a quarterly basis, we ensure that the discount rate used remains relevant, current and materially correct. Should events and conditions change in the interim period we would consider whether the discount rate should be updated on a more frequent basis.

##### *Allocation of Goodwill to Cash-Generating Units ("CGUs")*

In accordance with IAS 36, the Group allocates goodwill acquired in a business combination to the CGUs or groups of CGUs that are expected to benefit from the synergies of the combination; subject to an operating segment ceiling test. See note 2 for further details.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### Supply Chain Finance

Judgement is made in determining whether balances under supply chain financing arrangements should be classified as trade payables or as another line item on the Balance Sheet. In determining the classification, the Group reviews each arrangement against a number of characteristics to assess whether the substance of liabilities owed by the Group to the participating banks under the contractual terms of the arrangements is consistent with other trade payables. These include:

- Whether participation in the schemes is voluntary for suppliers;
- Whether the Group is involved in the negotiations and agreements between the banks and suppliers or tri-partite agreements exist;
- Whether payment terms have been extended outside industry norms for trade payables;
- Whether interest is accrued on outstanding balances or fees are receivable by the Group;
- Whether the banks require parent guarantees in respect of the Group's obligations;
- Whether the Group retains its rights to offset credits or withhold payment.

The nature of the Group's liabilities under supply chain financing arrangements when considering these characteristics supports classification of amounts owed by the Group under its supply chain financing arrangements as trade payables. Accordingly, purchases of goods under supply chain financing arrangements are recognised within operating costs and settlement of liabilities under supply chain financing arrangements are classified as operating cashflows (see Note 20 for further disclosures relating to supply chain finance agreements).

#### Critical accounting estimates

##### Estimates in the business combination

Forecasts of future performance of the acquired business are utilised in the calculation of the fair value of assets acquired. The Group uses third party valuation specialists to calculate the fair value of intangibles and property, plant and equipment who use these forecasts as an input into the valuations.

For leasehold properties the fair value of right-of-use assets is determined using market rentals, determined with the support of property surveyors, these market rentals are discounted based on an IFRS 16 discount rate as that date of acquisition. As noted in the 'IFRS 16 discount rate' section above, there is inherent judgement included in the determination of the appropriate discount rate.

##### Impairment of non-financial assets

The Group tests intangibles (including goodwill) and other non-current assets for impairment at least annually as discussed in notes 12, 13, 14 and 15. Forecast cashflows are used in the impairment models and estimates of long term growth rates are identified to extrapolate cashflows past the 5 year planning horizon.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### *Estimation of store inventory losses*

Adjustments to store inventory are recorded based on the results of physical inventory counts, which are performed throughout the year by an independent third party. Store inventory losses arising between the dates of physical counts and the balance sheet date are estimated and provided for as a percentage of sales arising between physical inventory counts. The provision is recorded on store-by-store basis and takes into account several factors - most notably the most recent physical inventory count result of the store analysed by trading department.

The key reference point for estimating store inventory loss provisions at the Balance Sheet Date in the current year and prior year is the most recent physical count. The provision for store inventory loss at 31 December 2024 is £87.1m (2023: £140.2m).

Store inventory losses are included in the cost of goods sold figure presented in the table in Note 5.

At 31 December 2024, an increase in the inventory loss provision amounting to 0.01% of sales since the most recent physical count of each store would increase the provision for inventory loss at 31 December 2024 by £0.8m (2023: £1.0m).

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### Other judgements, estimates and assumptions

##### Judgements

*Business combinations - acquisition date relating to the Group's purchase of the share capital of Arthur Foodstores Limited - (prior year)*

On 30 October 2022, ASDA Stores Limited ("ASDA Stores") agreed to purchase 100% of the entire issued share capital of Arthur Foodstores Limited ('Arthur Foodstores'). The business was acquired for consideration of £457.4m on a debt-free basis. The acquisition supports ASDA's strategy.

On 26 October 2022 the Competition and Markets Authority ("CMA") served an initial enforcement order ("IEO") under section 72 (2) of the Enterprise Act 2002 on Asda Stores Limited; Asda Group Limited; Mr Mohsin Issa; Mr Zuber Issa; TDR Capital LLP; TDR Capital III Portfolio No. 2 L.P.; TDR Capital III Investments (2019) L.P.; Co-operative Group Limited and Arthur Foodstores Limited. The IEO commenced on 30 October 2022.

In the year ended 31 December 2022, the Directors considered the criteria set out in IFRS 10 'Consolidated Financial Statements' required to establish control over a subsidiary which are as follows and all of which need to be met to consolidate an investee as a subsidiary in the consolidated financial statements:

- (a) power over the investee, for example through voting or other rights;
- (b) exposure to, or rights to, variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the Group's returns.

The IEO placed restrictions on the Group which included to hold separate the Arthur business. This restricted the Group's ability to direct relevant activities including, for example, preventing the Group from managing employees of Arthur, setting retail prices for the grocery and fuel business, and placing other restrictions such as performing any integration activities, or exchanging of commercially sensitive information. To comply with the IEO restrictions, an independent management team was appointed to run the Arthur business and an Outsourcing and Interim Franchising Agreement ("OIFA") with the previous owner was executed. Further, the Group sought certain derogations during the IEO period to ensure that the Arthur business runs on a going concern basis as per the IEO.

The Group held 100% of share capital and was exposed to the variable returns during the IEO period, however, did not have power over Arthur Foodstores whilst the IEO remained in place.

As at 31 December 2022, as a result of restrictions as explained above, the Group concluded that it did not have control of Arthur Foodstores Limited at that date (from October 30 to December 31, 2022) and therefore the results of the business were not consolidated in the 2022 consolidated financial statements.

On 30 May 2023, when the CMA accepted the Group's undertaking which involved divesting of 13 petrol filling stations, restrictions imposed under the IEO were lifted by the CMA. Upon lifting of the IEO, the Group was able to direct relevant activities to affect the returns to be generated from Arthur Foodstores. From that date, the Directors concluded that the Group had met the conditions set out in IFRS 10 to establish control over Arthur Foodstores and as such, the results of the Arthur business are consolidated within the Group financial statements from that date. As such, the prior year comparatives presented in these consolidated financial statements only include the results of the Arthur business from 30 May 2023.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

*Business combinations - acquisition date relating to the Group's purchase of the share capital of Euro Garages (Jersey) Limited - (prior year)*

On 31 October 2023 Project America Bidco Limited, a wholly owned subsidiary of Bellis Finco PLC, completed its acquisition of Euro Garages (Jersey) Ltd ("EGJL"), comprising the majority of EG Group's UK business.

The business is a fuel, grocery and foodservice retailer operating throughout the United Kingdom. The business was acquired for consideration of £2.025bn on a debt-free basis, without any restrictions placed on the group by the CMA.

In the prior year, the Directors considered the criteria set out in IFRS 10 'Consolidated Financial Statements' required to establish control over a subsidiary which are as follows and all need to be met to consolidate an investee as a subsidiary for in the consolidated financial statements:

- (a) Power over the investee, for example through voting or other rights;
- (b) Exposure to, or rights to, variable returns from its involvement in the investee; and
- (c) The ability to use its power over the investee to affect the amount of the Group's returns.

There were no restrictions on the Group's ability to direct the relevant activities of the EGJL business as at and subsequent to the 31 October 2023. Therefore, the results of EGJL have been consolidated since 31 October 2023 as this was the date that the Group gained control of the business.

IFRS 3R 'Business Combinations' requires the acquiror to determine whether there are any pre-existing arrangements between the acquiror and acquiree which were entered into before negotiations for the business combination began, or whether there are arrangements entered into during the negotiations for acquisition which do not form part of the business combination for the purposes of acquisition accounting. EGJL was a related party of the Group prior to entering into the negotiations for the business combination and there were already pre-existing trading relationships and real estate leases in place between the Group and the acquiree before negotiations for the business combination began.

None of these arrangements included any settlement provisions. The Directors assessed the terms of these arrangements at the acquisition date and concluded that they were on current market terms. As such, the consideration and total identifiable net assets acquired were not adjusted to reflect these pre-existing relationships.

At completion, the Group entered into a number of arrangements with EG Finco Limited, including a Transitional Services Agreement (TSA) and an integration support arrangement. These arrangements were all negotiated concurrently with the acquisition of Euro Garages (Jersey) Limited. Directors concluded that these arrangements were not part of the business combination and therefore, were accounted for separately from the business combination.

The Directors were required to identify the assets acquired and liabilities assumed as part of the business combination and perform fair value assessments of these assets and liabilities. Fair value measurements are estimates of the amounts for which assets or liabilities could be transferred at the acquisition date, based on the assumption that such transfers take place between participants in principal markets and, where applicable, taking highest and best use into account. These valuations therefore require the Directors to make estimates of the fair value of these assets and liabilities using appropriate valuation techniques, including acquired property, related tangible assets and identified intangible assets. The valuation methodologies adopted for the valuation of property, related tangible assets, intangible assets and short term leases are outlined below:

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### *Freehold and long-leasehold property and leasehold improvements*

Freehold and long-leasehold properties were valued using an income capitalisation approach to value the assets. These are trading properties and as such the assets were valued as fully equipped operational entities. The rental values and property yields for the units vary according to the location and trading potential of the properties. The values were arrived at by analysing historic trading data and considering comparable transactional evidence. In assessing the rental value of the properties, the Directors had regard to the trading history of the properties, economic market conditions and arrived at a considered opinion of fair and maintainable trading performance. The fair values for the long leasehold properties exclude the lease liability but do reflect the unexpired lease term.

Leasehold improvements were valued based on depreciated replacement cost.

#### *Investment properties*

Investment properties were valued using an income capitalisation approach which reflects the unexpired lease term followed by a reversion with no contracted income at the valuation date. The reversionary value reflects the estimated rental values for the individual units as opposed contractual rent under the leases. The rental values and property yields for the units vary according to the location and trading potential of the properties. The properties were valued individually rather than as a portfolio.

Investment properties assumed as part of the acquisition are freehold properties where the group has entered into lease arrangements with subsidiaries of EG Finco Limited. These lease arrangements are underwritten by a guarantee from EG Finco Limited.

#### *Short term leases*

Short term leases were valued based on an income approach, whereby the differential between contractual rent and market rent is calculated up to the concluded lease expiry date and discounted back to calculate net present value lease favourability or unfavourability.

#### *Intangible assets*

The intangible asset relating to the LEON brand was valued using the relief from royalty approach. The brand intangible was assumed to have a useful life of 20 years.

#### *Accounting for leases as a lessor*

The Group entered into a number of lease arrangements with subsidiaries of EG Finco Limited at completion relating to properties owned or leased by the Group, including freehold properties which were valued as investment properties.

The classification of these lease arrangements as either operating or finance leases was assessed in accordance with IFRS 16. For the freehold properties which are investment properties, the value of the properties and minimum lease payments were bifurcated between the land and buildings and assessed separately. The lease of the land was classified as operating leases and the fair value of the land recognised as investment properties on acquisition. The lease of the buildings were classified as finance leases and a finance lease receivable equivalent to the net investment in the lease was recognised on acquisition.

Where the properties are leased by the group, the sub-lease was assessed as to whether it should be classified as a finance lease or operating lease at acquisition by reference to the related right of use asset. Where the arrangements provide for the sub-lease to be back-to-back with the headlease such that the payments under the headlease are passed through to the lessee and the sub-lease is for the remaining term of the headlease, the leases were classified as finance leases. Consequently, at acquisition, the right of use asset was derecognised and a finance lease receivable recognised based on the net investment in the lease at acquisition.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### *IFRS 16 lease term*

IFRS 16 defines the lease term as the non-cancellable period of a lease together with the period covered by options to extend the lease if the lessee is reasonably certain to exercise the option, and the period covered by an option to terminate the lease if the lessee is reasonably certain not to exercise the option. The Group applies judgement to whether an extension should be added to the non-cancellable lease term with reference to the following:

- Extension options in the contract. Consideration as to whether any option is reasonably certain to be exercised is based on whether an economic incentive exists to do so. This incentive is assessed by reference to multiple factors including but not limited to current operational performance of the site and future performance projections, length of time to the option exercise date and future capital requirements. The majority of the Group's leases do not have extension options in the contract but, where they do, most lease terms include the extension period.
- Geographical factors. A term extension on any main estate store lease for sites in England and Wales may be judged reasonably certain on the basis of security of tenure if an economic incentive to remain in the lease beyond the contractual term is deemed to exist. This incentive is assessed by reference to the same factors listed above. If an extension is judged reasonably certain, the typical additional term applied is 10 years. Geographical factors are not considered for sites outside England and Wales.

In the event of changing circumstances or new information that may impact judgements taken, lease terms will be re-assessed on a lease by lease basis. Term reassessments are identified on an ad-hoc basis in light of new or updated information which would impact the assumptions originally recognised. Any change in lease term could result in a recalculation of the lease liability and a material adjustment to the associated right-of-use asset. There were seventeen examples of term reassessment in 2024 which led to a £3.6m reduction in the right-of-use asset and £3.6m reduction in the lease liability (2023: two reassessments resulting in a £9.7m reduction in the right-of-use assets and £10.1m reduction in the lease liability).

#### *Litigation*

Judgement is made in determining whether any provision is required with regard to litigation. In accordance with IAS 37, no provision is made where a loss is not considered to be probable; disclosures of relevant matters are made in relation to contingent liabilities (see Note 28).

#### **Basis of consolidation**

The consolidated financial statements combine the financial statements of Bellis Finco PLC and all its subsidiaries. Subsidiaries are entities over which Bellis Finco PLC has control. The Group has control over another entity when the Group has all of the following:

- power over the investee, for example through voting or other rights;
- exposure to, or rights to, variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the Group's returns.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the date that control is established or up to the date at which control is lost, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

Transactions with fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### Business combinations and goodwill

Business combinations are accounted for under IFRS 3 'Business Combinations' using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets is determined on a transaction-by-transaction basis. Acquisition costs incurred are expensed and included in operating costs. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the acquisition date fair value of the consideration transferred and any amount recognised for the non-controlling interest over the fair value of identifiable assets acquired and liabilities assumed. Identifiable intangible assets, meeting either the contractual-legal or separability criterion are recognised separately from goodwill. Contingent liabilities representing a present obligation are recognised if the acquisition date fair value can be measured reliably.

If the aggregate of the acquisition date fair value of the consideration transferred and any amount recognised for the non-controlling interest is lower than the fair value of identifiable assets acquired and liabilities assumed, the difference represents a gain on bargain purchase (negative goodwill) and is recognised in the Consolidated Income Statement.

The fair value of assets and liabilities acquired in a business combination are measured at acquisition date fair value in accordance with IFRS 13 'Fair Value Measurement' with the exception of income taxes, employee benefits, reimbursement assets, reacquired rights, share-based payments and assets held-for-sale.

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 each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit, or group of units, to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

For further details on how goodwill is allocated between cash-generating units, please see Note 2.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### Foreign currency

The presentational currency of the Group is Sterling. The primary functional currency of the parent and subsidiary companies is also Sterling.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences are recognised in the Consolidated Income Statement, except when hedge accounting is applied and differences are recognised in the cash flow hedge reserve.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate reflecting the cost of settling any liabilities incurred in purchasing them, taking into account gains and losses on foreign currency forward contracts where relevant.

#### Non-underlying items presented in the Consolidated Income Statement

In order to provide stakeholders with additional insight into the year on year performance of the Group, and to align presentation more closely with how financial performance is monitored internally by the Executive Committee and the Board of Directors, items in the Consolidated Income Statement are shown on a basis which excludes the impact of non-underlying items alongside the reported IFRS numbers.

Determining which items are to be presented as non-underlying items requires judgement and is based on an assessment of the size and nature of Consolidated Income Statement amounts. This includes identifying material amounts which either:

- do not arise in the normal course of business;
- are non-recurring; or,
- are non-cash in nature and exhibit material volatility between reporting periods

Where such items are identified, and are individually significant enough to impact a reader's assessment of the Group's financial performance, they are classified as non-underlying.

Where a non-recurring project spans multiple reporting periods (e.g. Project Future), the total project size and nature are considered in totality when determining whether it is to be presented as non-underlying.

Profit excluding non-underlying items is not an IFRS measure and as such is not directly comparable to other companies.

Further detail of amounts classified as non-underlying items in the current and prior year is provided in Note 5.

#### Intangible assets

Intangible assets acquired are carried initially at cost. Following initial recognition, the historic cost model is applied, with intangible assets being carried at cost less accumulated amortisation and accumulated impairment losses.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### Software costs

Intangible assets include software costs. Software costs capitalised consist of both costs from third parties and costs of internal resources involved in development activities. When considering whether software costs can be capitalised, the Directors perform an assessment of whether the Group controls the underlying asset. Factors considered when assessing whether the Group controls an asset include where and how the software is hosted and the ability the Group has to make changes to the software.

Costs are only capitalised once a project is in the development stage and approval for the project as a whole to be completed has been obtained. Costs incurred in the research stage are expensed as incurred. Integration costs between different software are capitalised where it can be demonstrated that these are separate intangible assets and control is evident.

In relation to Software as a Service (“SAAS”) contracts, where it cannot be demonstrated that the Group controls the underlying assets' development, costs incurred are immediately recognised as an expense in the Consolidated Income Statement other than software licence fees which are included in prepaid expenses and amortised over the period of the respective licence. The factors noted above in relation to how the software is hosted and whether the Group has the ability to make or direct changes directly to the underlying software as part of the SAAS contract are considered as part of this assessment.

Where implementation costs are incurred as part of a SAAS contract, these implementation costs are separately considered to identify whether they represent an intangible asset in their own right as detailed above. If the Directors conclude that implementation costs do not meet the recognition criteria of a separate intangible asset, an assessment is then made as to whether the costs represent configuration of the software product or customisation. If configuration, these costs are recognised in the Consolidated Income Statement as incurred, whereas if customisation the Directors will assess whether these should be recognised over the term of the SAAS contract if they are not distinct from the underlying software product itself. Purchases of hardware are capitalised as Property, Plant and Equipment.

Costs associated with interim software solutions which do not meet the Group's policy of a 3 year minimum useful economic life are expensed as incurred.

#### Brand licences

Brand licences are capitalised when acquired as part of a business combination if they are separable or arise from contractual or other legal rights. A brand licence is initially measured at fair value using an appropriate valuation methodology (e.g. relief-from-royalty approach). Brand licences are not amortised where they have an indefinite useful life. Costs in relation to internally generated brands are not capitalised.

#### Customer relationships

Customer relationships are capitalised when acquired as part of a business combination if they are separable or arise from contractual or other legal rights. A customer relationship is initially measured at fair value using an appropriate valuation methodology (e.g. multi-period excess earnings method). Customer relationships are amortised over their useful economic life of 10 years.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### Amortisation

Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives, with charges included in operating costs, as follows:

Software and development costs	4 years
Customer contractual relationships	10 years

The purchased goodwill of the Group and brand licence intangibles are regarded as having an indefinite useful economic life and in accordance with IAS 38, are not amortised but are subject to annual tests for impairment.

#### Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Items of property, plant and equipment under construction are valued at cost and not depreciated. Depreciation is charged from the date that the assets are available for use.

All property, plant and equipment is reviewed for impairment where there is an indicator of impairment with IAS 36 'Impairment of Assets' as described in the 'Impairment of non-financial assets' policy below.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the Consolidated Income Statement.

#### Depreciation

Depreciation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Freehold properties	3 - 50 years
Leasehold improvements	Shorter of estimated useful life or lease term
Plant, equipment, fixtures and fittings	Shorter of 3 - 50 years or the lease term

#### Investment properties

Property held to earn rental income is classified as investment property and is measured initially at cost, including transaction costs. Following initial recognition, investment properties are carried at cost less any accumulated depreciation and accumulated impairment losses.

There is no depreciation on freehold land. Investment property under construction is held at cost until such time as the property is available for use. Properties held under lease are not treated as investment property with the exception of leasehold improvements relating to the leased properties.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in the Consolidated Income Statement in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. If any such indication exists, the asset's or CGU's recoverable amount is estimated. Indefinite lived intangibles (such as Goodwill) are tested annually for impairment regardless of whether any indicators for impairment exist.

An asset's or CGU's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be 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 post-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset. Impairment losses on continuing operations are recognised in the Consolidated Income Statement in those expense categories consistent with the function of the impaired asset.

The Group considers each store as a separate CGU. A CGU may include a combination of grocery store, petrol filling station ("PFS") and/or Foodservice outlet. The carrying value of each CGU includes property, plant and equipment, lease right-of-use-assets, lease liability, allocation of central assets and allocation of working capital. Central assets including distribution warehouses and head office assets are allocated to CGUs using sales as the benchmark to estimate level of use of these assets.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and second, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment of goodwill is not reversed.

## **Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)**

### **1 Accounting policies (continued)**

#### **Assets held for sale**

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.

Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the Consolidated Balance Sheet.

#### **Provisions**

A provision is recognised in the Consolidated Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time-value of money and, where appropriate, the risks specific to the liability.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### Leases

##### *The Group as a lessee*

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less). For short-term leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

##### *Lease liability*

The lease liability is initially measured at the value of the lease payments that are not paid at the commencement date, discounted to present value.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate are initially measured using the minimum guaranteed contractual increases;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and,
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease liabilities are presented as separate current and non-current amounts in the Consolidated Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using the current discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using a discount rate reflecting the revised minimal guaranteed contractual increases; or,
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

##### *Discount rate*

When discounting payments to present value, the Group uses the interest rate implicit in the lease if this rate can be readily determined. For a small volume of high value leases, the rate implicit in the lease can be calculated and has therefore been used.

Otherwise, for the majority of leases the rate used is based on an estimated incremental borrowing rate. Further detail on the calculation of the incremental borrowing rate is detailed in the 'Significant judgements and critical accounting estimates' section of this note under the heading 'IFRS 16 discount rate'.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### *Right-of-use Assets*

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day (including lease buy out payments made to previous tenants) less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term. If the lease includes an option to transfer ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation is charged from the commencement date of the lease. Right-of-use assets are presented as a separate line in the Consolidated Balance Sheet.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of non-financial assets' policy above.

#### *Non-lease components and variable rent expense*

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has taken this election with the exception of IT and printer leases where other charges included in the contract (maintenance and replenishment) are accounted for separately within related cost lines.

The primary non-lease components recognised within lease payments are property costs (service charges and insurances) paid to landlords and included within the terms of lease contracts and rent payable relating to certain food service outlets where that rent is linked to sales. These costs are included within the lease payments at commencement date if fixed, or within variable rent expense as incurred if not. The majority of these payments are variable and therefore not included in the lease liability.

#### *The Group as a lessor*

The Group has entered into lease agreements as a lessor with respect to certain owned and leased property. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases, including the effect of lease incentives, is recognised on a straight-line basis over the lease term.

Where the Group is an intermediate lessor, the head lease and sub-lease are accounted for as two separate contracts and assessment of classification is made with reference to the right-of-use asset resulting from the head lease rather than the underlying asset. Where the sub-lease is classified as a finance lease, the lease right-of-use asset is derecognised and replaced by a finance lease receivable, reflecting the discounted future value of minimum rentals due.

Third party lessees are subject to credit checks prior to entering into a lease contract with the Group and may be required to provide a guarantor depending on the outcome of these checks. Additionally, some leases contain clauses enabling upwards revision of the rental charge according to prevailing market condition at points within the lease contracts.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions.

#### *Financial assets and liabilities*

The Group classifies its financial assets and liabilities in the following categories: non-interest-bearing financial assets, interest-bearing receivables, derivatives designated as hedging instruments, cash and cash equivalents, non-interest-bearing financial liabilities and interest-bearing borrowings. The Group's accounting policies relating to lease liabilities are described above.

Management determines the classification of its financial instruments at initial recognition.

All financial assets and liabilities are recognised initially at fair value. The Group assesses financial assets for impairment using the expected credit losses model and recognises impairment losses as required.

#### *Non-interest-bearing financial assets and interest-bearing receivables*

These categories include trade and other receivables and amounts due from the ultimate parent and fellow wholly-owned subsidiaries of the ultimate parent which are held with the sole objective of collecting contractual cash flows and are therefore carried at amortised cost. Amounts included in current assets are classified as such as the Directors expect them to be settled within 12 months of the Balance Sheet date. For the amounts included in non-current assets the Directors expect these to be settled in line with their contractual terms, which are more than 12 months after the Balance Sheet date.

#### *Derivatives designated as hedging instruments*

Derivative financial instruments ("derivatives") are used to manage risks arising from changes in foreign currency exchange rate and interest rate fluctuations.

Derivatives are stated at their fair value. The fair value of foreign currency derivative contracts is their market value at the Balance Sheet date. Market values are calculated using mathematical models and are based on the duration of derivative together with quoted market data including interest rates, foreign exchange rates and market volatility at the Balance Sheet date.

The fair value of cross-currency interest rate swaps is measured using a swap valuation model. This model incorporates various observable market inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves.

The fair value of interest rate swaps is measured using a swap valuation model, this model incorporates various observable market inputs including the credit quality of counterparties and interest rate curves.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

For those derivatives designated as hedges and for which hedge accounting is applied, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the nature of the risk being hedged and how effectiveness will be measured throughout its duration.

All of the Group's hedges are considered to be cash flow hedges, hedging exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction. The Group uses forward currency contracts to hedge its exposure to foreign currency risk in forecast transactions and firm commitments (refer to Note 20 for further details). In addition, the Group uses cross-currency interest rate swaps to hedge its exposure to foreign currency risk and floating interest rate risk relating to its foreign currency borrowings; and interest rate swaps to hedge exposure to floating interest rate risk relating to a proportion of the Apollo facility, which is a variable rate sterling term loan.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in the Consolidated Income Statement. For hedges of foreign currency purchases the realised gain or loss is recognised within cost of goods sold. For cross-currency interest rate swaps and interest rate swaps, the gain or loss is recognised in finance costs or finance income. Amounts recognised in other comprehensive income are transferred to the Consolidated Income Statement when the hedged transaction affects profit or loss.

If a forecast transaction is no longer expected to occur, the amounts previously recognised in other comprehensive income are transferred to the Consolidated Income Statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs and are then transferred to the Consolidated Income Statement.

#### *Non-interest-bearing financial liabilities*

The Group's non-interest-bearing financial liabilities include trade and other payables and amounts owed to fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent, which are recognised at amortised cost.

#### *Interest-bearing borrowings*

The Group's interest-bearing borrowings include amounts due to the ultimate parent, wholly-owned subsidiaries of the ultimate parent and external borrowings and are recorded initially at fair value plus directly attributable transaction costs. Subsequently, these liabilities are carried at amortised cost using the effective interest method. Gains or losses arising on repurchase, settlement or cancellation of liabilities are recognised respectively in finance income or finance costs. Borrowings are classified as current liabilities except for those with contractual maturities greater than 12 months after the Balance Sheet date. Accrued interest on external borrowings is included within accruals (note 19).

#### *Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount reported in the Consolidated Balance Sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### *Fair values*

Fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length transactions, reference to the current value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### Inventories

Inventories comprise goods for resale and goods not for resale and are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price (excluding VAT) less all costs which would need to be incurred to facilitate sale.

#### *Goods for resale*

Warehouse and fuel inventories are valued at weighted average cost.

Inventories at retail outlets are valued using the Retail Inventory Method. Store inventory quantity is maintained at retail value - by store, by operating department - in store systems. An estimate of average cost is derived by removing average margin - calculated by store and by operating department - from the retail valuation.

Expenditures incurred in acquiring the goods and bringing them to their existing location and condition (including applicable supplier income, import duties and freight costs as appropriate) are included in inventories.

Adjustments relating to inventory gains and losses in stores are recorded based on the results of physical inventory counts, which are performed throughout the year by an independent third party. Store inventory losses arising between the dates of physical counts and the balance sheet date are estimated and provided for based on recent count results.

Adjustments to the carrying value of inventory are recorded when the net realisable value of inventory is estimated to be lower than cost - for example, where items are slow moving or obsolete.

#### *Goods not for resale*

Goods not for resale inventories primarily comprise fuel for own use and are valued at cost on a first in, first out basis.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### Taxation

The tax expense comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised as other comprehensive income, in which case the tax is also recognised directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the period, using tax rates enacted or substantively enacted at the Balance Sheet date.

Deferred tax is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes except:

- the initial recognition of goodwill or of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination;
- in respect of taxable temporary differences associated with investments in subsidiaries, where 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; and,
- deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The amount of deferred tax provided is measured on an undiscounted basis based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date.

In line with the requirements of IAS 12 - Income Taxes, provisions are recognised for uncertain tax positions where a risk of an additional tax liability is identified and it is probable that the Group will be required to settle that tax. This is measured based on management's expectation of the outcome of decisions by the relevant tax authority, assessed on a case-by-case basis using in-house tax experts, professional firms and previous experience.

#### Trade and other receivables

Trade and other receivables are stated at their original invoiced value (discounted if material) as reduced by appropriate allowances for estimated irrecoverable amounts. Impaired debts are derecognised when they are assessed as uncollectible. Trade receivables are presented net where a legally enforceable right of set off exists and where we routinely settle payments to suppliers net of amounts receivable.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances, credit and debit card receivables, short-term deposits and short-term highly liquid investments with an original maturity of three months or less. In the vast majority of cases, credit and debit card receivables are settled on the first working day after the Balance Sheet date.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### Trade and other payables

Trade and other payables, other than amounts owed to fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent, are non-interest bearing and are stated at their nominal value. Accrued interest on external borrowings is included within accruals (note 19).

#### Borrowing costs

Borrowing costs are recognised in the Group's Consolidated Income Statement except for costs that are directly attributable to the construction of buildings which are capitalised and included within the initial cost of a building. Capitalisation of borrowing costs ceases when the property is ready for use. The interest rate applied is based on the average rate of general borrowings outstanding during a period.

#### Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an operating expense in the Consolidated Income Statement as incurred.

#### Defined benefit pension assets and liabilities

The Group's liabilities in respect of the Unapproved Unfunded Retirement Benefits Scheme ("UURBS") are calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value. The calculation is performed by a qualified actuary using the projected unit credit method.

The expense relating to the unwind of the discount on the liabilities is recognised within finance costs.

Actuarial gains and losses are recognised in full in the Consolidated Statement of Other Comprehensive Income in the period in which they occur.

#### Investments

In the Group's financial statements, investments in subsidiaries which are not consolidated are stated at cost less amounts written off. Provision against the underlying value of the investments in subsidiary undertakings is made where, in the opinion of the Directors, there is impairment to the value of the underlying business.

#### Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### Revenue recognition

##### *Revenue from store and online sales*

Revenue represents sales to customers through retail outlets and online, excluding value added tax. Revenue is recognised net of customer returns, ASDA Rewards pounds earned, intercompany transactions, colleague and Blue Light discounts, coupons and the free element of multi-save transactions. Revenue is recognised at the point at which the Group has satisfied its performance obligations under a contract with the customer and control of the goods has passed to the customer. For non-fuel and fuel revenue generated through customer sales in retail outlets and online, proceeds are recovered from the customer either immediately through the receipt of cash at the point of sale or on settlement of card transactions which occurs one working day after the point of sale in the vast majority of cases. For store sales, revenue is recognised at the point of sale as that is the point at which the Directors determine that control of the goods has passed to the customer.

For online grocery sales and online non-food sales which are fulfilled by Click & Collect, revenue is recognised at the point of goods being accepted by the customer. For online non-food sales which are fulfilled by direct delivery to the customer, revenue is recognised at the point of despatch, as this is the point at which the Directors determine that control of the goods has passed to the customer.

##### *Wholesale revenue - Grocery*

The Group engages in wholesale of grocery items to third party wholesale partners who subsequently sell these goods to third party customers in their own retail outlets. As part of these arrangements, the Group receives goods from third party suppliers into its distribution network and assumes responsibility for delivery of goods to the retail outlets of the wholesale partners. The Group also assumes inventory risk for the period from supplier deliveries of goods into the Group's distribution network to the point at which delivery of goods to wholesale partners' retail sites is completed. Wholesale revenue is recognised when goods are delivered to the wholesale customers' retail outlets as this is the point at which the Group has satisfied its performance obligations under its contracts with the wholesale partners. Due to the nature of these arrangements, the Directors consider that the Group is acting as principal in the sale of goods to wholesale partners and as such, revenue is recognised on a gross basis, net of VAT, according to the consideration received by the Group from the wholesale partners.

Since the Group established control over its principal wholesale partner - ASDA Express Limited (formerly Euro Garages Limited) - on 31 October 2023, wholesale revenue recognised in revenue by a subsidiary of the Group (ASDA Stores Limited) in respect of sales to ASDA Express Limited has been eliminated on consolidation within the Group financial statements. As such, revenue included in the consolidated Income Statement since that date relating to goods delivered to ASDA Express Limited by ASDA Stores Limited represents sales to third party customers by ASDA Express Limited which is recognised in line with the policy on revenue from store sales as set out above.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### *Wholesale revenue - Fuel*

The Group acts as an agent on behalf of certain wholesale partners in the procurement of fuel for sale in the retail outlets of those partners. Under these arrangements, fuel is delivered directly to the retail outlets of the wholesale partners by third party suppliers. The Group settles liabilities to third party fuel suppliers in respect of these purchases and is reimbursed by wholesale partners for payments to the third-party suppliers, including a commission. The Group does not take physical ownership of fuel delivered to wholesale partners through these arrangements, has no direct involvement in the distribution of the fuel inventory between the third-party suppliers and the wholesale partners and assumes no inventory risk. Due to the nature of these arrangements, the Directors consider that the Group is acting as an agent and accordingly, revenue is recognised on a net basis according to the value of the commission received by the Group from the wholesale partners, excluding VAT. Commission revenue is recognised at the point that the Group determines that the third-party suppliers have delivered fuel to the sites of the wholesale partners as that is the point at which the Group recognises a liability to the third-party supplier for the fuel and simultaneously is the point at which the Group becomes entitled to reimbursement by the wholesale partner. As such, that is the point at which the Directors determine that the Group has satisfied its contractual performance obligations to the wholesale partners.

Since the Group established control over its principal wholesale partner - ASDA Express Limited (formerly Euro Garages Limited) - on 31 October 2023, commission revenue recognised in revenue by a subsidiary of the Group (ASDA Stores Limited) in respect of fuel delivered directly by third-party suppliers to ASDA Express Limited sites has been eliminated on consolidation within the Group financial statements.

#### *Interest and dividend income*

Interest income is recognised in the Consolidated Income Statement as it accrues, using the effective interest method. Dividend income is recognised in the Group's profit on the date the Group's right to receive payments is established.

#### *Income from concessions and commissions*

Income from concessions and commissions is based on the terms of the contract and is included within other income (see Note 4 for further detail).

### **Supplier income**

Supplier incentives, rebates, fixed income and discounts (collectively known as "supplier income") are recognised, as a deduction from cost of goods sold, as they accrue in accordance with the terms of each relevant supplier agreement. All supplier income is supported by agreements and, in the majority of instances, these agreements begin and end within the Group's financial year. In a small number of instances, contractual periods may extend over the Group's year end. In such cases the amount of any income accrued in relation to these agreements is supported by detailed calculations.

Supplier income is split into three classifications:

- Supplier incentives and discounts - which are usually expressed in the supplier agreement as an agreed amount per item sold. This type of supplier income is mechanically calculated and therefore no judgement is required in determining the amount of income to record in the financial year;
- Annual supplier rebates - these are earned and billed within the Group's financial year in the majority of cases. The rebates are linked to pre-agreed volumes of sales or purchases of specific products and are supported by explicit contractual terms; and,
- Fixed amount supplier income - this is earned and billed within the Group's financial year in the majority of cases. Fixed monetary amounts are agreed with suppliers relating to certain promotional activities including, for example, new product listings, increased product distribution or specific promotional events.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

Unbilled amounts of income to which the Group is contractually entitled are included in trade and other receivables. Billed amounts unpaid at the year-end are included in trade receivables or offset against corresponding trade payables where a contractual right of offset exists.

Supplier income recognised in the Consolidated Income Statement and accounted for within trade receivables at the year-end for which estimation and judgement is required is £1.3m (2023: £0.9m). This represents the net amount of accrued income of £1.3m (2023: £0.9m) and deferred income of £nil (2023: £nil) on deals running across the year-end.

#### Share-based payments

During 2022, management shares in the immediate parent company of the Group were issued to eligible members of senior management employed by the Group as part of a Management Incentive Plan (“MIP”) in exchange for proceeds determined by an independent calculation of fair value at the issue date. Under the MIP, an intermediate holding company of the Group - Bellis Midco 2 Limited - has entered into an agreement with the holders of MIP management shares (“MIP scheme members”) whereby MIP scheme members are granted a put option which, when exercised, enables them to sell their management shares to Bellis Midco 2 Limited or another non-Group entity for a value determined by an independent valuation determined at the exercise date.

During the year, due to the acquisitions in 2023 of Arthur Foodstores Limited and Asda Express (Jersey) Limited, there was a requirement to update the base equity value of the shares. The mechanism for this was a redemption of the original MIP shares in exchange for the issuance of replacement MIP shares, incorporating the updated base equity value. The shares issued during the year substantially replicate the rights of the original MIP shares and no cash consideration was paid to the holders of management shares. Furthermore, the issue price of the shares issued during the year is equal to the issue price of the original shares issued and the fair value of management shares issued during the year is in line with the grant date fair value of the original MIP shares. At the date of which shares were issued during the year, the number of shares issued to existing participants was equal to the number of management shares they were holding at that date. Taking these factors into account, the issue of shares during the year and the cancellation of the original management shares held at the date of issuance has been accounted for as a modification. The Directors have updated their assessment of fair value and determined that there is no impact on the charge to the Consolidated Income Statement.

MIP scheme members are required to be employed by the Group at the grant date of the MIP shares. If a member of the scheme ceases to be employed by the Group during the vesting period, Bellis Midco 2 Limited, a parent of Bellis Finco PLC, has the option to repurchase, or nominate another entity of the Group to repurchase, the shares during the 12-month period after the member’s leave date. As such, the Directors have determined that the MIP scheme falls within the scope of IFRS 2. The difference between the IFRS 2 fair value and the fair value paid by MIP scheme members at the grant date is expensed over the vesting period (i.e. the period from date on which the MIP shares are granted to the estimated exercise date) as an expense in the Consolidated Income Statement.

As neither MIP shares nor put options over MIP shares are issued by entities within the Group, and as there is no recharge agreement in place which requires any entity within the Group to settle liabilities in respect of MIP shares, changes in the fair value of MIP shares are accounted for on an equity-settled basis.

#### Contingent liabilities

The Group may, from time to time, be subject to legal proceedings. Where a liability is not probable or the amount cannot be reasonably estimated, a liability is not recognised. However, where a loss is not considered probable but a liability is possible and may be material, such matters are disclosed as contingent liabilities.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 2 Business Combinations

*Business combinations - acquisition date relating to the Group's purchase of the share capital of Arthur Foodstores Limited - (prior year)*

On 30 October 2022, a wholly-owned subsidiary of the Group - ASDA Stores Limited ("ASDA Stores") - completed the purchase of 100% of the entire issued share capital of Arthur Foodstores Limited ('Arthur Foodstores'). The acquisition will support and accelerate ASDA's strategy.

An Initial Enforcement Order (IEO) was served by the Competition and Markets Authority (CMA) on 30 October 2022, which restricted the Group's ability to run or make changes to Arthur Foodstores. On 14 March 2023, the CMA issued its findings which stated that the acquisition may result in a substantial lessening of competition in certain areas. On 28 March 2023, undertakings were offered to the CMA which involved divesting of 13 petrol filling stations. On 30 May 2023 these undertakings were accepted by the CMA, and the IEO was lifted other than for the 13 petrol filling stations. Control was deemed to have transferred to ASDA Stores on 30 May 2023 and Arthur Foodstores has been consolidated from this date. See note 1 for further detail.

The consideration transferred was £457.4m. This comprised cash consideration of £228.6m which was settled by ASDA Stores on 28 October 2022, further consideration funded by issue of a bridge loan for net proceeds of £195.0m (£200.0m loan less £5.0m bank fees) which was drawn down on 28 October 2022 and was repaid in full on 23 October 2023, further cash consideration of £4.4m which was settled by ASDA Stores on 24 May 2023 and payables novated from the seller of £29.4m.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 2 Business Combinations (continued)

The fair value of the net assets acquired on 30 May 2023 and the resulting goodwill is set out in the table below:

	<b>Fair value of net assets acquired (£m)</b>
<b>Non-current assets</b>	
Property, plant and equipment	137.1
Right-of-use assets	170.6
	<u>307.7</u>
<b>Current assets</b>	
Inventories	16.7
Trade and other receivables	33.9
Intercompany receivables	18.8
Cash and cash equivalents	36.4
Assets held for sale	39.0
	<u>144.8</u>
<b>Total assets</b>	<u>452.5</u>
<b>Non-current liabilities</b>	
Lease liabilities	100.9
Provisions	9.0
Deferred tax liability	42.3
	<u>152.2</u>
<b>Current liabilities</b>	
Trade and other payables	101.0
Lease liabilities	11.1
Income tax liability	5.4
Liabilities directly associated with assets held for sale	15.9
	<u>133.4</u>
<b>Total liabilities</b>	<u>285.6</u>
<b>Fair value of net assets acquired</b>	166.9
<b>Consideration paid</b>	457.4
<b>Goodwill</b>	<u>290.5</u>
Goodwill allocated to assets held for sale in the prior year	30.4
Of which disposed in the prior year	(6.5)
Of which disposed in the year	<u>(23.9)</u>
<b>Remaining goodwill allocated to assets held for sale at 31 December 2024</b>	-
<b>Goodwill recognised within intangible assets at 31 December 2023 and 2024</b>	<u>260.1</u>

Costs directly relating to completion of the business combinations since legal completion in October 2022 included in operating costs within the consolidated Income Statement were £3.2m in the prior year. These acquisition-related costs included stamp duty and advisory fees in respect of legal, accounting, property valuation and other professional matters.

For the year ended 31 December 2023, Arthur Foodstores Limited contributed revenue of £587.8m and loss before tax of £5.9m to the Group's results. If the acquisition had occurred on 1 January 2023, management estimated that consolidated revenue for the year ended 31 December 2023 would have been £26,012.7m, and the consolidated profit before tax for the twelve-month period would have been £191.2m. In determining these amounts, management assumed that the fair value adjustments, that arose on the date of acquisition would have been materially the same if the acquisition had occurred on 1 January 2023.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 2 Business Combinations (continued)

*Business combinations - acquisition date relating to the Group's purchase of the share capital of Euro Garages (Jersey) Limited - (prior year)*

On 31 October 2023, Project America Bidco Limited, a wholly-owned subsidiary of Bellis Finco PLC, acquired 100% of the entire issued share capital of Euro Garages (Jersey) Limited from EG Finco Limited, a related party of the Group for consideration of £2.025bn on a debt-free basis. The acquisition supports and accelerates ASDA's existing strategy to expand in the convenience market. Euro Garages (Jersey) Limited and its subsidiaries have been consolidated within the Group from this date.

The cash consideration transferred as of 31 December 2023 of £2,000.1m and professional and bank fees transferred of £109m were funded through a combination of a £401m subordinated shareholder loan, a £684m private placement, £646m of proceeds from a sale and leaseback transaction, a £290m bridge loan and £88m of cash on balance sheet. The bridge loan was refinanced via a further ground rent property transaction which completed on 12 December 2023 for proceeds of £400m. After repaying the bridge loan, the remaining proceeds from the ground rent transaction were retained on the balance sheet and in part used to settle transaction fees. Estimated deferred consideration of £25.3m was included in trade and other payables at 31 December 2023. During the year ended 31 December 2024, an adjustment of £7.5m was made to the deferred consideration, increasing total deferred consideration to £32.8m. This has been recognised in goodwill and trade and other payables as at the year ended 31 December 2024. Settlement of deferred consideration is expected to be funded by cash on balance sheet.

At completion, the Group entered into a number of arrangements with EG Finco Limited, including a Transitional Services Agreement (TSA), an integration support arrangement and lease agreements for properties owned or leased by the Group from which subsidiaries of EG Finco Limited continue to operate franchise foodservice and electric vehicle charging businesses post-acquisition. These arrangements were all negotiated concurrently with the acquisition of Euro Garages (Jersey) Limited, are interdependent with the terms of the acquisition, and were negotiated as a single transaction. The Directors assessed that the purchase price agreed with the seller of £2.07bn and the terms of the transaction as being on an arm's length basis. The purchase price of £2.07bn is prior to adjustments for working capital and net debt as outlined in the sale and purchase agreement.

Under the TSA, a subsidiary of EG Finco Limited provides Euro Garages (Jersey) Limited and its subsidiaries with IT and other centralised services for an initial term of two years. During this initial term, these services are provided at £nil cost to the Group, subject to certain limited exceptions. In addition, EG Finco Limited also agreed for a period of two years to reimburse the Group for certain centralised costs which transferred as part of the transaction perimeter and are required to support the acquired business. This arrangement is not considered to be part of the business combination and therefore, £27.3m of the consideration transferred has been allocated to the TSA arrangement based on the fair value of the services provided subsidiaries of EG Finco Limited and the estimated costs to be recharged by the Group to EG Finco Limited. This has been recognised within prepayments and is recognised within operating expenses in the Consolidated Income Statement over the initial two-year term of the TSA. The carrying value of the prepayment at 31 December 2024 is £11.4m (2023: £25.0m).

Under the integration support arrangement, the Group and EG Finco Limited entered into an agreement whereby EG Finco Limited would support the costs associated with the integration of the acquisition by the Group for a fixed amount of £11.3m over two years with the payments made quarterly. The full amount was recorded as an adjustment to the purchase consideration and recognised within Other Debtors. The uninvoiced amount receivable that is expected to be recovered after 31 December 2024 is £4.7m (2023: £11.3m). The invoiced amount receivable outstanding at 31 December 2024 is £4.2m.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 2 Business Combinations (continued)

The Group has entered into a number of lease arrangements with subsidiaries of EG Finco Limited at completion relating to properties owned or leased by the Group. A number of these lease arrangements have been classified as finance leases and a finance lease receivable has been recognised on acquisition with respect to these leases. The carrying value of the finance lease receivable at 31 December 2023 and 31 December 2024 is disclosed in note 13. For leases which are classified as operating leases, the rentals recognised through the Consolidated Income Statement in the year and the amounts outstanding at 31 December 2023 and 31 December 2024 are disclosed in note 29.

	<b>Fair value of net assets acquired (£m)</b>
<b>Non-current assets</b>	
Property, plant and equipment	1,197.8
Investment properties	39.1
Right-of-use assets	131.3
Intangible assets	30.0
Finance lease receivable	131.8
	<u>1,530.0</u>
<b>Current assets</b>	
Inventories	46.3
Trade and other receivables	49.4
Finance lease receivable	6.1
Cash and cash equivalents	31.2
	<u>133.0</u>
<b>Total assets</b>	<u>1,663.0</u>
<b>Non-current liabilities</b>	
Lease liabilities	114.3
Provisions	16.3
Deferred tax liability	237.4
	<u>368.0</u>
<b>Current liabilities</b>	
Trade and other payables	220.1
Income tax liability	2.1
Lease liabilities	8.1
	<u>230.3</u>
<b>Total liabilities</b>	<u>598.3</u>
<b>Fair value of net assets acquired</b>	<b>1,064.7</b>
<b>Purchase consideration as measured at 31 December 2023</b>	<b>2,025.4</b>
Fair value of TSA	27.3
Fair value of integration support arrangement	11.3
<b>Revised consideration at 31 December 2023</b>	<b>1,986.8</b>
<b>Goodwill at 31 December 2023</b>	<b>922.1</b>
Deferred consideration adjustment in the year ended 31 December 2024	7.5
Disposed of in the year	(4.8)
Allocated to assets held for sale	(2.9)
Impairment of goodwill reclassified to assets held for sale	(3.3)
<b>Goodwill at 31 December 2024</b>	<b>918.6</b>

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 2 Business Combinations (continued)

The fair value of acquired receivables is materially equal to the contractual amounts receivable. The fair value adjustments to the assets and liabilities assumed are final. Costs directly relating to completion of the business combination of £53.2m were included in operating costs in the Consolidated Income Statement in the prior year.

For the year-ended 31 December 2023, Euro Garages (Jersey) Limited contributed revenue of £410.9m and profit before tax of £17.7m to the Group's results. If the acquisition had occurred on 1 January 2023, management estimates that consolidated revenue for the year-ended 31 December 2023 would have been £27,551.0m and the consolidated profit before tax would have been £251.4m. In determining these amounts, management has assumed that the fair value adjustments which arose on the date of acquisition would have been materially the same if the acquisition had occurred on 1 January 2023.

The business combinations accounting was finalised in the year to 31 December 2024.

#### Allocation of Goodwill to Cash-Generating Units ("CGUs")

In accordance with IAS 36, the Group allocates goodwill acquired in a business combination to the CGUs or groups of CGUs that are expected to benefit from the synergies of the combination; subject to an operating segment ceiling test. Within the prior year, business combination accounting in respect of the acquisition of Asda Express (Jersey) Limited, formerly Euro Garages (Jersey) Limited, was provisional.

Consequently, the allocation of goodwill arising on the acquisition across Bellis Finco's CGUs and groups of CGUs in respect of this acquisition also remained provisional.

Within the current year the Group has finalised the business combination accounting and has allocated the goodwill to the CGUs and group's of CGUs that are expected to benefit from the acquisition. This allocation involves significant judgement, particularly in determining the appropriate CGUs and groups of CGUs and the basis for allocation.

As of 31 December 2024, the carrying amount of goodwill was allocated to the following CGUs and groups of CGUs:

- "Asda Legacy" Group of CGUs: £98.0m
- Asda Express (Jersey) Limited: £820.6m

The allocation of goodwill to these CGUs and group of CGUs is based on management's assessment of the expected benefits from the synergies of the acquisition as at the date of acquisition which is considered by management to give the most appropriate allocation. The key factors considered in this allocation include enhanced pricing capabilities, expanded market reach, and improved technological resources. These synergies are expected to be recognised both within the Asda Legacy group as well as within the Asda Express (Jersey) Limited group.

All of the goodwill arising on the acquisition of Arthur Foodstores Limited was allocated to the Arthur Foodstores Limited CGU ("Arthur"), as management expected substantially all of the synergistic benefits of the acquisition to flow to Arthur Foodstores Limited.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 3 Revenue

The Group's principal activities are the retailing of food, clothing, general merchandise, fuel and services throughout the United Kingdom and online. The Group is not reliant on any individual major customers.

The Group is required to determine and present its operating segments based on the way in which financial information is organised and reported to the Chief Operating Decision Maker ("CODM"). In line with the Group's reporting framework and management structure, key operating decisions are made by the Executive Committee of ASDA Group Limited which is responsible for allocating resources and assessing performance and is considered to be the CODM for the Group.

The CODM is presented with information for the following operating segments:

- Retail - Large Store Estate
- Retail - Convenience (Arthur Foodstores Limited)
- Retail - Convenience (ASDA Express Limited)

In determining the Group's reportable segments, management have considered the economic characteristics, in particular average gross margin, similarity in products, production processes, customers, sales methods and the regulatory environment of its three Retail segments. The operations of all product areas of the business are subject to similar economic characteristics and are sold in a similar retail environment. As such, it has been concluded that they should be aggregated into one "Retail" segment within the financial statements given the similar economic characteristics between all three segments. The aggregated information provides users the financial information needed to evaluate the business and environment in which it operates.

The Group is therefore engaged in a single reportable operating segment of business, being the retailing of food, clothing, general merchandise, fuel and services in a single geographical segment, the United Kingdom and online. All significant revenue is generated by the sale of goods through retail outlets in the UK and through the Group's online channels.

The analysis of the Group's revenue for the years ended 31 December 2024 and 31 December 2023 are as follows:

	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
	<b>£m</b>	<b>£m</b>
Sale of goods	21,713.1	21,898.4
Fuel	5,133.5	3,718.5
	<u>26,846.6</u>	<u>25,616.9</u>

### 4 Other income

The analysis of the Group's other income for the year is as follows:

	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
	<b>£m</b>	<b>£m</b>
Concession and commission income	68.1	57.2
Rental income	12.0	13.7
Total other income	<u>80.1</u>	<u>70.9</u>

## **Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)**

### **4 Other income (continued)**

Concession and commission income mainly relates to commission income earned through concessions and in-store variable rental income.

Rental income relates to income earned by the Group as a lessor from sites located in the proximity of certain stores.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 5 Operating costs

The operating (loss)/profit from continuing operations is stated after (charging)/crediting the following:

	Note	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
Cost of goods sold		(20,325.4)	(19,405.5)
Transaction costs relating to acquisition of Euro Garages (Jersey) Limited		-	(53.2)
Project Future costs		(309.6)	(240.5)
Restructuring costs	7	(27.2)	-
Other operating costs (i)		(1,866.2)	(1,910.8)
Employment costs	7	(3,257.6)	(3,049.7)
Amortisation of intangible assets	15	(48.6)	(82.3)
Depreciation on property, plant and equipment	12	(505.5)	(411.1)
Depreciation on right-of-use assets	13	(229.0)	(192.2)
Loss on sale of property, plant and equipment		(0.5)	(0.5)
Gain on disposal of right-of-use assets		1.8	0.9
Impairment (charge)/reversal relating to property, plant and equipment	12	(372.7)	148.9
Impairment reversal relating to right-of-use assets	13	2.1	76.8
Impairment charge relating to assets held for sale		(3.7)	-
Impairment on Asda Express (Jersey) Limited goodwill reclassified to assets held for sale		(3.3)	-
Loss on sale of disposal of assets held for sale		(24.9)	-
<b>Total operating costs</b>		<b>(26,970.3)</b>	<b>(25,119.2)</b>

(i) Other operating costs include various expenses associated with operating the business. These include but are not limited to business rates, property maintenance, energy and utility costs, third-party transport costs, marketing expenses and insurance.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 5 Operating costs (continued)

#### Non-underlying items

As detailed in note 1, certain amounts, including where a non-recurring project spans multiple reporting periods (e.g. Project Future), have been presented in the Consolidated Income Statement as non-underlying in the current year and prior year by virtue of their size and nature. The Consolidated Income Statement impact of these items is as follows.

	Year ended 31 December 2024 £m		
	Pre-tax decrease in profit	Decrease in tax expense	Post-tax decrease in profit
<i>Non-underlying items included in operating costs:</i>			
Project Future costs (i)	(309.6)	77.4	(232.2)
Restructuring costs (ii)	(27.2)	6.8	(20.4)
Impairment (see notes 12, 13, 14 and 15)	(377.6)	50.2	(327.4)
Total	<u>(714.4)</u>	<u>134.4</u>	<u>(580.0)</u>

	Year ended 31 December 2023 £m		
	Pre-tax increase/(decrease) in profit	(Increase)/decrease in tax expense	Post-tax increase/(decrease) in profit
<i>Non-underlying items included in operating costs:</i>			
Project Future costs (i)	(240.5)	56.5	(184.0)
Transaction costs relating to acquisition of Euro Garages (Jersey) Limited (iii)	(53.2)	-	(53.2)
Impairment reversal (see notes 12 and 13)	225.7	(42.3)	183.4
Total	<u>(68.0)</u>	<u>14.2</u>	<u>(53.8)</u>

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 5 Operating costs (continued)

(i) Since the acquisition of ASDA Group Limited in the period ended 31 December 2021, the Group has embarked on a programme, Project Future, to separate its IT systems from its previous owner Walmart. A Transitional Services Agreement ("TSA") is in place with Walmart. The separation programme will transition the Group to a standalone, leading edge IT infrastructure which will enable it to improve operating efficiencies, make better use of data, improve experience for customers and colleagues, and enable the business to be more agile in responding to customers' needs.

Amounts classified as non-underlying during the current year and prior year relate to costs incurred outside the normal course of business in respect of research spend, design and build costs relating to IT infrastructure and SAAS solutions which cannot be capitalised (see note 1 for further detail), consultancy costs incurred in relation to the management of the programme, run costs relating to standalone systems where equivalent legacy Walmart systems are still in use by the business, and costs of interim software solutions which do not meet the criteria of the Group's policy to capitalise (see note 1 for further detail).

Where legacy Walmart systems are still in use, the costs of these are included in charges relating to the TSA. The total IT spend included in underlying operating costs reflects management's expectation of the level of annual spend required to operate the business on standalone IT systems in the normal course of business which includes the charges incurred under the TSA and a proportion of Project Future costs.

(ii) Relates to a head office restructuring programme enacted during the current year. These costs are included in employment costs in note 7.

(iii) Relates to third-party advisory fees incurred during the prior year in respect of the acquisition of Euro Garages (Jersey) Limited.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 5 Operating costs (continued)

Impacts of the above items on the consolidated pre-tax cash flows of the Group are as follows:

	Year ended 31 December 2024 £m		Total
	Decrease in cash flow from operating activities	Decrease in cash flow from investing activities	
Project Future costs (i)	(320.4)	(40.3)	(360.7)
Restructuring costs (ii)	(5.1)	-	(5.1)
Transaction costs relating to acquisition of Euro Garages (Jersey) Limited (iii)	(33.6)	-	(33.6)
	<u>(359.1)</u>	<u>(40.3)</u>	<u>(399.4)</u>

	Year ended 31 December 2023 £m		Total
	Decrease in cash flow from operating activities	Decrease in cash flow from investing activities	
Project Future costs (i)	(241.6)	(34.4)	(276.0)
Transaction costs relating to acquisition of Euro Garages (Jersey) Limited (iii)	(16.4)	-	(16.4)
	<u>(258.0)</u>	<u>(34.4)</u>	<u>(292.4)</u>

(i) Operating cash flows in relation to Project Future costs are as per the amounts expensed in the Consolidated Income Statement adjusted for related prepayments and accruals which were outstanding at 31 December 2024 and 31 December 2023. Investing cash flows relate to Project Future-related amounts incurred in the current and prior year which have been capitalised as intangible assets.

(ii) Cash flows in relation to the restructuring programme enacted during the current year are as per the amounts expensed in the Consolidated Income Statement adjusted for accruals which were outstanding at 31 December 2024.

(iii) Cash flows in relation to transaction costs relating to the acquisition of Euro Garages (Jersey) Limited are as per the amounts expensed in the Consolidated Income Statement adjusted for accruals which were outstanding at 31 December 2023 and 31 December 2024.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 6 Auditor's remuneration

	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
<i>Within operating costs:</i>		
Fees payable to Company's auditor for the audit of parent company and Consolidated financial statements	7.3	9.5
Fees payable for the audit of the accounts of the Company's subsidiaries	1.0	0.8
Fees payable to Company's auditor for other assurance services	0.5	-
Total fees to auditor	<u>8.8</u>	<u>10.3</u>

Fees for the audit of the accounts of the Company's subsidiaries for the year ended 31 December 2023 were charged to the Consolidated Income Statement in the year ended 31 December 2024.

### 7 Employee numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category was as follows:

	Year ended 31 December 2024 No.	Year ended 31 December 2023 No.
<i>Total</i>		
Retail & Distribution	137,520	135,397
Home offices	5,347	5,661
	<u>142,867</u>	<u>141,058</u>

Employee numbers in the prior year included average employee numbers for both Arthur Foodstores Limited and Euro Garages (Jersey) Limited. These were included in the Group average for 7 months and 2 months respectively, reflecting when control was deemed to have transferred to the Group. The aggregate payroll costs (including Directors' remuneration) were as follows:

	Note	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
Wages and salaries	22	2,904.8	2,737.4
Restructuring costs	22	27.2	-
Share-based payment expenses	22	1.6	0.9
Social security costs	22	211.4	180.4
Other pension costs	22	139.8	131.0
		<u>3,284.8</u>	<u>3,049.7</u>

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 8 Directors' remuneration

The amount recognised in the Consolidated Income Statement in relation to Directors' remuneration was £449,710 (2023: £51,964) in respect of their services to the Group in the year. This remuneration relates to short term employee benefits. This cost was borne by wholly-owned subsidiaries of Bellis Finco PLC. As at 31 December 2024, an amount of £309,917 (2023: £nil) was outstanding to third parties in relation to Directors' remuneration. The number of Directors who served during the year and were entitled to receive shares under long-term incentive schemes was two (2023: none).

The remuneration recognised in the Consolidated Income Statement in relation to the highest paid director was £309,917 (2023: £51,964).

### 9 Finance income and costs

	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
<b>Finance income</b>		
Bank interest receivable	20.6	26.7
Interest receivable on amounts owed from fellow subsidiary of the ultimate parent	26.7	25.8
Other finance income	8.6	-
Total finance income	<u>55.9</u>	<u>52.5</u>
<b>Finance costs</b>		
External interest payable	340.0	251.7
Interest on lease liabilities	218.3	176.8
Net interest cost on pension scheme	0.4	0.4
Asset retirement obligations discount unwind	4.4	3.8
Interest payable on shareholder loan	48.2	8.1
Total finance costs	<u>611.3</u>	<u>440.8</u>

External interest payable includes interest on external debt issued by the Group during the current year and previous years, amortisation of fees incurred in relation to external debt, modified gains and losses relating to external debt and commitment fees relating to the Revolving Credit Facility entered into during the period ended 31 December 2021 which was increased during the current year and prior year.

## **Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)**

### **10 Sale-and-Leaseback transaction - (prior year)**

On 10 August 2023, the Group entered into a sale-and-leaseback of 22 of its properties. Further sale-and-leasebacks for three properties were completed on 30 August 2023, 13 September 2023 and 15 November 2023 respectively. The properties were sold at fair value to a third party.

In accordance with IFRS 15, it was determined that the transfer of the properties to an independent third party for proceeds of £645.6m was considered a sale. In the year ended 31 December 2023, assets relating to the properties with a Net Book Value of £625.7m were sold and the Group recognised a gain on sale of £3.3m representing the amount of the gain that related to the rights transferred to the buyer-lessor. The remaining gain of £16.6m was deferred as a reduction to the right-of-use assets relating to the leaseback.

Similarly, the cash proceeds that arose from the sale-and-leaseback transaction were separately classified as investing (£136.2m) to reflect the relative proportion of the proceeds relating to the transfer of rights to the buyer-lessor with the remaining proceeds classified as financing (£509.4m).

These properties were leased back to the Group on terms of 35 years (including the assumption that leases shall extend by 10 years). The Group continues to lease these properties from entities controlled by the Buyer and adjusted the right of use assets and lease liabilities to reflect amended terms of the leases on transfer to the third-party entities at that date.

The leasebacks of the properties, taking into account the deferral of a proportion of the disposal gain into the right-of-use asset and subsequent modification to the lease term, resulted in an increase in right-of-use assets of £492.8m and lease liabilities of £509.4m in the prior year.

**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024  
(continued)**

**11 Taxation**

**Tax charged/(credited) in the Consolidated Income Statement**

	<b>Year ended 31 December 2024 £ m</b>	<b>Year ended 31 December 2023 £ m</b>
<b>Current taxation</b>		
UK corporation tax	7.5	25.4
UK corporation tax relating to previous years	13.3	0.4
Current tax charge for the year	<u>20.8</u>	<u>25.8</u>
Total current income tax	<u>20.8</u>	<u>25.8</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	(109.9)	(26.0)
Arising from changes in tax rates and laws	-	0.7
Adjustments in respect of prior period	(22.7)	(14.7)
Total deferred taxation	<u>(132.6)</u>	<u>(40.0)</u>
Tax credit in the Consolidated Income Statement	<u>(111.8)</u>	<u>(14.2)</u>

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 11 Taxation (continued)

A reconciliation of the total tax (credit)/charge compared to the standard rate of corporation tax in the UK of 25% (2023: 23.5%) applied to the (loss)/profit on ordinary activities before tax is as follows:

	<b>Year ended 31 December 2024 £ m</b>	<b>Year ended 31 December 2023 £ m</b>
(Loss)/profit before tax	(599.0)	180.3
Corporation tax at standard rate	(149.8)	42.4
Adjustment in respect of previous years	(9.4)	(14.0)
Enhanced capital allowance deduction	-	(0.4)
Change in tax rate	-	0.7
Expenses not deductible	6.4	34.2
Group relief not paid for	(8.1)	(15.6)
Depreciation and other amounts in relation to non-qualifying fixed assets	(1.3)	2.5
Movement in unrecognised deferred tax asset on land (including the impact of the sale and leaseback transaction and impairments)	50.4	(64.0)
Total tax credit	(111.8)	(14.2)

The standard rate of corporation tax in the United Kingdom for the year ended 31 December 2024 is 25% (2023: 23.52%). On 1 April 2023, the standard rate of corporation tax increased to 25%. The deferred tax liability is calculated using the tax rate at which it is expected to unwind of 25%.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023.

The Group is in scope of the legislation and has performed an assessment of the potential exposure to Pillar Two income taxes for the year ended 31 December 2024. The assessment is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment performed, the transitional safe harbour relief applies. Therefore, the Group does not expect an exposure to Pillar Two top-up taxes in 2024.

The Group has applied the mandatory temporary exemption to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes, as included in the amendment to IAS 12.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 11 Taxation (continued)

#### Tax items (charged)/credited directly to the Consolidated Statement of Comprehensive Income

	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
Deferred tax (charge)/credit on pensions	(0.3)	0.1
Deferred tax (charge)/credit on cash flow hedges	(8.7)	5.2
Deferred tax credit on cross currency swaps	1.5	6.3
Deferred tax (charge)/credit on interest rate swaps	(1.3)	1.6
Total tax on items (charged)/credited to Consolidated Statement of Comprehensive Income	<u>(8.8)</u>	<u>13.2</u>

#### Deferred tax

Deferred tax assets and liabilities are attributable to the following:

2024	Asset £ m	Liability £ m	Net deferred tax £ m
Property, plant and equipment	-	(773.1)	(773.1)
Employee benefits	2.0	-	2.0
Provisions	18.6	-	18.6
Capital losses	3.0	-	3.0
Intangible assets	-	(395.9)	(395.9)
Cash flow hedges	-	(3.1)	(3.1)
Lease liabilities	-	(260.5)	(260.5)
Right-of-use assets	186.6	-	186.6
Trading losses	126.3	-	126.3
Interest	116.5	-	116.5
Other	-	(33.3)	(33.3)
	<u>453.0</u>	<u>(1,465.9)</u>	<u>(1,012.9)</u>

2023	Asset £ m	Liability £ m	Net deferred tax £ m
Property, plant and equipment	-	(875.1)	(875.1)
Employee benefits	4.7	-	4.7
Provisions	17.9	-	17.9
Capital losses	3.1	-	3.1
Intangible assets	-	(378.3)	(378.3)
Cash flow hedges	4.7	-	4.7
Lease liabilities	-	(214.8)	(214.8)
Right-of-use assets	182.5	-	182.5
Trading losses	69.3	-	69.3
Interest	82.9	-	82.9
Other	-	(33.6)	(33.6)
	<u>365.1</u>	<u>(1,501.8)</u>	<u>(1,136.7)</u>

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 11 Taxation (continued)

A net deferred tax liability of £42.3m arose on the acquisition of Arthur Foodstores Limited, and a net deferred tax liability of £237.4m arose on the acquisition of Euro Garages (Jersey) Limited and subsidiaries.

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered, with the exception of certain capital losses.

A deferred tax asset of £126.3m (2023: £69.3m) has been recognised in relation to trading losses carried forward of £505.2m (2023: £277.0m). A deferred tax asset of £116.5m (2023: £82.9m) is also recognised in relation to disallowed interest carried forward under the UK Corporate Interest Restriction of £466.0m (2023: £332.0m). The utilisation of these deferred tax assets is dependent upon future taxable profits, which we expect to arise through future reversals of existing taxable temporary differences. These attributes can be carried forward indefinitely.

Capital losses carried forward at 31 December 2024 are £29.3m, for which a deferred tax asset of £3.0m is recognised. No deferred tax asset is recognised in respect of £17.3m of these losses. As at 31 December 2023, capital losses were £66.7m, for which a deferred tax asset of £3.1m was recognised. No deferred tax asset was recognised at 31 December 2023 in respect of £54.7m of these losses. Capital losses are not recognised where, at the Balance Sheet date, it is not considered probable that the losses will be used.

The Group has not recognised a deferred tax asset in relation to unrealised capital losses on land. The unrealised loss on land is £1,670.3m (2023: £1,606.4m). A deferred tax asset is not recognised as it is not considered probable that the losses could be used once realised.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 11 Taxation (continued)

Deferred tax movement during the year:

	At 1 January 2024 £ m	Recognised in income £ m	Recognised in other comprehensive income £ m	At 31 December 2024 £ m
Property, plant and equipment	(875.1)	102.0	-	(773.1)
Employee benefits	4.7	(2.4)	(0.3)	2.0
Provisions	17.9	0.7	-	18.6
Capital losses	3.1	(0.1)	-	3.0
Intangible assets	(378.3)	(17.6)	-	(395.9)
Cash flow hedges	4.7	0.7	(8.5)	(3.1)
Lease liabilities	(214.8)	(45.7)	-	(260.5)
Right-of-use assets	182.5	4.1	-	186.6
Trading losses	69.3	57.0	-	126.3
Interest	82.9	33.6	-	116.5
Other	(33.6)	0.3	-	(33.3)
Net tax liabilities	<u>(1,136.7)</u>	<u>132.6</u>	<u>(8.8)</u>	<u>(1,012.9)</u>

Deferred tax movement during the prior year:

	At 1 January 2023 £ m	Recognised in income £ m	Recognised in other comprehensive income £ m	On acquisition of Euro Garages (Jersey) Limited and Arthur Foodstores Limited £ m	At 31 December 2023 £ m
Property, plant and equipment	(728.8)	65.1	-	(211.4)	(875.1)
Employee benefits	4.4	0.2	0.1	-	4.7
Provisions	15.7	2.2	-	-	17.9
Capital losses	6.1	(3.0)	-	-	3.1
Intangible assets	(374.4)	3.1	-	(7.0)	(378.3)
Cash flow hedges	(8.5)	0.1	13.1	-	4.7
Lease liabilities	(192.9)	(21.2)	-	(0.7)	(214.8)
Right-of-use assets	201.2	7.0	-	(25.7)	182.5
Trading losses	99.0	(29.7)	-	-	69.3
Interest	68.0	14.9	-	-	82.9
Other	-	1.3	-	(34.9)	(33.6)
Net tax liabilities	<u>(910.2)</u>	<u>40.0</u>	<u>13.2</u>	<u>(279.7)</u>	<u>(1,136.7)</u>

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 12 Property, plant and equipment

	Freehold properties £ m	Leasehold improvements £ m	Plant, equipment, fixtures & fittings £ m	Assets under construction £ m	Total £ m
<b>Cost</b>					
At 1 January 2023	8,017.0	818.7	1,097.6	42.4	9,975.7
On acquisition of Arthur Foodstores Limited	75.8	24.9	31.6	4.8	137.1
On acquisition of Euro Garages (Jersey) Limited	1,068.0	22.2	103.7	3.9	1,197.8
Additions	36.1	38.4	115.8	98.6	288.9
Disposals	(632.3)	(1.8)	(31.5)	-	(665.6)
Transfers	(3.2)	-	3.4	(0.2)	-
Transfers from assets under construction	32.0	-	62.2	(94.2)	-
Reclassification to assets held for sale	(40.3)	(6.9)	(1.2)	-	(48.4)
Reclassification from intangible assets	-	-	165.5	-	165.5
At 31 December 2023	<u>8,553.1</u>	<u>895.5</u>	<u>1,547.1</u>	<u>55.3</u>	<u>11,051.0</u>
At 1 January 2024	8,553.1	895.5	1,547.1	55.3	11,051.0
Additions	92.2	4.0	106.9	81.7	284.8
Disposals	(13.0)	(3.6)	(209.1)	(2.5)	(228.2)
Transfers	(79.0)	14.2	64.8	-	-
Transfers from assets under construction	23.6	4.7	49.7	(78.0)	-
Reclassification to assets held for sale	(5.4)	-	-	-	(5.4)
At 31 December 2024	<u>8,571.5</u>	<u>914.8</u>	<u>1,559.4</u>	<u>56.5</u>	<u>11,102.2</u>
<b>Accumulated depreciation and impairment</b>					
At 1 January 2023	473.4	140.3	353.7	-	967.4
Depreciation charge for year	169.2	43.2	198.7	-	411.1
Disposals	(19.0)	(0.5)	(19.9)	-	(39.4)
Impairment reversals	(103.8)	(31.4)	(13.7)	-	(148.9)
Transfers	(0.4)	-	0.4	-	-
Reclassification to assets held for sale	(20.3)	(6.9)	(0.7)	-	(27.9)
Reclassification from intangible assets	-	-	126.3	-	126.3
At 31 December 2023	<u>499.1</u>	<u>144.7</u>	<u>644.8</u>	<u>-</u>	<u>1,288.6</u>
At 1 January 2024	499.1	144.7	644.8	-	1,288.6
Depreciation charge for the year	190.8	52.2	262.5	-	505.5
Disposals	(7.3)	-	(201.3)	-	(208.6)
Impairment charge	293.7	40.4	38.6	-	372.7
Transfers	-	1.3	(1.3)	-	-
Reclassification to assets held for sale	(0.6)	-	-	-	(0.6)
At 31 December 2024	<u>975.7</u>	<u>238.6</u>	<u>743.3</u>	<u>-</u>	<u>1,957.6</u>
<b>Net book value</b>					
At 31 December 2023	<u>8,054.0</u>	<u>750.8</u>	<u>902.3</u>	<u>55.3</u>	<u>9,762.4</u>
<b>At 31 December 2024</b>	<u><b>7,595.8</b></u>	<u><b>676.2</b></u>	<u><b>816.1</b></u>	<u><b>56.5</b></u>	<u><b>9,144.6</b></u>
At 1 January 2023	<u>7,543.6</u>	<u>678.4</u>	<u>743.9</u>	<u>42.4</u>	<u>9,008.3</u>

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 12 Property, plant and equipment (continued)

#### Investment properties

The Group acquired £39.1m of investment properties on acquisition of Asda Express (Jersey) Limited (formerly Euro Garages (Jersey) Limited) in the prior year, all of which was freehold land. The cost model was applied to these investment properties and the carrying value at 31 December 2024 is £39.1m (2023: £39.1m). The Directors estimate that the fair value of these properties is materially in line with the carrying value as at 31 December 2024. This is based on there being immaterial market movements seen in commercial real estate between the last valuation date (31 October 2023) and the balance sheet date and is consistent with other valuations seen across the wider estate.

#### Impairment

In accordance with IAS 36, the Group has assessed each store CGU against the following impairment triggers to determine whether there is an indicator of impairment:

- Negative cashflows (after allocation of all relevant central costs) generated by CGUs in the preceding twelve months
- Adverse cashflow performance against budget and year-on-year cashflow deterioration
- Specific CGU qualitative factors such as environmental damage and store closure

For each store CGU that has shown an indicator of impairment as at 31 December 2024, the Group determined the recoverable amount under both fair value less cost of disposal (FVLCD) and value-in-use. The recoverable amount under fair value has been determined through a third-party valuation and the recoverable amount under value-in-use has been determined using a discounted cash flow model. The carrying value of each CGU has been assessed against the recoverable amount under both FVLCD and value-in-use and the higher of the two has been used to determine the impairment charge. For CGUs where the Group has recognised an impairment charge or reversal in the year or prior year, the recoverable amount is disclosed below.

Recoverable amount basis	Year Ended 31 December 2024	Year Ended 31 December 2023
	£m	£m
Value-in-use	492.0	1,218.2
Fair value less costs of disposal	789.8	104.2
	<u>1,281.8</u>	<u>1,322.4</u>

#### Fair value:

For freehold sites a vacant possession valuation was performed with the support of external property valuers.

Key estimates in these valuations include market rental and yield assumptions. For leasehold sites, the fair value of the CGU was determined through fair valuing both the right-of-use asset and any leasehold improvements on the site.

The fair values are considered Level 3 fair values under IFRS 13 as the input includes both market-corroborated inputs and the entity's own data adjusted for market participant assumptions.

#### Value-in-use:

The value-in-use is calculated using the following methodology:

- Estimates of future cashflow performance - the cash flow models are prepared based on the Group's five-year planning process and are extrapolated beyond five years using estimated long term average growth rate of 2%
- Key assumptions in the Group's five-year planning process include the rate of Grocery market growth (sales volumes) and the Group's participation of this growth, gross margin performance and SG&A cost inflation
- The assumptions used in the cash flow forecasts reflect management's current climate strategy
- Discount rate - the pre-tax discount rates applied to the cash flow projections are between 8.9% and 9.3% (2023: 8.1% - 8.9%)
- Allocation of all relevant central costs to each location on a reasonable and consistent basis

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 12 Property, plant and equipment (continued)

The Group have considered the risks and opportunities facing the business in assessing the sensitivities to the value-in-use calculation and determined that the calculation is most sensitive to change in the discount rate, long-term growth rate, market growth assumptions and CGU fair values.

The net impairment charge of £372.7m comprises a charge of £386.1m and reversal of £13.4m. The charge in the period is driven by a reduction in store performance in the year leading to lower risk adjusted cashflows for CGUs where value-in-use is used as the recoverable amount. The reduction in value-in-use also led to more CGUs where the fair value is the recoverable amount. The reversal is driven by an increase in headroom on sites where the fair value supports the carrying value of the CGU in both years.

#### Sensitivities

##### *Discount rate*

- For the year ended 31 December 2024, an increase in the discount rate by 1%, would result in an increase in the impairment charge of £93.2m and a decrease in the discount rate by 1%, would result in a decrease in the impairment charge of £101.5m.
- For the year ended 31 December 2023, an increase in the discount rate by 1%, would result in a decrease in the impairment reversal of £32.2m and a decrease in the discount rate by 1%, would result in an increase in the impairment reversal of £29.4m.

##### *Terminal growth rate*

- For the year ended 31 December 2024, an increase in the terminal growth rate by 1%, would result in a decrease in the impairment charge of £82.4m and a 1% decrease would result in an increase in the impairment charge of £69.8m.
- For the year ended 31 December 2023, an increase in the terminal growth rate by 1%, would result in an increase in the impairment reversal of £29.1m and a 1% decrease would result in a reduction in the impairment reversal of £29.9m

##### *Grocery market growth (sales volumes)*

- For the year ended 31 December 2024, a decrease in the market growth (sales volume) rate by 1%, would result in an increase in the impairment charge of £336.3m.

##### *Fair values*

- For the year ended 31 December 2024, an increase in the CGU fair values by 10%, would result in a decrease in the impairment charge of £69.8m and a decrease in the CGU fair values by 10%, would result in an increase in the impairment charge of £68.8m.

#### **Reclassification from Intangible Assets - prior year**

In the prior year, the Directors identified that hardware assets with a net book value of £39.2m were originally classified as intangible assets. These were reclassified to plant, equipment, fixtures and fittings during the prior year. There was no change to the useful economic life of these assets and as such this reclassification has had no impact on the Consolidated Income Statement.

#### **Disposals**

The Group disposed of net book value of assets of £19.6m (2023: £626.2m). The prior year disposal predominantly related to the sale-and-leaseback of 25 properties that completed in 2023. See note 10 for further details of this transaction.

**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024  
(continued)**

**13 Right-of-use assets**

	<b>Land and Buildings £ m</b>	<b>Plant and Equipment £ m</b>	<b>Total £ m</b>
<b>Cost</b>			
At 1 January 2023	2,397.3	268.8	2,666.1
On acquisition of Arthur Foodstores Limited	170.6	-	170.6
On acquisition of Euro Garages (Jersey) Limited	128.5	-	128.5
Additions	542.6	102.1	644.7
Disposals	(3.9)	(42.7)	(46.6)
At 31 December 2023	<u>3,235.1</u>	<u>328.2</u>	<u>3,563.3</u>
At 1 January 2024	3,235.1	328.2	3,563.3
Additions	62.8	95.3	158.1
Disposals	(2.3)	(16.8)	(19.1)
At 31 December 2024	<u>3,295.6</u>	<u>406.7</u>	<u>3,702.3</u>
<b>Accumulated depreciation and impairment</b>			
At 1 January 2023	333.6	103.8	437.4
Depreciation of right-of-use assets	121.0	71.2	192.2
Eliminated on disposal	(3.9)	(42.7)	(46.6)
Impairment reversal	(76.8)	-	(76.8)
At 31 December 2023	<u>373.9</u>	<u>132.3</u>	<u>506.2</u>
At 1 January 2024	373.9	132.3	506.2
Depreciation of right-of-use-assets	150.3	78.7	229.0
Eliminated on disposal	(1.7)	(16.5)	(18.2)
Impairment reversal	(2.1)	-	(2.1)
At 31 December 2024	<u>520.4</u>	<u>194.5</u>	<u>714.9</u>
<b>Net book value</b>			
At 31 December 2023	<u>2,861.2</u>	<u>195.9</u>	<u>3,057.1</u>
<b>At 31 December 2024</b>	<u>2,775.2</u>	<u>212.2</u>	<u>2,987.4</u>
At 1 January 2023	<u>2,063.7</u>	<u>165.0</u>	<u>2,228.7</u>

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 13 Right-of-use assets (continued)

The Group leases various offices, stores, warehouses, vehicles and equipment under agreements within the scope of IFRS 16.

Leases of land and buildings have various terms, escalation clauses and renewal rights, however they commonly include either a market rent review or index linked rent review with a cap and collar. The timing of when rent reviews take place differs for each lease. They have no purchase options.

In determining the impairment of right-of-use assets management have calculated the fair value of right-of-use assets using a discounted market rental approach to determine the recoverable amount of the asset. This approach requires an estimates of market rentals using assumptions on market participant demand and rental yields alongside a discount rate which is determined in line with the Group's incremental borrowing rate under IFRS 16.

The net impairment reversal of £2.1m comprises a charge of £39.5m and reversal of £41.6m. The charge in the period is driven by a reduction in value-in-use leading to more leasehold CGUs where the fair value is the recoverable amount. The reversal is driven by an increase in headroom on sites where the fair value supports the carrying value of the CGU in both years

For details of sensitivity analysis of impairment charges see note 12.

Average remaining lease term is 32 years (2023: 35 years).

Leases of plant, vehicles and equipment have various terms but typically do not include mid-term rent reviews or extension options. They have no purchase options. The average remaining lease term is 4 years (2023: 4 years).

Additions during the year relate primarily to renewals or modifications of previously existing leases for land and buildings; and new leases for plant, vehicles and equipment.

Additions during the prior year relate primarily to the sale-and-leaseback of 25 stores (see note 10); renewals or modifications of previously existing leases for land and buildings; and new leases for plant, vehicles and equipment.

For further details of lease liabilities please see note 26.

**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024  
(continued)**

**13 Right-of-use assets (continued)**

	<b>31 December 2024</b>	<b>31 December 2023</b>
	<b>£ m</b>	<b>£ m</b>
<i>Finance lease receivable</i>		
Finance lease receivable - Current	6.1	4.2
Finance lease receivable - Non-current	127.2	128.9
	<u>133.3</u>	<u>133.1</u>
<i>Future minimum undiscounted payments due:</i>		
No more than one year	11.5	9.8
Later than one year no later than two years	11.5	11.5
Later than two years no later than three years	11.7	11.5
Later than three years no later than four years	11.6	11.7
Later than four years no later than five years	11.4	11.6
Later than five years	158.0	167.4
	<u>215.7</u>	<u>223.5</u>
Less: Finance lease income allocated to future periods	(82.4)	(90.4)
Present value of minimum lease payments	<u>133.3</u>	<u>133.1</u>

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 14 Assets held for sale

The major classes of assets and liabilities classified as held for sale as at 31 December 2024 and 31 December 2023 are included in the table below:

	Year ended 31 December 2024	Year ended 31 December 2023
	£m	£m
<b>Assets</b>		
Property, plant and equipment - distribution property	16.8	20.5
Property, plant and equipment - retail property	1.1	-
Freehold land - Asda Express Limited	3.7	-
Goodwill allocated to assets held for sale - Asda Express (Jersey) Limited	2.9	-
Property, plant and equipment - Arthur Foodstores Limited	-	11.6
Right-of-use assets - Arthur Foodstores Limited	-	20.4
Goodwill allocated to assets held for sale - Arthur Foodstores Limited	-	23.9
<b>Assets held for sale</b>	<u>24.5</u>	<u>76.4</u>
<b>Liabilities</b>		
Lease liabilities - Arthur Foodstores Limited	-	15.3
<b>Liabilities directly associated with assets held for sale</b>	-	15.3
<b>Net assets directly associated with disposal group</b>	<u><u>24.5</u></u>	<u><u>61.1</u></u>

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 14 Assets held for sale (continued)

#### *Distribution property held for sale*

During the year ended 31 December 2023, a non-operating distribution property with a carrying value of £20.5m was reclassified as held for sale within current assets. It was determined that this asset met the criteria for being classified as held for sale and the Directors anticipate sale of this property in the twelve months following the Balance Sheet date. As at 31 December 2024 the property has a carrying value of £16.8m after impairment charges of £3.7m to reflect the current best estimate of fair value less costs to dispose. The property is being actively marketed and the Directors anticipate sale of this property in the twelve months following the Balance Sheet date.

#### *Retail property held for sale*

During the year ended 31 December 2024, an additional property was classified as held for sale with a carrying value of £1.1m. It was determined that this asset met the criteria for being classified as held for sale and the Directors anticipate sale of this property in the twelve months following the Balance Sheet date.

#### *Freehold land held for sale*

During the year ended 31 December 2024, three plots of freehold land with a carrying value of £3.7m, together with an associated amount of goodwill of £2.9m, were reclassified as held for sale within current assets. It was determined that these assets met the criteria for being classified as held for sale and the Directors anticipate sale of these plots of land in the twelve months following the Balance Sheet date.

#### *Disposal of Arthur Foodstores Limited ("Arthur") stores*

On 30 May 2023, the Competition and Markets Authority ("CMA") accepted undertakings to dispose of 13 stores owned by Arthur Foodstores Limited for which it expected a substantial lessening of competition were the Group to own and operate these stores. These 13 stores were classified as held for sale from 30 May 2023.

In the year ended 31 December 2023, 2 of the 13 properties previously held for sale had been disposed of and a £6.6m loss, including allocated goodwill of £6.5m, was recognised on sale.

During the year ended 31 December 2024, the remaining properties were disposed of and a £24.9m loss, including allocated goodwill of £30.4m, has been recognised on sale.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 15 Intangible assets

	Brand licences £ m	Goodwill £ m	Contractual customer relationships £ m	Software and development costs £ m	Total £ m
<b>Cost</b>					
At 1 January 2023	1,327.2	-	112.8	354.0	1,794.0
Additions	-	-	-	57.3	57.3
Disposals	-	-	-	(33.1)	(33.1)
On acquisition of Arthur Foodstores Limited	-	290.5	-	-	290.5
Arthur Foodstores Limited goodwill allocated to assets held for sale	-	(30.4)	-	-	(30.4)
On acquisition of Euro Garages (Jersey) Limited	28.6	922.1	-	1.4	952.1
Reclassification to Property, Plant & Equipment	-	-	-	(165.5)	(165.5)
At 31 December 2023	<u>1,355.8</u>	<u>1,182.2</u>	<u>112.8</u>	<u>214.1</u>	<u>2,864.9</u>
At 1 January 2024	1,355.8	1,182.2	112.8	214.1	2,864.9
Additions	-	7.5	-	98.4	105.9
Disposals	-	(4.8)	-	(31.4)	(36.2)
Asda Express (Jersey) Limited goodwill allocated to assets held for sale	-	(2.9)	-	-	(2.9)
At 31 December 2024	<u>1,355.8</u>	<u>1,182.0</u>	<u>112.8</u>	<u>281.1</u>	<u>2,931.7</u>
<b>Amortisation</b>					
At 1 January 2023	-	-	21.4	153.7	175.1
Amortisation charge	-	-	11.3	71.0	82.3
Amortisation eliminated on disposals	-	-	-	(29.3)	(29.3)
Reclassification to Property, Plant & Equipment	-	-	-	(126.3)	(126.3)
At 31 December 2023	<u>-</u>	<u>-</u>	<u>32.7</u>	<u>69.1</u>	<u>101.8</u>
At 1 January 2024	-	-	32.7	69.1	101.8
Amortisation charge	1.9	-	11.3	35.4	48.6
Amortisation eliminated on disposals	-	-	-	(29.8)	(29.8)
Impairment on Asda Express (Jersey) Limited goodwill reclassified to assets held for sale	-	3.3	-	-	3.3
At 31 December 2024	<u>1.9</u>	<u>3.3</u>	<u>44.0</u>	<u>74.7</u>	<u>123.9</u>
<b>Net book value</b>					
At 31 December 2023	<u>1,355.8</u>	<u>1,182.2</u>	<u>80.1</u>	<u>145.0</u>	<u>2,763.1</u>
<b>At 31 December 2024</b>	<u><b>1,353.9</b></u>	<u><b>1,178.7</b></u>	<u><b>68.8</b></u>	<u><b>206.4</b></u>	<u><b>2,807.8</b></u>
At 1 January 2023	<u>1,327.2</u>	<u>-</u>	<u>91.4</u>	<u>200.3</u>	<u>1,618.9</u>

## **Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)**

### **15 Intangible assets (continued)**

Software and development costs are amortised on a straight-line basis over their estimated useful life of 4 years (2023: 4 years).

Contractual customer relationships comprise the George.com and Grocery Home Shopping customer lists that were acquired as part of the Asda Group business combination in the period ended 31 December 2021. Contractual customer relationships are amortised on a straight-line basis over their estimated useful life of 10 years (2023: 10 years).

Software additions in 2024 include development costs associated with the ongoing project to implement new systems following separation from Walmart in 2021.

#### **Reclassification to Property, Plant & Equipment - prior year**

In the prior year, the Directors identified that hardware assets with a net book value of £39.2m were originally classified as intangible assets. These were reclassified to plant, equipment, fixtures and fittings during the prior year. There was no change to the useful economic life of these assets and as such this reclassification has had no impact on the Consolidated Income Statement.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 15 Intangible assets (continued)

#### Impairment testing goodwill and other intangible assets

The Group tests goodwill and indefinite life intangible assets annually for impairment, or more frequently if there are indications that goodwill or the other intangible assets might be impaired. Goodwill acquired in a business combination is allocated, at acquisition to the cash generating units ("CGUs") that are expected to benefit from the business combination.

Due to the nature of the operations and the way in which the underlying businesses are managed, management has determined that there are three groups of CGUs - Asda large stores ("Asda Legacy"), ASDA Express (Jersey) Limited and Arthur Foodstores Limited (see note 2 for further details). These represent the lowest level within the entity for which information about goodwill is available and monitored for internal management purposes. Goodwill and indefinite life intangible assets arise across the Group, and are allocated specifically against the group of CGUs as follows:

- "Asda Legacy" Group of CGUs: £98.0m
- Asda Express (Jersey) Limited: £820.6m
- Arthur Foodstores Limited: £260.1m

#### George brand licence, ASDA Brand and Goodwill impairment review ("Asda Legacy" Group of CGUs)

These assets relate to the acquisition in 2021 of a perpetual licence to use the George brand in the UK and elsewhere in Europe with a carrying value of £463.8m (2023: £463.8m) and the ASDA brand which has a carrying value of £863.4m (2023: £863.4m). These brands have been tested for impairment as at 31 December 2024 in combination with other long-lived assets utilised in the ASDA and George business by assessing the present value of forecasted cash flows arising from the business. The goodwill relates to the goodwill allocated to the "Asda Legacy" Group of CGUs on the acquisition of the Asda Express (Jersey) Limited group and has a carrying value of £98.0m as at 31 December 2024. This goodwill value has been included in the long-lived assets and therefore has been tested for impairment alongside the brands and other long-lived assets mentioned above.

The recoverable amount is determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period.

For cashflows arising out of the grocery, clothing and general merchandising activities of the business, forecasts are extrapolated beyond five years using estimated long term average growth rates. The post-tax discount rate applied to the cash flow projections is 8.0% (pre-tax 10.7%) alongside a long term growth rate of 2.0%.

For cashflows arising out of ASDA's fuel retailing business, the cashflow forecast includes an assumed decline in sales volumes beyond the five-year forecast with an accompanying unwind of working capital over the medium term due to an expected transition to alternative fuel vehicles. In line with guidance in IAS 36 relating to calculating value in use, these forecasts do not include cashflows arising out of expansionary capital expenditure. The post-tax discount rate applied to the fuel retailing cash flow projections is 8.0% (pre-tax 10.7%).

Based upon calculations performed and sensitivity analysis undertaken, management believe that no reasonably possible change in any of the above key assumptions would cause the recoverable amount to be lower than the carrying value of the brands and other long-lived assets used in the ASDA and George business.

Goodwill allocated to the Asda Legacy Group of CGUs is not considered significant to the total carrying value of goodwill, therefore, more detailed related disclosures have not been provided.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 15 Intangible assets (continued)

#### *Goodwill arising on acquisition of Arthur Foodstores Limited*

As set out in note 2, during the prior year, the Group obtained control of Arthur Foodstores Limited (“Arthur”) with goodwill arising of £290.5m, of which £30.4m was allocated to assets held for sale in the prior year. These assets have been sold in the current year. The carrying value of the Arthur CGU has been tested for impairment as at 31 December 2024 by assessing the present value of forecasted cash flows arising from the business.

The recoverable amount is determined based on a fair value less cost to sell calculation based on discounted cashflow approach and based on cash flow projections derived from financial budgets covering a five-year period as approved by senior management and then extended to 2045 with a terminal value applied thereafter.

#### *Business assumptions*

In the next two years, the cashflows include assumptions relating to the realisation of synergies arising from the business combination through increased volume and margin benefits in both the fuel and grocery sides of the Arthur business as well as improvements in working capital. The key assumptions linked to these synergies are revenue growth and costs. The expected synergies were identified as part of the strategic appraisal for acquisition with input from external experts.

In the period through to 2045, the cashflow forecast includes an assumed decline in fuel volumes with an accompanying unwind of working capital due to an expected transition to alternative fuel vehicles. This has been based on the Office for Budget Responsibility forecasts relating to the reduction in internal combustion engine vehicles on UK roads aligned to the current Zero Emission Vehicle (“ZEV”) mandate and extends the forecast cash flows through to 2045. In addition, the cashflows assume concession income from electric vehicle charging partners operating electric vehicle charging on Arthur sites in line with the forecast increases in electric vehicles based on the ZEV mandate. This assumes that all sites are suitable for conversion to electric vehicle charging by 2045 and based on technology which is already available and commercially viable today.

For grocery sales, cashflows from 2028 include assumptions around the growth in grocery sales arising from increased dwell time of customers charging electric vehicles. These assumptions are based on a combination of industry research relating to customer behaviour in relation to electric vehicle charging and the impacts that this has on customer dwell time overlaid with management’s own estimates and historical experience around the incremental value of purchases which would be derived from the increased customer dwell time.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 15 Intangible assets (continued)

#### *Terminal value and discount rate*

A terminal value growth rate of 2% has been used to estimate cashflows beyond the forecast period into perpetuity. This long-term growth rate has been determined by reference to the average long-term growth rate for the UK economy and is therefore, considered to reflect the view that a market participant would take.

The discount rate is based on discount rate which is specific to the forecourt retail sector. As the post-tax WACC was produced from the capital asset pricing model ("CAPM"), this was applied to post-tax cashflows. The inputs to the capital asset pricing model and the WACC calculation have been derived from comparable quoted companies. The post-tax discount rate applied to the cash flow is 7.5%.

The key assumptions used to calculate the recoverable amount of the Arthur CGU include a combination of inputs which are observable from market data and inputs which are not observable from market data. As the calculation includes inputs which are not observable from market data and as the recoverable amount is sensitive to one or more of these non-observable inputs, the valuation technique adopted has been classified as Level 3 within the fair value hierarchy (2023: Level 3).

#### *Sensitivity to changes in assumptions*

At 31 December 2024, the recoverable amount exceeds the carrying value of the CGU by £189m.

Sensitivity analysis in respect of reasonably possible changes in key assumptions has been performed relating to the realisation of volume and margin benefits identified upon acquisition of the business by Asda; increases in grocery sales arising from the increased dwell time of customers charging their electric vehicles; and the discount rate. These sensitivities have been performed in isolation.

- Of the expected acquisition synergies assumed as noted above, if only 22% were to be realised across the next two years, this would reduce the amount by which the recoverable amount exceeds the carrying value to £93m.
- A reduction of 50% in the assumed growth in grocery sales from increased dwell time would reduce the amount by which the recoverable amount exceeds the carrying value of the CGU to £116m.
- An increase in the post-tax discount rate by 100bps to 8.5% would reduce the amount by which the recoverable amount exceeds the carrying value of the CGU to £89m.

Based upon calculations performed and sensitivity analysis undertaken, management believe that no reasonably possible change in any of the above key assumptions would cause the recoverable amount to be lower than the carrying value of the goodwill and other long-lived assets used in the Arthur business.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 15 Intangible assets (continued)

#### Goodwill arising on acquisition of Asda Express (Jersey) Limited

As set out in note 2, during the prior year, the Group acquired the entire issued share capital of Asda Express (Jersey) Limited (“AE(J)L”) with goodwill arising of £922.1m. During the current year, an adjustment of £7.5m was made to the deferred consideration; a balance of £4.8m relating to assets identified for sale has been disposed of during the year; £2.9m has been allocated to assets held for sale and £3.3m impairment has been recognised on assets reclassified as held for sale, leaving a carrying value at 31 December 2024 of £918.6m. As disclosed in note 2, £98.0m of this amount has been allocated to the ASDA Legacy group of CGUs.

The remaining goodwill attributed to the AE(J)L CGU of £820.6m has been tested for impairment as at 31 December 2024 by assessing the present value of forecasted cash flows arising from the business.

The recoverable amount is determined based on a fair value less cost to sell calculation based on discounted cashflow approach and based on cash flow projections derived from financial budgets covering a five-year period as approved by senior management and then extended to 2045 with a terminal value applied thereafter.

#### *Business assumptions*

In the next two years, the cashflows include assumptions relating to the realisation of synergies arising from the business combination through increased volume and margin benefits in both the fuel and grocery sides of the AE(J)L business as well as improvements in working capital. The key assumptions linked to these synergies are revenue growth and cost. The expected synergies were identified as part of the strategic appraisal for acquisition with input from external experts.

In the period through to 2045, the cashflow forecast includes an assumed decline in fuel volumes with an accompanying unwind of working capital due to an expected transition to alternative fuel vehicles. This has been based on the Office for Budget Responsibility forecasts relating to the reduction in internal combustion engine vehicles on UK roads aligned to the current Zero Emission Vehicle (“ZEV”) mandate and extends the forecast cash flows through to 2045. In addition, the cashflows assume concession income from electric vehicle charging partners operating electric vehicle charging on AE(J)L sites in line with the forecast increases in electric vehicles based on the ZEV mandate. This assumes that all sites are suitable for conversion to electric vehicle charging by 2045 and based on technology which is already available and commercially viable today.

For grocery sales, cashflows from 2028 include assumptions around the growth in grocery sales arising from increased dwell time of customers charging electric vehicles. These assumptions are based on a combination of industry research relating to customer behaviour in relation to electric vehicle charging and the impacts that this has on customer dwell time overlaid with management’s own estimates and historical experience around the incremental value of purchases which would be derived from the increased customer dwell time.

#### *Terminal value and discount rate*

A terminal value growth rate of 2% has been used to estimate cashflows beyond the forecast period into perpetuity. This long-term growth rate has been determined by reference to the average long-term growth rate for the UK economy and is therefore, considered to reflect the view that a market participant would take.

The discount rate is based on discount rate which is specific to the forecourt retail sector. As the post-tax WACC was produced from the capital asset pricing model (“CAPM”), this was applied to post-tax cashflows. The inputs to the capital asset pricing model and the WACC calculation have been derived from comparable quoted companies. The post-tax discount rate applied to the cash flow is 7.5%.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 15 Intangible assets (continued)

The key assumptions used to calculate the recoverable amount of the AE(J)L CGU include a combination of inputs which are observable from market data and inputs which are not observable from market data. As the calculation includes inputs which are not observable from market data and as the recoverable amount is sensitive to one or more of these non-observable inputs, the valuation technique adopted has been classified as Level 3 within the fair value hierarchy (2023: Level 3).

#### *Sensitivity to changes in assumptions*

At 31 December 2024, the recoverable amount exceeds the carrying value of the CGU by £188m.

Sensitivity analysis in respect of reasonably possible changes in key assumptions has been performed relating to the realisation of volume and margin benefits identified upon acquisition of the business by Asda; increases in grocery sales arising from the increased dwell time of customers charging their electric vehicles; and the discount rate. These sensitivities have been performed in isolation.

- If approximately 80% of planned synergies were realised across the next two years, the carrying value of the CGU would equal the recoverable amount.
- If there was a 40% reduction in assumed growth in grocery sales from increased dwell time, the carrying value of the CGU would equal the recoverable amount.
- If the discount rate was equal to 8.1%, the carrying value of the CGU would equal the recoverable amount.

A reasonably possible change in assumptions would lead to an impairment.

### 16 Inventories

	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
Goods held for resale	1,323.7	1,331.8
Goods not held for resale	<u>2.2</u>	<u>2.5</u>
	<u>1,325.9</u>	<u>1,334.3</u>

Included within the cost of goods sold figure disclosed in note 5 is an amount of £614.4m (2023: £662.1m) relating to the cost of inventory written off or provided for in the year.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 17 Trade, other receivables and derivative assets

	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
Trade receivables	135.2	127.4
Allowance for expected credit losses	(2.5)	(1.2)
Other receivables	87.8	78.4
Prepayments and accrued income	96.3	102.7
Current derivative assets	12.9	0.3
	<u>329.7</u>	<u>307.6</u>
<b>Amounts due from fellow wholly owned subsidiaries of the ultimate parent undertaking</b>		
Current	5.8	5.1
Non-current	799.9	773.2
	<u>805.7</u>	<u>778.3</u>
<b>Amounts due from the ultimate parent undertaking</b>		
Current	4.6	4.1
<b>Derivative assets</b>		
Non-current	8.7	0.2

Trade receivables are non interest-bearing and are generally on 30 day terms. Trade receivable balances have been assessed to determine the value of expected credit losses ("ECLs") using the simplified approach in IFRS 9.

Trade receivables are presented net where a legally enforceable right of set off exists. The Group routinely recovers receivables from suppliers with which a legal right of offset exists by settling payables with those suppliers on a net basis at the earliest point following the balance sheet date at which payables of a value equal to or in excess of the receivable amount are due for settlement. Included in the above is an offset of £177.2m (2023: £190.4m). The trade receivable prior to the offset is £312.4m (2023: £317.8m).

Other receivable balances have been assessed to determine the value of ECLs as per the requirements of IFRS 9 and the impact is less than £0.1m (2023: less than £0.1m).

The Group considers its trade and other receivables in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a trade or other receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A trade or other receivable is written off to the Consolidated Income Statement when there is no reasonable expectation of recovering the contractual cash flows.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 17 Trade, other receivables and derivative assets (continued)

The non-current amounts due from fellow wholly-owned subsidiaries of the ultimate parent undertaking balance of £799.9m (2023: £773.2m) has arisen largely from the sale-and-leaseback transaction that occurred in 2021, as properties owned by the Group were sold to a fellow wholly-owned subsidiary of the ultimate parent undertaking in exchange for a receivable balance for which the counterparty is Bellis Midco 2 Limited - a fellow wholly-owned subsidiary of the ultimate parent, which itself owns a 100% interest in the Group. This receivable matures on 23 June 2026 and attracts an interest rate of 3.45%. See note 29 for further detail.

In order to assess the probability of default and to determine the value of expected credit losses in respect of the Group's intercompany receivables, the directors have modelled an orderly settlement of all intercompany balances between entities within the Group and entities outside the Group which are fellow wholly-owned subsidiaries of the ultimate parent.

This analysis is based on the directors' forecast of future cashflows. Downside sensitivities to the base case assumptions within this forecast have been modelled and in all plausible scenarios, the value of cashflows realised is sufficient to enable full and orderly settlement of all balances. As such, the directors have determined that the probability of default in relation to the Group's intercompany receivables is remote and the impact of expected credit losses is immaterial. Accordingly, the carrying value of the Group's expected credit losses provision in respect of intercompany receivables is less than £0.1m (2023: less than £0.1m).

As at 31 December 2024, trade receivables at nominal value of £2.5m were impaired and fully provided for (2023: £1.2m). Movements in the allowance for expected credit losses in the year were as follows:

	<b>31 December 2024 £ m</b>	<b>31 December 2023 £ m</b>
At beginning of year	1.2	1.1
Charge for the year	4.3	4.8
Provision utilised during the year	-	(1.0)
Unused amounts reversed during the year	(3.0)	(3.7)
At end of year	<u>2.5</u>	<u>1.2</u>

### 18 Cash and cash equivalents

	<b>Year ended 31 December 2024 £ m</b>	<b>Year ended 31 December 2023 £ m</b>
Cash in hand and bank balances	168.9	448.5
Money market funds and deposits	654.6	579.2
	<u>823.5</u>	<u>1,027.7</u>

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 18 Cash and cash equivalents (continued)

Money market funds and deposits are readily available on demand.

At 31 December 2024, electronic card payments from customers relating to sales made prior to the Balance Sheet date which, in the vast majority of cases, settled on the first working day after the Balance Sheet date totalled £86.7m. Furthermore, electronic payments to suppliers of the Group which were approved prior to the Balance Sheet date and were settled on the first working day after the Balance Sheet date totalled £168.9m. As such, the amendment to IFRS 9 would have resulted in a net increase in Cash and cash equivalents of £82.2m, an increase in Trade and other receivables of £86.7m and an increase in Trade and other payables of £168.9m compared to the amounts reported in the Consolidated Balance Sheet.

### 19 Trade, other payables and derivative liabilities

	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
Trade payables	3,686.9	3,741.1
Other taxes and social security	173.5	189.0
Other payables	212.7	98.6
Accrued expenses	456.7	550.4
Current derivative liabilities	4.1	25.6
	<u>4,533.9</u>	<u>4,604.7</u>
<b>Amounts owed to fellow wholly owned subsidiaries of the ultimate parent undertaking</b>		
Current	<u>13.5</u>	<u>9.9</u>
<b>Amounts owed to the ultimate parent undertaking</b>		
Current	<u>0.5</u>	<u>-</u>
<b>Derivative liabilities</b>		
Non-current	<u>55.7</u>	<u>6.0</u>
<b>Shareholder loan</b>		
Non-current	<u>457.2</u>	<u>409.1</u>

## **Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)**

### **19 Trade, other payables and derivative liabilities (continued)**

The Group has established trading terms with suppliers which are appropriate to the particular relationship and product supplied. Whenever an order is placed the parties will be aware of the payment terms and it is the Group's policy to abide by these terms when satisfactory invoices have been received.

Trade payables are presented net where a legally enforceable right of offset exists. Included in the above is an offset of £177.2m (2023: £190.4m). The trade payable prior to the offset is £3,864.1m (2023: £3,931.5m).

Included within accruals is an amount of £90.4m (2023: £53.4m) in relation to interest accrued on external borrowings (see note 21 for further details on external borrowings).

The £457.2m non-current shareholder loan balance (2023: £409.1m) comprises of a £401.0m subordinated shareholder loan (2023: £401.0m) used to partially fund the acquisition of Asda Express (Jersey) Limited and £56.2m interest accrued on this balance (2023: £8.1m). This loan has a maturity of May 2033 and attracts an interest rate of 11.94%.

For terms and conditions relating to amounts owed to related parties, refer to note 29.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 20 Financial instruments

#### Financial assets and liabilities

The carrying value and classification of financial assets and liabilities are disclosed in the following tables. All financial assets and liabilities are classified as Level 2 within the fair value hierarchy.

	Note	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
<i>Non-interest-bearing financial assets at amortised cost</i>			
Trade receivables	17	132.7	126.2
Other receivables	17	87.8	78.4
		<u>220.5</u>	<u>204.6</u>
<i>Non-current interest-bearing financial assets at amortised cost</i>			
Amounts due from fellow wholly-owned subsidiaries of the ultimate parent	17	799.9	773.2
<i>Current non-interest-bearing financial assets at amortised cost</i>			
Amounts due from fellow wholly-owned subsidiaries of the ultimate parent	17	5.8	5.1
Amounts due from the ultimate parent	17	4.6	4.1
<i>Non-current non-interest-bearing financial assets at amortised cost</i>			
Other non-current assets	21	8.9	5.5
<i>Current derivatives designated as hedging instrument</i>			
Forward contracts	17	12.9	0.3
<i>Non-current derivatives designated as hedging instruments</i>			
Forward contracts	17	8.4	0.2
Cross-currency interest rate swaps	17	0.3	-
<i>Other financial assets</i>			
Cash and cash equivalents	18	<u>823.5</u>	<u>1,027.7</u>
<b>Total financial assets</b>		<u><u>1,884.8</u></u>	<u><u>2,020.7</u></u>

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 20 Financial instruments (continued)

As at 31 December 2024 and 31 December 2023, all of the Group's interest-bearing financial assets were denominated in Sterling at fixed rates of interest. The interest rate of interest-bearing receivables is 3.45% (2023: 3.45%). Amounts due from fellow wholly-owned subsidiaries of the ultimate parent are disclosed in note 29.

#### *Movements in receivables arising from financing activities*

During the current year, movement in non-current interest-bearing amounts due from fellow wholly-owned subsidiaries of the ultimate parent was driven by interest of £26.7m which has been charged on the balance. Total carrying value of receivables due from Bellis Midco 2 Limited at 31 December 2024 is £799.9m (2023: £773.2m).

Non-interest-bearing amounts due from the ultimate parent and fellow wholly-owned subsidiaries of the ultimate parent comprise amounts due from Bellis Topco Limited of £4.6m (2023: £4.1m), Bellis Topco 2 Limited of £4.7m (2023: £4.7m), Bellis Midco 4 Limited of £0.7m (2023: £0.2m), Bellis Midco 2 Limited £0.2m (2023: £0.1m), Bellis Noncore 1 Limited £0.1m (2023: £nil) and Bellis Holdco Limited of £0.1m (2023: £0.1m) relating to fees paid by the Group on their behalf of these entities.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 20 Financial instruments (continued)

	Note	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
<i>Non-interest-bearing financial liabilities at amortised cost</i>			
Trade payables	19	3,686.9	3,741.1
Other payables	19	212.7	98.6
Accrued expenses	19	456.7	550.4
		<u>4,356.3</u>	<u>4,390.1</u>
<i>Current derivative liabilities designated as hedging instrument</i>			
Forward contracts	19	2.7	16.3
Cross-currency interest rate swaps	19	-	2.9
Interest rate swaps	19	1.4	6.4
<i>Non-current derivative liabilities designated as hedging instruments</i>			
Forward contracts	19	-	6.0
Cross-currency interest rate swaps	19	55.7	-
<i>Current non-interest-bearing financial liabilities at amortised cost</i>			
Amounts due to fellow wholly-owned subsidiaries of the ultimate parent	19	13.5	9.9
Amounts due to the ultimate parent	19	0.5	-
<i>Non-current interest-bearing financial liabilities at amortised cost</i>			
Shareholder loan	19	457.2	409.1
<i>Current interest-bearing borrowings</i>			
Borrowings	21	7.4	22.7
Lease liabilities	26	152.3	139.0
<i>Non-current interest-bearing borrowings</i>			
Borrowings	21	4,897.0	5,140.5
Lease liabilities	26	3,640.5	3,651.2
<b>Total financial liabilities</b>		<u>13,584.5</u>	<u>13,794.1</u>

As at 31 December 2024 and 31 December 2023, the Group held borrowings and a shareholder loan in both Sterling and Euro at fixed and variable rates of interest. The interest rate of interest-bearing borrowings is between 0.5% and 11.94% (2023: 0.5% - 11.94%). This comprises external borrowings, amounts owed to fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent and lease liabilities. Details of obligations under leases are included in note 26.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 20 Financial instruments (continued)

#### *Movements in liabilities arising from financing activities*

External borrowings comprise the financing drawn down to fund the acquisition of ASDA Group Limited and loans entered into during the prior year to fund the acquisition of Asda Express (Jersey) Limited. Further details of external borrowings are disclosed in note 21.

During the year, the Group entered into a refinancing exercise which resulted in the repayment of the majority of the Group's debt which was due to mature in 2026. This was financed by the issuance of new debt instruments which mature in 2030 and 2031 (see note 21 for further detail) and by cash on hand.

During the year, the Group extended the Revolving Credit Facility (RCF) which was entered into in a previous year, from a limit of £667.3m to a limit of £792.7m. The RCF matures in October 2028. The carrying amount of RCF fees at 31 December 2024 was £8.9m, which includes £6.2m in relation to the RCF extension entered into during the year (2023: £5.5m). Amortisation of £2.8m (2023: £2.1m) was charged in the year.

The £457.2m (2023: £409.1m) non-current shareholder loan balance comprises of a £401.0m (2023: £401.0m) subordinated shareholder loan used to partially fund the acquisition of Asda Express (Jersey) Limited and £56.2m (2023: £8.1m) interest accrued on this balance.

Total lease cash outflow in the year was £394.9m (2023: £350.3m). Amounts included in financing activities in the cash flow statement are cash payments for the principal portion of the lease liability £153.0m (2023: £148.5m) and cash payments for the interest portion of the lease liability of £217.0m (2023: £175.9m). £24.9m (2023: £25.9m) has been included in operating activities in the cash flow statement and relates to short term and variable lease expenses. Movements in lease liabilities are a predominantly a result of these lease cash outflows, offset by additions, lease modifications and interest expenses charged relating to lease liabilities. See note 26 for further details.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 20 Financial instruments (continued)

The following tables show the movements during the current year and prior year relating to borrowings, the shareholder loan and amounts due to fellow wholly-owned subsidiaries of the ultimate parent:

	Drawdowns (net of fees)	Cash repayments	Amortisation of capitalised fees	Accrued interest	Reclassification of current borrowings	Other	Closing balance
	£m	£m	£m	£m	£m	£m	£m
<b>Year ended 31 December 2024</b>							
<i>Current liabilities</i>							
Borrowings	-	22.7	-	-	(7.4)	-	(7.4)
Amounts due to fellow wholly-owned subsidiaries of the ultimate parent	-	-	-	-	-	(3.6)	(13.5)
Amounts due to the ultimate parent						(0.5)	(0.5)
<i>Non-current liabilities</i>							
Borrowings	(2,971.6)	3,149.5	(42.1)	-	7.4	100.3	(4,897.0)
Shareholder loan	-	-	-	(48.2)	-	0.1	(457.2)

Included within other movements is a £26.6m gain on modification in relation to the Apollo facility (see note 21 for further details), a £24.8m gain on repayment of Senior Secured Notes (see note 21 for further details) and foreign exchange movements in relation to Euro denominated debt.

Amortisation of capitalised fees on non-current borrowings have increased during the year due to acceleration of capitalised fees on the Senior Secured Notes and Sterling Senior Secured Notes, which were substantially repaid as part of the refinancing activity completed on 14 May 2024.

	Drawdowns (net of fees)	Cash repayments	Amortisation of capitalised fees	Accrued interest	Reclassification of current borrowings	Other	Closing balance
	£m	£m	£m	£m	£m	£m	£m
<b>Year ended 31 December 2023</b>							
<i>Current liabilities</i>							
Borrowings	(269.0)	499.8	(30.0)	-	(19.5)	42.6	(22.7)
Amounts due to fellow wholly-owned subsidiaries of the ultimate parent	-	-	-	-	-	(3.1)	(9.9)
<i>Non-current liabilities</i>							
Borrowings	(1,035.3)	-	(18.5)	-	19.5	14.0	(5,140.5)
Shareholder loan	(401.0)	-	-	(8.1)	-	-	(409.1)

Other movements in the prior year were due primarily to the elimination on consolidation of a balance at £41.0m at 31 December 2022 which was owed by the Group to Arthur Foodstores Limited ("Arthur"). The results of Arthur have been consolidated since 30 May 2023.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 20 Financial instruments (continued)

#### *Security pledged*

On 12 February 2021, the Group pledged certain assets as security for the indebtedness of parent undertakings in the form of a first-ranking charge over certain material bank accounts, material amounts due from fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent, the shares owned by the Group in ASDA Stores Limited, McLagan Investments Limited and The Burwood House Group Limited, and a first-ranking floating charge over all present and future assets (other than customarily excluded assets) of ASDA Group Limited, ASDA Stores Limited, McLagan Investments Limited and The Burwood House Group Limited.

Part of the security pledged is in relation to some of the Group's existing supply chain finance agreements in the form of fixed and floating charges over certain of the Group's assets. There were no other changes to the terms of these supply chain finance agreements which impact on the nature of amounts owed to the bank under these arrangements. Given consideration of this and the other factors set out in note 1, the Directors have concluded that the substance of the Group's liabilities under all supply chain financing agreements remain consistent overall with that of a trade payable and accordingly will continue to be accounted for and classified as trade payables.

On 13 August 2021, the Group entities that guarantee the Senior Secured Notes issued by Bellis Acquisition Company PLC, the Term Loan Facilities and the Forecourt Bridge Facility borrowed by Bellis Acquisition Company PLC and the Revolving Credit Facility made available to the Group granted first-priority security interests over their Material Real Property to secure their obligations under those instruments. With the completion of this security grant, the Group discharged the requirement to deliver post-closing collateral under the various financing arrangements established in connection with the acquisition of ASDA by the Group.

On 29 October 2023, an additional fixed charge on the existing security pledged over certain material bank accounts and the shares owned by the Group in ASDA Stores Limited, McLagan Investments Limited and The Burwood House Group Limited was pledged in relation to the bridge facility agreement that was entered into by Bellis Acquisition Company PLC on the same date. This charge was released on repayment of the bridge facility agreement in December 2023.

On 20 December 2023, Asda Propco Limited, a subsidiary of the group, entered into a £400m loan facility agreement as part of a Corporate Ground Rent transaction. The loan facility is split into Tranche A and Tranche B with amounts of £275.0m and £125.0m respectively. As part of this transaction 55 store properties, including leases back to Asda Stores Limited as tenant, have been transferred into Asda Propco Limited and a first floating charge over all property and assets of Asda Propco Limited has been granted to the lenders. On 25 April 2024, 5 properties were transferred out of the structure and 8 properties were substituted in to meet the completion conditions stated in the loan agreement.

On 10 May 2024 the Group entered into a supplemental security agreement to a security agreement originally dated 12 February 2021 as amended, supplemented from time to time and to the relevant material real property charge as amended and/or supplemented from time to time (the "Existing Security Agreement") as part of the refinancing of the Senior Secured Notes and the Term Loan Facilities issued by Bellis Acquisition Company PLC. The supplemental security agreement confirms the security interests created under the Existing Security Agreement, and creates lower ranking security interests over the same assets under the Existing Security Agreement which include Material Bank Accounts, Assigned Agreements, Real Property in England and Wales and an all-asset floating charge to secure their obligations under those instruments.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 20 Financial instruments (continued)

#### *Fair values of financial assets and financial liabilities*

The Group measures the fair value of its financial instruments by reference to the fair value hierarchy in IFRS 13 'Fair Value Measurement':

- Level 1 - using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group classifies all financial liabilities at Level 2 in the fair value hierarchy. At 31 December 2024, the Group did not have any assets or liabilities classified at Level 3 (2023: none).

The Group's principal financial instruments during the year comprised cash, cash equivalents, external borrowings, amounts due to fellow wholly-owned subsidiaries of the ultimate parent and amounts due from fellow wholly-owned subsidiaries of the ultimate parent, derivatives classified as hedges and lease liabilities. Other financial assets and liabilities, such as trade receivables, other receivables, trade payables, other payables, and accruals arise directly from the Group's operating activities. Set out in the table below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments. This table excludes trade receivables, other receivables, trade payables, other payables, accruals, amounts due from fellow wholly-owned subsidiaries of the ultimate parent, amounts due to fellow wholly-owned subsidiaries of the ultimate parent and lease liabilities as the carrying value reasonably approximates to the fair value of these financial instruments. Derivative instruments are also excluded as the carrying value equals fair value at the year end.

	Year ended 31 December 2024		Year ended 31 December 2023	
	Carrying Value £m	Fair Value £m	Carrying Value £m	Fair Value £m
<b>Non-current interest-bearing borrowings</b>				
External borrowings	4,897.0	4,707.1	5,140.5	4,839.7
<b>Current interest-bearing borrowings</b>				
External borrowings	7.4	7.6	22.7	22.7

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments:

#### *External borrowings*

For listed and traded instruments (i.e. Senior Secured Notes, Senior Unsecured Notes and Euro Term Loan B) over-the-counter prices are used to determine the fair value (Level 2). For unlisted instruments the fair value is estimated by discounting the future contracted cash flow using prevailing interest rates to net present value (Level 2).

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 20 Financial instruments (continued)

#### *Derivatives*

Forward contracts - these derivatives are measured at fair value by estimating the future settlement rates of forward contracts entered into and are split between in-the-money (assets) and out-of-the-money (liabilities). At 31 December 2024, the Group held £21.3m (2023: £0.5m) in-the-money assets, and £2.7m (2023: £22.3m) out-of-the-money liabilities in respect of its forward contracts. During the year, the Group recognised net losses on revaluation of hedged monetary liabilities from historical cost to period-end spot rate of £0.8m (2023: £4.9m gain). The fair values of the Group's financial derivatives have been calculated at the observable unquoted interest rates and are categorised as Level 2 within the fair value hierarchy.

Cross-currency interest rate swaps - these derivatives are measured at fair value using a swap valuation model. The model incorporates various observable market inputs (Level 2) including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves. The model incorporates a credit valuation adjustment attributable to derivative counter-party default risk. These derivatives are measured at fair value by estimating the future settlement rates of cross-currency interest rate swaps entered into and are split between in-the-money (assets) and out-of-the-money (liabilities). At 31 December 2024, the Group held £0.3m (2023: £nil) in-the-money assets and £55.7m (2023: £2.9m) out-of-the-money liabilities in respect of its cross-currency interest rate swaps.

Interest rate swaps - these derivatives are measured at fair value using a swap valuation model. The model incorporates various observable market inputs (Level 2) including the credit quality of counterparties and interest rate curves. The model incorporates a credit valuation adjustment attributable to derivative counter-party default risk. These derivatives are measured at fair value by estimating the future settlement rates of interest rate swaps entered into and are either in-the-money (assets) or out-of-the-money (liabilities). At 31 December 2024, the Group held £1.4m (2023: £6.4m) out-of-the-money liabilities in respect of its interest rate swaps.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 20 Financial instruments (continued)

#### *Financial risk management*

##### *Market risks*

In the ordinary course of the Group's business, it is exposed to a variety of market risks arising in relation to its financial assets and liabilities, including interest rate risk, foreign currency risk and capital risk. The Group has a risk management programme in place through which it seeks to mitigate the adverse effects of these market risks. In addition, the Group hedges interest and exchange rate exposure on foreign currency debt obligations and hedges interest rate risk on a proportion of its loan facilities with interest rates linked with SONIA. The Group does not enter into financial instruments for trading or speculative purposes.

##### *Interest rate risk*

The Group is exposed to interest rate risk on its floating rate liabilities (based on SONIA and EURIBOR) primarily composed of the Senior Facilities, which consist of the Revolving Credit Facility, Term Loan A, Term Loan B and an additional Term Loan ("Apollo Facility") entered into to fund the acquisition of Euro Garages (Jersey) Limited. During the prior year, the Group was exposed to interest rate risk on the Arthur Additional Bridge Facility, this was settled in full on 23 October 2023. The EURIBOR interest rate risk on Term Loan B is hedged through entering into cross-currency interest rate swaps to fix a proportion of the interest payments in pound sterling at rates between 8.64% - 8.80%. The SONIA interest rate risk on the Term Loan entered into during the year is hedged through entering into interest rate swaps to fix a proportion of the interest payments at a fixed interest rate between 4.75% - 4.78% which expire on 16 November 2025. Interest on the Senior Secured Notes and the Senior Unsecured Notes is charged at fixed rates between 3.25% and 8.13%.

The Group, after the impact of hedge accounting, is exposed to possible changes in SONIA on its outstanding floating rate loans (Term Loan A, a proportion of the Apollo Facility and a proportion of Term Loan B). It is anticipated that a 0.5% increase in the SONIA rate would give rise to an annualised decrease in loss before tax of £1.4m (2023: £1.8m).

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 20 Financial instruments (continued)

#### *Foreign currency risk*

#### *Forward currency hedging contracts*

The Group purchases goods and services denominated in currencies other than Sterling. Cash flows can be affected by movements in exchange rates, primarily US Dollars and Euros. Some purchases in US Dollars are managed using forward contracts.

The Group implements hedge accounting and has forward currency hedging contracts outstanding at 31 December 2024, designated as hedges of expected future purchases from suppliers in US dollars. The forward currency contracts are being used to hedge the foreign currency risk of future purchases. The terms of the forward currency hedging contracts have been negotiated to match the terms of the commitments and none exceed a period of more than 18 months after 31 December 2024. Amounts recognised in other comprehensive income are transferred to the Consolidated Income Statement when the hedged transaction affects profit or loss.

The cash flow hedges of the expected future purchases were assessed to be highly effective and as at 31 December 2024, a net unrealised gain of £13.8m (2023: £12.2m loss) was included in the hedge reserve in respect of hedging contracts. The net gain recognised in other comprehensive income during the year in respect of these hedging contracts was £26.0m (2023: £15.8m loss). This consists of a £23.6m gain (2023: £36.3m loss) on not-yet-matured contracts during the year, £11.1m of loss reclassified to the Consolidated Income Statement during the year (2023: £15.3m loss) and a £8.7m taxation charge (2023: £5.2m credit).

Under the Group's hedging policy, forward currency contracts can be used for both goods for resale and goods not for resale. The only items for which forward currency contracts are in place as at 31 December 2024 are forecast purchases of goods for resale. The Group hedges up to 100% of forecast cash flows. Gains and losses attributable to forward contracts are transferred to cost of goods sold. Forward contracts entered into which are not in line with forecast cash flows would be the principal source of hedge ineffectiveness. No instances of this have occurred during the year, therefore, amounts recognised in the Consolidated Income Statement in relation to ineffective forward contract hedges is £nil (2023: £nil).

At 31 December 2024, the Group held £1,181.3m (2023: £1,234.4m) of outstanding forward foreign currency contracts, designated as cash flow hedges. These forward contracts are largely in relation to purchases of US Dollars (notional \$1,406.0m) and Euros (notional €89.9m) with varying maturities up to June 2026. For the above currencies the rates ranged from USD/GBP from 1.211 to 1.332 (2023: 1.210 to 1.302) and Euro/GBP 1.193 to 1.207 (2023: 1.142 to 1.164).

As the Group manages much of its foreign currency exposure using forward currency contracts, changes in exchange rates are not expected to have a significant impact on short-term profitability or cash flow. It is anticipated that a 5% movement in the US Dollar/Sterling exchange rate, which represents management's assessment of a reasonably possible change, would give rise to a movement in the cash flow hedge reserve of £43.8m (2023: £47.2m).

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 20 Financial instruments (continued)

#### *Cross-currency swap*

The Group has entered into a floating rate Euro denominated Term Loan B. The non-GBP interest and principal repayment cash flows from the Euro debt agreement expose the Company to fluctuations in foreign exchange rates that impact the Consolidated Income Statement.

Under the Group's hedging policy, the Group hedges both the foreign exchange and interest rate risk associated with a portion of the Group's existing, Euro foreign-currency denominated debt using EUR-GBP cross currency interest rate swap contracts to effectively eliminate variability in the Group's functional currency equivalent cash flows due to variability in the EUR-GBP exchange rate and eliminate the majority of the variable interest rate variability (74%). The hedge ratio is 100% on a current notional basis. The Group has excluded from the cross-currency interest rate swap both the time value and currency basis elements of the cross-currency interest rate swap. Ineffectiveness could arise from movements in counterparty credit spread, the non-zero fair value at the hedge designation date due to market changes that have occurred since the instrument's inception and changes to critical terms (e.g. reset dates, index mismatches, payment dates). To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the change in fair value of the hedged items attributable to the hedged risks. The amounts recognised in the Consolidated Income Statement for the period ended 31 December 2024 relating to ineffectiveness and excluded items was £1.6m (2023: £0.3m).

At 31 December 2024, the Group holds cross-currency interest rate swaps (CCIRS) with a total nominal value of €1,470.0m, designated as cash flow hedges. In May 2024, as part of the refinancing exercise completed, the Group entered into additional CCIRSs with an expiration date of 14 May 2027 with the same counterparty banks as the previous CCIRSs. In December 2024, the Group entered into further CCIRSs with an expiration date of 14 May 2027 following a further drawdown on the Term Loan B facility. These swaps result in a fixed GBP interest rate ranging from 8.64% to 8.80% and EUR/GBP rate of 1.141 - 1.215.

The CCIRSs were assessed to be highly effective and as at 31 December 2024, a net unrealised gain of £1.0m (2023: £3.1m gain) was included in the hedge reserve in respect of these swaps. The net loss recognised in the cash flow hedge reserve during the year in respect of these swaps was £2.1m (2023: £18.1m loss). This consists of a £55.1m loss reclassified to the Consolidated Income Statement during the year (2023: £2.6m gain), a £58.7m loss (2023: £21.8m loss) on the fair value of the swaps at period end and a taxation credit of £1.5m (2023: £6.3m credit).

The value of the CCIRSs are sensitive to movements in EURIBOR and EUR/GBP exchange rates. A 0.5% change in EURIBOR results in a £8.4m (2023: £2.8m) change in value of the CCIRSs and a 5% change in the EUR/GBP exchange rates results in a £67.7m (2023: £40.2m) change in the value of the CCIRSs. The amounts charged to the Consolidated Income Statement are not sensitive to a change in interest rates. A 5% increase in the FX rate increases the amount of ineffectiveness by £0.4m (2023: £nil).

#### *Interest rate swaps*

The Group has entered into a Term Loan with interest rates calculated based on SONIA. The variable interest rate exposes the Group to interest rate fluctuations that impact the consolidated Income Statement.

At 31 December 2024, the Group holds interest rate swaps (IRS) with a total nominal value of £540.0m, designated as cash flow hedges. The hedge ratio is on a 79% current notional basis. These swaps result in a fixed GBP interest rate ranging from 10.50% to 10.53%.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 20 Financial instruments (continued)

The IRSs were assessed to be highly effective and as at 31 December 2024, a net unrealised loss of £1.0m (2023: £4.8m loss) was included in the hedge reserve in respect of these swaps. The net gain recognised in other comprehensive income during the year in respect of these swaps was £3.8m (2023: £4.8m loss). This consists of a £2.0m gain reclassified to the Consolidated Income Statement during the year (2023: £0.4m gain), a £7.1m gain (2023: £6.0m loss) on the fair value of the swaps at year end and a taxation charge of £1.3m (2023: £1.6m credit).

The value of the IRSs are sensitive to movements in SONIA. A 0.5% change in SONIA results in a £2.2m (2023: £10.9m) change in value of the IRSs.

#### *Credit risk*

The maximum credit risk exposure relating to financial assets is included in their carrying value as at the Balance Sheet date. See note 17 for further information on trade receivables and amounts due from fellow wholly-owned subsidiaries of the ultimate parent and details of recoverability.

The Group has established procedures to minimise the risk of default in relation to trade receivables including detailed credit checks undertaken before a customer is accepted.

Surplus cash is placed in both short-term deposits and money market funds with various global financial institutions. This is managed by the Group Treasury function which actively monitors the market in order to identify the best terms of deposit in keeping with internal objectives. This includes monitoring the credit rating of counterparties and investing in accordance with our internal policy. Counterparty credit limits are reviewed on a monthly basis, and may be updated throughout the financial year. The limits are set to minimise the concentration of risk and are set taking into account the type of financial asset and the credit rating of the financial institution.

Amounts due from fellow wholly-owned subsidiaries of the ultimate parent have been considered in relation to the expected credit losses model under IFRS 9 and the impact is not material. As such, the provision for expected credit losses is less than £0.1m (2023: less than £0.1m).

#### *Liquidity risk*

The Group's Treasury function ensures that the Group continues to have sufficient funding by monitoring rolling forecasts of the Group's cash flows. The Group's objective is to maintain a balance between continuity of funding and flexibility using operating cash flows and amounts owed to and due from fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent. At 31 December 2024, the RCF and overdraft facilities are unutilised.

At 31 December 2024, the Group held cash of £823.5m (2023: £1,027.7m) to secure short-term flexibility. The amount of financing facilities available at the year end are disclosed below:

	Utilised at 31 December 2024 £ m	Remaining at 31 December 2024 £ m	Utilised at 31 December 2023 £ m	Remaining at 31 December 2023 £ m
Committed overdraft facilities	-	5.0	-	5.0
Revolving credit facilities	-	792.7	-	667.3
Standby credit facilities - bonds	-	198.8	-	167.4
Supply chain financing facilities	477.6	115.7	426.3	148.8
Working capital facilities	73.1	2.5	-	-

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 20 Financial instruments (continued)

The following table summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. The disclosed forward contracts are the gross undiscounted cash flows. However, these amounts may be settled gross or net.

	Within 1 year £ m	Between 1 and 5 years £ m	After 5 years £ m	Total £ m
<b>Year ended 31 December 2024</b>				
External borrowings	370.2	3,022.2	4,002.3	7,394.7
Lease obligations	373.6	1,267.7	6,671.5	8,312.8
<i>Financial derivatives</i>				
Forward contracts	949.4	231.9	-	1,181.3
Cross-currency interest rate swaps	26.6	35.8	-	62.4
Interest rate swaps	1.4	-	-	1.4
Trade and other payables	4,356.3	-	-	4,356.3
Amounts owed to fellow wholly-owned subsidiaries of the ultimate parent	13.5	-	-	13.5
Amounts owed to the ultimate parent	0.5	-	-	0.5
Shareholder loan	-	-	860.0	860.0
	<u>6,091.5</u>	<u>4,557.6</u>	<u>11,533.8</u>	<u>22,182.9</u>
<b>Year ended 31 December 2023</b>				
External borrowings	294.8	4,828.5	1,521.3	6,644.6
Lease obligations	328.6	1,165.3	6,448.4	7,942.3
<i>Financial derivatives</i>				
Forward contracts	948.9	285.5	-	1,234.4
Cross-currency interest rate swaps	(1.8)	-	-	(1.8)
Interest rate swaps	(1.1)	7.9	-	6.8
Trade and other payables	4,390.1	-	-	4,390.1
Amounts owed to fellow wholly-owned subsidiaries of the ultimate parent	9.9	-	-	9.9
Shareholder loan	-	-	860.0	860.0
	<u>5,969.4</u>	<u>6,287.2</u>	<u>8,829.7</u>	<u>21,086.3</u>

#### *Capital risk management*

The Group is subject to the risk that its capital structure may not be sufficient to support the growth of its business and maintain its existing credit rating. The capital structure of the Group consists of debt obligations (including the Senior Facilities, the Senior Secured Notes, Term Loans and the Senior Unsecured Notes) and equity (issued share capital, share premium and reserves).

Part of the Group's capital risk management strategy is to monitor a broad range of financial metrics and manage compliance with financial covenants relating to the Group's debt obligations. As at 31 December 2024, there have been no breaches of financial covenants.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 20 Financial instruments (continued)

#### *Supply Chain Finance arrangements*

As detailed in note 1, included within trade, other payables and derivative liabilities are amounts owed to third parties under Supply Chain Finance (“SCF”) arrangements. The Group is party to three different SCF agreements with third party banks in relation to trade payables arising out of purchases of imported non-food products and domestic purchases of grocery, non-food products and fuel.

The principal terms, conditions and characteristics of these arrangements are:

- On presentation to the SCF bank of appropriate documentation (e.g. proof of goods acceptance by ASDA; presentation of an ASDA-approved invoice), suppliers are able to receive payment from the bank at a discount agreed between the supplier and the bank, on a date which precedes the due date set out in payment terms agreed between the Group and the supplier;
- The Group’s liability to the supplier is extinguished at the point that the supplier receives payment from the SCF bank;
- The Group settles liabilities to the SCF bank arising out of payments to suppliers who are party to these arrangements by the due date set out in the Group’s payment terms with the respective suppliers;
- The Group retains its ability to offset credits against SCF payables (for example where products are returned to suppliers and the Group has a contractual right of offset with those suppliers);
- SCF arrangements between the Group and the SCF banks are separate from agreements between the SCF banks and participating suppliers;
- Participation in SCF arrangements is voluntary for suppliers;
- No interest is charged to the Group on outstanding payables to the SCF banks

Balances included within trade, other payables and derivative liabilities with suppliers and banks who are party to SCF arrangements are as follows:

	<b>Year ended 31 December 2024 £m</b>	<b>Year ended 31 December 2023 £m</b>
Amounts payable to SCF banks and suppliers who participate in SCF arrangements	663.5	590.1
Amounts payable to SCF banks under SCF arrangements included in the above	477.6	426.3
Unused SCF facilities available	115.7	148.8

Amounts payable which are disclosed above are included within trade, other payables and derivative liabilities of £4,533.9m (2023: £4,604.7m).

Payment terms with suppliers are as follows:

	<b>Year ended 31 December 2024 £m</b>	<b>Year ended 31 December 2023 £m</b>
Purchases from suppliers who participate in SCF arrangements	6 to 120 days	6 to 120 days
Purchases from suppliers who do not participate in SCF arrangements	1 to 120 days	1 to 120 days

**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024  
(continued)**

**20 Financial instruments (continued)**

*Liquidity risk associated with Supply Chain Finance arrangements*

As set out in the Principal Risks and Uncertainties section of the Strategic Report, the Group is subject to risk of a working capital outflow in the event of a reduction in available SCF facilities. This risk is mitigated by supplier payment terms being contractually agreed with the majority of suppliers separately from SCF arrangements, and by the Group having SCF arrangements with a number of financial institutions.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 21 Borrowings

	<i>Par Value</i>	<i>Maturity</i>	<i>Capital outstanding</i>	<i>Unamortised fees and modification gain</i>	<i>Carrying value</i>
			<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Year ended 31 December 2024</b>					
<i>Non-current borrowings</i>					
Senior Unsecured Notes	£500.0m	16 Feb 2027	500.0	(7.6)	492.4
Sterling Senior Secured Notes	£2,250.0m	16 Feb 2026	262.1	(1.9)	260.2
Sterling Senior Secured Notes	£1,750.0m	14 May 2030	1,750.0	(14.1)	1,735.9
Term Loan A	£161.5m	16 Oct 2028	161.5	(0.4)	161.1
Euro Term Loan B	€1,285.0m	14 May 2031	1,062.1	(13.6)	1,048.5
Euro Term Loan B	€185.0m	14 May 2031	152.9	(4.7)	148.2
Sterling Senior Secured Notes	£500.0m	16 Feb 2026	39.7	(0.1)	39.6
Apollo Facility*	£683.9m	31 Oct 2029	683.9	(56.4)	627.5
Corporate Ground Rent Tranche A	£275.0m	12 Dec 2068	270.1	(6.8)	263.3
Corporate Ground Rent Tranche B	£125.0m	12 Dec 2073	123.3	(3.0)	120.3
			<u>5,005.6</u>	<u>(108.6)</u>	<u>4,897.0</u>
<i>Current borrowings</i>					
Term Loan A	£4.3m	16 Feb 2025	4.3	(0.1)	4.2
Corporate Ground Rent Tranche A	£275.0m	12 Dec 2068	2.5	-	2.5
Corporate Ground Rent Tranche B	£125.0m	12 Dec 2073	0.7	-	0.7
			<u>7.5</u>	<u>(0.1)</u>	<u>7.4</u>
<i>Other non-current assets</i>					
Revolving Credit Facility	£792.7m	16 Oct 2028	-	8.9	8.9
			<u>-</u>	<u>8.9</u>	<u>8.9</u>
<b>Year ended 31 December 2023</b>					
<i>Non-current borrowings</i>					
Senior Unsecured Notes	£500.0m	16 Feb 2027	500.0	(11.1)	488.9
Sterling Senior Secured Notes	£2,250.0m	16 Feb 2026	2,250.0	(29.6)	2,220.4
Term Loan A	£195.0m	16 Aug 2025	165.8	(1.1)	164.7
Euro Term Loan B	€845.0m	16 Feb 2026	733.6	-	733.6
Sterling Senior Secured Notes	£500.0m	16 Feb 2026	500.0	(2.7)	497.3
Apollo Facility	£683.9m	31 Oct 2029	683.9	(35.9)	648.0
Corporate Ground Rent Tranche A	£275.0m	12 Dec 2068	272.8	(6.3)	266.5
Corporate Ground Rent Tranche B	£125.0m	12 Dec 2073	124.0	(2.9)	121.1
			<u>5,230.1</u>	<u>(89.6)</u>	<u>5,140.5</u>
<i>Current borrowings</i>					
Term Loan A	£195.0m	16 Aug 2025	19.5	-	19.5
Corporate Ground Rent Tranche A	£275.0m	12 Dec 2068	2.2	-	2.2
Corporate Ground Rent Tranche B	£125.0m	12 Dec 2073	1.0	-	1.0
			<u>22.7</u>	<u>-</u>	<u>22.7</u>
<i>Other non-current assets</i>					
Revolving Credit Facility	£667.3m	16 Aug 2025	-	5.5	5.5
			<u>-</u>	<u>5.5</u>	<u>5.5</u>

\*The Apollo Facility includes a modification gain of £26.6m following a reduction in the interest rate applied to this loan. This is being amortised over the remaining term of the facility and accumulated amortisation of £3.1m has been charged as at 31 December 2024.

Accrued interest on external borrowings in the table above is included in the accruals figure (see note 19).

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 21 Borrowings (continued)

#### Current year

On 14 May 2024 the Group announced that it had completed the re-financing of a substantial proportion of its capital structure addressing near-term debt maturities. The Group has entered into a new €1,285.0m Term Loan B with an interest rate of EURIBOR + 4.0% which matures in May 2031 and issued £1,750.0m of new 8.125% Senior Secured Notes at par which are due in May 2030.

The proceeds from these new borrowings have been used to prepay and cancel the €845m Term Loan B which was due in February 2026 and fund a tender exercise relating to the 3.25% Senior Secured Notes due in February 2026 and the 4.0% Senior Secured Notes due in February 2026. The tender closed on 10 May 2024. Holders of £1,987.9m of the 3.25% Senior Secured Notes opted to tender their notes at 98.75% of par and holders of £460.3m of the 4.0% Senior Secured Notes opted to tender their notes at par. £262.1m of the 3.25% Senior Secured Notes and £39.7m of the 4.0% Senior Secured Notes remain outstanding.

Term Loan A of £161.5m has had its maturity extended to October 2028 at a rate of SONIA + 3.75%. The interest rate relating to the remaining outstanding principal of £4.3m is unchanged, but the maturity is now 16 February 2025 (was 16 August 2025). The changes to the maturity and interest rate on Term Loan A have been assessed against the guidance in IFRS 9 as being non-substantial changes and therefore accounted for as a modification.

In addition, the Revolving Credit Facility has been extended from £667.3m to £792.7m and the maturity extended to October 2028 at a rate of SONIA + 3.75%. Furthermore, the interest rate on the Apollo facility has been reduced by 1.00% from 3 May 2024 with other terms of that instrument remaining unchanged.

On 20 December 2024, the Group drew down an additional amount under the Term Loan B facility with a par value of €185.0m. The loan attracts interest at EURIBOR + 4.0% and payments of interest are made on a semi-annual basis. The loan matures on 14 May 2031 and has therefore been classified as non-current.

#### Prior periods

During prior periods, the Group issued the following notes and loans:

- A Term Loan - the Apollo Facility - with a par value of £683.9m was entered into on 31 October 2023. This loan attracts interest at SONIA + 5.75% per annum (2023: SONIA + 6.75%) and payments of interest are made on a semi-annual basis. This loan matures on 31 October 2029 and has therefore been classified as non-current.

- A Bridge Loan with a par value of £290.0m was entered into on 31 October 2023. The loan attracted interest at SONIA + 7.00% per annum. The loan was repaid in full on 21 December 2023.

- The Group entered into a Corporate Ground Rent transaction and received a loan of £400.0m on 12 December 2023. This loan is split into Facility A and Facility B which attract interest per annum of 3.79% and 3.97% respectively. Facility A and Facility B mature in December 2068 and December 2073 respectively and have monthly repayments of principal and interest. The loan has been classified as non-current except for principal that is repayable up to 31 December 2025, which has been classified as current.

- A senior facility with a par value of £200.0m was entered into on 28 October 2022 in order to fund the acquisition of Arthur Foodstores Limited. This facility attracted interest of SONIA +7.75% per annum and payments of interest are made on a semi-annual basis. The loan was repaid in full on 23 October 2023.

- Senior unsecured notes with a par value of £500.0m were issued on 24 February 2021. These notes attract interest at 4.0% per annum and payments of interest are made on a semi-annual basis. The notes mature on 16 February 2027 and have therefore been classified as non-current. These notes are listed on The International Stock Exchange ("TISE").

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 21 Borrowings (continued)

- Senior secured notes with a par value of £2,250.0m were issued on 24 February 2021. These notes attract interest at 3.25% per annum and payments of interest are made on a semi-annual basis. The notes mature on 16 February 2026 and have therefore been classified as non-current. These notes were partially repaid during the current year, the remaining principal is £262.1m. These notes are listed on TISE.

- Term loan A with a par value of £195.0m was entered into on 16 February 2021. This loan attracted interest at SONIA (formerly LIBOR)+ 3.25% per annum and payments of interest were made on a semi-annual basis. During the current year, the loan was partially repaid, the remaining principal of £4.3m matures on 16 August 2025 and has been classified as current.

- Sterling senior secured notes with a par value of £500.0m were entered into on 5 November 2021. These notes attract interest at 4.5% per annum and payments of interest are made on a semi-annual basis. The notes mature on 16 February 2026 and have therefore been classified as non-current. These notes were partially repaid during the current year. The outstanding principal at 31 December 2024 is £39.7m. These notes are listed on TISE.

At 31 December 2023 and 31 December 2024, there was £nil drawn down on the RCF facility.

Following the recognition of the liabilities under the debt agreements disclosed above, the Group also capitalised transaction costs which were directly attributable to the issue of the borrowings. Details of which are set out below:

	<i>Fees incurred and modification gain</i>	<i>Accumulated amortisation</i>	<i>At 31 December</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Year ended 31 December 2024</b>			
<i>Capitalised fees</i>			
Senior Unsecured Notes	19.9	(12.3)	7.6
Sterling Senior Secured Notes	2.9	(1.0)	1.9
Sterling Senior Secured Notes	14.6	(0.5)	14.1
Term Loan A	0.4	-	0.4
Euro Term Loan B	14.9	(1.3)	13.6
Euro Term Loan B	4.7	-	4.7
Sterling Senior Secured Notes	0.2	(0.1)	0.1
Apollo Facility*	62.8	(6.4)	56.4
Corporate Ground Rent Tranche A	6.8	-	6.8
Corporate Ground Rent Tranche B	3.1	(0.1)	3.0
Revolving Credit Facility	17.7	(8.8)	8.9
	<u>148.0</u>	<u>(30.5)</u>	<u>117.5</u>

**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024  
(continued)**

**21 Borrowings (continued)**

	<i>Fees incurred</i>	<i>Accumulated amortisation</i>	<i>At 31 December</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Year ended 31 December 2023</b>			
<i>Capitalised fees</i>			
Senior Unsecured Notes	19.9	(8.8)	11.1
Sterling Senior Secured Notes	65.6	(36.0)	29.6
Term Loan A	3.6	(2.5)	1.1
Sterling Senior Secured Notes	5.0	(2.3)	2.7
Apollo Facility	36.2	(0.3)	35.9
Corporate Ground Rent Tranche A	6.3	-	6.3
Corporate Ground Rent Tranche B	2.9	-	2.9
Revolving Credit Facility	11.5	(6.0)	5.5
	<u>151.0</u>	<u>(55.9)</u>	<u>95.1</u>

Borrowings on the Consolidated Balance Sheet have been presented net of unamortised capitalised fees with the exception of the capitalised fees in relation to the £792.7m RCF which have been classified as a non-current asset.

*\*The Apollo Facility includes a modification gain of £26.6m following a reduction in the interest rate applied to this loan. This is being amortised over the remaining term of the facility and accumulated amortisation of £3.1m has been charged as at 31 December 2024.*

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 22 Employee costs and benefits

#### *Employee costs*

Total costs charged to the Consolidated Income Statement in respect of employee benefits are as follows:

	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
<b><i>Charge to operating costs</i></b>		
Wages and salaries	2,904.8	2,737.4
Restructuring costs	27.2	-
Share-based payments charge	1.6	0.9
Social security costs	211.4	180.4
Defined contribution pension scheme costs	139.8	131.0
Total charge to operating costs	<u>3,284.8</u>	<u>3,049.7</u>
<b><i>Charge to finance costs</i></b>		
Net interest expense on pension scheme	0.4	0.4
Total charge to finance costs	<u>0.4</u>	<u>0.4</u>
<b>Total employee benefit expense</b>	<u><u>3,285.2</u></u>	<u><u>3,050.1</u></u>

Expenses relating to the Group's defined contribution pension schemes are included within operating costs and recognised on an accruals basis.

#### *Defined benefit pension schemes*

The amounts recognised in the Consolidated Balance Sheet are as follows:

	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
Present value of scheme liabilities	<u>(8.0)</u>	<u>(8.6)</u>
Net liability for defined benefit pension schemes	<u>(8.0)</u>	<u>(8.6)</u>

ASDA Stores Limited ("ASDA Stores"), a wholly-owned subsidiary of the Group, provides retirement benefits for eligible employees through one unfunded scheme, the Unapproved Unfunded Retirement Benefit Scheme ("UURBS").

ASDA Stores is the sponsoring employer of the UURBS and as such, liabilities relating to future pension payments to UURBS members are accounted for as employee benefit liabilities in the Group Consolidated Balance Sheet.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 22 Employee costs and benefits (continued)

#### Defined benefit pension schemes

##### *Amounts recognised in the Consolidated Income Statement*

Interest expense of £0.4m (2023: £0.4m) has been recognised during the year in relation to the unwind of discount on the liabilities of the UURBS.

##### *Amounts recognised in Other Comprehensive Income*

Pre-tax net gains of £0.9m (2023: net losses of £0.1m) have been recognised during the year in relation to actuarial movements on the liabilities of the UURBS.

#### *Scheme liabilities*

Changes in the present value of defined benefit obligation:

	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
Present value at start of year	(8.6)	(8.6)
Interest cost	(0.4)	(0.4)
Effect of changes in financial assumptions	0.9	(0.1)
Benefits paid	0.1	0.5
Present value at end of year	<u>(8.0)</u>	<u>(8.6)</u>

#### *Scheme assets*

Changes in the fair value of scheme assets are as follows:

	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
Fair value at start of year	-	0.5
Benefits paid	-	(0.5)
Fair value at end of year	<u>-</u>	<u>-</u>

##### *Amounts recognised in the Consolidated Income Statement*

	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
<b>Amounts recognised in finance costs</b>		
Net interest expense on plan liabilities	<u>(0.4)</u>	<u>(0.4)</u>
Total Consolidated Income Statement charge	<u>(0.4)</u>	<u>(0.4)</u>

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 22 Employee costs and benefits (continued)

#### *Amounts credited/(charged) in the Statement of Other Comprehensive Income*

	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
Effect of change in financial assumptions	0.9	(0.1)
Deferred tax	(0.3)	0.1
Amounts recognised in the Statement of Comprehensive Income	0.6	-

#### *Principal actuarial assumptions (expressed as weighted averages)*

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the Balance Sheet date are as follows:

	Year ended 31 December 2024 %	Year ended 31 December 2023 %
Discount rate	5.5	4.6
Inflation - RPI	3.2	3.1
Inflation - CPI	2.4	2.3
Future pension increases	3.1	3.0

#### *Post-retirement mortality assumptions*

The following table illustrates the residual life expectancy for an average member on reaching age 65, according to the mortality assumptions used to calculate the pension liabilities:

	Year ended 31 December 2024 Years	Year ended 31 December 2023 Years
Current UK pensioners at retirement age - male	21.6	21.4
Current UK pensioners at retirement age - female	23.3	23.0
Future UK pensioners at retirement age - male	22.9	22.7
Future UK pensioners at retirement age - female	25.6	25.4

#### **Sensitivity analysis**

Sensitivity analysis has not been presented as the remaining carrying value of defined benefit pension liabilities and their sensitivity to reasonable changes in the principal actuarial assumptions is not material.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 22 Employee costs and benefits (continued)

#### Share-based payments

Share-based payment transactions are accounted for in accordance with IFRS 2 ‘Share-Based Payments’.

The total expenses recognised for the year arising from share-based payments are as follows:

	<b>Year ended 31 December 2024 £ m</b>	<b>Year ended 31 December 2023 £ m</b>
Equity-settled share-based payment charge	1.6	0.9

#### *Management Incentive Plan*

During 2022, management shares in the immediate parent company of the Group were issued to eligible members of senior management employed by the Group as part of a Management Incentive Plan (“MIP”) in exchange for proceeds determined by an independent calculation of fair value at the issue date. Under the MIP, an intermediate holding company of the Group - Bellis Midco 2 Limited - has entered into an agreement with the holders of MIP management shares (“MIP scheme members”) whereby MIP scheme members are granted a put option which, when exercised, enables them to sell their management shares to Bellis Midco 2 Limited or another non-Group entity for a value determined by an independent valuation determined at the exercise date.

During the year, due to the acquisitions in 2023 of Arthur Foodstores Limited and Asda Express (Jersey) Limited, there was a requirement to update the base equity value of the shares. The mechanism for this was a redemption of the original MIP shares in exchange for the issuance of replacement MIP shares, incorporating the updated base equity value. The shares issued during the year substantially replicate the rights of the original MIP shares and no cash consideration was paid to the holders of management shares. Furthermore, the issue price of the shares issued during the year is equal to the issue price of the original shares issued and the fair value of management shares issued during the year is in line with the grant date fair value of the original MIP shares. At the date of which shares were issued during the year, the number of shares issued to existing participants was equal to the number of management shares they were holding at that date. Taking these factors into account, the issue of shares during the year and the cancellation of the original management shares held at the date of issuance has been accounted for as a modification. The Directors have updated their assessment of fair value and determined that there is no impact on the charge to the Consolidated Income Statement.

MIP scheme members are required to be employed by the Group at the grant date of the MIP shares. If a member of the scheme ceases to be employed by the Group during the vesting period, Bellis Midco 2 Limited, a parent of Bellis Finco PLC, has the option to repurchase, or nominate another entity of the Group to repurchase, the shares during the 12-month period after the member’s leave date. As such, the Directors have determined that the MIP scheme falls within the scope of IFRS 2. The difference between the IFRS 2 fair value and the fair value paid by MIP scheme members at the grant date is expensed over the vesting period (i.e. the period from date on which the MIP shares are granted to the estimated exercise date) as an expense in the Consolidated Income Statement.

As neither MIP shares nor put options over MIP shares are issued by entities within the Group, and as there is no recharge agreement in place which requires any entity within the Group to settle liabilities in respect of MIP shares, changes in the fair value of MIP shares are accounted for on an equity-settled basis.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 22 Employee costs and benefits (continued)

#### Share-based payments (continued)

The number of share awards to employees of the Group under the MIP scheme is as follows:

	<b>Year ended 31 December 2024 Number (thousands)</b>	<b>Year ended 31 December 2023 Number (thousands)</b>
Exercisable, beginning of year	6	7
Granted during the year	5	-
Expired during the year	-	(1)
Outstanding, end of year	<u>11</u>	<u>6</u>
Exercisable, end of year	<u>-</u>	<u>-</u>

The fair value of the options outstanding under the MIP scheme at 31 December 2024 based on the option valuation performed at the inception of the scheme is £7.6m (2023: £4.2m).

An amount of £1.6m (2023: £0.9m) has been accounted for as an equity-settled share based payments expense in respect of the MIP in accordance with the proportion of the vesting period which has elapsed during the year.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 23 Provisions

	<b>Dilapidations</b>	<b>Insurance</b>	<b>Other</b>	<b>Total</b>
	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>
At 1 January 2024	112.8	96.1	8.3	217.2
Provided during the year	14.4	51.4	-	65.8
Discount changes and unwinding	(22.5)	-	-	(22.5)
Provisions utilised during the year	(1.1)	(39.7)	(4.5)	(45.3)
Unused provision reversed during the year	(0.1)	(13.5)	-	(13.6)
	<u>103.5</u>	<u>94.3</u>	<u>3.8</u>	<u>201.6</u>
At 31 December 2024	<u>103.5</u>	<u>94.3</u>	<u>3.8</u>	<u>201.6</u>
Current liabilities	<u>-</u>	<u>39.7</u>	<u>-</u>	<u>39.7</u>
Non-current liabilities	<u>103.5</u>	<u>54.6</u>	<u>3.8</u>	<u>161.9</u>

The insurance provision above relates to claims liabilities arising from past events such as accidents in our depots and stores which are not covered by third party insurance. The value of the provision is established using independent actuarial assessments or a reasonable estimate based on past experience. These provisions are expected to crystallise within 5 years. Insurance liabilities are not discounted as the impact would not be material.

Where the Group settles insurance claims for which it has recourse to a third-party insurer, the amount due from the insurer is included within trade and other receivables. The carrying value of these amounts at 31 December 2024 is £nil (2023: £nil).

The dilapidation provision predominantly represents provisions for the cost of works required to remove leasehold improvements within leasehold properties at the end of their lease term. The amount of the provision recognised is adjusted based on the length of the lease remaining to reflect the uncertainty in the value of the provision where a lease has a substantial remaining term (greater than 35 years). The dilapidations provision also includes provisions relating to the removal of fuel tanks on freehold petrol filling station sites.

The amount provided during the year is accounted for as an increase or decrease in the cost of property, plant and equipment and the impact of this will be recognised as depreciation over the lease terms of the sites to which the provision relates. The decrease in the year is due primarily to an increase in the discount rate.

A discount rate of 5.2% (2023: 4.2%) has been used in determining this provision. The provision will be utilised at the end of the respective terms of the leases giving rise to these liabilities.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 24 Share capital and premium

	Number of shares	Share capital £ m	Share premium £ m	Total £ m
<b>Authorised, allotted, called up and fully paid</b>				
Ordinary shares of £1 each at 31 December 2023 and 31 December 2024	50,001	0.1	1,280.0	1,280.1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The share premium account is used to record amounts received in excess of the nominal value of shares on issue of new shares.

Included in the number of shares issued were 50,000 shares issued at par for a nominal value of £0.1m and an additional share issued at a premium for a value of £1,280.0m.

### 25 Reserves

#### *Cash flow hedge reserve*

The cash flow hedge reserve of £13.8m (2023: £(13.9)m) represents the gains and losses arising on revaluation of derivatives, being forward currency contracts, cross-currency interest rate swaps and interest rate swaps.

#### *Retained earnings*

The retained earnings balance of £2,173.8m (2023: £2,658.8m) represents the brought forward retained earnings, £487.2m loss during the year, £0.9m remeasurement of defined benefit obligation, £0.3m tax charge on items recognised directly in other comprehensive income and £1.6m share-based payment charges relating to the equity-settled MIP scheme (see note 22).

During the prior year, gains of £32.6m previously classified in the cash flow hedge reserve were reclassified to retained earnings. This amount related to forward contract derivatives which were in place on 16 February 2021 - the date that the Group acquired the entire issued share capital of ASDA Group Limited (“the acquisition date”). At the acquisition date, forward contracts entered into by ASDA Group Limited prior to that date were out of the money with a post-tax unrealised loss of £32.6m recognised as a net liability within the carrying value of net assets acquired by the Group on that date. This had the impact of reducing the bargain purchase gain recognised on the acquisition within the 2021 Consolidated Income Statement (see 2021 Bellis Finco PLC Consolidated Financial Statements for further detail). During the period between the acquisition date and 31 December 2021, realised losses on these contracts were recognised within cost of goods sold and tax expense with a corresponding gain recognised in the cash flow hedge reserve but as the unrealised losses were also recognised as a charge within the gain on bargain purchase, this resulted in an overstatement of the cash flow hedge reserve of £32.6m and a corresponding understatement of retained earnings of £32.6m at 31 December 2021. This was corrected by transferring the amount from the cash flow hedge reserve to retained earnings in the prior year with no impact on total equity shareholders’ funds at 31 December 2023, no impact on profit for the current or prior year, and no impact on net assets at 31 December 2023 or 31 December 2022.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 26 Obligations under leases

#### Lease Liabilities

*Lease agreements where the group is a lessee*

Future minimum lease payments are due as follows:

	31 December 2024 £ m	31 December 2023 £ m
<i>Future minimum payments due:</i>		
No later than one year	373.6	328.6
Later than one year and no later than two years	344.4	322.1
Later than two years and no later than three years	323.7	294.3
Later than three years and no later than four years	309.1	279.0
Later than four years and no later than five years	290.5	269.9
Later than five years	6,671.5	6,448.4
	<u>8,312.8</u>	<u>7,942.3</u>
Lease finance charges allocated to future years	<u>(4,520.0)</u>	<u>(4,152.1)</u>
Present value of minimum lease payments	<u><u>3,792.8</u></u>	<u><u>3,790.2</u></u>

Total lease cash outflow in the year was £394.9m (2023: £350.3m). Included in financing activities in the cash flow statement are cash payments for the principal portion of the lease liability £153.0m (2023: £148.5m) and cash payments for the interest portion of the lease liability £217.0m (2023: £175.9m). £24.9m (2023: £25.9m) has been included in operating activities in the cash flow statement and relates to short term and variable lease expenses.

There are no instances at 31 December 2024 where future rental payments have been committed but not yet included in the lease liability.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 26 Obligations under leases (continued)

#### *Amounts recognised in Consolidated Income Statement*

The following table shows the breakdown of the lease expense between amounts charged to operating profit and amounts charged to finance costs:

	Note	31 December 2024 £ m	31 December 2023 £ m
Depreciation - land and buildings right-of-use assets		150.3	121.0
Depreciation - plant and equipment right-of-use assets		78.7	71.2
Impairment reversal - land and buildings right-of-use assets		(2.1)	(76.8)
Short-term lease expense <sup>1</sup>		1.9	9.6
Variable lease expense <sup>2</sup>		23.0	16.3
Sub-lease income		(9.2)	(9.3)
		<u>242.6</u>	<u>132.0</u>
Interest expense related to lease liabilities	9	<u>218.3</u>	<u>176.8</u>
Total amount recognised in Consolidated Income Statement		<u><u>460.9</u></u>	<u><u>308.8</u></u>

#### *Notes*

<sup>1</sup> Short-term lease expense consists primarily of rental of equipment for temporary purposes during the year.

<sup>2</sup> Variable lease expense consists primarily of contractual land and building service and insurance charges as a result of the Group election to combine lease and non-lease components. These are not fixed payments and therefore are not included in the lease liability. Variable payments represent 6.0% (2023: 4.7%) of overall lease payments in the year.

### Operating leases

#### *Operating lease agreements where Group is lessor*

Future undiscounted minimum lease income under non-cancellable agreements is receivable as follows:

	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
No later than one year	9.2	10.7
Later than one year and no later than five years	27.1	32.4
Later than five years	63.2	56.6
	<u>99.5</u>	<u>99.7</u>

The Group sub-lets buildings of various natures under non-cancellable agreements. The leases have various terms and renewal rights.

## **Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)**

### **27 Commitments**

#### **Capital commitments**

As at 31 December 2024, the Group had entered into contracts of £13.5m (2023: £22.8m) to purchase property, plant and equipment and intangible assets.

#### **Other financial commitments**

As at 31 December 2024, the Group had entered into contracts to purchase US Dollars for £1,106.3m (2023: £1,174.6m), Euros for £75.0m (2023: £59.8m) and energy for £117.1m (2023: £243.7m).

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 28 Contingent liabilities

#### *Equal Value Claims*

ASDA Stores Limited ("ASDA"), a wholly-owned subsidiary of the Group, has been served with circa 56,000 employment tribunal claims (and notified of an additional circa 15,000 High Court claims that have not been served and are stayed pending the outcome of the employment tribunal claims). The claims have been presented on behalf of current and former ASDA store employees, who allege that their work in ASDA's stores is of equal value in terms of the demands of their jobs to that of employees working in ASDA's distribution centres, and that the differences in pay and terms and conditions between the different jobs are not objectively justified. The claimants are requesting differential back pay based on higher wage rates in the distribution centres and those higher wage rates and more favourable terms and conditions on a prospective basis as part of these equal value proceedings. ASDA believes that further claims may be served.

There are three stages to these proceedings:

- **Comparability** - on 26 March 2021, the Supreme Court upheld the Court of Appeal's decision that the work of hourly-paid workers in distribution centres and the work of hourly-paid workers in stores can be compared.
- **Equal Value** - on 31 January 2025 the Employment Tribunal published a judgment following the equal value hearing which took place from 9 September 2024 to 22 November 2024. Of the 14 lead claimant roles, the Employment Tribunal found:
  - Two of the claimant roles were not of equal value to any of the comparator roles.
  - One of the claimant roles was of equal value to all of the comparator roles.
  - For the remaining lead claimants, the result was a mixed picture.

The Employment Tribunal's findings must now be translated across the wider claimant population. The outcome of this further analysis is not known at the date of approval of the financial statements.

- **Material Factor Defence** - the next stage of the proceedings will be the material factor defence stage. This will be subject to a further hearing to determine whether there are objective, non-discriminatory reasons for differentials in pay and other terms between store-based roles and distribution centre-based roles.

The Directors believe that there are substantial factual and legal defences to these claims and intend to defend the claims vigorously. Due to a high degree of legal uncertainties at the Balance Sheet date and at the date of approval of the financial statements, the final outcome of the matter cannot be predicted.

No provision continues to be recognised on the basis that any potential liability is only a possible obligation, as it has yet to be confirmed whether the Group has a present obligation that could lead to an outflow of resources embodying economic benefits.

## **Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)**

### **28 Contingent liabilities (continued)**

In addition, at present, the Directors cannot reliably estimate any loss, or range of loss, that may arise from these proceedings. This is due to a number of factors, including but not limited to the following:

- An unknown number of claims which may be asserted in the future;
- The existence of a number of claimant roles for which equal value has not been determined;
- The fact that the Material Factor Defence stage of the proceedings has not yet commenced - the hearing for this stage of the proceedings is currently expected to take place in late 2026 or early 2027;
- The possibility of appeals by either the Group or the claimants and the uncertainty of the outcome of these.

Following the acquisition by the Group of the entire issued share capital of ASDA Group Limited (the immediate parent of ASDA Stores Limited) on 16 February 2021, the Group has entered into an indemnification agreement which is guaranteed by a wholly owned subsidiary of the former ultimate parent of ASDA Stores Limited, Walmart Inc. ("Walmart") with respect to certain claims, for which the Group is indemnified by Walmart up to a contractually agreed amount.

Depending on the outcome of the Material Factor Defence stage of the proceedings, any liability to the Group could be material.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 29 Related parties

#### *Identity of related parties*

The following transactions were entered into with related parties during the current and prior year. The amounts disclosed below represent the total (charge) or credit recognised in the Consolidated Income Statement:

	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
<b>Transactions recognised through Consolidated Income Statement</b>		
Sales to Euro Garages Limited <sup>1</sup>	-	76.2
Reimbursements from Euro Garages Limited <sup>2</sup>	-	90.0
Rental income from Euro Garages Limited <sup>3</sup>	-	0.4
Sales to EG On The Move Limited <sup>4</sup>	1.5	1.1
Rental income from We Buy Any Car Limited	1.1	0.9
Funding received on purchases from Leon Grocery Limited <sup>6</sup>	-	0.1
Commission and funding received from Jaja Finance Holding (UK) Limited	3.4	2.5
Reimbursement from EG Finco Limited <sup>7</sup>	5.7	0.1
Rental income from Egspresso Limited <sup>9</sup>	12.4	2.2
Rental income from Clokken Limited <sup>10</sup>	0.1	0.1
Reimbursement from EG Corporate Services Limited <sup>8</sup>	11.6	1.4
Donation made to The Prince's Trust	-	(0.1)
Purchases from Leon Grocery Limited <sup>5</sup>	-	(0.9)
Interest receivable on loans to Arthur Foodstores Limited	-	0.5
Recharges from TDR Capital LLP	(0.9)	-
Car parking income from Walon Limited	0.1	-
Rental income from Scotco Midlands Limited	0.7	-
Recharges from EG Corporate Services Limited	(0.2)	-
Rental income from EG On The Move Limited	0.4	-
Rental income from Scotco Central Limited	0.2	-
Charitable donations	(3.6)	(3.6)
Recharges of costs incurred by a subsidiary of the Group on behalf of The ASDA Foundation	0.3	0.4
Interest expense on shareholder loan	(48.2)	(8.1)
Interest receivable on loans to Bellis Midco 2 Limited	26.7	25.8

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 29 Related parties (continued)

In the prior year, the Group also made capital purchases of £2.1m from Euro Garages Limited and £0.1m from Leon Restaurants Limited. The following balances were in place with related parties at the reporting date.

	Year ended 31 December 2024 £ m	Year ended 31 December 2023 £ m
<b>Outstanding receivables and payables on Consolidated Balance Sheet</b>		
Non-current shareholder loan	(457.2)	(409.1)
Current payables due to Bellis Midco 4 Limited	(6.1)	(3.8)
Current payables due to Bellis Midco 2 Limited	(0.2)	(0.1)
Current payables due to Bellis Select Warehouse Limited	(3.6)	(1.5)
Current payables due to Bellis Topco Limited	(0.5)	(0.5)
Current payables due to Property Newco Limited	(0.6)	(0.6)
Current payables due to Bellis Topco 2 Limited	(3.0)	(3.4)
Current payables due to Monte Blackburn Limited	(0.2)	(0.5)
Current payables due to EG On the Move Limited	(0.1)	-
Current payables due to Scotco Restaurants Limited	(0.5)	(0.2)
Current payables due to EV Point Services Limited	(0.3)	-
Current payables due to TDR Capital LLP	(1.0)	-
Current payables due to EG Corporate Services Limited	(0.1)	-
Current payables due to The ASDA Foundation	(3.3)	-
Non-current receivables due from Bellis Midco 2 Limited	799.9	773.2
Current receivables due from Bellis Midco 2 Limited	0.2	0.1
Current receivables due from Bellis Topco Limited	4.6	4.1
Current receivables due from Bellis Topco 2 Limited	4.7	4.7
Current receivables due from Bellis Midco 4 Limited	0.7	0.2
Current receivables due from Bellis Holdco Limited	0.1	0.1
Current receivables due from Bellis Noncore 2 Limited	0.1	-
Current receivables due from EG Finco Limited <sup>7</sup>	5.2	0.2
Current receivables due from EG Corporate Services Limited <sup>8</sup>	13.5	1.4
Current receivables due from EG On The Move Limited	-	3.0
Current receivables due from EV Point Services Limited	-	0.6
Current receivables due from Monte Blackburn Limited	-	1.9
Current receivables due from Scotco Restaurants Limited	-	0.1
Current receivables due from Egspresso Limited	0.2	-

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 29 Related parties (continued)

#### *Outstanding receivables and payables on Balance Sheet - (prior year)*

In addition to the above during the prior year, the Group paid consideration of £2,000.1m to EG Finco Limited to acquire Euro Garages (Jersey) Limited. At the same time, the Group entered into a Transitional Services Agreement ("TSA") with consideration allocated to this transaction of £27.3m. Furthermore, the Group also entered into an integration support agreement for a fixed amount of £11.3m payable over 2 years. Further to this, the Group has estimated deferred consideration of £25.3m which is included in trade and other payables. During the year ended 31 December 2024, an adjustment of £7.5m was made to the deferred consideration, increasing total deferred consideration to £32.8m. Please see further detail of these balances in note 2.

The table on the previous page includes amounts invoiced to EG Finco Limited in relation to the integration support agreements which are outstanding at 31 December 2024.

Up to 31 October 2023, transactions between the Group and Euro Garages Limited and Leon Grocery Limited are disclosed as related party transactions. The results of both entities have been consolidated from 31 October 2023 so are eliminated within the Group consolidated results from that date.

<sup>1</sup> These sales relate to the wholesale supply of grocery products to Euro Garages Limited as part of the ASDA-on-the-Move proposition in the prior year prior to acquisition of EG(J)L on 31 October 2023.

<sup>2</sup> During the prior year, one of ASDA's fuel suppliers made deliveries direct to forecourts owned and operated by Euro Garages Limited. Euro Garages Limited reimbursed the Group for the cost of these fuel supplies (£89.3m). The Group also received reimbursement for 50% of the cost of ASDA discount provided to EG Colleagues (£0.7m).

<sup>3</sup> During the prior year, the Group earned rental income from Euro Garages Limited for concessions that operated on ASDA sites up to 31 October 2023.

<sup>4</sup> These sales relate to the wholesale supply of grocery products to EG On The Move in the current and prior year.

<sup>5</sup> These purchases relate to the purchase of Leon products for sale in ASDA stores prior to 31 October 2023 (£0.9m). Purchases in the prior year in relation to Leon goods for resale was £0.8m.

<sup>6</sup> During the prior year, funding was earned on purchases of goods for sale from Leon Grocery up to 31 October 2023.

<sup>7</sup> This relates to costs recharged to EG Corporate Services Limited during the current and prior year.

<sup>8</sup> This relates to payroll and IT costs recharged to EG Finco Limited during the current and prior year.

<sup>9</sup> This relates to the Group earning rental income from Egspresso Limited on Starbucks sites.

<sup>10</sup> The Group is earning rental income from Clokken Limited on KFC sites.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 29 Related parties (continued)

Amounts owed by fellow subsidiaries of the ultimate parent and the ultimate parent totalled £810.3m at 31 December 2024 (2023: £782.4m), as disclosed in note 20.

Amounts owed to the ultimate parent and fellow subsidiaries of the ultimate parent totalled £471.2m at 31 December 2024 (2023: £419.0m), as disclosed in note 20.

In addition to the transactions disclosed above, during the year ended 31 December 2024 the following transactions took place, all of which were less than £0.1m individually and in aggregate:

- the Group earned income for communication on Wagestream services from Wagestream Limited and there were receivables due from Wagestream Limited at the year end.
- the Group received rental income from Leonard F Jollye Limited.
- the Group received rental income from Scotco Central Limited.
- the Group made a purchase from Aggreko UK Limited.
- the Group reimbursed EG Corporate Services for capital expenditure.

Additionally, 12 leases were assigned from the Group to Egspresso Limited for £nil cost during the year.

At 31 December 2024, the Group had outstanding balances due to Wagestream Limited, BPP Professional Education Limited and Monte Blackburn Limited and outstanding balances due from Hydrogen Vehicle Systems Limited, Walon Limited, Wagestream Limited, Jaja Finance Limited, EG On the Move Limited and Coopland and Son (Scarborough) Limited, all of which were less than £0.1m individually and in aggregate.

In addition to the transactions disclosed above, during the prior year the following transactions took place, all of which were less than £0.1m individually:

- the Group earned parking income from Paragon Automotive Limited and at the end of the period, there were balances outstanding due from Paragon Automotive Limited.
- the Group earned parking income from Walon Limited and at the end of the period, there were balances outstanding due from Walon Limited.
- the Group earned income for distribution services from Leon Grocery Limited.
- the Group earned a share of the profit/loss from Leon Restaurants in ASDA offices from Leon Restaurants Limited.
- the Group earned income for communication on Wagestream services from Wagestream Limited.
- the Group made a contribution to research on semi-autonomous hydrogen vehicles to Hydrogen Vehicle Solutions Limited.
- the Group reimbursed TDR for expenses incurred on behalf of the Group, and at the end of the year, there were no balances outstanding to or from TDR.

At 31 December 2023, the Group had outstanding balances due to Coopland and Son (Scarborough) Limited and Jaja Finance Limited and outstanding balances due from EG Retail Services and Jaja Finance Limited, both of which were less than £0.1m individually and in aggregate.

Transactions with the Directors are disclosed in note 8.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 29 Related parties (continued)

#### Transactions with key management personnel

In line with guidance in IAS 24 - Related Party Disclosures, transactions with individuals identified as key management personnel and outstanding balances with those individuals at the balance sheet date are disclosed below. As detailed in the Strategic Report, the board of directors of Bellis Topco 2 Limited (“the Topco 2 Board”), together with the Executive Committee, are the key decision-making forums responsible for the operational management of the Group’s activities and for setting and guiding the strategic direction of the Group. As such, the directors have determined that transactions and balances with individuals employed by the Group - for the time period that they held formal roles on either or both of the Topco 2 Board and Executive Committee - fall within the IAS 24 scope of transactions with key management personnel.

Transactions with key management personnel in the year ended 31 December 2024 and 31 December 2023 and balances outstanding at the balance sheet date are as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
	£m	£m
Short-term employee benefits	6.4	10.8
Share-based payments	1.1	0.8
Compensation for loss of office	1.2	-
Total	<u>8.7</u>	<u>11.6</u>
Receipts of cash by the Group from key management personnel	2.6	0.1
Payments of cash by the Group to key management personnel	0.3	0.5
Balances owed to key management personnel at year end	2.1	4.9

- Short-term employee benefits consist of salary, cash bonuses and benefits recorded as expenses by the Group during the year in respect of individuals identified as key management personnel.
- The amount disclosed as share-based payments represents the expense recorded in the Consolidated Income Statement in respect of the MIP scheme - further detail is provided in note 22.
- Cash receipts of £2.6m (2023: £0.1m) arose in the year due to key management personnel subscribing for management shares in Bellis Midco 4 Limited under the MIP scheme described in note 22. As this cash is being held by the Group on behalf of Bellis Midco 4 Limited, it is accounted for as an amount owed to fellow wholly-owned subsidiaries of the ultimate parent balance.
- Cash payments of £0.3m (2023: £0.5m) arose in the year due to key management personnel leaving the MIP scheme and receiving payment for the management shares in Bellis Midco 4 Limited.
- Balances owed to key management personnel at 31 December 2024 and 31 December 2023 consist of employment costs recorded in the Consolidated Income Statement during the year which are outstanding at the balance sheet date.

Further to the amounts disclosed above, loans to Key Management Personnel with a carrying value of £1.9m were advanced by a fellow wholly-owned subsidiary of the ultimate parent undertaking and are outstanding at 31 December 2024. The loans attract interest at 2.25% per annum and are repayable in full within 12 months of the Balance Sheet date.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2024 (continued)

### 29 Related parties (continued)

#### Subsidiary audit exemptions

The following UK subsidiary undertakings are exempt from the requirements of the Companies Act 2006 (the Act) relating to the audit of individual accounts by virtue of section 479A of the Act.

Name	Company number
Arthur Foodstores Limited	13966522
ASDA Delivery Limited	03873501
ASDA Employee Share Schemes Trustee Limited	00089218
ASDA Foodservice Limited	10948832
ASDA Holdco Limited	15030853
ASDA Holdco 2 Limited	15233004
ASDA Southbank Limited	02686810
ASDA Supermarkets Limited	04144792
Chorley Renaissance Limited	06310474
Ever 2010 Limited	02519748
Forza AW Limited	05967526
George Sourcing Services UK Limited	04007013
Leon Naturally Fast Food Limited	08106329
Porth Investments Limited	04160026
Power4All Limited	06222064
Wolfson Trago Limited	07379589
Wycliffe Moore Limited	07152865

### 30 Ultimate parent company and parent company of larger group

At 31 December 2024 and 31 December 2023 and at the date of approval of the financial statements, the Company's immediate parent was Bellis Midco 4 Limited, a company incorporated in Jersey.

At 31 December 2024 and at the date of approval of the financial statements, the ultimate parent company and controlling party was Bellis Topco Limited, which is incorporated in Jersey and is controlled by TDR Capital LLP.

At 31 December 2023, the ultimate parent company and controlling party was Bellis Topco Limited, and was jointly controlled by TDR Capital LLP and the Issa brothers.

**Company Balance Sheet as at 31 December 2024**

Registration number: 12855336

**Bellis Finco PLC - Parent Company**

	Note	31 December 2024 £ m	31 December 2023 £ m
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	4	665.3	665.3
Amounts due from fellow wholly-owned subsidiaries of the ultimate parent	6	1,757.4	1,682.8
		<u>2,422.7</u>	<u>2,348.1</u>
<b>Current assets</b>			
Cash and cash equivalents		<u>6.1</u>	<u>3.7</u>
Total assets		<u><u>2,428.8</u></u>	<u><u>2,351.8</u></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	7	0.1	0.1
Share premium	8	1,280.0	1,280.0
Retained earnings	8	<u>156.8</u>	<u>137.9</u>
Total equity		<u>1,436.9</u>	<u>1,418.0</u>
<b>Non-current liabilities</b>			
Borrowings	5	492.4	488.9
Shareholder loan	9	<u>457.2</u>	<u>409.1</u>
		<u>949.6</u>	<u>898.0</u>
<b>Current liabilities</b>			
Trade and other payables	9	4.9	4.9
Amounts owed to fellow wholly-owned subsidiaries of the ultimate parent	9	<u>37.4</u>	<u>30.9</u>
		<u>42.3</u>	<u>35.8</u>
Total liabilities		<u>991.9</u>	<u>933.8</u>
Total equity and liabilities		<u><u>2,428.8</u></u>	<u><u>2,351.8</u></u>

In accordance with the exemptions given by Section 408 of the Companies Act 2006, the Company has not presented its own Income Statement. The profit for the year in the financial statements of the Company was £18.9m (2023: £20.5m). There were no other items of comprehensive income during the year.

The accompanying notes form part of these financial statements.

Approved by the Board on 4 April 2025 and signed on its behalf by:

*Michael Gleeson*

.....  
M Gleeson  
Director

**Company Statement of Changes in Equity for the Year Ended 31 December 2024**

	<b>Share capital £ m</b>	<b>Share premium £ m</b>	<b>Retained earnings £ m</b>	<b>Total £ m</b>
At 1 January 2023	0.1	1,280.0	117.4	1,397.5
Profit for the year	-	-	20.5	20.5
At 31 December 2023	0.1	1,280.0	137.9	1,418.0
	<b>Share capital £ m</b>	<b>Share premium £ m</b>	<b>Retained earnings £ m</b>	<b>Total £ m</b>
At 1 January 2024	0.1	1,280.0	137.9	1,418.0
Profit for the year	-	-	18.9	18.9
At 31 December 2024	0.1	1,280.0	156.8	1,436.9

## Notes to the Parent Company Statements for the Year Ended 31 December 2024

### 1 Accounting policies

The following accounting policies have been applied consistently in the year.

#### Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Bellis Finco PLC (the "Company") for the year ended 31 December 2024 were authorised for issue by the Board of Directors on 4 April 2025 and the Balance Sheet was signed on behalf of the Directors by M Glesson. The Company is incorporated and domiciled in England under the Companies Act 2006 (registration number 12855336).

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with historical cost convention, the Companies Act 2006 and applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest hundred thousand pounds (£0.1m) except when otherwise indicated. The presentational currency is also the Company's functional currency.

#### Basis of preparation

The Directors have assessed the Company's ability to continue as a going concern including a review of the forecast cash flows, future trading performance and existing borrowings in place. Whilst the Company is currently in a net current liabilities position, based on the reviews previously described, the Directors confirm that the Company has adequate resources to continue to operate for a period up to twelve months from the date of approval of the accounts and accordingly the going concern basis continues to be appropriate for the preparation of the Financial Statements.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of IFRS 7 'Financial Instruments: Disclosures';
- The requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement';
- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- The requirements of paragraphs 10(d), 10(f), 16, 38A-D, 40A-D, 111 and 134-136 of IAS 1 'Presentation of Financial Statements';
- The requirements of IAS 7 'Statement of Cash Flows';
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- The requirements of paragraphs 17 and 18A of IAS 24 'Related Party Disclosures'; and
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly-owned by such a member.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 'Impairment of Assets'.

Where applicable, equivalent disclosures are included in the Consolidated Financial Statements of Bellis Finco PLC, in which the Company is consolidated.

## Notes to the Parent Company Statements for the Year Ended 31 December 2024 (continued)

### 1 Accounting policies (continued)

#### Impairment of non-current assets

The carrying amounts of the Company's non-current assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent from those of other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be 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. Impairment losses on continuing operations are recognised in the Income Statement in those expense categories consistent with the function of the impaired asset.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

#### Investments

Investments in subsidiaries are stated at cost less amounts written off. Provisions against the underlying value of investments in subsidiary undertakings are made where, in the opinion of the Directors, there is impairment to the value of the underlying business.

#### Amounts due from fellow wholly-owned subsidiaries of the ultimate parent

Amounts due from fellow wholly-owned subsidiaries of the ultimate parent are initially recorded at fair value and subsequently recognised at amortised cost. Amounts due from fellow wholly-owned subsidiaries of the ultimate parent are interest-bearing, unsecured and are repayable at maturity.

#### Cash and cash equivalents

Cash and cash equivalent comprise of cash balances.

#### Amounts due to fellow wholly-owned subsidiaries of the ultimate parent

Trade and other payables are initially recorded at fair value and subsequently recognised at amortised cost. Non-interest-bearing amounts due to fellow wholly-owned subsidiaries of the ultimate parent are unsecured and repayable on demand. Interest-bearing amounts due to fellow wholly-owned subsidiaries of the ultimate parent are repayable at maturity.

#### Financial instruments

The Company's interest-bearing borrowings include intercompany borrowings and external borrowings and are recorded initially at fair value plus directly attributable transaction costs. Subsequently, these liabilities are carried at amortised cost using the effective interest method. Gains or losses arising on repurchase, settlement or cancellation of liabilities are recognised respectively in finance income or finance costs. Borrowings are classified as current assets except for those with contractual maturities greater than 12 months after the Balance Sheet date.

## Notes to the Parent Company Statements for the Year Ended 31 December 2024 (continued)

### 2 Auditors' remuneration

The Company's audit fee for the year ended 31 December 2024 was £0.2m (2023: £0.2m). The Company's audit costs are paid by another group company. There were no non-audit fees paid to the Company's auditor.

### 3 Employee numbers and costs

The Company is an intermediate holding company and has no employees other than Directors.

Directors' remuneration is paid by another group company and cannot be allocated between entities and therefore has not been recharged to this Company. The Directors' remuneration in respect of the Group is disclosed in note 8 of the Bellis Finco PLC consolidated financial statements.

### 4 Investments

#### Group subsidiaries

	<b>Investment in subsidiaries £ m</b>
<b>Cost or valuation</b>	
At 1 January 2024 and 31 December 2024	665.3
	<hr/>
<b>Carrying amount</b>	
At 31 December 2024 and 31 December 2023	665.3
	<hr/> <hr/>

The recoverable amount of the Company's investments has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. Assumptions used to calculate value in use are consistent with those described in note 15 of the consolidated financial statements. Following this review, no impairment has been recognised.

## Notes to the Parent Company Statements for the Year Ended 31 December 2024 (continued)

### 4 Investments (continued)

#### *Subsidiary undertakings*

As at 31 December 2024, the following companies were subsidiary undertakings.

<b>Name of subsidiary</b>	<b>Country of incorporation and principal place of business</b>	<b>% equity held</b>
Arthur Foodstores Limited	United Kingdom	100%
ASDA Delivery Limited	United Kingdom	100%
ASDA Employee Share Schemes Trustee Limited	United Kingdom	100%
ASDA Express Limited (formerly Euro Garages Limited)	United Kingdom	100%
ASDA Express (Jersey) Limited (formerly Euro Garages (Jersey) Limited)	Jersey	100%
ASDA Finance Limited	Jersey	100%
ASDA Financial Services Limited	United Kingdom	100%
ASDA Foodservice Limited (formerly EG Foodservice Limited)	United Kingdom	100%
ASDA Guernsey Limited	Guernsey	100%
ASDA Group Limited	United Kingdom	100%
ASDA Holdco Limited	United Kingdom	100%
ASDA Holdco 2 Limited	United Kingdom	100%
ASDA Pension Plan Trustees Limited	United Kingdom	100%
ASDA Propco Limited	United Kingdom	100%
ASDA Quest Trustee Limited	United Kingdom	100%
ASDA Southbank Limited	United Kingdom	100%
ASDA Storage Limited	United Kingdom	100%
ASDA Stores Limited	United Kingdom	100%
ASDA Stores (Belfast) Limited	United Kingdom	100%
ASDA Supermarkets Limited	United Kingdom	100%
Bandsound Limited	United Kingdom	100%
Beehive FTG Limited	United Kingdom	100%
Bellis Acquisition Company PLC*	United Kingdom	100%
Bellis Acquisition Company 2 Limited	Jersey	100%
Bellis Acquisition Company 3 Limited	Jersey	100%
Chorley Renaissance Limited	United Kingdom	100%
Erteco U.K. Limited	United Kingdom	100%
Essencerealm Limited	United Kingdom	100%
Ever 1295 Limited	United Kingdom	100%
Ever 2010 Limited	United Kingdom	100%
Ever 2010 North Limited	United Kingdom	100%
Ever 2010 South Limited	United Kingdom	100%
FeedBritain Limited	United Kingdom	100%
Forza AW Limited	United Kingdom	100%
Forza Foods Limited	United Kingdom	100%
George Sourcing Services UK Limited	United Kingdom	100%
International Procurement and Logistics Limited	United Kingdom	100%
International Produce Sociedad Limitada	Spain	100%
Kent Nominee 1 Limited	Jersey	100%
Kent Nominee 2 Limited	Jersey	100%
Kober Limited	United Kingdom	100%
Leon Grocery Limited	United Kingdom	100%
Leon Naturally Fast Food Limited	United Kingdom	100%
Leon Restaurants Limited	United Kingdom	100%
McLagan Investments Limited	United Kingdom	100%
Nordicline Limited	United Kingdom	100%

## Notes to the Parent Company Statements for the Year Ended 31 December 2024 (continued)

### 4 Investments (continued)

Name of subsidiary	Country of incorporation and principal place of business	% equity held
Porth Investments Limited	United Kingdom	100%
Power4All Limited	United Kingdom	100%
Project America Bidco Limited	Jersey	100%
Reach Belvedere Limited	United Kingdom	100%
Selby Produce Limited	United Kingdom	100%
The Burwood House Group Limited	United Kingdom	100%
The George Davies Partnership Limited	United Kingdom	100%
Vinpack Limited	United Kingdom	100%
Westry Produce Limited	United Kingdom	100%
Wolfson Trago Limited	United Kingdom	100%
Wycliffe Moore Limited	United Kingdom	100%

\*indicates a direct investment of Bellis Finco PLC

All investments listed above have 100% ordinary share capital, except for ASDA Finance Limited which includes 0.1% preference share capital as part of total capital.

The registered address of the entities listed above is ASDA House, Southbank, Great Wilson Street, Leeds, LS11 5AD. The exceptions to this are as follows:

ASDA Finance Limited *12 Castle Street, St Helier, Jersey, JE2 3RT*

ASDA Guernsey Limited *PO Box 25, Regency Court, Glatigny Esplanade, St Peter Port, Guernsey, GY1 3AP*

ASDA Stores (Belfast) Limited *ASDA, 150 Junction One International Outlet, Antrim, United Kingdom, BT41 4GY*

Bellis Acquisition Company 3 Limited, Bellis Acquisition Company 2 Limited & Project America Bidco Limited *13-14 Esplanade, PO BOX 536, St Helier, Jersey*

Forza AW Limited & Forza Foods Limited *Unit 1 Foxbridge Way, Normanton Industrial Estate, Normanton, Wakefield, WF6 1TN*

International Produce Sociedad Limitada *Calle Venecia No.1-1izq, 30700 Torre Pacheco, Murcia, Spain*

Kent Nominee 1 Limited & Kent Nominee 2 Limited *12 Castle Street, St Helier, Jersey, JE2 3RT*

Kober Limited *Unit 1 Foxbridge Way, Normanton Industrial Estate, Normanton, Wakefield, WF6 1TN*

ASDA Express (Jersey) Limited (formerly Euro Garages (Jersey) Limited) *47 Esplanade, St Helier, Jersey, JE1 OBD*

## Notes to the Parent Company Statements for the Year Ended 31 December 2024 (continued)

### 5 Borrowings

<b>Year ended 31 December 2024</b>	<i>Par Value</i>	<i>Maturity</i>	<i>Carrying value £m</i>
<i>Non-current borrowings</i>			
Senior Unsecured Notes	£500.0m	16 February 2027	492.4
<b>Year ended 31 December 2023</b>			
<i>Non-current borrowings</i>			
Senior Unsecured Notes	£500.0m	16 February 2027	488.9

During the period ended 31 December 2021, the Company issued Senior unsecured notes ("SUNs") with a par value of £500.0m. These notes attract interest at 4.0% per annum and payments of interest are made on a semi-annual basis. The notes mature on 16 February 2027 and have therefore been classified as non-current.

Fees totalling £19.9m were capitalised in the period ended 31 December 2021. No fees have been capitalised in the year (2023: £nil) in relation to the SUNs. At 31 December 2024, accumulated amortisation on these fees is £12.3m (2023: £8.8m), resulting in an unamortised balance of £7.6m being outstanding at 31 December 2024 (2023: £11.1m). This is included in borrowings at 31 December 2024 and therefore the net carrying amount of the SUNs is £492.4m (2023: £488.9m).

### 6 Amounts due from wholly-owned subsidiaries of the ultimate parent

	<b>31 December 2024</b>	<b>31 December 2023</b>
	<b>£ m</b>	<b>£ m</b>
Amounts due from fellow wholly-owned subsidiaries of the ultimate parent	1,757.4	1,682.8

Amounts due from fellow wholly-owned subsidiaries of the ultimate parent attract interest at a fixed rate of 3.45% - 11.94% (2023: 3.45% - 11.94%) and are repayable at their maturity.

The increase in amounts due from fellow wholly-owned subsidiaries of the ultimate parent was predominantly driven by interest accrued on an intercompany loan issued during the prior year of £401.0m to the Company's wholly-owned subsidiary, Bellis Acquisition Company PLC, to partially fund the acquisition of Asda Express (Jersey) Limited.

In order to assess the probability of default and to determine the value of expected credit losses in respect of the Company's amounts due from fellow wholly-owned subsidiaries of the ultimate parent, the directors have modelled an orderly settlement of all intercompany balances between entities within the Group and entities outside the Group which are fellow wholly-owned subsidiaries of the ultimate parent, including the Company.

This analysis is based on the directors' forecast of future cashflows. Downside sensitivities to the base case assumptions within this forecast have been modelled and in all plausible scenarios, the value of cashflows realised is sufficient to enable full and orderly settlement of all balances. As such, the directors have determined that the probability of default in relation to the Group's intercompany receivables is remote and the impact of expected credit losses is immaterial. Accordingly, the carrying value of the Company's expected credit losses provision in respect of intercompany receivables is less than £0.1m (2023: less than £0.1m).

## Notes to the Parent Company Statements for the Year Ended 31 December 2024 (continued)

### 7 Share capital

#### Allotted, called up and fully paid shares

	No.	£m
Ordinary shares of £1 each at 31 December 2023 and 31 December 2024	<u>50,001</u>	<u>0.1</u>

### 8 Share premium and other reserves

	Share premium £ m	Retained earnings £ m	Total £ m
At 1 January 2024	1,280.0	137.9	1,417.9
Profit for the year	<u>-</u>	<u>18.9</u>	<u>18.9</u>
At 31 December 2024	<u>1,280.0</u>	<u>156.8</u>	<u>1,436.8</u>

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Share premium £ m	Retained earnings £ m	Total £ m
At 1 January 2023	1,280.0	117.4	1,397.4
Profit for the year	<u>-</u>	<u>20.5</u>	<u>20.5</u>
At 31 December 2023	<u>1,280.0</u>	<u>137.9</u>	<u>1,417.9</u>

### 9 Trade and other payables

	31 December 2024 £ m	31 December 2023 £ m
Accrued expenses	<u>4.9</u>	<u>4.9</u>
<b>Amounts owed to wholly-owned subsidiaries of the ultimate parent</b>		
Current	<u>37.4</u>	<u>30.9</u>
<b>Shareholder loan</b>		
Non-current	<u>457.2</u>	<u>409.1</u>

Current amounts owed to wholly-owned subsidiaries of the ultimate parent are non-interest bearing and are repayable on demand.

The £457.2m non-current shareholder loan balance (2023: £409.1m) comprises of a £401.0m subordinated shareholder loan (2023: £401.0m) used to partially fund the acquisition of Asda Express (Jersey) Limited and £56.2m interest accrued on this balance (2023: £8.1m). This loan has a maturity of May 2033 and attracts an interest rate of 11.94%.

### 10 Commitments

The Company has no financial commitments.

## **Notes to the Parent Company Statements for the Year Ended 31 December 2024 (continued)**

### **11 Ultimate parent company and parent company of a larger group**

At 31 December 2024 and at the date of approval of the financial statements, the Company's immediate parent was Bellis Midco 4 Limited, a company incorporated in Jersey.

At 31 December 2024 and at the date of approval of the financial statements, the ultimate parent company and controlling party was Bellis Topco Limited, which is incorporated in Jersey and is controlled by TDR Capital LLP.

At 31 December 2023, the ultimate parent company and controlling party was Bellis Topco Limited, and was jointly controlled by the Issa brothers and TDR Capital LLP.