Dixons Carphone

30 June 2021

Audited Results for the Year Ended 1 May 2021

Strong performance in a challenging year

We Help Everyone Enjoy Amazing Technology

Key Highlights

- Strong trading in all markets; market share gains in all open channels
- Electricals online sales growth +103% to £4.7bn
- Significant acceleration in omnichannel transformation
- Strong cash flow generation driving return to net cash balance sheet
- Repaid governments £73m of furlough paid to UK & Ireland colleagues during the year and £144m VAT deferral
- Restarting dividend; full year dividend of 3.0p proposed

Financial Performance

- Electricals LFL +14%, despite UK, Ireland, Norway, Denmark and Greece stores being shut for substantial periods
- Group total revenue +2% as LFL growth offset by impact of high street store closures in Mobile
- Group adjusted profit before tax £156m (2019/20: £116m)
- Group statutory profit before tax of £33m (2019/20: loss of £(140)m)
- Free cash flow £438m (2019/20: £109m) aided by acceleration of Mobile network debtor cash
- Year-end net cash[1] £169m (2019/20: net debt £(204)m)

Transformation progress accelerated following Covid-19 disruption

- **Omnichannel:** ShopLive launched and scaling up, order & collect and online-in-store sales growing fast
- **Credit:** UK Electricals active credit customers 1.4m, +20% year-on-year
- **Services:** Nordics Customer Club grown to over 5.4m members, equivalent to >40% of Nordic households
- **Mobile:** Improved contract agreed with Vodafone and with Three for our MVNO, iD Mobile

There are a number of non-GAAP measures and alternative profit measures "APMs", discussed within this announcement, a glossary and reconciliation to statutory measures are provided within the Glossary and Definitions section at the end of this report. Adjusted results are consistent with how business performance is measured internally and presented to aid comparability of performance. Refer to adjusting items table set out in the glossary to the condensed financial statements for further details.

Alex Baldock, Group Chief Executive

"I'm so proud of my colleagues. They've navigated the challenges of the pandemic with skill and energy, helped many millions of people enjoy vital technology, kept our transformation on track, and performed strongly. Our big investments in colleague wellbeing, skills and reward have meant more engaged colleagues, and in turn more satisfied customers. This bodes well for our sustainable success.

Technology has become even more central to people's lives. As the market leader, with the winning omnichannel business model, we can make the most of that. The past year has seen us do so, growing a big online business and adding it to our in-store strengths. We're now financially stronger too, allowing us to pay back over £200m to governments and to recommence our dividend.

But we're most excited about what lies ahead. New technology platforms will add more fuel to our growth and to innovation that customers love and no-one else can get close to, whether getting them their amazing technology ever-faster, or helping them 24/7 with live video shopping.

This year, we move to one brand in the UK (as we have in each international market), and Currys can become ever-more the first choice for all things tech, electrical and mobile, products and services alike. The start of the financial year has seen continued strong trading in all our markets and I'm more confident than ever in our prospects."

Divisional Highlights

- **UK&I Electricals revenue +8% (LFL +14%), adjusted EBIT £209m, +£45m year-on-year (Statutory EBIT £78m)**
  - Online sales +114% to £3.4bn, offsetting sales loss from enforced store closures and in Dixons Travel
  - Online market share gain +6.0ppts, store market share up when stores open
  - Grew number of customers with whom we have a relationship and contact permissions to 9.6m (from 3.5m)
- **International revenue +16% (LFL +15%), adjusted EBIT £170m, +£23m year-on-year (Statutory EBIT £158m)**
  - Online sales +79% to £1.3bn, contributing 28% of sales, +10ppts year-on-year
  - Nordics share growth +0.8ppts, delivering another year of record sales, profit and customer satisfaction
  - Greece sales +10% and profits robust despite widespread store closures
- **UK&I Mobile revenue down (55)%, adjusted EBIT loss £(117)m, £(20)m year-on-year (Statutory EBIT loss £(89)m)**
  - Sales declined due to UK standalone Carphone Warehouse store closures announced in March 2020, exacerbated by unexpected enforced 3-in-1 store closures
  - Network debtor unwind drove segmental free cash flow of £143m

Performance Summary

Group sales were +1% higher than last year on a currency neutral basis, as +11% growth in our Electricals business was offset by the decline in Mobile sales.

Statutory Revenue	**2020/21 £m**	2019/20 £m	**Reported % change**	**Currency neutral % change**	**Like-for-Like % change**
UK & Ireland Electricals	**4,921**	4,538	8%	8%	14%
International	**4,702**	4,043	16%	14%	15%
- Nordics	**4,186**	3,573	17%	15%	16%
- Greece	**516**	470	10%	8%	11%
Electricals	**9,623**	8,581	**12%**	**11%**	**14%**
UK & Ireland Mobile	**721**	1,589	(55)%	(55)%	
Group	**10,344**	10,170	**2%**	**1%**	

Gross margin declines due to the shift of sales online were more than offset by operating leverage from stronger sales and cost savings, resulting in improved operating margins. This drove higher cashflow and alongside working capital inflow meant the group generated free cash flow of £438m and ended the year with £169m of net cash.

Profit and Cash Flow Summary	**2020/21 Statutory £m**	2019/20 Statutory £m	**2020/21 Adjusted £m**	2019/20 Adjusted £m	Reported % change	Currency neutral % change
Segmental EBIT						
UK & Ireland Electricals	**78**	119	**209**	164	27%	27%
International	**158**	135	**170**	147	16%	16%
Electricals	**236**	254	**379**	311	22%	22%
EBIT Margin	**2.5%**	3.0%	**3.9%**	3.6%	30 bps	
UK & Ireland Mobile	**(89)**	(282)	**(117)**	(97)	(21)%	(23)%
EBIT	**147**	(28)	**262**	214	22%	22%
EBIT Margin	**1.4%**	(0.3)%	**2.5%**	2.1%	40 bps	
Net finance costs	**(114)**	(112)	**(106)**	(98)		
Profit / (Loss) Before Tax	**33**	(140)	**156**	116	34%	34%
Tax	**(33)**	(21)	**(33)**	(38)		
Profit / (Loss) After tax	**-**	(161)	**123**	78		
EPS – continuing operations	**-p**	(13.9)p	**10.7p**	6.7p		
Operating cashflow			**338**	299	13%	18%
Operating cashflow margin			**3.3%**	2.9%	40 bps	
Free cash flow			**438**	109	302%	324%
Year-end net cash / (debt)			**169**	(204)		

Current Trading

The start to the financial year has seen continued strong trading. We continue to see evidence that our markets will be structurally larger post-pandemic, and that not all last year's growth was pulled forward. In UK&I Electricals, our sales are up on last year, with around half of the sales through our stores, as expected. In International, our sales are trending positively against strong growth in the previous year.

Guidance

Current year guidance

- To maintain a net cash position at year end
- Capital expenditure of around £190m
- Net exceptional cash costs of less than £100m (from £130m previously guided)

Medium term guidance:

- Group to generate cumulative free cash flow of more than £1bn over 2019/20 to 2023/24
- Group expects at least 4.0% EBIT margin by 2023/24 (equivalent to 3.5% on a pre-IFRS16 basis)
- Total positive cashflow from UK&I Mobile over 2020/21 to 2023/24 will be at least £200m (from previously guided £125-175m range), including £143m generated in 2020/21
- Annual pension contributions will rise to £78m from 2021/22 onwards
- Dividend of 3.0p expected to grow, further details to be provided in due course

Notes

1. Net cash / (debt) has been redefined in the period to comprise only cash and cash equivalents and short-term deposits, less borrowings. As such, the year ended 2 May 2020 has been restated. A full reconciliation to net cash / (debt) can be found in note A10 within the Glossary and Definitions section.

Results presentation webcast

There will be a recorded presentation for investors and analysts available at 7:00am today, followed by a live Q&A at 9:00am. The presentation slides will be available via the webcast and on www.dixonscarphone.com

Next scheduled announcement

The Group's AGM will be held on 15 September 2021.

The Group is planning a Capital Markets Day for 4 November 2021.

The Group is scheduled to publish its Interim results covering the 26 weeks to 30 October 2021 on Wednesday 15 December 2021.

For further information

Assad Malic	Group Strategy & Corporate Affairs Director	+44 (0)7414 191044
Dan Homan	Head of Investor Relations	+44 (0)7401 400442
Amy Shields	Director of External Communications	+44 (0)7588 201442
Tim Danaher, Sam Chiene	Brunswick Group	+44 (0)207 4045959

Information on Dixons Carphone plc is available at www.dixonscarphone.com
Follow us on Twitter: @dixonscarphone

About Dixons Carphone

Dixons Carphone plc is a leading omnichannel retailer of technology products and services, operating through 829 stores and 16 websites in 7 countries. We Help Everyone Enjoy Amazing Technology, however they choose to shop with us.

We are the market leader in the UK & Ireland, throughout the Nordics and in Greece, employing 35,000 capable and committed colleagues across the Group. Our full range of services and support makes it easy for our customers to discover, choose, afford and enjoy the right technology for them, throughout their lives. The Group's operations are supported by a sourcing office in Hong Kong, state-of-the-art repair facilities and an extensive distribution network, enabling delivery to stores and homes.

Our brands include Currys PC World the UK & Ireland and Carphone Warehouse and iD Mobile in the UK where our services are provided through Team Knowhow; Elkjøp, Elgiganten and Gigantti in the Nordics; and Kotsovolos in Greece.

Certain statements made in this announcement are forward-looking. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future events or results referred to in these forward-looking statements. Unless otherwise required by applicable laws, regulations or accounting standards, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise. Information contained on the Dixons Carphone plc website or the Twitter feed does not form part of this announcement and should not be relied on as such.

We Help Everyone Enjoy Amazing Technology

Our vision is to help customers choose, afford and enjoy amazing technology for life. By offering the best range of products, credit and services through digital-first omnichannel we will build customer relationships that are stickier and more valuable over time. This will benefit our customers, our colleagues, our shareholders and society.

Chief Executive's Review

The last year has been extraordinary and challenging with unprecedented national lockdowns and enforced store closures in the UK, Ireland, Greece, Denmark and parts of Norway.

Throughout the pandemic our priorities have been to keep our colleagues and customers safe, and to help customers with the vital technology they need to keep them connected with loved ones, their families fed, clean and entertained, to work from home and to home-school their children.

To do this, and restricted by enforced store closures, we transformed our operations and services almost overnight, including operating our UK and Greek businesses as online-only retailers for the first time in their history. We were able to do so because of our hard work pre-pandemic to build a stronger online arm to our business. Our investments in a bigger range, unbeatable prices, better availability, improved delivery options and performance, and a higher capacity technology platform, all paid off. We built on this with innovation during the pandemic, introducing zero-contact one-hour order & collect and ShopLive, our 24/7 live video shopping service.

With heightened demand came unprecedented disruption in customer service, especially in customer support. With the enforced closure of our contact centres, we had to develop instant work-from-home solutions, and recruit heavily, including the transfer of over 700 store colleagues who volunteered to help meet demand. Their work has been rewarded by the recovery of customer satisfaction to flat (or better) year-on-year for the full year.

These actions, together with heightened demand for technology, allowed us to generate strong and sustained sales growth in every market. We saw growth in every major product category, but computing was the standout performer as people adjusted to home working, learning and entertainment.

Despite the impact of the pandemic, we're a stronger business than a year ago. We've gained share in all open channels, our online business has more than doubled, we've gained millions of new customers and our Mobile transformation has been highly cash generative. Our sales and profits are up healthily in the year and our balance sheet position has materially improved. From net debt of £(204)m a year ago, we ended the year with £169m of net cash alongside lower pension and lease liabilities and new financing facilities in place to April 2025.

We've also continued to streamline and simplify the business, with difficult but necessary actions taken to exit Carphone Warehouse Ireland and Dixons Travel.

None of this would have been possible without the outstanding commitment and skill of our 35,000 colleagues. They've shown remarkable resilience and resourcefulness in testing circumstances. Capable and committed colleagues are at the heart of our agenda for a reason: happy colleagues make for happy customers, and we continue to invest in the skills, wellbeing, systems, tools and processes to help colleagues do their job well. We're recognising their exceptional work through fair reward: we have committed to increasing minimum hourly wages for almost 12,000 UK colleagues from October (to at least current real living wage levels) and continue to make all colleagues shareholders, having granted share awards to an additional 7,000 colleagues during the year. Our colleagues have recognised all this progress in sharply increased engagement scores.

We've remained mindful of our responsibilities to all stakeholders. We've increased support to our charity partners, including a £1m donation to 'Digital Access For All' to tackle the digital divide. We've paid all our suppliers and landlords, made all pension contributions on time and in full, and reimbursed all government support for the £73m of furlough paid to UK and Ireland colleagues during the year. We're also restarting the payment of dividend to shareholders.

We believe that Covid-19 has structurally increased the size of the technology market. Hybrid working will become normal, and in-home entertainment will stay bigger. More time at home means more usage, and more customers' eyes have been opened to what new technology can do, both of which point to faster replacement. A larger installed base means more upgrades, repairs and recycling and means more opportunity to sell complementary products and services. Technology, in short, is playing a bigger, more important role in many millions of lives, and accounts for an accordingly higher share of wallet. We're not alone in this view: our partners, some of the world's leading technology suppliers, believe, as we do, that technology is now an essential (and sustainably larger) category for consumers.

As the leading omnichannel retailer of technology products and services in all our markets, we are ideally positioned to capitalise on this opportunity, and will make sure we do so by continuing our transformation. The coming year is the final year of accelerated investment. It will see a step change to our consumer websites in the UK and Nordics, with a radically easier and richer online customer experience. We'll continue to scale up ShopLive, and improve our credit offers across the Group. In the UK, we'll be launching an exciting new mobile proposition and we're moving to one brand – Currys. Under this brand we'll continue to make it easier for customers to choose, afford and enjoy amazing technology, however they want to shop.

The combination of a structural market tailwind, our stores returning to full trading and the execution of these transformational programmes mean we also expect future market share gains, providing stronger revenue growth prospects for our business over the medium term.

Alongside this, we expect improvements in our profitability to come through after this year as we eliminate Mobile losses and complete the transition to One Business. We see greater opportunities to create more value in all our markets, including in the Nordics and the Group's capital position has already been significantly strengthened. We've therefore decided to keep our strong Nordics business as a fully owned part of this Group and will not be pursuing a partial IPO.

These results, and the plentiful progress behind them, demonstrate why I'm more confident than ever that we're on the right path to create a world class business for colleagues, customers, shareholders and society. I am privileged and excited to be part of it.

Strategic Review

The transformation of the Group revolves around four priorities; Omnichannel, Credit, Services and Mobile underpinned by three enablers; Capable and Committed Colleagues, One Business and Stronger Infrastructure.

Omnichannel

The disruption to our stores placed a big onus on our online business, and on our work in prior years to improve it. Those improvements in the 'online fundamentals' of range, availability, price, delivery and platform capacity have allowed us to grow online strongly in every market; UK&I Electricals + 114%, Nordics +74% and Greece +186%. In total, we recorded over £4.7bn of online revenue during the year.

In the UK, we saw a +67% increase in website traffic which, with better conversion rates and improved average order values, drove sales growth. The proportion of traffic that came directly to the website increased to over 70%, highlighting the strength of the currys.co.uk brand. Traffic from our own CRM emails also more than doubled as we grew the number of relationship customers with contact permissions to 9.6m from 3.5m a year ago. This is very encouraging for future growth: we know more customers better, and have better means to reach them, so can help them better and more frequently in ways valuable to all concerned.

The rebranding of our UK business to Currys will further boost brand awareness and traffic. And our consumer websites will undergo a significant overhaul, leading to a richer user experience that will benefit conversion, average basket sizes and adoption of credit and services. Our strong growth online in the past year has been achieved despite the constraints of a legacy platform. We are now removing those constraints, with new platforms landing in the UK and the Nordics.

In the Nordics, we saw big improvements again this year. Total traffic grew +16% as website visits increased to 367m, making Elkjop one of the most visited online retailers in the Nordics, regardless of industry. In combination with improved conversion and increased average order values, this resulted in online growth of +74%. This performance was partly driven by the use of 'Dynamic Yield' to provide a richer experience to our customers and improve gross margins online through pop-ups and recommendations on products, bundles and services.

In Greece, Kotsovolos website traffic jumped +58%, generating +164% more transactions than the prior year. To fulfil this elevated demand, each store developed its own logistics capability, resulting in our daily delivery capacity rising to 30,000 orders, from 6,000 in the previous year. Small box deliveries in the year more than tripled to 780,000.

This online growth is only part of our progress. Omnichannel is our way of bringing the strengths of all our channels - stores and online - to all our customers, however they may be shopping on any given day. Omnichannel is the way customers want to shop for technology, with 60% of UK customers preferring to use both channels.

We're focused on three big customer benefits of Omnichannel that we're best-placed to provide. First, for our customers in-store, we're never "out of stock". Our 'Order Online In-Store' sales, where our in-store colleagues sell customers products from the online range, grew by +76%, despite sales from this being zero in four months of the year. This ability is becoming more beneficial as we extend our online ranges. In UK & Ireland we now sell 18,000 products, having added 6,000 in the year, while the Nordics range has increased to over 100,000 (including marketplace). There is further scope for growth from a bigger range, especially in the UK, and it will be enhanced by technology platform improvements this year.

Second, customers can get hold of their technology right now through order online & collect in store. In the UK it accounted for almost 30% of online sales when stores were open, with over 55% of these orders for same day collection, showing that customers value the nationwide store network that enables this. In the Nordics, where customers in Norway benefit from a 30-minute order & collect promise, 41% of online sales were through order & collect, up from 39% in the previous year despite store restrictions. This encourages us to keep working to reduce the order & collect time in all markets to a target of 15 minutes, which will drive further growth.

Third, customers can now always get the expert face-to-face advice they value, not just in store, but anywhere, 24/7, through ShopLive video shopping. This innovation has grown rapidly and in the UK alone it generated over £100m of sales. Customers prefer this to an unassisted online experience. They are four times as likely to purchase, they spend 55% more, and tell us they are more satisfied. It is not only customers that benefit. Our colleagues can keep selling even when a store is quieter and can build specialist skills to a greater extent than if they only served customers walking in off the street. ShopLive benefits our business by productively using in-store downtime to sell nationally, making our colleague cost more efficient and supporting the economics of the individual store and the national network. We have extended this innovation to the Nordics where we are seeing encouraging early progress. We will continue to scale up ShopLive and expect it to be an important channel in the future, driving both growth and profitability.

In the Nordics, we are continuing to roll out our Next Generation Retail platform. This is an update of many of our online and store systems and an overhaul of processes that will generate a seamless Omnichannel experience for our customers, and further fuel growth and margin improvements. We started the roll out to our stores in Denmark in April 2020. Despite Covid-19, the roll-out to stores has proceeded on time and on budget and the new systems are now live in 369 stores. Over the next year, these changes will also be reflected in the customer facing websites.

Credit

Credit appeals to customers. Technology is expensive, and Credit makes the amazing technology customers want more affordable by allowing them to spread the cost. We take our responsibility in providing access to credit seriously and we train all frontline colleagues to sell responsibly.

UK credit sales grew +8% in the year, with total active customers up +20%. The adoption rate of credit was at least stable in both channels but the large swing of sales towards online meant that total adoption fell to 10.8%, from 11.2% last year. Nevertheless, we're confident we remain on track for our 16% targeted adoption rate. We will use the new credit platform ('Strategic Credit') which is on track for launch this year, more flexible and tailored credit propositions and our better CRM to stimulate repeat spend from our base of 1.4m active customers (and higher utilisation of available balances), as well as continue to acquire more new credit customers.

In Nordics, we signed financial service agreements with Santander in Norway and Denmark and Ecster in Sweden and Finland. Credit is being integrated to be part of the overall customer journey, no longer requiring a separate process, which will enable higher adoption.

Services

We are uniquely positioned to provide services to our customers to help them enjoy technology for life, at scale, in ways no competitor can match. We get products working through delivery, installation and set-up, keep them working through protection and repair, help get the most out of products through connectivity and subscriptions, and, at the end of life, trade-in and recycle products. In the UK, almost 30% of sales included a service, well down on pre-pandemic levels as closed stores were unable to sell or fulfil services, a trend we expect to reverse in the coming year.

In the UK, we delivered over 26m products, including over 16.5m big-box products through our own two-person delivery network. We installed 6.4m of these products, a +60% increase on last year.

Our 1,350-person repair team fixed over 1 million products last year, including over 350,000 computing and vision repairs, over 370,000 mobile phones and more than 280,000 white goods repairs, most of these in customers' homes. These volumes are materially lower than the previous year as the pandemic restrictions prevented many in-store and in-home repairs from taking place.

Our trade-in enables customers to get value from old products, making new technology more affordable and is good for sustainability, preventing items entering the waste stream. This area was most significantly impacted by store closures and, at 62,000 items in the UK, our trade-in volume was down (76)% on last year.

We recycled 104,173 tonnes of Waste Electrical and Electronic Equipment (WEEE) last year. We will recycle all tech brought into stores for free, whether you bought it from us or not, and although volumes were down in UK stores, strong uptake of recycling services and Group progress meant that overall volumes were stable on last year. We are also committed to a 'Greener' product range in the UK and Nordics to make it easier for customers to make more sustainable choices. Finally, we are the first UK specialist electricals retailer to commit to net zero carbon by 2040 and to electric and alternative fuel vehicles by 2030.

We expect all this to provide us with commercial benefits. As more and more consumers are mindful of the planet as well as their pocket, so more will prefer the retailer helping extend the life of their technology, and at the end of life, deal responsibly with it. Our leadership in repair and recycling positions us well here, and we intend to make the most of it.

We are continuing to join up these services with improved data to create customers for life. Our Nordics Customer Club continues to grow, and we had 5.4m members at the end of the year, having added 2.2m customers in the year, equivalent to over 40% of Nordics households. The benefits to customers include discounts on some products, exclusive deals, extended try and buy and early access to Black Friday deals. Over the next year we will increasingly use the rich data and insight this gives us to improve personalised communication and strengthening customer relationships.

Mobile

Our UK & Ireland Mobile sales declined (55)% due to the impact of the permanent closure of our small standalone Carphone Warehouse UK stores, announced in March 2020. This was exacerbated by the impact of the unexpected, enforced store closures in the UK which impacted sales transfer.

As we promised, we will deliver the transformation of Mobile, away from the heavily loss-making traditional post-pay business, whilst generating positive cashflow. We now have no minimum volume commitments and full control over what we sell. The operating losses and restructuring costs have been more than funded by the unwind of the network receivable. Due to good progress and segmental free cash flow of £143m in the year, we now expect that net positive cashflow from restructuring of the legacy business will be over £200m from 2020/21 to 2023/24.

We have also secured new connectivity and better terms. In the UK, we signed a new agreement with Three to extend our iD Mobile MVNO and, after the year-end, we were pleased to have reached a new exclusive multiyear partnership with Vodafone.

In the year ahead, we will launch our own mobile offer, giving customers market-beating transparency, flexibility and value, combining the best choice of handsets, connectivity and ways to pay. We will provide this new mobile offer under the Currys brand, as a fully integrated part of One Business. This will in turn allow us to streamline much of the legacy cost base of Mobile.

Our new mobile offer will mark the final step in our transformation of Mobile. The next year will see UK Mobile transformed from a heavily loss-making business to a smaller, but profitable, cash-generative and capital light category, which we expect to achieve by 2022/23. As the business will be materially smaller and integrated into our UK&I Electricals business, we will report both as a single UK&I segment from 2021/22 onwards.

Capable and Committed Colleagues

There remains no bigger priority than colleague and customer safety. Throughout the pandemic, we have protected colleagues while meeting high customer demand. We have spent £14m to implement extensive hygiene and social distancing measures at our facilities and stores to ensure our sites are Covid-secure. We have worked with the BRC and the Government to help set the industry standard for Covid-19 safety measures, provided voluntary testing in our larger sites and have extended temperature checks to stores. This has enabled our colleagues to safely continue delivering vital technology to customers.

We invested in training, to help colleagues build skills for life. Our colleagues completed almost 600,000 hours of training in the year, both face-to-face where safely possible and online, focussed on improved assisted sales. We reskilled colleagues so that 700 colleagues could be redeployed to UK customer service to cope with demand and we have trained more than 2,800 retail colleagues to support ShopLive.

Finally, we have made sure that colleagues are well rewarded. We paid a special thank you bonus to supply chain colleagues and we have announced that, from October, UK hourly wages will increase by an average of 9%, bringing them in line with the current Living Wage Foundation's recommendation, benefiting almost 12,000 colleagues. We continue to make all our colleagues shareholders, with another 7,000 colleagues granted share awards in the year, ensuring we're all invested in our future success. All this has resulted in sharply increased colleague engagement levels.

One Business

After the year-end, we announced that in the United Kingdom & Ireland, Currys PC World, Carphone Warehouse and Team KnowHow will all become a single brand 'Currys' by October 2021. Consumers have a high awareness of, and deep affection for Currys, a trusted brand providing vital technology to customers to enrich their lives since 1884. We expect the single brand to mean more customers see Currys as their natural choice for electricals and mobile, products and services.

Stronger Infrastructure

Our investment in further improvements to our infrastructure was suspended during the early months of the pandemic but has resumed since. We have opened a new Regional Distribution Centre (RDC) in Bolton to amalgamate existing centres in Leeds and Manchester, which has seen improved efficiency and delivery capacity. We have replaced our decade-old UK&I Warehouse Management System, driving better forecasting and more efficient operations across Newark and our four RDCs.

We have reached an agreement with XPO logistics to run our warehouses in Newark, Bolton, and London Gateway distribution centres. The same teams will work for our customers from the same locations – but with the added benefit of XPO's expertise, experience and tools to help us.

Performance Review

Group sales were +2% higher than last year, as +12% growth in our Electricals business was offset by the anticipated decline in Mobile sales. Adjusted EBIT grew +22% as UK&I Electricals and Nordics grew profits, offset by a small decline in Greece and large operating losses in UK&I Mobile.

Segmental free cash flow more than tripled to £497m, because of large working capital inflow in UK&I Mobile more than offsetting the operating losses and restructuring costs. Total free cash flow was £438m which after pension and other payments generated cash flow of £373m, improving the year end position to net cash of £169m.

Income Statement	**2020/21 £m**	2019/20 £m	Reported % change	Currency neutral % change
Revenue	**10,344**	10,170	2%	1%
Adjusted EBITDA	**598**	556	8%	7%
Adjusted EBITDA margin	**5.8%**	5.4%	40 bps	40 bps
Depreciation on right-of-use assets	**(200)**	(217)		
Depreciation on other assets	**(79)**	(81)		
Amortisation	**(57)**	(44)		
Adjusted EBIT	**262**	214	22%	22%
Adjusted EBIT margin	**2.5%**	2.1%	40 bps	
Interest on right-of-use assets	**(77)**	(80)		
Finance income	**6**	10		
Adjusted finance costs	**(35)**	(28)		
Adjusted PBT	**156**	116	34%	34%
Adjusted PBT margin	**1.5%**	1.1%	40 bps	40 bps
Adjusted tax	**(33)**	(38)		
Adjusted Profit after tax	**123**	78		
Adjusted EPS	**10.7p**	6.7p		
Statutory reconciliation				
Adjusting items to EBITDA	**(89)**	(217)		
Statutory EBITDA	**509**	339		
Adjusting items to depreciation and amortisation	**(26)**	(25)		
Statutory EBIT	**147**	(28)	625%	603%
EBIT Margin	**1.4%**	(0.3)%	170 bps	170 bps
Adjusting items to finance costs	**(8)**	(14)		
Statutory PBT	**33**	(140)		
Adjusting items to Tax	**-**	17		
Discontinued operations	**12**	(2)		
Profit / (Loss) after tax	**12**	(163)		
EPS - total	**1.0p**	(14.1)p		

Cashflow	**2020/21**	2019/20	Reported % change	Currency neutral % change
Adjusted EBITDAR	**611**	596	3%	5%
Adjusted EBITDAR margin	**5.9%**	5.8%	10 bps	30 bps
Cash payments of leasing costs, debt & interest[1]	**(288)**	(324)		
Other non-cash items in EBIT	**15**	27		
Operating cashflow[1]	**338**	299	13%	18%
Operating cashflow margin	**3.3%**	2.9%	40 bps	
Capital expenditure	**(122)**	(191)	36%	
Adjusting items to cashflow[1]	**(173)**	(94)	(84)%	
Free cash flow before working capital	**43**	14		
Working capital	**454**	141		
Segmental free cash flow	**497**	155	221%	232%
Cash tax paid	**(35)**	(20)		
Cash interest paid	**(24)**	(26)		
Free cash flow	**438**	109	302%	324%
Dividend	**-**	(78)		
Purchase of own shares	**(13)**	(12)		
Pension	**(47)**	(46)		
Other	**(5)**	5		
Movement in net cash / (debt)	**373**	(22)		
Net Cash / (debt)	**169**	(204)		

[1] Cash payments of leasing cost, debt and interest have been revised to exclude non-trading stores, which is now included within adjusting items to cashflow. As such, results for the year ended 2 May 2020 have been restated. The non-trading stores relate to the remaining closed stores under the Currys PC World 3-in-1 and Carphone Warehouse programme announced in 2015/16 and closed standalone UK Carphone Warehouse stores as announced on 17th March 2020.

Online Share of Business	**2020/21**	2019/20	YoY (%pts)
UK & Ireland Electricals	**69%**	35%	+34%
International	**28%**	18%	+10%
- Nordics	29%	19%	+10%
- Greece	21%	8%	+13%
Electricals	**49%**	27%	+22%

UK & Ireland Electricals

	2020/21	2019/20	Reported % change	Currency neutral % change
INCOME STATEMENT				
Revenue	**4,921**	4,538	8%	8%
Adjusted EBITDA	**393**	344	14%	14%
Adjusted EBITDA margin	**8.0%**	7.6%	40 bps	
Depreciation on right-of-use assets	**(104)**	(111)		
Depreciation on other assets	**(42)**	(44)		
Amortisation	**(38)**	(25)		
Adjusted EBIT	**209**	164	27%	27%
Adjusted EBIT margin	**4.2%**	3.6%	60 bps	
Adjusting items to EBIT	**(131)**	(45)		
Statutory EBIT	**78**	119	(34)%	(34)%
Statutory EBIT margin	**1.6%**	2.6%	(100) bps	
CASHFLOW				
Adjusted EBITDAR	**401**	368	9%	
Adjusted EBITDAR margin	**8.1%**	8.1%	- bps	
Cash payments of leasing costs, debt & interest[1]	**(155)**	(170)		
Other non-cash items in EBIT	**-**	12		
Operating cashflow[1]	**246**	210	17%	22%
Operating cashflow margin	**5.0%**	4.6%	40 bps	
Capital expenditure	**(59)**	(106)	44%	
Adjusting items to cashflow[1]	**(63)**	(46)	(37)%	
Free cash flow before working capital	**124**	58		
Working capital	**3**	34		
Segmental free cash flow	**127**	92	38%	36%

[1] Cash payments of leasing cost, debt and interest have been revised to exclude non-trading stores, which is now included within adjusting items to cashflow. As such, results for the year ended 2 May 2020 have been restated. The non-trading stores relate to the remaining closed stores under the Currys PC World 3-in-1 and Carphone Warehouse programme announced in 2015/16.

Sales increased +8%, as strong like-for-like growth was offset by the impact of store closures and the impact of an additional week of trading in the prior year. Like-for-like growth of +14% was driven by strong online sales growth which more than compensated for sales lost through temporary enforced store closures and the almost complete loss of sales in Dixons Travel, which impacted like-for-like growth by 3ppts. In the year, we closed eleven Currys PC World stores, including seven High Street stores. We also took the difficult but necessary decision to close our 35 Dixons Travel stores.

During the year, online sales grew +114% and comprised 69% of segmental sales, +34ppts higher than last year.

Across the year, all major categories grew with computing sales the standout performer, growing +28% with especially high growth in Apple products, laptops and gaming. Consumer electricals sales were strong as sales of large TVs and smart tech offset declines in Imaging and Audio products, despite very strong growth in headphones. Major domestic appliance sales were adversely impacted by the closure of stores but trends since reopening have been encouraging in this category.

The market grew +21% during the year as the store channel declined (48)% and the online market almost doubled. We lost (1.7)% of share due to the temporary enforced store closures, when not all competitor stores were required to close. Our online market share grew +6.0ppts.

Gross margin declined (230)bps (1H: (350)bps, 2H: (140)bps), predominantly driven by the shift of sales to our lower gross margin online business and the loss of higher gross margin Dixons Travel sales. This decline improved in the second half of the year due to the easier base of comparison against the Covid disruption at the end of last year and aided by order & collect being available. The operating expense to sales ratio improved by +300bps, with around +130bps of improvement coming from the UK & Ireland business rates tax reliefs which lowered operating costs by £62m (2019/20: £4m). The Group fully reimbursed all Government support for furlough money received for the year, so it had no impact on operating costs (2019/20: £17m). In 2021/22 changes in the IT systems being procured will increase operating costs by c.£15m.

Adjusted EBIT increased +27% to £209m, from £164m in 2019/20.

In the period, adjusting items to EBIT totalled £(131)m. Impairment losses of £(100)m were recognised due to the closure of Dixons Travel, store impairments and write-off of IT assets. This primarily related to software development costs, given a change in strategic direction towards a best-in-class cloud-based solution which will aim to achieve operational efficiencies and improve the customer journey. Strategic change costs of £(21)m were due to restructuring of business. Amortisation of acquisition intangibles totalled £(14)m. Alongside previously provided amounts these had a cash impact of £(63)m in the period. Statutory EBIT for the year decreased by £41m to £78m.

	2020/21		2019/20	
	P&L	**Cash**	P&L	Cash
Acquisition / disposal related items	**(14)**	**-**	(14)	-
Strategic change programmes	**(21)**	**(51)**	(13)	(41)
Data incident costs	**-**	**(1)**	-	(5)
Impairment losses and onerous contracts	**(100)**	**(16)**	(18)	-
Regulatory	**(1)**	**-**	-	-
Other	**5**	**5**		
Total	**(131)**	**(63)**	(45)	(46)

The operating cashflow increased by +17% to £246m, mostly driven by the better profit outturn. Capital expenditure was £59m, with significant areas of expenditure including supply chain investments in our new distribution centres and IT investments. Expenditure was down from last year due to the suspension of projects during the first UK lockdown. Adjusting items are described above while working capital inflow was small at £3m. In combination, this resulted in segmental free cash flow of £127m, £35m better than last year.

Nordics

	2020/21	2019/20	Reported % change	Currency neutral % change
INCOME STATEMENT				
Revenue	**4,186**	3,573	17%	15%
Adjusted EBITDA	**267**	240	11%	11%
Adjusted EBITDA margin	**6.4%**	6.7%	(30) bps	
Depreciation on right-of-use assets	**(77)**	(74)		
Depreciation on other assets	**(27)**	(25)		
Amortisation	**(12)**	(15)		
Adjusted EBIT	**151**	126	20%	20%
Adjusted EBIT margin	**3.6%**	3.5%	10 bps	
Adjusting items to EBIT	**(12)**	(11)		
Statutory EBIT	**139**	115	21%	23%
Statutory EBIT margin	**3.3%**	3.2%	10 bps	
CASHFLOW				
Adjusted EBITDAR	**271**	248	9%	
Adjusted EBITDAR margin	**6.5%**	6.9%	(40) bps	
Cash payments of leasing costs, debt & interest	**(100)**	(91)		
Other non-cash items in EBIT	**5**	5		
Operating cashflow	**176**	162	9%	7%
Operating cashflow margin	**4.2%**	4.5%	(30) bps	
Capital expenditure	**(52)**	(63)	17%	
Adjusting items to cashflow:	**-**	-	-	
Free cash flow before working capital	**124**	99		
Working capital	**64**	117		
Segmental free cash flow	**188**	216	(13)%	(11)%

Revenue grew by +15% on a currency neutral basis, and +17% on a 52-week basis, with double digit growth in all markets. This was driven by like-for-like growth of +16% and included online growth of +74% as online sales grew to 29% of total sales, +10ppts higher than last year. Our store sales were broadly flat in the second half of the year as robust trading in open stores offset closures in Denmark and Norway. This resulted in overall market share increasing +0.8ppts to 26.8%, with share gains in every market except Denmark where sales were impacted by temporary store closures. The fastest growing market was Sweden where there has been no discernible impact on trading from the entry of Amazon. During the year, we opened a net total of six stores, five in Norway and one in Sweden.

Sales of laptops, smart TVs and gaming equipment saw significant increases as people spent more time working, and more leisure time, at home. Coffee machines saw very strong growth as people made coffee at home, fitness wearables had good growth due to public gym closures and people working out on their own, while domestic appliances including vacuum cleaners were strong as customers kept homes clean.

Gross margin declined (130)bps (1H: (70)bps, 2H (180)bps), predominantly driven by the shift of sales towards the lower gross margin online channel. The operating expense to sales ratio improved by +130bps, due to operating leverage.

As a result, adjusted EBIT increased £25m to £151m, from £126m in 2019/20.

In the period, adjusting items to EBIT totalled £(12)m, this was entirely due to the amortisation of acquisition intangibles and had no cash impact. The statutory EBIT increased £24m to £139m.

The operating cashflow increased by 9% to £176m, driven by the better profit outturn. Capital expenditure was £52m, with significant areas of expenditure including our Next Generation Retail platform and store refits. The total spend was down on last year as some spend was held back at the start of the Covid-19 crisis. Working capital inflow of £64m was driven by timing of year end payments that will largely reverse in 2021/22.

Greece

	2020/21	2019/20	Reported % change	Currency neutral % change
INCOME STATEMENT				
Revenue	**516**	470	10%	8%
Adjusted EBITDA	**40**	40	-%	(3)%
Adjusted EBITDA margin	**7.8%**	8.5%	(70) bps	
Depreciation on right-of-use assets	**(13)**	(13)		
Depreciation on other assets	**(6)**	(5)		
Amortisation	**(2)**	(1)		
Adjusted EBIT	**19**	21	(10)%	(14)%
Adjusted EBIT margin	**3.7%**	4.5%	(80) bps	
Adjusting items to EBIT	**-**	(1)		
Statutory EBIT	**19**	20	(5)%	(10)%
Statutory EBIT margin	**3.7%**	4.3%	(60) bps	
CASHFLOW				
Adjusted EBITDAR	**42**	42	-	
Adjusted EBITDAR margin	**8.1%**	8.9%	(80) bps	
Cash payments of leasing costs, debt & interest	**(20)**	(15)		
Other non-cash items in EBIT	**2**	1		
Operating cashflow	**24**	28	(14)%	(11)%
Operating cashflow margin	**4.7%**	6.0%	(130) bps	
Capital expenditure	**(10)**	(15)	33%	
Adjusting items to cashflow	**-**	-	-%	
Free cash flow before working capital	**14**	13		
Working capital	**25**	(57)		
Segmental free cash flow	**39**	(44)	189%	184%

Revenue increased +8% on a currency neutral basis, with like-for-like sales growth of +11%. Online sales grew +186% and contributed 21% of sales, from 8% in 2019/20. Stores were closed from 8 November until 11 January and again from 29 January until 5 April, and as a result, store sales declined slightly during the year.

Sales were strong in all categories, except air conditioning which saw slower sales due to the mild weather. Sales in computing and telecom were particularly strong with the Government's digital care initiative, where low income students have been granted a €200 coupon, boosting sales towards the end of the year.

Gross margin was down (390)bps over prior year (1H: (280)bps, 2H: (460)bps) as a result of lower achieved product margin due to channel and category mix, lower protection service and credit income and additional costs of fulfilling online sales as well as collection costs for consumer credit. Operating costs decreased due to enforcement by Government on landlords of a 40% rental reduction for May, June, November and December and a further 100% reduction for January until April.

As a result, adjusted EBIT decreased (10)% to £19m, from £21m in 2019/20. There were no adjusting items to EBIT in the current year, resulting in statutory EBIT of £19m.

The operating cashflow was £24m, down from £28m in the prior year. Capital expenditure was £10m, with significant areas of expenditure including digital transformation and property. Working capital inflow of £25m was driven by strong trading at the end of the period.

In the year ahead we will enter Cyprus, an area with a population of 1.1m. Two new stores will open in Nicosia and Limassol in June, to complement our online shop and call centre.

UK & Ireland Mobile

	2020/21	2019/20	Reported % change	Currency neutral % change
INCOME STATEMENT				
Adjusted Revenue	**707**	1,636	(57)%	(57)%
Statutory revenue	**721**	1,589	(55)%	(55)%
Adjusted EBITDA	**(102)**	(68)	(50)%	(50)%
Adjusted EBITDA margin	**(14.4)%**	(4.2)%	(1,020) bps	
Depreciation on right-of-use assets	**(6)**	(19)		
Depreciation on other assets	**(4)**	(7)		
Amortisation	**(5)**	(3)		
Adjusted EBIT	**(117)**	(97)	(21)%	(23)%
Adjusted EBIT margin	**(16.5)%**	(5.9)%	(1,060) bps	
Adjusting items to EBIT	**28**	(185)		
Statutory EBIT	**(89)**	(282)	68%	68%
Statutory EBIT margin	**(12.3)%**	(17.7)%	540 bps	
CASHFLOW				
Adjusted EBITDAR	**(103)**	(62)	(66)%	
Adjusted EBITDAR margin	**(14.6)%**	(3.8)%	(1080) bps	
Cash payments of leasing costs, debt & interest[1]	**(13)**	(48)		
Other non-cash items in EBIT	**8**	9		
Operating cashflow[1]	**(108)**	(101)	(7)%	(2)%
Operating cashflow margin	**(15.3)%**	(6.2)%	(910) bps	
Capital expenditure	**(1)**	(7)	86%	
Adjusting items to cashflow[1]	**(110)**	(48)	(129)%	
Free cash flow before working capital	**(219)**	(156)		
Network debtor	**391**	133		
Other working capital	**(29)**	(86)		
Segmental free cash flow	**143**	(109)	231%	234%

[1] Cash payments of leasing cost, debt and interest have been revised to exclude non-trading stores, which is now included within adjusting items to cashflow. As such, results for the year ended 2 May 2020 have been restated. The non-trading stores relate to the Carphone Warehouse programme announced in 2015/16 and closed standalone UK Carphone Warehouse stores as announced on 17th March 2020.

Adjusted revenue decreased by (57)%, reflecting our decision in March 2020 to close the small standalone Carphone Warehouse stores in the UK and the negative impact from the enforced closures of our larger stores in the UK due to Covid-19. In April we made the decision to close our 68 Carphone Warehouse stores in the Republic of Ireland. The statutory revenue decrease was (55)% as there was a £14m positive impact on revenue and EBIT from mobile network debtor revaluations, against a £(47)m negative revaluation in the prior year.

During the year we ended our unprofitable legacy agreements with O2 and EE, which included receiving £189m of outstanding receivable from EE. We also renewed the contract with Three on our iD Mobile MVNO which will mean the revenue is largely accounted for as cash is received. This will impact sales and profit by c.£15m in 2021/22 but will not change the cash flow. After the year end, we agreed an exclusive multiyear partnership with Vodafone based on a new commercial framework focused on driving great service, innovation, and loyalty.

The decline in adjusted EBIT to a £(117)m loss reflects the lost gross profit from lower sales, with sales transfer to Currys PC World stores inhibited by unexpected closures, which was not fully offset by cost savings in the year.

Adjusting items were £28m positive as mobile network debtor revaluations, settlements and release of previous provisions more than offset impairments, which were mainly related to closure of Carphone Warehouse Ireland. This resulted in statutory EBIT loss of £(89)m, a significant improvement on the £(282)m loss recorded last year.

Together with previously provided items the adjusting items to cashflow were £(110)m in the period.

	2020/21		2019/20	
	P&L	**Cash**	P&L	Cash
Mobile network debtor revaluations	**14**	**-**	(47)	
Acquisition / disposal related items	**-**	**(2)**	(1)	-
Strategic change programmes	**(20)**	**(102)**	(107)	(36)
Regulatory	**8**	**(4)**	(30)	(12)
Other	**26**	**(2)**		
	28	**(110)**	(185)	(48)

The operating cashflow decreased to £(108)m from £(101)m. Capital expenditure was almost nil. The network debtor reduced by £(377)m, with the acceleration in part due to early repayment by EE. The difference to cashflow of £(14)m is due to the revaluation in the period. The year-end position was £239m, down from £1,057m three years ago. Other working capital outflow was £(29)m driven by net unwinding of stock and creditors.

As previously announced, the transition away from the loss-making traditional post-pay business will be delivered cash positive overall, with the operating losses and restructuring costs more than funded by the unwind of the working capital position over time.

As described above, the UK&I Mobile segment will be reported as part of a single UK&I segment from 2021/22 onwards.

Finance Costs

Interest on lease liabilities was £(77)m, a slight decrease on prior year due to lower capitalised leases, the cash impact of this interest is included within segmental free cash flow.

The net adjusted finance income and finance costs were higher than last year, as the improved debt position was offset by the amortisation of new facility arrangement fees and the write off of arrangement and extension fees on legacy facilities that were replaced during refinancing. The net cash impact of these costs was £(24)m, from £(26)m in the prior year. The finance costs on the defined benefit pension scheme was an adjusting item and declined in line with the assumptions used in the valuation of the pension obligations.

	2020/21	2019/20
Interest on lease liabilities	**(77)**	(80)
Finance income	**6**	10
Finance costs	**(35)**	(28)
Adjusted net finance costs	**(106)**	(98)
Finance costs on defined benefit pension schemes	**(8)**	(14)
Net finance costs	**(114)**	(112)

Tax

The full year adjusted effective tax rate at 21% was lower than the prior year rate of 33% due to provision releases relating to uncertain tax positions for prior periods. The cash tax in the year was £(35)m.

Cash flow

	2020/21	2019/20	Reported % change	Currency neutral % change
Operating cashflow	**338**	299	13%	18%
Capital expenditure	**(122)**	(191)	36%	
Adjusting items to cashflow	**(173)**	(94)	(84)%	
Free cash flow before working capital	**43**	14		
Working capital and network commissions	**454**	141		
Segmental free cash flow	**497**	155	221%	232%
Cash tax paid	**(35)**	(20)		
Cash interest paid	**(24)**	(26)		
Free cash flow	**438**	109	302%	324%
Dividend	**-**	(78)		
Net purchase of own shares	**(13)**	(12)		
Pension	**(47)**	(46)		
Other	**(5)**	5		
Movement in net debt	**373**	(22)		
Opening net cash / (debt)	**(204)**	(182)		
Closing net cash / (debt)	**169**	(204)		

Segmental free cash flow was an inflow of £497m (2019/20: £155m) and interest and tax totalled £(59)m as described above, resulting in free cash flow of £438m (2019/20: £109m).

The Board decided not to pay a dividend during the year and no cash was returned to shareholders in the period. The employee benefit trust acquired £13m of shares to satisfy share awards to colleagues.

Pension contributions of £47m were in-line with the prior year. Annual contribution will rise to £78m from 2021/22, as agreed with the fund Trustees.

The closing net cash position was £169m, compared to a net debt position of £(204)m at 2 May 2020. This included £35m of restricted cash (2 May 2020: £32m). The average net cash for the year was £280m, compared to an average net debt position of £(355)m in 2019/20.

This year, the Group has redefined net debt to comprise cash and cash equivalents and short-term deposits, less borrowings but excluding leases previously designated as financing under IAS17. Including these in net cash/(debt) would have reduced the balance by £75m to £94m (2 May 2020: £(284)m debt).

Balance sheet

	1 May 2021	2 May 2020
	£m	£m
Goodwill	**2,851**	2,803
Other fixed assets	**1,661**	1,823
Network commission receivables and contract assets	**239**	616
Working capital	**(684)**	(645)
Net cash / (debt)	**169**	(204)
Lease liabilities	**(1,322)**	(1,439)
Pension	**(482)**	(550)
Deferred tax	**100**	97
Provisions	**(85)**	(150)
Other	**(66)**	(71)
	2,381	2,280

Goodwill increased in the period due to currency revaluation of Nordics goodwill.

Other fixed assets decreased by £(162)m as additions of £247m were more than offset by amortisation and depreciation charge of £(362)m and impairment of £(75)m related to right-of-use and UK store assets, the closure of Carphone Warehouse Ireland and Dixons Travel and the write-off of some intangible assets.

Network commission receivables and contract assets decreased by £(377)m as the scale of our mobile business reduced and the amount of new revenue capitalised was lower than the payments received. This decrease was accelerated by EE paying all its outstanding network receivable during the year.

At year-end, total working capital was £(684)m. Group inventory was £1,178m, higher than prior year due to unusually strong sell-through of stock in the UK&I and Nordics in the prior year due to Covid-19. Over the year stock turn increased to 6.8 (2019/20: 6.1) due to strong trading and the growing portion of sales fulfilled by our less stock intensive online business. Trade receivables decreased by £(6)m to £294m (2019/20: £300m). Trade payables increased by £171m to £(1,420)m (2019/20 £(1,249)m) due to timing of payments around year end in the Nordics and one-off early supplier payments in 2019/20 in the UK&I due to Covid-19. At the year end, and since July 2020, the supplier financing facility utilisation was £nil (2 May 2020: £51m).

Other receivables decreased by £(17)m compared to 2 May 2020 due to prepayment and accrued income decline with reduced Mobile operation. Other payables were broadly stable on prior year.

	1 May 2021	2 May 2020
	£m	£m
Inventory	**1,178**	970
Trade Receivables	**294**	300
Trade Payables	**(1,420)**	(1,249)
Trade working capital	**52**	21
Other Receivables	**192**	209
Other Payables	**(910)**	(899)
Derivatives	**(18)**	24
Working capital	**(684)**	(645)

Lease liabilities reduced mainly because of the closure of our Carphone Warehouse standalone UK stores in March 2020, as these non-trading leases continue to come to an end throughout the period. In addition to this, there has been a small decrease in the average lease length outstanding across our store portfolio.

The IAS 19 accounting deficit of the defined benefit section of the UK pension scheme amounted to £482m at 1 May (2 May 2020: £550m). Contributions during the period under the terms of the deficit reduction plan amounted to £47m (2019/20: £46m). Pension contributions are tax deductible and there is a £59m deferred tax asset associated with the pension liabilities (2 May 2020: £53m).

The deficit decreased largely as a result of increases in the discount rate applied to future liabilities in line with long term bond yield returns, together with increased values of underlying assets. This was partially offset by increases in inflation rate assumptions reflecting changes in long term RPI expectations.

Deferred tax was broadly flat year-on-year.

Provisions primarily relate to reorganisation and property provisions. In the period, the balance reduced by £(65)m primarily as a result of utilisation of provisions, mainly related to Mobile restructuring, offset by increases in provisions due to the announced closure of Carphone Warehouse Ireland and Dixons Travel businesses.

Comprehensive Income / Changes In Equity

Total equity for the Group increased from £2,280m to £2,381m in the period, driven by the statutory profit of £12m, gain on re-translation of overseas operations of £46m, actuarial gain (net of taxation) on the defined benefit pension deficit for the UK pension scheme of £43m and gains on investment revaluation of £8m offset by the hedging losses of £(16)m and other movements of £8m.

Impact of IFRS16

Accounts are presented using IFRS16 accounting. To aid understanding and comparability with previous periods, here we present the impact of IFRS16 accounting.

	2020/21			2019/20		
	Reported	**IFRS16**	**Excluding IFRS16**	Reported	IFRS16	Excluding IFRS16
Adjusted EBIT						
UK & Ireland Electricals	**209**	**(31)**	**178**	164	(2)	162
International	**170**	**(15)**	**155**	147	(11)	136
- Nordics	**151**	**(11)**	**140**	126	(10)	116
- Greece	**19**	**(4)**	**15**	21	(1)	20
Electricals	**379**	**(46)**	**333**	311	(13)	298
Adjusted EBIT margin	**3.9%**		**3.5%**	3.6%		2.9%
UK & Ireland Mobile	**(117)**	**(3)**	**(120)**	(97)	(7)	(104)
Adjusted EBIT	**262**	**(49)**	**213**	214	(20)	194
Adjusted EBIT margin	**2.5%**		**2.1%**	2.1%		1.9%
Finance costs	**(106)**	**71**	**(35)**	(98)	70	(28)
Adjusted PBT	**156**	**22**	**178**	116	50	166
Adjusted PBT margin	**1.5%**		**1.7%**	1.1%		1.6%

Consolidated income statement

	Note	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Continuing operations			
Revenue	2	**10,344**	10,170
Profit / (loss) before interest and tax	2	**147**	(28)
Finance income		**6**	10
Finance costs		**(120)**	(122)
Net finance costs	3	**(114)**	(112)
Profit / (loss) before tax		**33**	(140)
Income tax expense		**(33)**	(21)
Profit / (loss) after tax – continuing operations		**—**	(161)
Profit / (loss) after tax – discontinued operations	7	**12**	(2)
Profit / (loss) after tax for the period		**12**	(163)
Earnings / (loss) per share (pence)	4		
Basic – continuing operations		**—p**	(13.9)p
Diluted – continuing operations		**—p**	(13.9)p
Basic – total		**1.0p**	(14.1)p
Diluted – total		**1.0p**	(14.1)p

Consolidated statement of comprehensive income

		Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Profit / (loss) after tax for the period		**12**	(163)
Items that may be reclassified to the income statement in subsequent years:			
Cash flow hedges			
Fair value movements recognised in other comprehensive income		**(51)**	26
Reclassified and reported in income statement		**11**	12
Exchange gain / (loss) arising on translation of foreign operations		**46**	(39)
		6	(1)
Items that will not be reclassified to the income statement in subsequent years:			
Actuarial gains / (losses) on defined benefit pension schemes	– UK	**30**	(3)
	– Overseas	**—**	(1)
Fair value through other comprehensive income financial assets			
Gains / (losses) arising during the period		**8**	(8)
Tax on movements on defined benefit pension schemes		**13**	(39)
		51	(51)
Other comprehensive income / (expense) for the period (taken to equity)		**57**	(52)
Total comprehensive income / (expense) for the period		**69**	(215)

Consolidated balance sheet

	1 May 2021 £m	2 May 2020 £m
Non-current assets		
Goodwill	**2,851**	2,803
Intangible assets	**426**	469
Property, plant & equipment	**184**	240
Right-of-use assets	**1,051**	1,114
Lease receivable	**3**	4
Investments	**—**	10
Trade and other receivables	**138**	294
Deferred tax assets	**262**	259
	4,915	5,193
Current assets		
Inventory	**1,178**	970
Lease receivable	**1**	1
Trade and other receivables	**587**	831
Derivative assets	**24**	76
Cash and cash equivalents	**175**	660
	1,965	2,538
Total assets	**6,880**	7,731
Current liabilities		
Trade and other payables	**(2,233)**	(2,017)
Derivative liabilities	**(42)**	(52)
Contingent consideration	**(2)**	(1)
Income tax payable	**(64)**	(78)
Loans and other borrowings	**(6)**	(584)
Lease liabilities	**(216)**	(258)
Provisions	**(58)**	(114)
	(2,621)	(3,104)
Non-current liabilities		
Trade and other payables	**(97)**	(131)
Contingent consideration	**—**	(2)
Loans and other borrowings	**—**	(280)
Lease liabilities	**(1,110)**	(1,186)
Retirement benefit obligations	**(482)**	(550)
Deferred tax liabilities	**(162)**	(162)
Provisions	**(27)**	(36)
	(1,878)	(2,347)
Total liabilities	**(4,499)**	(5,451)
Net assets	**2,381**	2,280
Capital and reserves		
Share capital	**1**	1
Share premium reserve	**2,263**	2,263
Other reserves	**(764)**	(775)
Accumulated profits	**881**	791
Equity attributable to equity holders of the parent company	**2,381**	2,280

Consolidated statement of changes in equity

	Note	Share capital £m	Share premium reserve £m	Other reserves £m	Accumulated profits £m	Total equity £m
At 27 April 2019		1	2,263	(713)	1,089	2,640
Adjustment on initial application of IFRS 16		—	—	—	(45)	(45)
Taxation on IFRS 16 transition adjustment		—	—	—	8	8
Adjusted balance at 27 April 2019		1	2,263	(713)	1,052	2,603
Loss for the period		—	—	—	(163)	(163)
Other comprehensive income and expense recognised directly in equity		—	—	(9)	(43)	(52)
Total comprehensive expense for the period		—	—	(9)	(206)	(215)
Amounts transferred to the carrying value of inventory purchased during the year		—	—	(41)	—	(41)
Equity dividends	5	—	—	—	(78)	(78)
Net movement in relation to share schemes		—	—	—	23	23
Purchase of own shares		—	—	(12)	—	(12)
At 2 May 2020		1	2,263	(775)	791	2,280
Profit for the period		**—**	**—**	**—**	**12**	**12**
Other comprehensive income and expense recognised directly in equity		**—**	**—**	**14**	**43**	**57**
Total comprehensive income and expense for the period		**—**	**—**	**14**	**55**	**69**
Amounts transferred to the carrying value of inventory purchased during the year		**—**	**—**	**24**	**—**	**24**
Net movement in relation to share schemes		**—**	**—**	**4**	**17**	**21**
Amounts transferred from investments revaluation reserve		**—**	**—**	**(18)**	**18**	**—**
Purchase of own shares		**—**	**—**	**(13)**	**—**	**(13)**
At 1 May 2021		**1**	**2,263**	**(764)**	**881**	**2,381**

Consolidated cash flow statement

	Note	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Operating activities			
Cash generated from operations	6	**926**	649
Contributions to defined benefit pension scheme		**(47)**	(46)
Income tax paid		**(35)**	(20)
Net cash flows from operating activities		**844**	583
Investing activities			
Net cash outflow arising from acquisitions		**(1)**	(3)
Proceeds from sale of financial assets at FVTOCI		**18**	—
Proceeds on sale of business		**2**	2
Acquisition of property, plant & equipment and other intangibles		**(122)**	(191)
Net cash flows from investing activities		**(103)**	(192)
Financing activities			
Interest paid		**(101)**	(106)
Capital repayment of lease liabilities		**(232)**	(219)
Purchase of ordinary shares		**(13)**	(12)
Equity dividends paid		**—**	(78)
(Repayment) / drawdown of borrowings		**(326)**	36
Facility arrangement fees paid		**—**	(4)
Net cash flows from financing activities		**(672)**	(383)
Increase in cash and cash equivalents and bank overdrafts		**69**	8
Cash and cash equivalents and bank overdrafts at the beginning of the period		**120**	106
Currency translation differences		**(20)**	6
Cash and cash equivalents and bank overdrafts at the end of the period	6	**169**	120

Notes to the Financial Information (continued)

1 Basis of preparation

The Financial Information, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and extracts from the notes to the accounts for the year ended 1 May 2021 and 2 May 2020, has been prepared in accordance with the accounting policies set out in the full financial statements and on a going concern basis.

Alternative performance measures (APMs)

In addition to IFRS measures, the Group uses certain alternative performance measures that are considered to be additional informative measures of ongoing trading performance of the Group and are consistent with how performance is measured internally. The alternative performance measures used by the Group in addition to IFRS measures are included within the glossary and definitions section. This includes further information on the definitions, purpose, and reconciliation to IFRS measures of those alternative performance measures that are used for internal reporting and presented to the Group's Chief Operating Decision Maker (CODM). The CODM has been determined to be the Board.

Going concern

Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.

In their consideration of going concern, the Directors have reviewed the Group's future cash forecasts and profit projections, which are based on market data and past experience. The Directors are of the opinion that the Group's forecasts and projections, which take into account reasonably possible changes in trading performance, including the potentially prolonged impact of Covid-19, show that the Group is able to operate within its current facilities and comply with its banking covenants for the foreseeable future. In arriving at their conclusion that the Group has adequate financial resources, the Directors considered the level of borrowings and facilities and that the Group has a robust policy towards liquidity and cash flow management.

As a result of the uncertainties surrounding the forecasts due to the Covid-19 pandemic, the Group has also modelled a reverse stress test scenario. The reverse stress test models the decline in sales that the Group would be able to absorb before requiring additional sources of financing in excess of those that are committed. Such a scenario, and the sequence of events which could lead to it, is considered to be remote.

As a result, the Board believes that the Group is well placed to manage its financing and other significant risks satisfactorily and that the Group will be able to operate within the level of its facilities for the foreseeable future. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing its financial statements. The long-term impact of Covid-19 is uncertain and should the impacts of the pandemic on trading conditions be more prolonged or severe than what the Directors consider to be reasonably possible, the Group would need to implement additional operational or financial measures.

Further information

The Financial Information set out in this announcement does not constitute statutory accounts within the meaning of Sections 434 to 436 of the Companies Act 2006 and is an abridged version of the Group's financial statements for the year ended 1 May 2021 which were approved by the directors on 29 June 2021. Statutory accounts for the year ended 2 May 2020 have been delivered to the Registrar of Companies, the auditor has reported on those accounts, their report was unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006. Statutory accounts for the year ended 1 May 2021 will be delivered in due course. The auditor has reported on those accounts, their report was unqualified and did not contain statements under Section 498 of the Companies Act 2006.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606 / 2002 as it applies in the European Union and IFRS as issued by the International Accounting Standards Board. The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings for the year ended 1 May 2021.

2 Segmental analysis

The Group's operating segments reflect the segments routinely reviewed by the CODM and which are used to manage performance and allocate resources. This information is predominantly based on geographical areas which are either managed separately or have similar trading characteristics such that they can be aggregated together into one segment.

The Group's operating and reportable segments have therefore been identified as follows:

– UK & Ireland Electricals comprises the operations of Currys PCWorld and the Dixons Travel business.

– UK & Ireland Mobile comprises the Carphone Warehouse, iD Mobile and B2B operations.

– Nordics operates in Norway, Sweden, Finland, Denmark and Iceland.

– Greece, consisting of our ongoing operations in Greece.

UK & Ireland Electricals, UK & Ireland Mobile, Nordics and Greece are involved in the sale of consumer electronics and mobile technology products and services, primarily through stores or online channels.

Transactions between segments are on an arm's length basis.

In accordance with IFRS 5, discontinued operations are disclosed separately as a single amount within the Group's consolidated income statement after profit after tax for continuing operations. Discontinued operations are therefore excluded from the segmental analysis. Further information on the Group's operations classified as discontinued is outlined in note 7.

2 Segmental analysis (continued)

	Year ended 1 May 2021					
	UK & Ireland Electricals £m	**UK & Ireland Mobile £m**	**Nordics £m**	**Greece £m**	**Eliminations £m**	**Total £m**
External revenue	**4,921**	**721**	**4,186**	**516**	**—**	**10,344**
Inter-segmental revenue	**66**	**128**	**—**	**—**	**(194)**	**—**
Total revenue	**4,987**	**849**	**4,186**	**516**	**(194)**	**10,344**
Profit / (loss) before interest and tax	**78**	**(89)**	**139**	**19**	**—**	**147**

	Year ended 2 May 2020					
	UK & Ireland Electricals £m	UK & Ireland Mobile £m	Nordics £m	Greece £m	Eliminations £m	Total £m
External revenue	4,538	1,589	3,573	470	—	10,170
Inter-segmental revenue	86	98	—	—	(184)	—
Total revenue	4,624	1,687	3,573	470	(184)	10,170
Profit / (loss) before interest and tax	119	(282)	115	20	—	(28)

	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
UK & Ireland Electricals	**78**	119
UK & Ireland Mobile	**(89)**	(282)
Nordics	**139**	115
Greece	**19**	20
Profit / (loss) before interest and tax	**147**	(28)
Finance income	**6**	10
Finance costs	**(120)**	(122)
Profit / (loss) before tax	**33**	(140)

2 Segmental analysis (continued)

The Group's disaggregated revenue recognised under 'Revenue from Contracts with Customers' in accordance with IFRS 15 relates to the following operating segments and revenue streams:

	Year ended 1 May 2021				
	UK & Ireland Electricals £m	**UK & Ireland Mobile £m**	**Nordics** £m	Greece £m	Total £m
Sale of goods	**4,561**	**190**	**3,797**	**491**	**9,039**
Commission revenue	**6**	**463**	**252**	**1**	**722**
Support services revenue	**260**	**—**	**60**	**17**	**337**
Other services revenue	**89**	**68**	**77**	**7**	**241**
Other revenue	**5**	**—**	**—**	**—**	**5**
Total revenue	**4,921**	**721**	**4,186**	**516**	**10,344**

	Year ended 2 May 2020				
	UK & Ireland Electricals £m	UK & Ireland Mobile £m	Nordics £m	Greece £m	Total £m
Sale of goods	4,147	397	3,218	446	8,208
Commission revenue	5	1,090	268	1	1,364
Support services revenue	285	—	30	17	332
Other services revenue	97	102	57	6	262
Other revenue	4	—	—	—	4
Total revenue	4,538	1,589	3,573	470	10,170

Revenue from support services relates predominantly to customer support agreements, while other services revenue comprises delivery and installation, product repairs and product support.

3 Net finance costs

	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Unwind of discounts on trade receivables	**6**	10
Finance income	**6**	10
Interest on bank overdrafts, loans and borrowings	**(8)**	(15)
Interest expense on lease liabilities	**(77)**	(80)
Net interest on defined benefit pension obligations	**(8)**	(14)
Amortisation of facility fees*	**(11)**	(2)
Other interest expense	**(16)**	(11)
Finance costs	**(120)**	(122)
Total net finance costs	**(114)**	(112)

* In April 2021, the Group refinanced its existing debt with two new Revolving Credit Facilities, which expire in April 2025. As such, all other facilities were cancelled as part of the refinancing and the fees relating to these facilities were subsequently impaired.

All finance costs in the above table represent interest costs of financial liabilities and assets, other than amortisation of facility fees which represent non-financial assets and net interest on defined benefit pension obligations which represent the net defined benefit liabilities.

4 Earnings / (loss) per share

	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Total profit / (loss)		
Continuing operations	**—**	(161)
Discontinued operations	**12**	(2)
Total	**12**	(163)

	Million	Million
Weighted average number of shares		
Average shares in issue	**1,166**	1,162
Less average holding by Group EBT	**(14)**	(5)
For basic earnings / (loss) per share	**1,152**	1,157
Dilutive effect of share options and other incentive schemes	**42**	25
For diluted earnings / (loss) per share	**1,194**	1,182

	Pence	Pence
Basic earnings / (loss) per share		
Total (continuing and discontinued operations)	**1.0**	(14.1)
Adjustment in respect of discontinued operations	**(1.0)**	0.2
Continuing operations	**—**	(13.9)
Diluted earnings / (loss) per share		
Total (continuing and discontinued operations)	**1.0**	(14.1)
Adjustment in respect of discontinued operations	**(1.0)**	0.2
Continuing operations	**—**	(13.9)

Basic and diluted earnings / (losses) per share are based on the profit / (loss) for the period attributable to equity shareholders.

5 Equity dividends

	1 May 2021 £m	2 May 2020 £m
Amounts recognised as distributions to equity shareholders in the period – on ordinary shares of 0.1p each		
Final dividend for the year ended 27 April 2019 of 4.50p per ordinary share	**—**	52
Interim dividend for the year ended 2 May 2020 of 2.25p per ordinary share	**—**	26
	—	78

The following distribution is proposed but has not been effected at 1 May 2021 and is subject to shareholders' approval at the forthcoming Annual General Meeting:

	1 May 2021 £m
Final dividend for the year ended 1 May 2021 of 3.00p per ordinary share	**34**

The payment of this dividend will not have any tax consequences for the Group.

6 Notes to the cash flow statement

a) Reconciliation of cash and cash equivalents and back overdrafts at the end of the period

	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Cash at bank and on deposit	**175**	660
Bank overdrafts	**(6)**	(540)
Cash and cash equivalents and bank overdrafts at the end of the period	**169**	120

b) Reconciliation of operating profit / (loss) to net cash inflow from operating activities

	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Profit / (loss) before interest and tax – continuing operations	**147**	(28)
Profit / (loss) before interest and tax – discontinued operations	**7**	(2)
Depreciation and amortisation	**362**	367
Share-based payment charge	**21**	23
(Profit) / loss on disposal of fixed assets	**(6)**	3
Impairments and other non-cash items	**76**	51
Operating cash flows before movements in working capital	**607**	414
Movements in working capital:		
(Increase) / decrease in inventory	**(174)**	156
Decrease in receivables	**404**	284
Increase / (decrease) in payables	**182**	(248)
(Decrease) / increase in provisions	**(93)**	43
	319	235
Cash generated from operations	**926**	649

6 Notes to the cash flow statement (continued)

c) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	3 May 2020 £m	**Financing cash flows £m**	**Lease additions, modifications and disposals £m**	**Foreign exchange £m**	**Interest £m**	**1 May 2021 £m**
Loans and other borrowings(i)	(324)	**348**	**—**	**—**	**(24)**	**—**
Lease liabilities(ii)	(1,444)	**310**	**(96)**	**(19)**	**(77)**	**(1,326)**
Total liabilities from financing activities	(1,768)	**658**	**(96)**	**(19)**	**(101)**	**(1,326)**

	28 April 2019 £m	Adjustment on initial application of IFRS 16(iii) £m	Financing cash flows £m	Lease additions, modifications and disposals £m	Foreign exchange £m	Interest £m	1 May 2021 £m
Loans and other borrowings(i)	(288)	—	(10)	—	—	(26)	(324)
Lease liabilities(ii)	(83)	(1,403)	299	(194)	17	(80)	(1,444)
Total liabilities from financing activities	(371)	(1,403)	289	(194)	17	(106)	(1,768)

(i) The Group used interest rate swaps and FX forward contracts to hedge borrowings. The fair value of these derivatives rounded to £nil (2019/20: £nil). There were no material cash flows or changes in fair value on these instruments during the year.
(ii) Lease liabilities are secured over the Group's right-of-use assets.
(iii) The Group adopted IFRS 16 using the modified retrospective approach in the year ended 2 May 2020.

7 Discontinued operations and assets held for sale

There have been no additional operations classified as discontinued during the year ended 1 May 2021. The following were classified as discontinued in previous years and have continued to incur costs and cash flows in the current financial year:

honeybee

No profit or loss has been recognised in relation to the disposal of the honeybee operation in the current or comparative period.

Spain

On 29 September 2017, the Group completed the disposal of The Phone House Spain S.L.U., Connected World Services Europe S.L. and Smarthouse Spain S.A., which together represented the trading operations in Spain. For the year ended 1 May 2021, a £2m credit was recognised in relation to the reversal of previously held provisions no longer required.

Other

During the prior year, VAT assessments were issued for historical periods relating to the disposed Phonehouse Germany business. These assessments fell under warranties given as part of the sale agreement and as such, the full amount was provided for with a charge of £6m being recognised. The claim was subsequently settled within the year ended 1 May 2021 resulting in the release of £5m, reducing the provision to nil.

As a result of the settlement of the Phonehouse Germany set out above, the Group does not expect any further warranty claims in respect of tax risks in territories within which the legacy Carphone group used to operate. As such, £5m has been released during the year.

For the year ended 2 May 2020 an additional £4m credit was recognised following the release of provisions relating to other legacy European Carphone operations which are now in liquidation.

7 Discontinued operations and assets held for sale (continued)

a) Profit / (loss) after tax from discontinued operations

	honeybee £m	Spain £m	Other £m	Total £m
	Year ended 1 May 2021			
Revenue	**—**	**—**	**—**	**—**
Expenses	**—**	**2**	**5**	**7**
Profit before tax	**—**	**2**	**5**	**7**
Income tax	**—**	**—**	**5**	**5**
	—	**2**	**10**	**12**

	honeybee £m	Spain £m	Other £m	Total £m
	Year ended 2 May 2020			
Revenue	—	—	—	—
Expenses	—	—	(2)	(2)
Loss before tax	—	—	(2)	(2)
Income tax	—	—	—	—
	—	—	(2)	(2)

b) Cash flows from discontinued operations

The net cash flows incurred by the discontinued operation during the year are as follows. These cash flows are included within the Consolidated cash flow statement:

	honeybee £m	Spain £m	Other £m	Total £m
	Year ended 2 May 2020			
Operating activities	**—**	**—**	**(3)**	**(3)**
Investing activities	**2**	**—**	**—**	**2**
	2	**—**	**(3)**	**(1)**

	honeybee £m	Spain £m	Other £m	Total £m
	Year ended 27 April 2019			
Operating activities	—	—	(1)	(1)
Investing activities	2	—	—	2
	2	—	(1)	1

8 Related party transactions

Transactions between the Group's subsidiary undertakings, which are related parties, have been eliminated on consolidation and accordingly are not disclosed.

The Group had the following transactions and balances with its associates and joint venture:

	1 May 2021 £m	2 May 2020 £m
Revenue from sale of goods and services	**16**	14
Amounts owed to the Group	**—**	2

All transactions entered into with related parties were completed on an arm's length basis.

Risks to Achieving the Group's Objectives

The Board continually reviews and monitors the risks and uncertainties which could have a material effect on its results. The updated risks and uncertainties are listed below. Risks 1 to 11, and the factors which mitigate them, are set out in more detail in the 2019-20 Annual Report and Accounts on pages 20 to 23 and remain relevant in the current period.

1. Covid-19 has had an impact across the Group's business in every operational function and geography in order to comply with Government instructions and could impact on profitability, cash flow and colleague / customer illness or loss of life;

2. Dependence on key suppliers in driving profitability, cash flow and market share;

3. Failure to deliver an effective business transformation programme in response to a changing consumer environment could result in a loss of competitive advantage impacting financial performance;

4. Failure to comply with Financial Services regulation could result in reputational damage, customer compensation, financial penalties and a resultant deterioration in financial performance;

5. Failure in appropriately safeguarding sensitive information and failure to comply with legislation could result in reputational damage, financial penalties and a resultant deterioration in financial performance;

6. Failure to adequately invest in and integrate the Group's IT systems and infrastructure could result in restricted growth and reputational damage impacting financial performance;

7. Failure to appropriately safeguard against cyber risks and associated attacks could result in reputational damage, customer compensation, financial penalties and a resultant deterioration in financial performance;

8. Failure to action appropriate Health and Safety measures resulting in injury could give rise to reputational damage and financial penalties;

9. Business continuity plans are not effective and major incident response is inadequate resulting in reputational damage and a loss of competitive advantage;

10. Failure to employ adequate procedures and due diligence regarding product quality and safety could result in the provision of products which pose a risk to customer health, resulting in fines, prosecution and significant reputational damage;

11. Crystallisation of potential tax exposures resulting from legacy corporate transactions, employee and sales taxes arising from periodic tax audits and investigations across various jurisdictions in which the Group operates may impact cash flows for the Group;

12. Sustainability has been added to the Group's Principal Risk Register this year. Failure to either deliver or adequately communicate our commitment to sustainability and being a good corporate citizen could result in reduced cash flow, reputational damage and loss of competitive advantage; and

13. People has been added to the Group's Principal Risk Register this year. Not having the right workforce capacity, capability and colleague commitment necessary to deliver on our strategy could result in reduced revenue and profitability and failure to achieve strategic objectives.

The directors have prepared the preliminary Financial Information on a going concern basis. In considering the going concern basis, the directors have considered the above mentioned principal risks and uncertainties, especially in the context of a highly competitive consumer and retail environment as well as the wider macro-economic environment and how these factors might influence the Group's objectives and strategy.

The directors have reviewed the Group's future cash forecasts and profit projections, which are based on market data and past experience, including seasonal borrowing requirements and available facilities on a monthly basis. The directors are of the opinion that the Group's forecasts and projections, which take into account reasonably possible changes in trading performance, show that the Group is able to operate within its current facilities and comply with its banking covenants for the foreseeable future. In arriving at their conclusion that the Group has adequate financial resources, the directors were mindful of the level of borrowings and facilities and that the Group has a robust policy towards liquidity and cash flow management.

Accordingly, the directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and consequently the directors continue to apply the going concern basis in the preparation of the financial statements.

Glossary and definitions

Alternative performance measures (APMs)

In the reporting of financial information the Group uses certain measures that are not required under IFRS. These are presented in accordance with the Guidelines on APMs issued by the European Securities and Markets Authority (‘ESMA’). We consider that these additional measures (commonly referred to as ‘alternative performance measures’) provide additional information on the performance of the business and trends to shareholders. These measures are consistent with those used internally, and are considered critical to understanding the financial performance and financial health of the Group. APMs are also used to enhance the comparability of information between reporting periods, by adjusting for non-recurring or items considered to be distortive on trading performance which may affect IFRS measures, to aid the user in understanding the Group’s performance. These alternative performance measures may not be directly comparable with other similarly titled measures or ‘adjusted’ revenue or profit measures used by other companies, and are not intended to be a substitute for, or superior to, IFRS measures.

Adjusting items

Included within our APMs we report adjusted revenue, adjusted PBT, adjusted EBIT, adjusted EBITDA, adjusted EBITDAR and adjusted EPS. These measures exclude items which are significant in size or volatility or by nature are non-trading or highly infrequent. Adjusted results are stated before the results of discontinued operations or exited / to be exited businesses, amortisation of acquisition intangibles, acquisition related costs, any items considered so material that they distort underlying performance (such as reorganisation costs, impairment charges and property rationalisation costs, out of period mobile network debtor revaluations and non-recurring charges), income from previously disposed operations, and net pension interest costs. There are no adjustments made to exclude the impact of Covid-19. Businesses exited or to be exited are those which the Group has exited or committed to or commenced to exit through disposal or closure but do not meet the definition of discontinued operations as stipulated by IFRS and are material to the results and / or operations of the Group.

Impact of IFRS 16: ‘Leases’

The Group adopted IFRS 16: ‘Leases’ using the modified retrospective method in the prior year. In order to aid comparability with prior year measures, the impact of IFRS 16 was included within adjusting items and adjusted results were reported under IAS 17.

Following the adoption, and ability to report comparatives under IFRS 16, the impact of such is no longer considered to be an adjusting item. The adjusted results and adjusting items for the comparative reporting period ended 2 May 2020 have subsequently been restated to reflect this.

Currency neutral

Some comparative performance measures are translated at constant exchange rates, called ‘currency neutral’ measures. This restates the prior period results at a common exchange rate to the current year in order to provide appropriate year-on-year movement measures without the impact of foreign exchange movements.

Definitions and reconciliations

In line with the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (‘ESMA’), we have provided additional information on the APMs used by the Group below, including full reconciliations back to the closest equivalent statutory measure

Alternative performance measure	Closest equivalent GAAP measure	Note reference showing reconciliation to IFRS measure	Definition and purpose
Revenue measures			
Adjusted revenue	Revenue	See note A1	Adjusted revenues are adjusted to remove out of period mobile network debtor revaluations and the revenues of those operations which the Group classifies as exited or to be exited but do not meet the definition of discontinued in accordance with IFRS 5: ‘Non- Current Assets Held for Sale and Discontinued Operations’.
Like for Like (LFL) % change	No direct equivalent	Not applicable	Like-for-like revenue is calculated based on adjusted store and online revenue (including order and collect, Online In-Store and ShopLive) using constant exchange rates consistent with the currency neutral % change measure detailed below. New stores are included where they have been open for a full financial year both at the beginning and end of the financial period. Revenue from franchise stores are excluded and closed stores (where closed by the Group’s decision and not where

Alternative performance measure	Closest equivalent GAAP measure	Note reference showing reconciliation to IFRS measure	Definition and purpose
			closed due to government imposed restrictions related to the global Covid-19 pandemic) are excluded for any period of closure during either period. Customer support agreement, insurance and wholesale revenues along with revenue from other non-retail businesses are excluded from like-for-like calculations. We consider that LFL revenue represents a useful measure of the trading performance of our underlying and ongoing store and online portfolio.
Currency neutral % change	Revenue compared to prior period consolidated at a constant exchange rate.	Not applicable	Reflects total revenue on a constant currency and period basis. Provides a measure of performance excluding the impact of foreign exchange rate movements.
Profit measures			
Adjusted profit / (loss) before tax, adjusted EBIT and adjusted profit / (loss) after tax	Profit / (loss) before interest and tax, Profit / (loss) after interest and tax.	See notes A2 and A5	As discussed above, the Group uses adjusted profit measures in order to provide a useful measure of the ongoing performance of the Group. These are adjusted from total measures to remove adjusting items, the nature of which are disclosed above.
EBIT	Profit / (loss) before interest and tax	No reconciling items	Earnings before interest and tax (EBIT) is directly comparable to profit / (loss) before tax. The terminology used is consistent with that used historically and in external communications.
Adjusted EBITDA	Profit / (loss) before interest and tax	See note A4	As discussed above, the Group uses adjusted profit measures in order to provide a useful measure of the ongoing performance of the Group. These are adjusted from total measures to remove adjusting items, the nature of which are disclosed above.
EBITDA	Profit / (loss) before interest and tax	See note A3	Earnings before interest, tax, depreciation and amortisation (EBITDA). Provides a measure of profitability based on profit / (loss) before tax, and after adding back depreciation and amortisation expense. The terminology used is consistent with that used historically and in external communications.
Adjusted EBITDAR	Profit / (loss) before interest and tax	See note A4	As discussed above, the Group uses adjusted profit measures in order to provide a useful measure of the ongoing performance of the Group. These are adjusted from total measures to remove adjusting items, the nature of which are disclosed above.
EBITDAR	Profit / (loss) before interest and tax	See note A3	Earnings before interest, tax, depreciation, amortisation and rental expense (EBITDAR). Provides a measure of profitability based on profit / (loss) before tax, and after adding back depreciation, amortisation and rental expenses outside the scope of IFRS 16.
Other earnings measures			
Adjusted net finance costs	Net finance costs	See note A6	Adjusted net finance costs exclude certain adjusted finance costs from total finance costs. The adjusting items include the finance charge of business to be exited, net pension interest costs, finance income from previously disposed operations not classified as discontinued, and other exceptional items considered so one-off and material that they distort underlying finance costs of the Group. Under IAS 19: ‘Employee Benefits’,

Alternative performance measure	Closest equivalent GAAP measure	Note reference showing reconciliation to IFRS measure	Definition and purpose
			the net interest charge on defined benefit pension schemes is calculated based on corporate bond yield rates at a specific date, which, as can vary over time, creates volatility in the income statement and is unrepresentative of the actual investment gains or losses made on the liabilities. Therefore, this item has been removed from our adjusted earnings measure in order to remove this non-cash volatility.
Adjusted income tax expense / (credit)	Income tax expense / (credit)	See note A7	Adjusted income tax expense / (credit) represents the income tax on adjusted earnings. Income tax expense / (credit) on adjusting items represents the tax on items classified as 'adjusted', either in the current year, or the current year effect of prior year tax adjustments on items previously classified as adjusted. We consider the adjusted income tax measures represent a useful measure of the ongoing tax charge / credit of the Group.
Adjusted / Total effective tax rate	No direct equivalent	See note A7	The effective tax rate measures provide a useful indication of the tax rate of the Group. Adjusted effective tax is the rate of tax recognised on headline earnings, and total effective tax is the rate of tax recognised on total earnings.
Earnings per share measures			
Adjusted basic EPS – continuing operations, adjusted diluted EPS – continuing operations, adjusted basic EPS – total, adjusted diluted EPS – total	Statutory EPS figures	See note A8	EPS measures are presented to reflect the impact of adjusting items in order to show an adjusted EPS figure, which reflects the adjusted earnings per share of the Group. We consider the adjusted EPS provides a useful measure of the ongoing earnings of the underlying Group.
Cash flow measures			
Segmental working capital	No direct equivalent	See note A11	Segmental working capital comprises movements in inventory, trade receivables, trade payables and provisions and is adjusted to remove movements arising from adjusting items, the nature of which are disclosed above.
Free cash flow	Cash generated from operations	See note A9	Free cash flow comprises cash generated from / (utilised by) continuing operations including restructuring costs, but before cash generated from / (utilised by) businesses exited / to be exited, less net finance expense, less income tax paid, less net capital expenditure and before any special pension contributions and dividends. Free cash flow is derived from adjusted EBIT which excludes other adjusting items.
Operating cash flow	Cash generated from operations	See the adjusted EBITDA to operating cash flow reconciliation within the performance review	Operating cash flow comprises cash generated from / (utilised by) continuing operations, but before cash generated from / (utilised by) discontinued operations, adjusting items, the nature of which are disclosed above, repayments of lease liabilities for non-trading properties where closed by the Group's decision, and movements in working capital.
Net debt	Cash and cash equivalents less loans and other borrowings	See note A10	Comprises cash and cash equivalents and short-term deposits, less borrowings. We consider that this provides a useful measure of the indebtedness of the Group.

A1 Reconciliation from statutory to adjusted revenue

Year ended 1 May 2021

	UK & Ireland Electricals £m	UK & Ireland Mobile £m	Nordics £m	Greece £m	Eliminations £m	Total £m
Statutory external revenue	**4,921**	**721**	**4,186**	**516**	**—**	**10,344**
Out of period mobile network debtor revaluations	**—**	**(14)**	**—**	**—**	**—**	**(14)**
Adjusted external revenue	**4,921**	**707**	**4,186**	**516**	**—**	**10,330**
Inter-segmental revenue	**66**	**128**	**—**	**—**	**(194)**	**—**
Total adjusted revenue	**4,987**	**835**	**4,186**	**516**	**(194)**	**10,330**

Year ended 2 May 2020

	UK & Ireland Electricals £m	UK & Ireland Mobile £m	Nordics £m	Greece £m	Eliminations £m	Total £m
Statutory external revenue	4,538	1,589	3,573	470	—	10,170
Out of period mobile network debtor revaluations	—	47	—	—	—	47
Adjusted external revenue	4,538	1,636	3,573	470	—	10,217
Inter-segmental revenue	86	98	—	—	(184)	—
Total adjusted revenue	4,624	1,734	3,573	470	(184)	10,217

A2 Reconciliation from statutory profit / (loss) before interest and tax to adjusted EBIT and adjusted PBT

Year ended 1 May 2021

	Total profit / (loss) £m	**Mobile network debtor revaluations £m**	**Acquisition / disposal related items £m**	**Strategic change programmes £m**	**Regulatory costs £m**	**Impairment losses and onerous contracts £m**	**Other £m**	**Pension scheme interest £m**	**Adjusted profit / (loss) £m**
UK & Ireland Electricals	**78**	**—**	**14**	**21**	**1**	**100**	**(5)**	**—**	**209**
UK & Ireland Mobile	**(89)**	**(14)**	**—**	**20**	**(8)**	**—**	**(26)**	**—**	**(117)**
Nordics	**139**	**—**	**12**	**—**	**—**	**—**	**—**	**—**	**151**
Greece	**19**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**19**
EBIT	**147**	**(14)**	**26**	**41**	**(7)**	**100**	**(31)**	**—**	**262**
Finance income	**6**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**6**
Finance costs	**(120)**	**—**	**—**	**—**	**—**	**—**	**—**	**8**	**(112)**
Profit / (loss) before tax	**33**	**(14)**	**26**	**41**	**(7)**	**100**	**(31)**	**8**	**156**

Year ended 2 May 2020

	Total profit / (loss) £m	Mobile network debtor revaluations £m	Acquisition / disposal related items £m	Strategic change programmes £m	Regulatory costs £m	Impairment losses and onerous leases £m	Pension scheme interest £m	Adjusted profit / (loss) (restated)* £m
UK & Ireland Electricals	119	—	14	13	—	18	—	164
UK & Ireland Mobile	(282)	47	1	107	30	—	—	(97)
Nordics	115	—	11	—	—	—	—	126
Greece	20	—	—	1	—	—	—	21
EBIT	(28)	47	26	121	30	18	—	214
Finance income	10	—	—	—	—	—	—	10
Finance costs	(122)	—	—	—	—	—	14	(108)
(Loss) / profit before tax	(140)	47	26	121	30	18	14	116

* Adjusted results for the year ended 2 May 2020 have been restated from those previously reported to exclude the impact of IFRS 16 from adjusting items.

A3 Reconciliation from statutory profit / (loss) before interest and tax to EBITDA and EBITDAR

	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Profit / (loss) before interest and tax	**147**	(28)
Depreciation	**279**	298
Amortisation	**83**	69
EBITDA	**509**	339
Leasing costs in EBITDA	**13**	40
EBITDAR	**522**	379

A4 Reconciliation from adjusted EBIT to adjusted EBITDA and adjusted EBITDAR

	Year ended 1 May 2021 £m	Year ended 2 May 2020 (restated)* £m
Adjusted EBIT	**262**	214
Depreciation	**279**	298
Amortisation	**57**	44
Adjusted EBITDA	**598**	556
Leasing costs in EBITDA	**13**	40
Adjusted EBITDAR	**611**	596

* Adjusted results for the year ended 2 May 2020 have been restated from those previously reported to exclude the impact of IFRS 16 from adjusting items.

A5 Further information on the adjusting items between statutory profit / (loss) to adjusted profit measures noted above

	Note	**Year ended 1 May 2021 £m**	Year ended 2 May 2020 (restated)* £m
Included in revenue:			
Mobile network debtor revaluation	(i)	**(14)**	47
		(14)	47
Included in (loss) / profit before interest and tax:			
Mobile network debtor revaluation	(i)	**(14)**	47
Acquisition / disposal related items	(ii)	**26**	26
Strategic change programmes	(iii)	**41**	121
Regulatory costs	(iv)	**(7)**	30
Impairment losses and onerous leases	(v)	**100**	18
Other	(vi)	**(31)**	—
		115	242
Included in net finance costs:			
Net non-cash finance costs on defined benefit pension schemes	(vii)	**8**	14
Total impact on profit / (loss) before tax – continuing operations		**123**	256
Tax on regulatory matters	(viii)	**1**	(17)
Tax on other adjusting items	(ix)	**(1)**	—
Total impact on profit / (loss) after tax – continuing operations		**123**	239
Discontinued operations	7	**(12)**	2
Total impact on profit / (loss) after tax		**111**	241

* Adjusted results for the year ended 2 May 2020 have been restated from those previously reported to exclude the impact of IFRS 16 from adjusting items.

(i) Mobile network debtor revaluations
In the current period changes in consumer behaviour on previously recognised transactions have led to positive revaluations of network receivables of £14m. For the comparative period, the Group recognised negative revaluations totalling £47m as legislative impacts, changing consumer taste and the closure of the Carphone Warehouse standalone stores within the UK drove a reduction in the expected value of variable revenue previously recognised.

(ii) Acquisition / disposal related items
A charge of £26m (2019/20: £26m) relates primarily to amortisation of acquisition intangibles arising on the Dixons Retail Merger

(iii) Strategic change programmes
During the current period, restructuring and redundancy costs of £54m (2019/20: £56m) have been incurred as the Group continues to deliver it's long term strategic plan by becoming clearer, simpler and faster in order to improve the overall customer experience with an Omnichannel offering. The costs incurred relate to the following strategic restructuring programmes:

- £24m for restructuring and redundancy costs across the UK & Ireland Electricals store team management structure;
- £17m related to central operations;
- £8m following the strategic decision to close the Carphone Warehouse Ireland business as the Group enters the next strategic phase in returning Mobile to profitability; and
- £5m related to the previously announced Carphone Warehouse standalone store closure within the United Kingdom.

Property rationalisation
Included within strategic change programmes is a credit of £19m that primarily relates to the release of excess property provisions following successful early exit negotiations on stores included within previously announced rationalisation and closure programmes.

The Group has also incurred £9m of property costs following the announcement to close the Carphone Warehouse Ireland business, £3m of which relates to non-cash impairments over right-of-use assets and £6m for dilapidation and closure related costs.

For the year ended 2 May 2020, a further £71m of property costs was recognised following the closure of the Carphone Warehouse standalone stores in the United Kingdom while £6m of property provisions within the UK & Ireland Electricals segment were released.

(iv) Regulatory costs
In the year ended 2 May 2020, based on the information available, the Group provided £30m for redress related to the mis-selling of Geek Squad mobile phone insurance policies following the FCA investigation for periods prior to June 2015. All customer claims are carefully considered by the Group on a case by case basis with the majority of claims received being invalid.

While the volume and value of outstanding claims remains uncertain no new claims have been received during the period. This has led to the Group reducing the provision in relation to redress by £8m.

Costs of £1m have also been recognised in relation to past service costs for the Group's defined benefit pension scheme following an additional judgement on GMP equalisation.

(v) Impairment losses and onerous contracts
Following the unprecedented effects of the Covid-19 pandemic and the enforced store closures throughout the year ended 1 May 2021, the Group accelerated the operational roll out of its long term strategic plan in moving towards a full omnichannel offering; bringing stores and online together, giving customers the best of both worlds at scale.

This change, accelerated by the pandemic, has resulted in the identification of a material non-cash impairment charge over intangible assets within the UK & Ireland Electricals business, together with impairment of related assets to be recognised against individual stores and additional onerous IT contracts. The breakdown of the impairment recorded in relation to the UK & Ireland Electricals asset base is as follows:

- £46m of intangible assets, primarily related to software development costs, as the Group moves towards best in class cloud based solutions to achieve operational efficiencies and improve the customer journey;
- £14m over right-of-use and store related assets following the deterioration in individual store forecast performance.

In addition, a £16m one off cash charge related to the early settlement of contracted IT service arrangements has been recognised.

Following the continued impact of Covid-19 on the aviation and travel and tourism industry, coupled with the UK government's decision to remove airside tax-free shopping, the Group announced the difficult decision on 28 April 2021 to close the Dixons Travel business. This has led to recognition of:

- £16m of onerous contracts and store related asset impairments; and
- an £8m impairment of acquisition intangibles arising on the Dixons Retail Merger.

For the year ended 2 May 2020, an impairment indicator was identified following the initial government enforced store closure across the United Kingdom. Management considered the future cash flow forecasts and adjusted for the negative impact of Covid-19 using the best available knowledge at that time. This resulted in an impairment of £18m being recorded over right-of-use assets in the UK & Ireland Electricals operating segment.

(vi) Other
In May 2021, the Group settled an ongoing legal matter following a contractual dispute with the counterparty that caused damage to the Group. As a result of the settlement confirming the Group's position, a credit of £28m has been recognised within the UK & Ireland Mobile operating segment for the year ended 1 May 2021 and is included within trade and other receivables at the reporting date.

A further £5m was received in the year following the settlement of a legal case in relation to anti-competitive behaviour engaged by the counterparty.

(vii) Net non-cash financing costs on defined benefit pension schemes
The net interest charge on defined benefit pension schemes represents the non-cash remeasurement calculated by applying the corporate bond yield rates applicable on the last day of the previous financial year to the net defined benefit obligation. As a non-cash remeasurement cost which is unrepresentative of the actual investment gains or losses made or the liabilities paid and payable, the accounting effect of this is excluded from adjusted earnings.

(viii) Tax regulatory matters:
As previously disclosed, the Group has been co-operating with HMRC in relation to the tax treatment arising due to pre-merger legacy corporate transactions. The Group maintains the tax treatment was appropriate, however, the likelihood of litigation, and

therefore risk associated with this matter was such that a provision was recognised in the year ended 27 April 2019. There have been no significant developments in the year, as such the principal has been retained, while a further £1m of interest accumulated throughout the last 12 months has been provided.

(ix) Taxation
The effective tax rate on adjusting items is nil. The rate of relief is lower than the UK statutory rate of 19% predominantly due to store closure costs that do not attract tax relief and movements in unrecognised deferred tax assets in the UK where it is not considered there are sufficient future taxable profits to recognise all of the deferred tax asset in respect of losses, pensions and other timing differences.

A6 Reconciliation from statutory net finance costs to adjusted net finance costs

	Year ended 1 May 2021 £m	Year ended 2 May 2020 (restated)* £m
Total net finance costs	**(114)**	(112)
Net interest on defined benefit pension obligations	**8**	14
Adjusted total net finance costs	**(106)**	(98)

* Adjusted results for the year ended 2 May 2020 have been restated from those previously reported to exclude the impact of IFRS 16 from adjusting items.

A7 Adjusted tax expense

a) Tax expense

The corporation tax charge comprises:

		Year ended 1 May 2021 £m	Year ended 2 May 2020 (restated)* £m
Current tax			
UK corporation tax at 19% (2019/20: 19%)	– Adjusted	**5**	13
	– Adjusting	**2**	(4)
Overseas tax	– Adjusted	**36**	23
	– Adjusting	**—**	1
		43	33
Adjustments made in respect of prior years:			
UK corporation tax	– Adjusted	**(12)**	12
	– Adjusting	**—**	(17)
Overseas tax	– Adjusted	**(1)**	1
		(13)	(4)
Total current tax		**30**	29
Deferred tax			
UK tax	– Adjusted	**4**	(9)
	– Adjusting	**1**	6
Overseas tax	– Adjusted	**(3)**	6
	– Adjusting	**(3)**	(3)
		(1)	—
Adjustments in respect of prior years:			
UK corporation tax	– Adjusted	**5**	(4)
Overseas tax	– Adjusted	**(1)**	(4)
		4	(8)
Total deferred tax		**3**	(8)
Total tax charge		**33**	21
Adjusted tax charge		**33**	38

* Adjusted results for the year ended 2 May 2020 have been restated from those previously reported to exclude the impact of IFRS 16 from adjusting items.

Tax related to discontinued operations is included in the figures set out in note 7.

b) Reconciliation of standard to actual (effective) tax rate

The principal differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to profit / (loss) before taxation are as follows:

	Year ended 1 May 2021			Year ended 2 May 2020 (restated)*		
	Adjusted £m	**Adjusting items £m**	**Statutory £m**	Adjusted* £m	Adjusting items* £m	Statutory £m
Profit / (loss) before taxation	**156**	**(123)**	**33**	116	(256)	(140)
Tax at UK statutory rate of 19% (2019/20: 19%)	**30**	**(24)**	**6**	22	(49)	(27)
Items attracting no tax relief or liability[i, v]	**4**	**8**	**12**	3	4	7
Movement in unprovided deferred tax[iv]	**1**	**15**	**16**	6	46	52
Effect of change in statutory tax rate	**1**	**—**	**1**	(1)	(1)	(2)
Differences in effective overseas tax rates	**6**	**—**	**6**	3	—	3
Increase in provisions	**1**	**—**	**1**	—	—	—
Adjustments in respect of prior years – provision[ii]	**(14)**	**1**	**(13)**	—	(17)	(17)
Adjustments in respect of prior years - other[iii]	**4**	**—**	**4**	5	—	5
Total tax charge / (credit)	**33**	**—**	**33**	38	(17)	21

* Adjusted results for the year ended 2 May 2020 have been restated from those previously reported to exclude the impact of IFRS 16 from adjusting items.

The effective tax rate on adjusted earnings for the year ended 1 May 2021 is 21% (2019/20: 33%).

(i) Items attracting no tax relief or liability relate mainly to non-deductible depreciation and share-based payments in the UK business.

(ii) Provision releases are predominantly where the window for recovery has now closed in relation to pre-merger uncertain tax positions.

(iii) Other adjustments in respect of prior years are mainly due to lower tax relief on fixed assets through capital allowances in submitted tax returns than originally estimated.

The effective tax rate on adjusting items is nil (2019/20: 7%).

(iv) Deferred tax assets relating principally to tax losses in the UK business have not been recognised due to uncertainty over the Group's ability to utilise the losses in the future.

(v) Items attracting no tax relief or liability relate mainly to non-deductible store closure costs.

The future effective tax rate is likely to be impacted by the geographical mix of profits and the Group's ability to take advantage of currently unrecognised deferred tax assets.

A8 Adjusted earnings / (loss) per share

	Year ended 1 May 2021 £m	Year ended 2 May 2020 (restated)* £m
Adjusted earnings		
Continuing operations	**123**	78
Total profit / (loss)		
Continuing operations	**—**	(161)
Discontinued operations	**12**	(2)
Total profit / (loss)	**12**	(163)

	Million	Million
Weighted average number of shares		
Average shares in issue	**1,166**	1,162
Less average holding by Group EBT	**(14)**	(5)
For basic earnings per share	**1,152**	1,157
Dilutive effect of share options and other incentive schemes	**42**	25
For diluted earnings per share	**1,194**	1,182

	Pence	Pence
Basic earnings / (loss) per share		
Total (continuing and discontinued operations)	**1.0**	(14.1)
Adjustment in respect of discontinued operations	**(1.0)**	0.2
Continuing operations	**—**	(13.9)
Adjustments – continuing operations (net of taxation)	**10.7**	20.6
Adjusted basic earnings per share	**10.7**	6.7
Diluted earnings / (loss) per share		
Total (continuing and discontinued operations)	**1.0**	(14.1)
Adjustment in respect of discontinued operations	**(1.0)**	0.2
Continuing operations	**—**	(13.9)
Adjustments – continuing operations (net of taxation)	**10.3**	20.5
Adjusted diluted earnings per share	**10.3**	6.6

* Adjusted results for the year ended 2 May 2020 have been restated from those previously reported to exclude the impact of IFRS 16 from adjusting items.

Basic and diluted earnings per share are based on the profit for the period attributable to equity shareholders. Adjusted earnings per share is presented in order to show the underlying performance of the Group. Adjustments used to determine adjusted earnings are described further in note A5.

A9 Reconciliation of cash inflow from operations to free cash flow

	Year ended 1 May 2021 £m	Year ended 2 May 2020 £m
Cash inflow from operations	**926**	649
Operating cash flows from discontinued operations*	**3**	1
Taxation	**(35)**	(20)
Interest, facility arrangement fees, dividends from investments and other	**(25)**	(31)
Repayment of leases	**(309)**	(299)
Capital expenditure	**(122)**	(191)
Free cash flow	**438**	109

* Operating cash flows from discontinued operations are removed in the above reconciliation as free cash flow is presented on a continuing basis.

Reconciliation of adjusted EBIT to free cash flow

	Year ended 1 May 2021 £m	Year ended 2 May 2020 (restated)* £m
Adjusted EBIT (note A2)	**262**	214
Depreciation and amortisation (note A4)	**336**	342
Segmental working capital (note A11)	**454**	141
Share-based payments**	**21**	23
Capital expenditure	**(122)**	(191)
Taxation	**(35)**	(20)
Interest	**(24)**	(26)
Repayment of leases	**(275)**	(284)
Other**	**(6)**	4
Free cash flow before exceptional items	**611**	203
Exceptional costs	**(173)**	(94)
Free cash flow	**438**	109

* Adjusted results for the year ended 2 May 2020 have been restated from those previously reported to exclude the impact of IFRS 16 from adjusting items.

** Other non-cash items in EBIT, as disclosed within the Performance Review, comprise share-based payments and other items in the above reconciliation to free cash flow.

A10 Reconciliation from liabilities arising from financing activities to net cash / (debt)

	1 May 2021 £m	2 May 2020 (restated)* £m
Loans and other borrowings	**—**	(324)
Lease liabilities	**(1,326)**	(1,444)
Total liabilities from financing activities (note 6c)	**(1,326)**	(1,768)
Cash and cash equivalents	**175**	660
Overdrafts	**(6)**	(540)
Add back lease liabilities	**1,326**	1,444
Net cash / (debt)	**169**	(204)

* Net cash / (debt) at 2 May 2020 has been restated from the amounts previously reported to reflect the new definition as discussed in the Performance Review.

A11 Reconciliation of statutory working capital cash inflow to segmental working capital cash inflow

Within the performance review, a reconciliation of the adjusted EBIT to free cash flow is provided. Within this, the working capital balance of £454m (2019/20: £141m) differs to the statutory working capital balance of £319m (2019/20: £235m) as cash flows on adjusting items are separately disclosed. A reconciliation of the disclosed working capital balance is as follows:

	1 May 2021 £m	2 May 2020 (restated)* £m
Working capital cash inflow (note 6b)	**319**	235
Exceptional provisions	**93**	(43)
Network debtor out of period revaluation	**14**	(47)
Exceptional receivable – legal settlement (note A5(vi))	**28**	—
Facility arrangement fees	**—**	(4)
Segmental working capital	**454**	141

A12 Summary of working capital presented within the performance review

Within the performance review, a summary balance sheet is provided which includes a working capital balance of £(684)m (2019/20: £(645)m). The below table provides a breakdown of how the summary working capital balance ties through to the statutory balance sheet. Network commission receivables are excluded from the breakdown as they are presented separately.

	1 May 2021 £m	2 May 2020 (restated)* £m
Non-current assets		
Trade and other receivables**	**38**	35
Current assets		
Inventory	**1,178**	970
Trade and other receivables**	**448**	474
Derivative assets	**24**	76
Current liabilities		
Trade and other payables	**(2,233)**	(2,017)
Derivative liabilities	**(42)**	(52)
Non-current liabilities		
Trade and other payables	**(97)**	(131)
Working capital presented within the performance review	**(684)**	(645)

* Working capital presented within the performance review at 2 May 2020 has been restated from the amounts previously reported to reflect the separate presentation of provision balances within the performance review balance sheet summary.

** Trade and other receivables excludes network commission receivables and contract assets of £239m (2019/20: £616m) as these are presented separately within the condensed balance sheet in the performance review.

Other definitions

The following definitions apply throughout this statement unless the context otherwise requires:

Acquisition intangibles	Acquired intangible assets such as customer bases, brands and other intangible assets acquired through a business combination capitalised separately from goodwill. Where businesses have grown organically rather than through acquisition, there is no amortisation of acquired intangibles and therefore the non-cash amortisation charge is removed from our adjusted earnings measures in order to increase comparability between segments
Active credit customers	Customers with an open ‘Your Plan’ account
ADRs	American Depositary Receipts
ARPU	Average monthly revenue per user
B2B	Business to business
Board	The Board of Directors of the Company
Businesses to be exited	Businesses exited or to be exited are those which the Group has exited or committed to or commenced to exit through disposal or closure but do not meet the definition of discontinued operations as stipulated by IFRS and are material to the results or operations of the Group. Comparative results in the statement of comprehensive income and the notes are restated accordingly for the impact of businesses exited or to be exited.
Carphone, Carphone Warehouse or Carphone Group	The Company or Group prior to the Merger on 6 August 2014
CGU	Cash Generating Unit
CODM	Chief Operating Decision Maker
Colleague engagement	Measured using various colleague engagement surveys across the Group
Company or the Company	Dixons Carphone plc (incorporated in England & Wales under the Act, with registered number 07105905), whose registered office is at 1 Portal Way, London W3 6RS
CPW	The continuing business of the Carphone Group
CPW Europe	Best Buy Europe’s core continuing operations
CPW Europe Acquisition	The Company’s acquisition of Best Buy’s interest in CPW Europe, which completed on 26 June 2013
Credit adoption	Sales on Credit as a proportion of total sales
CRM	Customer Relationship Management
CWS	The Connected World Services division of the Company
Dixons or Dixons Retail	Dixons Retail plc and its subsidiary companies
Dixons Carphone or Group	The Company, its subsidiaries, interests in joint ventures and other investments
Dixons Retail Merger or Merger	The all share merger of Dixons Retail plc and Carphone Warehouse plc which occurred on 6 August 2014
EBT	Employee benefit trust

Electricals	Represents the combination of our UK & Ireland Electricals, Nordics, and Greece operating segments
GfK	Growth from Knowledge
HMRC	Her Majesty's Revenue and Customs
honeybee	honeybee was our proprietary IT software operation for which an asset sale was completed on 31 May 2018
IFRS	International Financial Reporting Standards as adopted by the European Union
Market position	Ranking against competitors in the electrical and mobile retail market, measured by market share. Market share is measured for each of the Group's markets by comparing data for revenue or volume of units sold relative to similar metrics for competitors in the same market
MNO	Mobile network operator
Mobile	Represents sales made from legacy Carphone brands, iD Mobile and SimplifyDigital
MVNO	Mobile virtual network operator
NPS	Net promoter score, a rating used by the Group to measure customers' likelihood to recommend its operations
Online	Online sales and Online market share relate to all sales where the journey is completed via the website or app. This includes online home delivered, Order and Collect, Online In-Store and ShopLive
Online In-store	Online In-store is the term used for sales that are generated through in-store tablets for product that is not stocked in the store
Order and Collect	Order and Collect is the term used for sales where the sale is made via the website or app and collected in store
Peak / post peak	Peak refers to the 10 week trading period ended on 9 January 2021 as reported in the Group's Christmas Trading statement on 20 January 2021. Post peak refers to the trading period from 10 January 2021 to the Group's year end on 1 May 2021
RCF	Revolving credit facility
Sharesave or SAYE	Save as you earn share scheme
ShopLive	The Group's own video shopping service where store colleagues can assist, advise and demonstrate the use of products to customers online face-to-face
SIMO	Sales of SIM-only contracts, without attached handset
SWAS	Stores-within-a-store
TSR	Total shareholder return
UK GAAP	United Kingdom Accounting Standards and applicable law
Virgin Mobile France	Omer Telecom Limited (incorporated in England & Wales) and its subsidiaries, operating an MVNO in France as a joint venture between the Company, Bluebottle UK Limited and Financom S.A.S.
WAEP	Weighted average exercise price

Responsibility Statement

The 2020/21 Annual Report and Accounts which will be issued in July 2021, contains a responsibility statement in compliance with DTR 4.1.12 of the Listing Rules which sets out that as at the date of approval of the Annual Report and Accounts on 29 June 2021, the directors confirm to the best of their knowledge:

- the Group and unconsolidated Company financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company, respectively; and
- the performance review contained in the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that they face.

At the date of this statement, the directors are those listed in the Group's 2019/20 Annual Report and Accounts.

The financial statements were approved by the directors on 29 June 2021 and signed on their behalf by:

Alex Baldock

Group Chief Executive

Jonny Mason

Group Chief Financial Officer

Number of stores (unaudited)

	Own stores	Franchise stores	Total (1 May 2021)	Own stores	Franchise stores	Total (2 May 2020)
UK Dixons	**298**	**—**	**298**	309	—	309
UK Dixons Travel	**—**	**—**	**—**	33	—	33
Ireland Dixons	**16**	**—**	**16**	16	—	16
UK & Ireland Electricals	**314**	**—**	**314**	358	—	358
UK Carphone	**—**	**—**	**—**	—	—	—
Ireland Carphone	**—**	**—**	**—**	70	—	70
UK & Ireland Mobile	**—**	**—**	**—**	70	—	70
Total UK & Ireland	**314**	**—**	**314**	428	—	428
Norway	**86**	**69**	**155**	83	67	150
Sweden	**102**	**73**	**175**	104	70	174
Denmark	**38**	**—**	**38**	38	—	38
Finland	**21**	**20**	**41**	22	19	41
Other Nordics	**—**	**13**	**13**	—	13	13
Nordics	**247**	**175**	**422**	247	169	416
Greece	**74**	**19**	**93**	75	20	95
Total	**635**	**194**	**829**	750	189	939

Selling space ‘000 sq ft (unaudited)

	Own stores	Franchise stores	Total (1 May 2021)	Own stores	Franchise stores	Total (2 May 2020)
UK Dixons	**5,422**	**—**	**5,422**	5,542	—	5,542
UK Dixons Travel	**—**	**—**	**—**	40	—	40
Ireland Dixons	**207**	**—**	**207**	207	—	207
UK & Ireland Electricals	**5,629**	**—**	**5,629**	5,789	—	5,789
UK Carphone	**—**	**—**	**—**	—	—	—
Ireland Carphone	**—**	**—**	**—**	44	—	44
UK & Ireland Mobile	**—**	**—**	**—**	44	—	44
Total UK & Ireland	**5,629**	**—**	**5,629**	5,833	—	5,833
Norway	**1,089**	**675**	**1,764**	1,096	637	1,733
Sweden	**1,217**	**375**	**1,592**	1,194	371	1,565
Denmark	**667**	**—**	**667**	691	—	691
Finland	**506**	**176**	**682**	530	163	693
Other Nordics	**—**	**86**	**86**	—	90	90
Nordics	**3,479**	**1,312**	**4,791**	3,511	1,261	4,772
Greece	**954**	**71**	**1,025**	953	76	1,029
Total	**10,062**	**1,383**	**11,445**	10,297	1,337	11,634