15 December 2022

Unaudited Results for the Half Year Ended 29 October 2022

UK&I performance strengthens again, International impacted by temporary market disruption

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Key Highlights

- UK&I profit growth as gross margin improvements and cost savings offset sales decline
- International profits down significantly due to actions taken in face of competitors' heavy discounting
- Cost savings: UK&I programme well on track for £300m saving target, International offsetting inflationary pressures
- Tech market still larger than pre-pandemic (UK +14% Yo3Y, Nordics +15% Yo3Y)
- Online share of business stable, highlighting strength of omnichannel model following pandemic disruption
- UK&I Credit adoption of 17%, +460bps YoY and well ahead of 16% target for 2023/24

Financial Performance[1]

- Group LFL (8)% (Yo3Y +7%); Revenue (7)% (Yo3Y (6)%)
- Group adjusted loss before tax £(17)m, down £(62)m YoY due to lower International profits
- Group statutory loss before tax £(548)m driven by non-cash goodwill impairment of £(511)m
- Period-end net debt £(105)m with significant liquidity headroom given total revolving credit facilities of £676m
- Pension deficit decreased slightly to £(251)m (30 April 2022: £(257)m, 30 Oct 2021: £(416)m) despite market volatility
- Interim dividend of 1.00p declared (flat YoY).

Current Year Guidance: Reflecting the strength of the UK&I business and the disruption to our International markets, we now expect full year PBT to be between £100-125m, with cash generation in the second half.

Alex Baldock, Group Chief Executive

"Currys UK&I performance continues to strengthen, and is showing real momentum, reflecting good progress in our transformation. International, however, has had a tough period, and faces short-term but intense pressures from a disrupted market.

In the UK&I, our profits are up, from increased gross margins and strong cost discipline. We're bucking the trend with world-class and increased colleague engagement. Our customers are happier too, and are more likely than ever to recommend us. We are making more of our winning Omnichannel model and are building more Customers for Life with strong Services growth.

Our International business, which has consistently delivered growth in sales and profits over many years, has had a difficult first half with margins sharply down. Lower demand has left domestic competitors with excess stock, which they're now heavily discounting. This has substantially disrupted the market, and required margin investment to keep our sales strong. We expect these pressures, intense though they are, to be temporary - demand will normalise, excess stock will wash through, and competitors will find unprofitable aggression hard to sustain. We've also stepped up our self-help actions on margins and cost.

Of course, our customers are feeling real cost of living pressure and our job is to help them get hold of the technology that's more essential to their lives than ever. We're doing that, through our price promise, giving customers access to responsible credit, and offering more products that save them money through lower energy costs. Our Go Greener range is flying off the shelves.

It's a tough environment, and we are planning for that to continue. Still, we expect to maintain the trajectory of improving UK&I profitability and a robust recovery in International profits. Our ever-improving customer experience and strong Services give us confidence in improving margins. And we will continue our excellent progress on cost efficiency.

We have a strong balance sheet and a strategy that's working. By focusing on the things we can control, while doing everything we can to support our colleagues and customers, we'll ride out the current turbulence and emerge an even stronger business well-set for long-term success."

Performance Summary

Group sales declined (7)% and (8)% on a like-for-like basis against the high level of sales seen over the last two years. Compared to three years ago, like-for-like sales grew +7%, with positive trends in all territories. Over the same period total sales are down (6)% due to the closure of legacy operations.

Revenue	H1 2022/23 £m	H1 2021/22 £m	Year-on-year Reported % change	Year-on-year Currency neutral % change	Year-on-year Like-for-Like % change	Year-on-3-year Reported % change	Year-on-3-year Currency neutral % change	Year-on-3-year Like-for-Like % change
UK & Ireland	**2,292**	2,546	(10)%	(10)%	(10)%	(19)%	(19)%	2%
International	**2,181**	2,239	(3)%	(2)%	(6)%	15%	19%	12%
- Nordics	**1,886**	1,959	(4)%	(3)%	(7)%	12%	17%	10%
- Greece	**295**	280	5%	5%	4%	30%	34%	25%
Group	**4,473**	4,785	(7)%	(6)%	(8)%	(6)%	(4)%	7%

In UK&I adjusted EBIT increased +25% YoY and was higher than three years ago. Improvements to gross margin were driven through higher customer adoption rate of credit and other services (especially online), improved use of data and analytics to drive better returns on marketing and promotions, cost savings and the introduction of two-person delivery charges towards the end of the period. Operating costs fell in absolute terms as savings offset inflationary cost pressures and increased business rates tax.

We have recorded a £(511)m non-cash impairment of UK&I goodwill that arose at time of Dixons Carphone merger in 2014. This was primarily driven by increased discount rates as a result of the sharp increases in UK gilt yields around our period end, as well as more prudent economic assumptions within our internal valuation models.

In International, adjusted EBIT declined (94)% YoY and is also down significantly on three years ago. This was driven by gross margin erosion as some smaller domestic competitors are following aggressive growth strategies to gain share in a market that is structurally bigger following the pandemic. They substantially overestimated demand and the excess stock bought into market is being cleared at discounted prices. Against this backdrop, we deliberately kept pricing competitive to preserve market share in what we expect to be a temporary period of depressed market profitability. Demand will normalise, the excess stock will sell through, and the smaller competitors are unlikely to be able to sustain these unprofitable practices.

Due to lower International profitability, operating cash flow declined (54)% YoY, while free cash flow was an outflow of £(86)m reflecting the lower operating profitability , normalized levels of investment and a small, expected working capital outflow.

Profit and Cash Flow Summary	H1 2022/23 £m	H1 2021/22 £m	H1 2022/23 Adjusted £m	H1 2021/22 Adjusted (restated)[1] £m	Reported % change	Currency neutral % change
Segmental EBIT						
UK & Ireland	**(495)**	33	**25**	20	25%	25%
International	**(3)**	62	**4**	68	(94)%	(94)%
- Nordics	**(4)**	51	**3**	57	(95)%	(95)%
- Greece	**1**	11	**1**	11	(91)%	(91)%
EBIT	**(498)**	95	**29**	88	(67)%	(67)%
EBIT Margin	**(11.1)%**	2.0%	**0.6%**	1.8%	(120) bps	(120) bps
Net finance costs	**(50)**	(47)	**(46)**	(43)		
(Loss) / profit before tax	**(548)**	48	**(17)**	45	n/a	n/a
Tax	**(12)**	(6)	**3**	(16)		
(Loss) / profit after tax	**(560)**	42	**(14)**	29		
(Loss) / earnings per share	**(50.8)p**	3.7p	**(1.3)p**	2.5p		
Operating cash flow			**60**	131	(54)%	(54)%
Operating cash flow margin			**1.3%**	2.7%	(140) bps	(130) bps
Free cash flow			**(86)**	185	n/a	n/a
Net (debt) / cash			**(105)**	250		

Current Trading

In the six weeks since the period end, trading performance is in-line with the first half.

Current year guidance

We are confident that the improvements to UK&I gross margin and ongoing cost control will continue to deliver robust profitability despite our expectation that market conditions will not improve in the second half.

In International, the high market shares and our long track record of growth in sales and profit, together with self-help action on margin and costs, give us confidence that profitability will recover robustly when market conditions normalise. The timing and extent of this will depend on when demand normalises, but especially on how long competitors need to clear excess stock, and how long they sustain unprofitable pricing.

The Group expects to generate stronger free cash flow in the second half of the year.

- Full year adjusted PBT to be range of £100-125m, assuming no further unexpected macro deterioration (vs previous guidance of £125-145m on like-for-like basis, after adjusting for the reclassification of £5m IT spend)
- Capital expenditure of around £120m (vs previous guidance of £135-155m on like-for-like basis)
- Net exceptional cash costs of around £40m (unchanged guidance)

Medium term guidance

- Group targeting at least 3.0% adjusted EBIT margin by 2024/25. We aim to continue to improve it thereafter

[1]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') and are consistent with those used internally by the Group's Chief Operating Decision Maker to evaluate trends, monitor performance, and forecast results.

We consider these additional measures to provide additional information on the performance of the business and trends to shareholders. Adjusted results and adjusting items for the comparative periods ended 30 October 2021 and 30 April 2022 have been restated to reflect the updated adjusting items policy that reflects management's belief that the more stringent classification provides greater clarity on the current and future performance of the Group's ongoing omnichannel retail operations. There has been no impact on statutory results as a result of the restatements.

The below, and supplementary notes to the APMs, provides further information on the definitions, purpose, prior period restatements and reconciliations to IFRS measures of those APMs that are used internally to provide parity and transparency between the users of this financial information and the CODM in assessing the core results of the business in conjunction with IFRS measures.

These APMs may not be directly comparable with other similarly titled measures of 'adjusted' or 'underlying' revenue or profit measures used by other companies, including those within our industry, and are not intended to be a substitute for, or superior to, IFRS measures.

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Chief Executive's Review

It's been a mixed half year. We've shown, through our strengthening UK&I results, that our long-term transformation is increasingly bearing fruit financially, as well as for colleagues and customers. We are obviously disappointed that our long track record of sales and profit growth internationally has been interrupted by market disruption in the past six months. But we see nothing structural or permanent in the drivers of that disruption and are confident that International will resume its long-term trajectory, to produce a Group that reflects our strategic progress in strong and sustainable financial results.

The UK&I's performance strengthened again, all the more noteworthy given the challenging circumstances. Profits were up again. Sales were solid, up +2% LFL Yo3Y as we protected our number one market share. We improved gross margins again. Services growth, our increasing ability to charge for an improving customer experience (while still offering good value for money), our disinclination to chase less profitable sales (and improving tools to avoid having to), and strong cost efficiency in our supply chain and service operations, have all contributed to those gross margin gains, and there's more to come from all of those drivers. Meanwhile, we remain on track for (at least) the £300m committed cost reduction, with in-year savings more than compensating for inflationary and tax headwinds.

Internationally, the markets have been experiencing a painful period, and we've not been spared the impact of that. It's been a difficult first half, with gross margins (and profits) sharply down, even as we've performed well on sales and costs. Our International markets have experienced the same pressures as the UK, with softer demand coupled with COGS inflation. But the Nordics has experienced substantial further disruption. A long tail of smaller domestic competitors, boosted by the pandemic and new funding since, chose aggressive growth strategies and big stock buys just as demand softened. They've felt forced to discount excess stock heavily, and have taken the market profit pool temporarily to near-zero. In Greece, we have seen similar heavy discounting from some competitors, exacerbated by government subsidies that have negatively affected product mix in the first half.

As we do everywhere in the Group, in International we seek to balance maintaining the benefits of our market-leading topline share with profitability. The market disruption in the Nordics has required unexpectedly heavy margin sacrifice to protect our market leadership. As we plan our recovery in International profits, we remember that Elkjøp is an excellent business with a long and hitherto uninterrupted track record of sales and profit growth. Nor do we see in any of the past six months' market pressures, unexpectedly intense though they've been, anything structural or permanent. The Nordics are fundamentally healthy, wealthy markets, and demand will normalise in time. Excess stock will sell through. Competitors can't sustain current levels of desperate and unprofitable pricing. And in response to longer and deeper market disruption than expected, we're accelerating our margin, cost and cash self-help. We expect a robust recovery in Nordics profits.

The same strategy that lies behind the Nordics' long track record is now producing improving results in the UK.

We remain number one in a market that is structurally larger post-pandemic (UK +14% and Nordics +15% larger Yo3Y). Technology can no longer be seen as a purely discretionary category, though, of course, the market (and our sales) have still come under much pressure during the cost of living squeeze.

We have happier colleagues and customers. Colleague engagement has bucked the global downward trend, is up in the UK, and at world-class levels. I'm proud of everything we've done to support our colleagues, who've felt the brunt of the cost of living pressures just as customers have, through improved reward, recognition, learning, development, and well-being. Customers are happier too, with NPS up +5pts Yo3Y.

We continue to improve on retail fundamentals. Our range is larger, with energy-efficient products (such as our Go Greener range) to the fore. Unlike others, we've stood by our price promise, making the most of our leading relationships with suppliers to keep the lid on inflation-driven price rises as far as possible, as well as to get preferential access to the most desirable stock. Our availability is improved and market leading. And our customer experience is easier. We're not happy with where we are on any of this, of course, but we are happy with the trajectory.

Meanwhile, on our two big differentiators of Omnichannel and Services, we've made strong progress. Omnichannel continues to prove itself as the winning model for customers, with online share of business remaining stable on last year. We've built on our advantage here. Investments in store colleagues, new online platforms (whose full benefits are still to come), and Omnichannel benefits such as 24/7 video shopping (ShopLive), continue to prove their worth with customers. Now, as our improving gross margins show, we are making the Omnichannel model work economically too, as we continue to level up profitability between channels.

In Services, our outstanding progress on Credit in the UK (where we're already ahead of next year's target) has been important to both customers and the business. We've also made big strides in giving longer life to customers' technology. With our leadership in protection, repair, trade-in and recycling, we're uniquely placed to do so. Giving longer life to the technology that customers already have (as well as selling them new kit) chimes with customers' ever-increasing concerns on sustainability, as well as on affordability during a cost of living crisis. It's another reason for customers to prefer Currys - and it's already profitable for us, with more upside to come.

The outlook is obviously uncertain. We're not counting on any macro improvement anytime soon, and have been accordingly prudent in our planning. But we are a more resilient business now, with a strong balance sheet and £676m of revolving credit facilities that give ample liquidity. We expect strengthening UK&I performance to make up for a weaker year in the Nordics. Longer term, we stand by the (at least) 3% EBIT margin target, though are now prudently only committing to that by 2024/25 reflecting the weaker macroeconomic backdrop. We will aim for more, sooner, of course. To do that, we will protect our number one market share, continue to improve gross margins, realise at least the promised £300m per annum cost efficiencies by 2023/24, normalise capital expenditure and minimise exceptionals, to produce at least £150m of sustainable free cash flow per annum.

So we are resilient now, and well set for longer term success, by following the strategy that has proved itself over many years in the Nordics, and is producing real financial momentum in the UK&I. We will continue to build on a strong bricks and mortar retail business, to produce a world-class Omnichannel retailer and services provider, with stickier and more valuable customer relationships to match. As ever, I'm humbled by the skill and will of my colleagues, who share my determination to help millions of people enjoy to the full the benefits of amazing technology, for the benefit of colleagues, customers, shareholders, and society alike.

We will grow profitably, with higher margins and ever-lower costs

- In November 2021, we announced a plan to save £300m of annual costs in the UK&I by the end of 2023/24. We are progressing well with those initiatives and are on track to save over £170m on a cumulative basis by the end of this year and £300m by the end of 2023/24.
- In UK&I, headwinds and cost inflation totaled £(36)m as we paid £(14)m more in business rates, £(11)m more for energy and experienced £(11)m in wage and other inflation. Against this, our programmes drove £44m of savings with the largest areas of saving including store payroll efficiencies of £18m, supply chain efficiencies of £11m and central, IT and procurement savings of £15m.
- In total, Group energy costs were £15m higher for the half year than last year and we forecast energy costs to increase around £22m for the full year, which will be £32m more than the cost in 2020/21.
- We welcomed the UK Government's announcement on business rates last month, the removal of inflationary increases and fairer application of downward relief will reduce business rate taxes by around £4m next year.
- In Nordics, our strong cost control, particularly in IT expenditure, has allowed us to offset inflationary increases of £(13)m and a further £(5)m of costs related to new stores. Saving initiatives included lower IT costs and reduced hiring rates.
- In August, the Group announced the launch of our Global Business Services and strategic partnership with Infosys. The initial transfer of over 700 colleagues from our Brno office to Infosys took place in October, alongside opening a new off-shore delivery centre with Infosys in Pune, India. We expect this partnership to develop significantly over the coming years.

Capable and Committed Colleagues

- Our colleagues are our strongest advantage. Our Group eSat (how happy you are to work at Currys) remains strong at 77. In the UK&I this has increased another point to 79. This is four points above the Global and Retail benchmarks and puts Currys in the top 25% of all businesses. In Nordics we saw positive development in both response rate (+9) and engagement (+2).
- All UK store colleagues moved on to single contract, driving greater efficiency in store while allowing colleagues to retain expertise in chosen areas, this has enabled a +12% increase in customer facing hours.
- UK colleagues were given further pay increases effective from 30 October 2022, marking a 16% increase in minimum pay rates over the past 13 months and +38% increase over the past five years.
- We continue to upgrade the tools and information available to our colleagues, with the UK seeing a new Colleague Hub as well as upgrades to ShopLive and Store Mode during the period (see more in our omnichannel section).
- Nordics has fully implemented a new flexible bonus system which enables gamification to incentivise delivery of both our near-term and long-term priorities.
- The long term improvements in colleague engagement are feeding into customer satisfaction with UK in-store NPS climbing YoY and +6pts Yo3Y and Nordic 'Happy or Not' scores maintaining the very high levels of the last few years.

Easy To Shop: Omnichannel

Omnichannel is the preferred model for customers in technology retail: two-thirds of customers prefer to shop using stores, underlined by unchanged online share of business. We're continuing to build on this advantaged business model.

- Group online share of business was broadly unchanged YoY at 32%. Compared to three years ago, the increase is +10%pts, with UK&I seeing the largest increase at +17%pts.

Online Share of Business	**H1 2022/23**	H1 2021/22	H1 2019/20	**Year-on-Year**	Year-on-3-Year
UK & Ireland	**43%**	43%	26%	**-%pt**	17%pts
International	**21%**	22%	15%	**(1)%pt**	6%pts
- Nordics	**23%**	24%	17%	**(1)%pt**	6%pts
- Greece	**7%**	8%	5%	**(1)%pt**	2%pts
Group	**32%**	33%	22%	**(1)%pt**	10%pts

Stores: investing in colleagues, while increasing flexibility and efficiency:

- Face-to-face advice from trusted experts is a principal reason for customers to shop in-store. Stores investment is therefore focused on building colleague capability and commitment, for example, through their +16% pay increase in the past 13 months in the UK. Results of that are visible in store colleague engagement up +12pts Yo2Y, store NPS up +6pts Yo3Y and recovery in stores to 57% of sales.
- Lease costs continue to fall, as we have closed another four UK stores at the lease expiry and negotiated an average effective net rent reduction of more than 20% on the 12 leases renewed.

Online: investing in new platforms

- During the period we have made significant improvements to our UK&I website, Colleague Hub, ShopLive and Store Mode, which means that we now have a website that is fast, future proof, and provides a richer, seamless, more personalised experience. It also enables better upsell, cross-sell credit and other service adoption online, all of which increase gross margins and "level up" profitability between channels. By introducing the new Colleague Hub, and improving Store Mode and ShopLive, we're arming our colleagues in store with the tools, technology and information they need to have more meaningful conversations with customers.
- Next Generation retail project completed, which has improved our Nordics omnichannel experience for customers. Amongst many improvements this has allowed implementation of recurring revenue on insurance, self-service for customers (reducing customer contacts), flexibility in home deliveries and improved availability.
- In the UK, we opened new Harworth warehouse on 19 September, this 355,000 sq ft facility has allowed us to increase our product availability on domestic appliances for both home delivery and stores, as well as serving as a new base for delivery & installation services in the region. As a result of seamless collaboration between Currys and our logistics partner, GXO, the facility was fully operational within two months of opening.
- We announced the opening of a new 870,000 sq ft warehouse in Jönköping, Sweden, increasing the total capacity at the Nordic Distribution Centre to 1,940,000 sq ft. This will facilitate the move of our Nordic kitchen distribution from Brno to Jönköping, as well as providing additional storage capacity for mixed electrical. We're targeting opening in two years.

Customers For Life

We help customers afford amazing technology:

Responsible credit plays a vital role in helping customers afford the (sometimes expensive) technology that's so impactful to them. This is especially true during a costs of living crisis. Our credit customers are happier as a result (+12 points NPS vs non-credit customers). Credit is valuable for Currys too, with credit customers spending +7% more and are +70% likelier to return (shop with us in the next 12 months).

- UK credit adoption increased +460bps to 17.0%, well ahead of the 16% adoption we have targeted for 2023/24 as active credit accounts rose +17% to 1.8m. Online credit adoption increased +620bps to 17.9% and store credit adoption +320bps to 16.3%, marking the first period where online adoption has been greater than store. The largest increases in adoption were from repeat customers, particularly online, as our easier to access accounts and targeted marketing have stimulated repeat spend. We take no risk on credit.
- Last year, Nordics launched integrated financing services in the online channel together with our consumer financing bank partners in Norway, Sweden and Finland. This has been a successful change, contributing to +24% growth in financed sales. Our Nordic business aims to increase financing sales even further by optimising the sales processes in stores.

Our Services help customers get tech started:

- During the period, we introduced charging for all two-person deliveries in the UK, following successful removal of free deliveries on all orders below £40 last year. This has had a small positive impact on profitability in the period, and we have been pleased to see that it has not had a detrimental impact on sales, customer satisfaction or adoption rate of our services. We will look to add delivery charging in the Nordics later this year.
- Our installation services are becoming ever more valued by customers, and we saw installation adoption rise in all markets during the six months and one-quarter of UK big-box deliveries now include installation.

We help give tech a longer life through protection, repair, trade-in and recycling services:

- Protection products performed well across the Group and we have 14m Protection (warranty and insurance) agreements in the Group, with over a third of the products sold in Greece including some level of protection services as part of the bundle.
- In the UK, our Care & Repair adoption climbed +350bps compared to last year, as customers look to benefit from our improved propositions, which we are doing a better job of highlighting in-store and online.
- In Nordics, we launched insurance for devices with monthly payment in all our markets. We have been gradually increasing the offering from mobile to tablets and PCs between May and August. Customers have welcomed this, and a high share choose this option over up-front payment. The recurring revenue this generates is growing month by month.
- In Nordics, our trade-in business is still nascent, but this was the period when it started to become mainstream, growing almost 10x larger than last year. Norway led the way, but all markets saw significant growth.
- In the UK, we collected over 700,000 items for recycling from customers' homes, +34% more than last year. As customers become more aware of the environmental consequences of their actions, we are there to help them.
- In Nordics, we have introduced a new, high-quality calibration service for TVs. This has been well received by our customers.

We help customers make the most out of their tech with connectivity and subscriptions:

- iD Mobile, our award winning MVNO, grew the number of subscribers +10% to 1.2m, demonstrating the incredible value it offers to our customers.

We will collect, protect, and use Data to build more valuable customer relationships:

- Currys Perks members grew +11% YoY to 11m and represented half of UK sales, Perks customers are happier, shop more frequently, have higher average order values and greater adoption rate of credit and other services than non-Perks customers. Traffic to our website generated from email marketing is almost 3x higher Yo3Y.
- Nordic customer club grew +20% YoY to 7.1m customers. Club members spend more with us as increased shopping frequency outweighs lower average order values.

Results call

There will be a live presentation followed by Q&A call for investors and analysts at 9:00am today.
It will be webcast here: https://stream.brrmedia.co.uk/broadcast/638e00cd21e50e480f0739b3

Next scheduled announcement

The Group is scheduled to publish its Peak trading update covering the 10 weeks to 7 January 2023 on Wednesday 18 January 2023.

For further information

Dan Homan	Investor Relations	+44 (0)7401 400442
Toby Bates	Corporate Communications	+44 (0)7841 037946
Tim Danaher	Brunswick Group	+44 (0)2074 045959

Information on Currys plc is available at www.currysplc.com
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About Currys plc

Currys plc is a leading omnichannel retailer of technology products and services, operating online and through 826 stores in 8 countries. We Help Everyone Enjoy Amazing Technology, however they choose to shop with us.

In the UK & Ireland we trade as Currys; in the Nordics under the Elkjøp brand and as Kotsovolos in Greece. In each of these markets we are the market leader, employing 30,000 capable and committed colleagues. 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 include state-of-the-art repair facilities in Newark, UK, a sourcing office in Hong Kong and an extensive distribution network, enabling fast and efficient delivery to stores and homes.

Our vision, we help everyone enjoy amazing technology, has a powerful social purpose at its heart. We believe in the power of technology to improve lives, help people stay connected, productive, healthy, and entertained. We're here to help everyone enjoy those benefits and with our scale and expertise, we are uniquely placed to do so.

We're a leader in giving technology a longer life through repair, recycling and reuse. We're reducing our impact on the environment in our operations and our wider value chain and we will achieve net zero emissions by 2040. We offer customers products that help them save energy, reduce waste and save water, and we partner with charitable organisations to bring the benefits of amazing technology to those who might otherwise be excluded.

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 Currys plc website or the Twitter feed does not form part of this announcement and should not be relied on as such.

Performance Review

The business is managed and evaluated across three reporting segments; UK & Ireland, Nordics and Greece. The table below show the combined Group results, with fuller explanation following under each of the individual segments.

Income Statement	**H1 2022/23 £m**	H1 2021/22 (restated) £m	Reported % change	Currency neutral % change
Revenue	**4,473**	4,785	(7)%	(6)%
Adjusted EBITDA	**183**	244	(25)%	(25)%
Adjusted EBITDA margin	**4.1%**	5.1%	(100) bps	(100) bps
Depreciation on right-of-use assets	**(95)**	(95)		
Depreciation on other assets	**(28)**	(33)		
Amortisation	**(31)**	(28)		
Adjusted EBIT	**29**	88	(67)%	(67)%
Adjusted EBIT margin	**0.6%**	1.8%	(120) bps	(120) bps
Interest on lease liabilities	**(34)**	(36)		
Finance income	**1**	1		
Adjusted finance costs	**(13)**	(8)		
Adjusted PBT	**(17)**	45	n/a	n/a
Adjusted PBT margin	**(0.4)%**	0.9%	(130) bps	(140) bps
Adjusted tax	**3**	(16)		
Adjusted Profit after tax	**(14)**	29		
Adjusted EPS	**(1.3)p**	2.5p		
<u>Statutory Reconciliation</u>				
Adjusting items to EBITDA	**(515)**	19		
EBITDA	**(332)**	263		
Adjusting items to depreciation and amortisation	**(12)**	(12)		
EBIT	**(498)**	95	n/a	n/a
EBIT Margin	**(11.1)%**	2.0%	(1,310) bps	(1,300) bps
Adjusting items to finance costs	**(4)**	(4)		
PBT	**(548)**	48		
Adjusting items to tax	**(15)**	10		
Profit after tax	**(560)**	42		
EPS – total	**(50.8)p**	3.7p		

Cash flow	H1 2022/23 £m	H1 2021/22 (restated) £m	Reported % change	Currency neutral % change
Adjusted EBITDAR	**188**	252	(25)%	(26%)
Adjusted EBITDAR margin	**4.2%**	5.3%	(110) bps	(110) bps
Cash payments of leasing costs, debt & interest[1]	**(136)**	(134)		
Other non-cash items in EBIT	**8**	13		
Operating cash flow[1]	**60**	131	(54)%	(54)%
Operating cash flow margin	**1.3%**	2.7%	(140) bps	(130) bps
Capital expenditure	**(56)**	(51)		
Adjusting items to cash flow[1]	**(25)**	16		
Free cash flow before working capital	**(21)**	96		
Working capital	**(28)**	102		
Segmental free cash flow	**(49)**	198	n/a	n/a
Cash tax paid	**(24)**	(6)		
Cash interest paid	**(13)**	(7)		
Free cash flow	**(86)**	185	n/a	n/a
Dividend	**(24)**	(34)		
Purchase of own shares – employee benefit trust	**(4)**	(28)		
Pension	**(39)**	(39)		
Other	**4**	(3)		
Movement in net cash / (debt)	**(149)**	81		
Net cash / (debt)	**(105)**	250		

[1] Cash payments of leasing cost, debt and interest exclude non-trading stores.

UK & Ireland

	H1 2022/23 £m	H1 2021/22 (restated) £m	Reported % change	Currency neutral % change
Income Statement				
Revenue	**2,292**	2,546	(10)%	(10)%
Adjusted EBITDA	**103**	105	(2)%	(2)%
Adjusted EBITDA margin	**4.5%**	4.1%	40 bps	40 bps
Depreciation on right-of-use assets	**(49)**	(50)		
Depreciation on other assets	**(12)**	(17)		
Amortisation	**(17)**	(18)		
Adjusted EBIT	**25**	20	25%	25%
Adjusted EBIT margin	**1.1%**	0.8%	30 bps	30 bps
Adjusting items to EBIT	**(520)**	13		
EBIT	**(495)**	33	n/a	n/a
EBIT margin	**(21.6)%**	1.3%	(2,290) bps	(2,290) bps
Cash flow				
Adjusted EBITDAR	**105**	110	(5)%	(5)%
Adjusted EBITDAR margin	**4.6%**	4.3%	30 bps	30 bps
Cash payments of leasing costs, debt & interest[1]	**(78)**	(83)		
Other non-cash items in EBIT	**6**	11		
Operating cash flow[1]	**33**	38	(13)%	(13)%
Operating cash flow margin	**1.4%**	1.5%	(10) bps	(10) bps
Capital expenditure	**(28)**	(24)		
Adjusting items to cash flow[1]	**(24)**	16		
Free cash flow before working capital	**(19)**	30	n/a	n/a
Working capital	**1**	134		
Segmental free cash flow	**(18)**	164	n/a	n/a

[1] Cash payments of leasing cost, debt and interest exclude non-trading stores.

Total UK&I sales declined (10)%, driven by like-for-like sales decline of (10)%. Compared to pre-pandemic levels, UK&I like-for-like sales are up +2%.

During the period, the online share of business was 43%, flat YoY. Compared to three years ago online share of business is up +17ppts as customers have benefited from the improvement to our online-only propositions as the market has shifted towards online.

Domestic appliances and Mobile were the strongest performing categories due to our investment in these areas and improved availability. Consumer Electronics and Computing both saw sales decline, albeit the strong growth in Computing over the pandemic meant sales were still healthily up on three years ago.

The UK market shrank (7)% during H1 with the online market reducing by (10)% and the store channel declining less than (2)%. Compared to three years ago, the market is +14% larger as the online market growth of +62% has compensated for a (23)% decline in the store channel. Our market share is down (120)bps compared to last year as we lost share in consumer electronics and computing. Our market share is down (200)bps on three years ago due to the shift away from stores where we historically had higher share. In stores, our share is stable, and we have gained share online.

Gross margins increased +160bps, as the investment in long-term transformation activities has yielded improvements in bundling, upselling and adoption rate of credit and other services. The operating expense to sales ratio worsened by (130)bps as costs reduced in absolute terms, but not enough to offset the decline in sales. A £(14)m headwind from the lowering of UK & Ireland business rates tax reliefs, energy cost inflation of £(11)m and wage inflation of £(4)m were more than offset by cost savings across supply chain, store operations and central costs as well as lower depreciation.

Adjusted EBIT increased to £25m at 1.1% margin, up +30bps YoY.

In the period, adjusting items to EBIT totalled £(520)m due to £(511)m impairment of goodwill, predominantly due to increased discount rates as a result of the recent increases in UK gilt yields and more prudent assumptions within our valuation models due to the increased macroeconomic uncertainty. The cash costs in the period related to leases on previously closed stores and the cash impact of ongoing strategic change and cost saving initiatives.

	H1 2022/23, £m		H1 20201/22, £m (restated)	
	P&L	**Cash**	P&L	Cash
Acquisition / disposal related items	**(6)**	**-**	(6)	-
Strategic change programmes	**(3)**	**(24)**	1	(34)
Impairment losses and onerous contracts	**(511)**	**-**	-	(3)
Other	**-**	**-**	18	53
Total	**(520)**	**(24)**	13	16

Operating cash flow was broadly flat with profits remaining stable year-on-year. Capital expenditure was up slightly compared to last year at £28m, with significant expenditure focussed on IT and upgrading our omnichannel platform. Adjusting items are described above. Working capital cashflow was neutral as the usual seasonal inflow was offset by lower stock turn as we increased product availability compared to last year. In combination, this resulted in segmental free cash outflow of £(18)m, £(182)m lower than last year.

Nordics

	H1 2022/23 £m	H1 2021/22 £m	Reported % change	Currency neutral % change
Income Statement				
Revenue	**1,886**	1,959	(4)%	(3)%
Adjusted EBITDA	**67**	117	(43)%	(42)%
Adjusted EBITDA margin	**3.6%**	6.0%	(240) bps	(240) bps
Depreciation on right-of-use assets	**(39)**	(38)		
Depreciation on other assets	**(13)**	(13)		
Amortisation	**(12)**	(9)		
Adjusted EBIT	**3**	57	(95)%	(95)%
Adjusted EBIT margin	**0.2%**	2.9%	(270) bps	(270) bps
Adjusting items to EBIT	**(7)**	(6)		
EBIT	**(4)**	51	n/a	n/a
EBIT margin	**(0.2)%**	2.6%	(280) bps	(280) bps
Cash flow				
Adjusted EBITDAR	**69**	119	(42)%	(41)%
Adjusted EBITDAR margin	**3.7%**	6.1%	(240) bps	(240) bps
Cash payments of leasing costs, debt & interest	**(48)**	(43)		
Other non-cash items in EBIT	**2**	2		
Operating cash flow	**23**	78	(71)%	(70)%
Operating cash flow margin	**1.2%**	4.0%	(280) bps	(270) bps
Capital expenditure	**(24)**	(20)		
Adjusting items to cash flow	**(1)**	-		
Free cash flow before working capital	**(2)**	58	n/a	n/a
Working capital	**(47)**	(31)		
Segmental free cash flow	**(49)**	27	n/a	n/a

Revenue declined by (3)% on a currency neutral basis, with like-for-like sales decline of (7)%. Against three years ago, currency neutral sales grew +17%, driven by +10% like-for-like growth. During the period, we opened one store, while online share of business was broadly stable compared to last year.

Mobile sales saw good growth due to new product launches and successful marketing and digital campaigns. All other categories saw some level of decline, but remain significantly stronger than three years ago.

Compared to last year, the Nordic market declined around (3)% but it is +15% larger than three years ago. Our market share was 28.0% during the half, down (50)bps compared to last year and stable compared to three years ago.

Gross margin declined (200)bps, as the market was characterised by a number of competitors putting in place aggressive growth strategies to gain share in market that is structurally bigger following the pandemic; the excess stock bought into market was then cleared at very low prices. Against this backdrop, we deliberately kept pricing competitive to preserve market share in what we believe is a temporary period of high competitiveness. The operating expense to sales ratio worsened by (70)bps due to operating deleverage and a small increase in absolute costs as additional costs from new stores, increased energy prices and depreciation were offset by lower IT costs.

As a result, adjusted EBIT decreased by £(54)m to £3m.

In the period, adjusting items to EBIT totalled £(7)m, this was almost entirely due to the amortisation of acquisition intangibles which had no cash impact. In addition, there was £1m of cash exceptionals for restructuring costs. EBIT decreased to £(4)m.

The operating cash flow decreased by (71)% to £23m, driven by the lower profit outturn. Capital expenditure was £24m, with significant areas of expenditure including our Next Generation Retail omnichannel platform and store refits. The total spend was up slightly on last year due to timing of payments. Working capital outflow of £(47)m was due to holding changes in timing of stock buy-in and the associated timing of VAT payments.

Greece

	H1 2022/23 £m	H1 2021/22 £m	Reported % change	Currency neutral % change
Income Statement				
Revenue	**295**	280	5%	5%
Adjusted EBITDA	**13**	22	(41)%	(43)%
Adjusted EBITDA margin	**4.4%**	7.9%	(350) bps	(370) bps
Depreciation on right-of-use assets	**(7)**	(7)		
Depreciation on other assets	**(3)**	(3)		
Amortisation	**(2)**	(1)		
Adjusted EBIT	**1**	11	(91)%	(91)%
Adjusted EBIT margin	**0.3%**	3.9%	(360) bps	(350) bps
Adjusting items to EBIT	**-**	-		
EBIT	**1**	11	(91)%	(91)%
EBIT margin	**0.3%**	3.9%	(360) bps	(350) bps
Cash flow				
Adjusted EBITDAR	**14**	23	(39)%	(43)%
Adjusted EBITDAR margin	**4.7%**	8.2%	(350) bps	(370) bps
Cash payments of leasing costs, debt & interest	**(10)**	(8)		
Other non-cash items in EBIT	**-**	-		
Operating cash flow	**4**	15	(73)%	(73)%
Operating cash flow margin	**1.4%**	5.4%	(400) bps	(390) bps
Capital expenditure	**(4)**	(7)		
Adjusting items to cash flow	**-**	-		
Free cash flow before working capital	**-**	8	n/a	n/a
Working capital	**18**	(1)		
Segmental free cash flow	**18**	7	157%	171%

Revenue increased +5% on a currency neutral basis, with like-for-like sales growth of +4%. Against three years ago, like-for-like revenue is up +25%. During the period we opened one outlet store and relocated two stores. Online (including call centre) share of sales was broadly stable compared to last year.

Mobile performed strongly mainly due to Apple phone launches. Computing and Consumer Electronics sales fell compared to the strong sales last year when sales benefited from government subsidies for students. Cooling and air conditioning sales were partially aided by start of a government subsidy programme, but this also saw high promotions and mix shift towards lower end products. This programme continues in the second half, when we expect more positive impact on higher end product sales.

Gross margin declined (210)bps over prior year as increases in cost of goods were not fully passed on to customers due to high stock positions and competitive intensity in the market, the increased mix of Mobile which has a lower gross margin, and promotions on delivery and installation. Operating expense ratio worsened by (150)bps, mainly due to increased energy costs, increased colleague reward and removal of government rent subsidies. As a result, adjusted EBIT decreased to £1m. There were no adjusting items to EBIT.

The operating cash flow was £4m, down £(11)m from the prior year due to lower operating profit. Capital expenditure was £4m, with significant areas of expenditure including stores, IT and distribution. Working Capital was an £18m inflow driven by increased creditors, as a result of increased stock in order to secure availability for Black Friday and the government subsidy programs.

Finance Costs

Interest on lease liabilities was £(34)m, a slight decrease on prior year due to timing of amortisation on the lease portfolio; the cash impact of this interest is included within segmental free cash flow.

The adjusted net finance costs were higher than last year as the Group moved into an average net debt position. The net cash impact of these costs was £(13)m, from £(7)m in the prior year.

The finance costs on the defined benefit pension scheme is an adjusting item and is flat year-on-year in line with the assumptions used in the valuation of the pension obligations.

	H1 2022/23 £m	H1 2021/22 £m
Interest on lease liabilities	**(34)**	(36)
Finance income	**1**	1
Finance costs	**(13)**	(8)
Adjusted net finance costs	**(46)**	(43)
Finance costs on defined benefit pension schemes	**(4)**	(4)
Net finance costs	**(50)**	(47)

Tax

A tax rate of 20% has been applied to the adjusted half year results. Thich is lower than the prior half year adjusted rate of 35% due to a lower proportion of International profits and because the prior year included the deferred tax impact of the change in the UK tax rate to 25% from 19%. The cash tax paid in the half year period was £24m, up from £6m in the prior year which is primarily due to timing of Nordic payments.

The expected full year adjusted effective tax rate at 25% is slightly lower than the prior full year rate of 27% due to a lower proportion of international profits (which are taxed at a higher rate than the UK).

The half year adjusting items tax charge of £15m includes the derecognition of deferred tax assets relating to tax losses. The adjusting items tax credit of £10m for the half year ended 30 October 2021 included the benefit of rebasing deferred tax assets relating to tax losses to the future UK tax rate of 25%.

Cash flow

	H1 2022/23 £m	H1 2021/22 £m (restated)	Reported % change	Currency neutral % change
Operating cash flow	**60**	131	(54)%	(54)%
Capital expenditure	**(56)**	(51)	10%	
Adjusting items to cash flow	**(25)**	16	n/a	
Free cash flow before working capital	**(21)**	96		
Working capital	**(28)**	102		
Segmental free cash flow	**(49)**	198	n/a	n/a
Cash tax paid	**(24)**	(6)		
Cash interest paid	**(13)**	(7)		
Free cash flow	**(86)**	185	n/a	n/a
Dividend	**(24)**	(34)		
Purchase of own shares – employee benefit trust	**(4)**	(28)		
Pension	**(39)**	(39)		
Other	**4**	(3)		
Movement in net cash	**(149)**	81	n/a	n/a
Opening net cash / (debt)	**44**	169		
Closing net cash / (debt)	**(105)**	250	n/a	n/a

Segmental free cash flow was an outflow of £(49)m (H1 2021/22: inflow of £198m) and interest and tax outflows totalled £(37)m as described above, resulting in a free cash outflow of £(86)m (H1 2021/22: inflow of £185m).

A £24m (2.15p per share) final dividend for the 2021/22 financial year was approved by shareholders and paid during the period. The employee benefit trust acquired £4m of shares to satisfy share awards to colleagues.

Pension contributions of £39m (1H 2021/22: £39m) were flat with prior year and in line with the contribution plan agreed with the pension fund Trustees.

Other movements predominantly relate to currency translation differences.

The closing net debt position was £(105)m, compared to a net cash position of £250m at 31 October 2021. This included £30m of restricted cash (30 October 2021: £33m). The average net debt for the half-year period was £(114)m, compared to an average net cash position of £290m in H1 2021/22.

The Board has declared an Interim dividend of 1.00p per ordinary share for the half year to 29 October 2022. The dividend will be paid on 27 January 2023 to shareholders registered at the close of business on 30 December 2022. The ex-dividend date will be 29 December.

Balance sheet

	29 October 2022	30 October 2021	30 April 2022
	£m	£m	£m
Goodwill	**2,296**	2,836	2,814
Other fixed assets	**1,520**	1,555	1,554
Working capital	**(319)**	(587)	(342)
Net cash / (debt)	**(105)**	250	44
Net lease liabilities	**(1,231)**	(1,223)	(1,263)
Pension	**(251)**	(416)	(257)
Deferred tax	**23**	97	74
Provisions	**(44)**	(62)	(59)
Other	**(42)**	(68)	(64)
Net assets	**1,847**	2,382	2,501

Goodwill declined £(518)m during the half-year ended 29 October 2022, of which £(511)m related to an impairment over goodwill allocated to UK & Ireland, primarily driven by a material increase in the discount rate used as explained in the UK&I performance review. Currency revaluations of £(7)m impacted goodwill allocated to Nordics.

Other fixed assets decreased by £(34)m since 30 April 2022 as capital expenditure and the present value of lease renewals were more than offset by depreciation and amortisation of £(154)m.

	29 October 2022	30 October 2021	30 April 2022
	£m	£m	£m
Inventory	**1,750**	1,580	1,286
Trade Receivables	**361**	342	336
Trade Payables	**(2,181)**	(2,134)	(1,614)
Trade working capital	**(70)**	(212)	8
Other Receivables	**360**	247	293
Other Payables	**(775)**	(843)	(850)
Network commission receivables and contract assets	**161**	233	190
Derivatives	**5**	(12)	17
Working capital	**(319)**	(587)	(342)

At half year-end, total working capital was £(319)m (H1 2021/22: £(587)m). Group inventory was £1,750m, higher than 30 October 2021 as the Group invested in intake to ensure availability for both peak and the 2022 FIFA World Cup, while also lapping global supply chain constraints experienced in the prior year. The increased stock resulted in stock days increasing from 56 to 63. Trade payable days increased from 73 to 80 since 30 October 2021 as trade payables increased by +£47m to £(2,181)m (H1 2021/22: £(2,134)m) due to the additional stock purchases.

Other receivables increased by +£113m (H1 2021/22: £247m) since 30 October 2021 due to additional accrued income that relates to handset receivables following the switch in iD customer ownership.

Other payables fell by £68m due to lower VAT payable.

Lease liabilities are flat against 30 October 2021 as the store portfolio has now normalised following the closure of Carphone Warehouse stores in previous periods with all Ireland stores now exited and only a handful remaining within the UK. The remaining non-trading leases continue to expire throughout the period.

The IAS 19 accounting deficit of the defined benefit section of the pension scheme amounted to £250m (FY 2021/22: £257m, H1 2021/22: £416m). Contributions during the period under the terms of the deficit reduction plan amounted to £39m (H1 2021/22: £39m).

The deficit is broadly flat to 30 April 2022 as the declining market value of the underlying assets was offset by a decrease in liability due to higher discount rates linked to long-term bond yield returns.

During the period, the liability-driven investments held by pension scheme functioned as intended, but in order to provide additional collateral in the event of a further sudden spike in bond yields, the Group put in place an arrangement that allowed short term lending to the scheme. This facility was not utilised and has now terminated.

	29 October 2022	30 October 2021	30 April 2022
	£m	£m	£m
Net cash / (debt)	**(105)**	250	44
Restricted cash	**(30)**	(33)	(30)
Net lease liabilities	**(1,231)**	(1,223)	(1,263)
Pension liability	**(251)**	(416)	(257)
Working capital facilities	**-**	-	-
Total closing indebtedness	**(1,617)**	(1,422)	(1,506)
Less: year-end net cash / (debt)	**105**	(250)	(44)
Add: average net cash / (debt)	**(114)**	290	290
Total average indebtedness	**(1,626)**	(1,382)	(1,260)

As at 29 October 2022 the Group had net debt of £(105)m (H1 2021/22: net cash £250m, FY2021/22: net cash £44m) and average net debt throughout the period of £(114)m (H1 2021/22: net cash £290m, FY2021/22: net cash £290m). In October 2022 the Group secured two additional short term credit facilities totalling £140m that expire in October 2023. The Group also has access to £536m across two longer term revolving credit facilities that expire in October 2026, taking total available lines of credit from revolving credit facilities to £676m. The covenants on the debt facilities are fixed charge cover >1.75x (1H 2022/23: 1.98x) and net debt leverage <2.5x (1H 2022/23: 0.44x).

Bank covenant ratios	**29 October 2022**	30 October 2021	30 April 2022
	£m	£m	£m
		(restated)	(restated)
Operating cashflow (last 12 months)	**304**	336	375
Cash payments of leasing costs, debt & interest	**265**	285	263
Operating cash flow plus cash payments of leasing	**569**	621	638
Fixed charges (cash lease costs + cash interest)	**288**	304	280
Fixed charge cover	**1.98x**	2.04x	2.28x
Net cash excluding restricted funds	**(135)**	217	14
Net debt leverage	**0.44x**	(0.65)x	(0.04)x

The deferred tax asset decreased by £(51)m since year end, largely as a result of the derecognition of the UK deferred tax asset, which has been prudently assessed based on the current macroeconomic uncertainty.

Provisions primarily relate to property, reorganisation and sales provisions. The balance reduced by £(18)m in the period as the utilisation of reorganisation provisions for central and retail operations, sales provisions and property related onerous contract costs for closed stores more than offset additions. Onerous property contract costs of £5m were released during the period following the completion of negotiations to exit stores closed as part of previously announced property rationalisation projects.

Comprehensive income / Changes in equity

Total equity for the Group decreased from £2,501m to £1,847m in the period, driven by a loss of £(560)m, the actuarial loss (net of taxation) on the defined benefit pension deficit for the UK pensions scheme of £(71)m, dividends paid of £(24)m, hedging losses of £(2)m, £(2)m for the translation of legacy overseas operations now disposed of and purchase of own shares by the EBT of £(4)m. This was marginally offset by movements in relation to share schemes of £9m.

Share count

The weighted average number of shares used for basic earnings reduced by 28m to 1,102m as the weighted average number of shares in issue fell 32m following the repurchase of shares in 2021/22 and the average number of shares held by the Group EBT to satisfy colleague shareholder schemes increased.

The dilutive effect of share options and other incentive schemes decreased as several schemes' performance declined against vesting conditions.

	29 October 2022 Million	30 October 2021 Million	30 April 2022 Million
Weighted average number of shares			
Average shares in issue	**1,133**	1,166	1,165
Less average holding by Group EBT and treasury shares held by Company	**(31)**	(25)	(35)
For basic earnings / (loss) per share	**1,102**	1,141	1,130
Dilutive effect of share options and other incentive schemes	**18**	49	45
For diluted earnings / (loss) per share	**1,120**	1,190	1,175

Prior period restatement

As disclosed in the Performance Review the adjusted results and adjusting items for the comparative periods ended 30 October 2021 and 30 April 2022 have been restated to reflect the updated adjusting items policy which is used to determine whether an item is to be classified as adjusting.

Management believes the more stringent classification policy provides greater clarity on the current and future performance of the Group's ongoing omnichannel retail operations.

The impact of the restatement on the Group's adjusted results for the respective comparative periods is outlined below with additional reconciliations and information on the revised policy included within the glossary and definitions section of this report. There is no impact on statutory results as a result of the restatements.

26 weeks ended 30 October 2021

	H1 2021/22 as previously reported £m	Policy adjustment £m	H1 2021/22 restated £m
Income Statement			
Adjusted revenue	4,783	2	4,785
Adjusting items to revenue	2	(2)	-
Revenue	4,785	-	4,785
Adjusted EBITDA	247	(3)	244
Adjusted EBITDA margin	5.2%	(10) bps	5.1%
Depreciation on right-of-use assets	(95)	-	(95)
Depreciation on other assets	(33)	-	(33)
Amortisation	(28)	-	(28)
Adjusted EBIT	91	(3)	88
Adjusted EBIT margin	1.9%	(10) bps	1.8%
Interest on lease liabilities	(36)	-	(36)
Finance income	1	-	1
Adjusted finance costs	(8)	-	(8)
Adjusted PBT	48	(3)	45
Adjusted PBT margin	1.0%	(10) bps	0.9%
Adjusted tax	(16)	-	(16)
Adjusted Profit after tax	32	(3)	29
Adjusted EPS	2.8p	(0.3)p	2.5p
Cash flow			
Adjusted EBITDAR	255	(3)	252
Adjusted EBITDAR margin	5.3%	- bps	5.3%
Cash payments of leasing costs, debt & interest[1]	(134)	-	(134)
Other non-cash items in EBIT	13	-	13
Operating cash flow[1]	134	(3)	131
Operating cash flow margin	2.8%	(10) bps	2.7%
Capital expenditure	(51)	-	(51)
Adjusting items to cash flow[1]	10	6	16
Free cash flow before working capital	93	3	96
Working capital	105	(3)	102
Segmental free cash flow	198	-	198
Cash tax paid	(6)	-	(6)
Cash interest paid	(7)	-	(7)
Free cash flow	185	-	185
Dividend	(34)	-	(34)
Purchase of own shares – employee benefit trust	(28)	-	(28)
Pension	(39)	-	(39)
Other	(3)	-	(3)
Movement in net cash	81	-	81
Net cash	250	-	250

Year ended 30 April 2022

	2021/22 as previously reported £m	Policy adjustment £m	2021/22 restated £m
Income Statement			
Adjusted revenue	10,122	22	10,144
Adjusting items to revenue	22	(22)	-
Revenue	10,144	-	10,144
Adjusted EBITDA	588	6	594
Adjusted EBITDA margin	5.8%	+10 bps	5.9%
Depreciation on right-of-use assets	(190)	-	(190)
Depreciation on other assets	(62)	-	(62)
Amortisation	(62)	-	(62)
Adjusted EBIT	274	6	280
Adjusted EBIT margin	2.7%	+10 bps	2.8%
Interest on lease liabilities	(70)	-	(70)
Finance income	2	-	2
Adjusted finance costs	(20)	-	(20)
Adjusted PBT	186	6	192
Adjusted PBT margin	1.8%	+10 bps	1.9%
Adjusted tax	(51)	(1)	(52)
Adjusted Profit after tax	135	5	140
Adjusted EPS	11.9p	0.5p	12.4p
Cash flow			
Adjusted EBITDAR	602	6	608
Adjusted EBITDAR margin	5.9%	+10 bps	6.0%
Cash payments of leasing costs, debt & interest[1]	(263)	-	(263)
Other non-cash items in EBIT	22	8	30
Operating cash flow[1]	361	14	375
Operating cash flow margin	3.6%	+10 bps	3.7%
Capital expenditure	(133)	-	(133)
Adjusting items to cash flow[1]	(33)	10	(23)
Free cash flow before working capital	195	24	219
Working capital	(88)	(24)	(112)
Segmental free cash flow	107	-	107
Cash tax paid	(18)	-	(18)
Cash interest paid	(17)	-	(17)
Free cash flow	72	-	72
Dividend	(46)	-	(46)
Purchase of own shares - share buyback	(32)	-	(32)
Purchase of own shares – employee benefit trust	(41)	-	(41)
Pension	(78)	-	(78)
Other	-	-	
Movement in net cash	(125)	-	(125)
Net cash	44	-	44

Consolidated income statement

	Note	**26 weeks ended 29 October 2022 Unaudited £m**	26 weeks ended 30 October 2021 Unaudited £m	Year ended 30 April 2022 Audited £m
Revenue	2	**4,473**	4,785	10,144
Profit before impairment of goodwill, interest and tax		**13**	95	222
Impairment of goodwill	8	**(511)**	–	–
(Loss) / profit before interest and tax	2	**(498)**	95	222
Finance income		**1**	1	2
Finance costs		**(51)**	(48)	(98)
Net finance costs		**(50)**	(47)	(96)
(Loss) / profit before tax		**(548)**	48	126
Income tax expense		**(12)**	(6)	(55)
(Loss) / profit after tax for the period		**(560)**	42	71
(Loss) / earnings per share (pence)	3			
Basic		**(50.8)p**	3.7p	6.3p
Diluted		**(50.8)p**	3.5p	6.0p

Consolidated statement of comprehensive income

	26 weeks ended 29 October 2022 Unaudited £m	26 weeks ended 30 October 2021 Unaudited £m	Year ended 30 April 2022 Audited £m
(Loss) / profit after tax for the period	**(560)**	42	71
Items that may be reclassified to the income statement in subsequent periods:			
Cash flow hedges			
Fair value movements recognised in other comprehensive income	**14**	(9)	14
Reclassified and reported in income statement	**(5)**	11	(28)
Tax on movements on cash flow hedges	**–**	–	(3)
Exchange loss arising on translation of foreign operations	**–**	(19)	(33)
	9	(17)	(50)
Items that will not be reclassified to the income statement in subsequent periods:			
Actuarial (loss) / gain on defined benefit pension schemes: – UK	**(29)**	32	156
– Overseas	**–**	–	3
Tax on movements on defined benefit pension schemes	**(42)**	(9)	8
	(71)	23	167
Other comprehensive (expense) / income for the period (taken to equity)	**(62)**	6	117
Total comprehensive (expense) / income for the period	**(622)**	48	188

Consolidated balance sheet

	Note	**29 October 2022 Unaudited £m**	30 October 2021 Unaudited £m	30 April 2022 Audited £m
Non-current assets				
Goodwill	8	**2,296**	2,836	2,814
Intangible assets		**374**	430	385
Property, plant & equipment		**160**	158	162
Right-of-use assets		**986**	967	1,007
Lease receivable		**5**	3	3
Trade and other receivables		**97**	136	123
Deferred tax assets		**228**	263	282
		4,146	4,793	4,776
Current assets				
Inventory		**1,750**	1,580	1,286
Lease receivable		**1**	1	1
Trade and other receivables		**785**	686	696
Derivative assets	6	**16**	28	28
Cash and cash equivalents		**138**	255	126
		2,690	2,550	2,137
Total assets		**6,836**	7,343	6,913
Current liabilities				
Trade and other payables		**(2,856)**	(2,871)	(2,368)
Derivative liabilities	6	**(11)**	(40)	(11)
Income tax payable		**(42)**	(68)	(64)
Loans and other borrowings		**(1)**	(5)	(2)
Lease liabilities		**(213)**	(209)	(210)
Provisions		**(36)**	(52)	(48)
		(3,159)	(3,245)	(2,703)
Non-current liabilities				
Trade and other payables		**(100)**	(106)	(96)
Loans and other borrowings		**(242)**	–	(80)
Lease liabilities		**(1,024)**	(1,018)	(1,057)
Retirement benefit obligations	5	**(251)**	(416)	(257)
Deferred tax liabilities		**(205)**	(166)	(208)
Provisions		**(8)**	(10)	(11)
		(1,830)	(1,716)	(1,709)
Total liabilities		**(4,989)**	(4,961)	(4,412)
Net assets		**1,847**	2,382	2,501
Capital and reserves				
Share capital		**1**	1	1
Share premium account		**2,263**	2,263	2,263
Other reserves		**(800)**	(800)	(803)
Accumulated profits		**383**	918	1,040
Equity attributable to equity holders of the parent company		**1,847**	2,382	2,501

Consolidated statement of changes in equity

	Note	Share capital £m	Share premium account £m	Other reserves £m	Accumulated profits £m	Total equity £m
At 30 April 2022		**1**	**2,263**	**(803)**	**1,040**	**2,501**
Loss for the period		**–**	**–**	**–**	**(560)**	**(560)**
Other comprehensive income / (expense) recognised directly in equity		**–**	**–**	**9**	**(71)**	**(62)**
Total comprehensive income / (expense) for the period		**–**	**–**	**9**	**(631)**	**(622)**
Amounts transferred to the carrying value of inventory purchased during the year		**–**	**–**	**(11)**	**–**	**(11)**
Amounts transferred to the income statement during the year		**–**	**–**	**(2)**	**–**	**(2)**
Net movement in relation to share schemes		**–**	**–**	**11**	**(2)**	**9**
Purchase of own shares – employee benefit trust		**–**	**–**	**(4)**	**–**	**(4)**
Equity dividends	4	**–**	**–**	**–**	**(24)**	**(24)**
At 29 October 2022		**1**	**2,263**	**(800)**	**383**	**1,847**

	Note	Share capital £m	Share premium account £m	Other reserves £m	Accumulated profits £m	Total equity £m
At 1 May 2021		1	2,263	(764)	881	2,381
Profit for the period		–	–	–	42	42
Other comprehensive (expense) / income recognised directly in equity		–	–	(17)	23	6
Total comprehensive (expense) / income for the period		–	–	(17)	65	48
Amounts transferred to the carrying value of inventory purchased during the year		–	–	1	–	1
Net movement in relation to share schemes		–	–	8	6	14
Purchase of own shares – employee benefit trust		–	–	(28)	–	(28)
Equity dividends	4	–	–	–	(34)	(34)
At 30 October 2021		1	2,263	(800)	918	2,382

Consolidated statement of changes in equity

	Share capital £m	Share premium account £m	Other reserves £m	Accumulated profits £m	Total equity £m
At 1 May 2021	1	2,263	(764)	881	2,381
Profit for the period	–	–	–	71	71
Other comprehensive (expense) / income recognised directly in equity	–	–	(50)	167	117
Total comprehensive (expense) / income for the period	–	–	(50)	238	188
Amounts transferred to the carrying value of inventory purchased during the year	–	–	28	–	28
Net movement in relation to share schemes	–	–	24	(1)	23
Purchase of own shares – employee benefit trust	–	–	(41)	–	(41)
Purchase of own shares – share buyback	–	–	(32)	–	(32)
Cancellation of treasury shares	–	–	32	(32)	–
Equity dividend	–	–	–	(46)	(46)
At 30 April 2022	1	2,263	(803)	1,040	2,501

Consolidated cash flow statement

	Note	**26 weeks ended 29 October 2022 Unaudited £m**	26 weeks ended 30 October 2021 Unaudited £m	Year ended 30 April 2022 Audited £m
Operating activities				
Cash generated from operations	7	**145**	389	524
Special contributions to defined benefit pension scheme		**(39)**	(39)	(78)
Income tax paid		**(24)**	(6)	(18)
Net cash flows from operating activities		**82**	344	428
Investing activities				
Net cash outflow arising from acquisitions		–	(2)	(2)
Proceeds on sale of business		–	1	1
Acquisition of property, plant & equipment and other intangibles		**(56)**	(51)	(133)
Net cash flows from investing activities		**(56)**	(52)	(134)
Financing activities				
Interest paid		**(47)**	(43)	(87)
Capital repayment of lease liabilities		**(103)**	(98)	(208)
Purchase of own shares – employee benefit trust		**(4)**	(28)	(41)
Purchase of own shares – share buyback		–	–	(32)
Equity dividends paid	4	**(24)**	(34)	(46)
Drawdown of borrowings		**157**	–	80
Facility arrangement fees paid		**(1)**	(6)	(6)
Net cash flows from financing activities		**(22)**	(209)	(340)
Increase/(decrease) in cash and cash equivalents and bank overdrafts		**4**	83	(46)
Cash and cash equivalents and bank overdrafts at beginning of the period		**124**	169	169
Currency translation differences		**9**	(2)	1
Cash and cash equivalents and bank overdrafts at end of the period		**137**	250	124

Notes to the financial information

1 Accounting policies

(a) Basis of preparation

The interim financial information for the 26 weeks ended 29 October 2022 was approved by the directors on 14 December 2022. The interim financial information, which is a condensed set of financial statements, has been prepared in accordance with the Listing Rules of the Financial Conduct Authority and International Accounting Standard 34 "*Interim Financial Reporting*" (IAS 34) as adopted by the UK and has been prepared on the going concern basis as described further below and in the section on risks to achieving the Group's objectives.

The accounting policies adopted are those set out in the Group's Annual Report and Accounts 2021/22 which were prepared in accordance with IFRS as adopted by the UK. New accounting standards, amendments to standards and IFRIC interpretations which became applicable during the period were either not relevant or had no impact on the Group's net results or net assets.

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 these condensed 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 impact of increased uncertainty and inflation in the wider economic environment, show that the Group is able to operate within its current facilities and comply with its banking covenants for at least 12 months from the date of approval of these condensed financial statements. 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 current macroeconomic environment, the Group has also modelled a reasonable worst case scenario with sales risk of c. 5% next year declining to 2% by 2025/26 applied. This sales risk is able to be offset with controllable mitigations across various operating expense line items and hence in this reasonable worst case, the Group does not breach any of the Group's facilities or banking covenants. Further, the Group has numerous other mitigations available (in addition to those applied to the reasonable worst case) which are considered controllable should sales drop below the reasonable worst case, 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 at least 12 months from the date of approval of these condensed financial statements. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing the interim financial information. The long-term effect of macroeconomic factors is uncertain and should the impact 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.

Alternative performance measures

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 are included within the glossary and definitions section. This includes further information on the definitions, purpose and reconciliations 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.

Notes to the financial information

1 Accounting policies (continued)

(a) Basis of preparation (continued)

Further information

The interim financial information uses definitions that are set out within the glossary and definitions section of this document.

The interim financial information is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006, but has been reviewed by the auditor. The financial information for the year ended 30 April 2022 does not constitute the company's statutory accounts for that period but has been extracted from those accounts which have been filed with the Registrar of Companies and are also available on the Group's corporate website www.currysplc.com.

Currys plc and its subsidiaries have changed auditors for the financial year 2022/23 from Deloitte LLP to KPMG LLP as explained in the Audit Committee report in the Group's Annual Report and Accounts 2021/22. Deloitte LLP reported on the Group's financial accounts for the year ended 30 April 2022. Their report was unqualified, did not draw attention to any matters by way of emphasis, and did not contain statements under Sections 498 (2) or (3) of the Companies Act 2006.

(b) Key sources of estimation uncertainty and critical accounting judgements

Critical accounting judgements and estimates used in the preparation of the financial statements are continually reviewed and revised as necessary. Whilst every effort is made to ensure that such judgements and statements are reasonable, by their nature they are uncertain and as such changes may have a material impact.

In preparing the condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty include the impairment of goodwill and deferred tax recognition within the UK as disclosed below. In addition, key sources of estimation uncertainty including revenue recognition on network commissions, UK defined benefit pension scheme assumptions, impairment of assets at a store level and critical accounting judgements related to taxation detailed in the Group's Annual Report and Accounts 2021/22 remain relevant.

Impairment of non-financial assets – Goodwill

As required by IAS 36, goodwill is subject to an impairment review on an annual basis, or more frequently where indicators of impairment exist. The Group has considered if indicators of impairment exist with regard to a number of external factors, including the recent increases in the long-term risk-free investment rates and increased uncertainty in the wider macroeconomic environment. Management concluded that these factors are indicators of impairment and consequently, a full impairment review was undertaken per IAS 36 using the value in use ('VIU') method as detailed in the Group's Annual Report and Accounts 2021/22.

As a result of the impairment review, for the UK & Ireland where £1,840m of goodwill was allocated, a non-cash impairment charge of £511m has been recognised, bringing the goodwill balance to £1,329m. This was mainly due to a material increase in discount rate reflecting the recent increases in UK government bond yields, and partly due to the short-to-medium term macroeconomic uncertainty which has been factored into the Group's business plans. In accordance with IFRIC 10, the impairment loss recognised in this period shall not be reversed in a future period. Further details on the sensitivities and key assumptions are included in note 8.

Notes to the financial information

1 Accounting policies (continued)

(b) Key sources of estimation uncertainty and critical accounting judgements (continued)

Deferred tax asset

The Group recognises and regularly remeasures deferred tax assets for the carry forward of unused tax losses and pension contributions within the UK, to the extent that future taxable profit will be available against which unused tax losses and pension contributions can be utilised. The Group recognised a total net deferred tax asset of £74m at 30 April 2022, which included £61m in the UK relating to unused tax losses and pension contributions. Given the macroeconomic uncertainty built into the Group's business plans (used for both the Going Concern and Goodwill impairment testing), management concluded that an appropriately prudent judgement is to de-recognise the UK net deferred tax asset.

2 Segmental analysis

The Group's operating segments reflect the segments routinely reviewed by the Board and 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, comprising operations of Currys, Carphone Warehouse and iD Mobile;
- Nordics, operating in Norway, Sweden, Finland, Denmark with franchise operations in Iceland, Greenland and Faroe Islands; and
- Greece, consisting of our operations in Greece and Cyprus.

UK & Ireland, 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.

(a) Segmental results

					26 weeks ended 29 October 2022
	UK & Ireland £m	**Nordics £m**	**Greece £m**	**Eliminations £m**	**Total £m**
External revenue	**2,292**	**1,886**	**295**	**–**	**4,473**
Inter-segmental revenue	**33**	**–**	**–**	**(33)**	**–**
Total revenue	**2,325**	**1,886**	**295**	**(33)**	**4,473**
(Loss) / profit before interest and tax	**(495)**	**(4)**	**1**	**–**	**(498)**

Notes to the financial information

2 Segmental analysis (continued)

(a) Segmental results (continued)

	UK & Ireland £m	Nordics £m	Greece £m	Eliminations £m	Total £m
					26 weeks ended 30 October 2021
External revenue	2,546	1,959	280	–	4,785
Inter-segmental revenue	32	–	–	(32)	–
Total revenue	2,578	1,959	280	(32)	4,785
Profit before interest and tax	33	51	11	–	95

	UK & Ireland £m	Nordics £m	Greece £m	Eliminations £m	Total £m
					Year ended 30 April 2022
External revenue	5,485	4,105	554	–	10,144
Inter-segmental revenue	67	–	–	(67)	–
Total revenue	5,552	4,105	554	(67)	10,144
Profit before interest and tax	71	130	21	–	222

	Note	**26 weeks ended 29 October 2022 £m**	26 weeks ended 30 October 2021 £m	Year ended 30 April 2022 £m
UK & Ireland before impairment of goodwill		**16**	33	71
Impairment of UK & Ireland goodwill	8	**(511)**	–	–
UK & Ireland		**(495)**	33	71
Nordics		**(4)**	51	130
Greece		**1**	11	21
(Loss) / profit before interest and tax		**(498)**	95	222
Finance income		**1**	1	2
Finance costs		**(51)**	(48)	(98)
(Loss) / profit before tax		**(548)**	48	126

(b) Seasonality

The Group's business is highly seasonal, with a substantial proportion of its revenue and (loss) / profit before interest and tax generated during its third quarter, which includes Black Friday and the Christmas and New Year season.

Notes to the financial information

2 Segmental analysis (continued)

(c) Geographical information

Revenues are allocated to countries according to the entity's country of domicile. Revenue by destination is not materially different to that shown by domicile. Non-current assets exclude financial instruments and deferred tax assets.

	26 weeks ended 29 October 2022					26 weeks ended 30 October 2021				
	UK £m	**Norway £m**	**Sweden £m**	**Other £m**	**Total £m**	UK £m	Norway £m	Sweden £m	Other £m	Total £m
Revenue	**2,219**	**598**	**652**	**1,004**	**4,473**	2,464	612	658	1,051	4,785
Non-current assets at period end	**2,163**	**569**	**436**	**706**	**3,874**	2,819	571	442	656	4,488
Capital expenditure	**28**	**17**	**3**	**8**	**56**	24	14	3	10	51

	Year ended 30 April 2022				
	UK £m	Norway £m	Sweden £m	Other £m	Total £m
Revenue	5,299	1,245	1,387	2,213	10,144
Non-current assets at period end	2,718	588	457	690	4,453
Capital expenditure	64	32	10	27	133

(d) Disaggregation of revenues

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:

	26 weeks ended 29 October 2022				26 weeks ended 30 October 2021			
	UK & Ireland £m	**Nordics £m**	**Greece £m**	**Total £m**	UK & Ireland £m	Nordics £m	Greece £m	Total £m
Sales of goods	**1,982**	**1,724**	**268**	**3,974**	2,163	1,788	259	4,210
Commission revenue	**114**	**100**	**12**	**226**	203	108	9	320
Support services revenue	**117**	**26**	**6**	**149**	130	28	8	166
Other services revenue	**78**	**36**	**9**	**123**	48	35	4	87
Other revenue	**1**	**–**	**–**	**1**	2	–	–	2
Total revenue	**2,292**	**1,886**	**295**	**4,473**	2,546	1,959	280	4,785

	Year ended 30 April 2022			
	UK & Ireland £m	Nordics £m	Greece £m	Total £m
Sales of goods	4,698	3,756	511	8,965
Commission revenue	423	220	18	661
Support services revenue	239	57	17	313
Other services revenue	124	72	8	204
Other revenue	1	–	–	1
Total revenue	5,485	4,105	554	10,144

Notes to the financial information

3 (Loss) / earnings per share

	26 weeks ended 29 October 2022 £m	26 weeks ended 30 October 2021 £m	Year ended 30 April 2022 £m
Total (loss) / profit after tax for the period	**(560)**	42	71

	Million	Million	Million
Weighted average number of shares			
Average shares in issue	**1,133**	1,166	1,165
Less average holding by Group EBT and Treasury shares held by Company	**(31)**	(25)	(35)
For basic (loss) / earnings per share	**1,102**	1,141	1,130
Dilutive effect of share options and other incentive schemes	**18**	49	45
For diluted (loss) / earnings per share	**1,120**	1,190	1,175

	Pence	Pence	Pence
Basic (loss) / earnings per share	**(50.8)**	3.7	6.3
Diluted (loss) / earnings per share	**(50.8)**	3.5	6.0

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

4 Dividends

	26 weeks ended 29 October 2022 £m	26 weeks ended 30 October 2021 £m	Year ended 30 April 2022 £m
Final dividend for the year ended 1 May 2021 of 3.00p	**–**	34	34
Interim dividend for the year ended 30 April 2022 of 1.00p	**–**	–	12
Final dividend for the year ended 30 April 2022 of 2.15p	**24**	–	–
Amounts recognised as distributions to equity shareholders on ordinary shares of 0.1p each	**24**	34	46

The proposed interim dividend for the year ending 29 April 2023 is 1.00p per share. The expected cost of this dividend is £11m and incorporates the agreement with the Group’s Employee Benefit Trust to waive its rights to receive dividends.

5 Retirement benefit obligations

		29 October 2022 £m	30 October 2021 £m	30 April 2022 £m
Retirement benefit obligations	– UK	**250**	416	257
	– Nordics	**1**	–	–
Net obligation		**251**	416	257

The Group operates a number of defined contribution and defined benefit pension schemes. The principal scheme operates in the UK and includes a funded defined benefit section, the assets of which are held in a separate trustee administered fund. The defined benefit section of the scheme was closed to future accrual on 30 April 2010. The net obligations of this scheme, calculated in accordance with IAS 19 “Employee Benefits”, are analysed as follows:

	29 October 2022 £m	30 October 2021 £m	30 April 2022 £m
Fair value of plan assets	**987**	1,586	1,363
Present value of defined benefit obligations	**(1,237)**	(2,002)	(1,620)
Net obligation – UK	**(250)**	(416)	(257)

The value of obligations is particularly sensitive to the discount rate applied to liabilities at the assessment date as well as mortality rates. The defined benefit obligation has declined by £383m since 30 April 2022 primarily as a result of market conditions impacting the discount rate assumption. The value of the plan assets is also sensitive to market conditions and has declined by £376m primarily as a result of macroeconomic uncertainty impacting the return on assets. The scheme’s investment strategy and its investment objectives remain consistent with those adopted as at 30 April 2022.

The assumptions used in the valuation of obligations are listed below:

		29 October 2022	30 October 2021	30 April 2022
Rates per annum:				
Discount rate		**4.60%**	1.80%	3.05%
Rate of increase in pensions in payment / deferred pensions	– pre April 2006	**3.05%**	3.25%	3.30%
	– post April 2006	**2.15%**	2.25%	2.25%
Inflation		**3.10%**	3.35%	3.40%

Mortality rates are based on historical experience and standard actuarial tables and include an allowance for future improvements in longevity.

If the discount rate assumption decreased by 3.0% the defined benefit obligation would increase by approximately £920m. If the assumption increased by 3.0% the defined benefit obligation would decrease by approximately £431m.

If the inflation assumption increased by 1.0% the defined benefit obligation would increase by approximately £157m. If the assumption decreased by 1.0% the defined benefit obligation would decrease by approximately £141m.

6 Financial instruments, loans and other borrowings

The Group holds the following financial instruments at fair value:

	29 October 2022 £m	30 October 2021 £m	30 April 2022 £m
Derivative financial assets	**16**	28	28
Derivative financial liabilities	**(11)**	(40)	(11)

The significant inputs required to fair value the Group's net derivatives are observable and are classified as 'Level 2' in the fair value hierarchy.

Fair values have been arrived at by discounting future cash flows (where the impact of discounting is material), assuming no early redemption, or by revaluing forward currency contracts to period end market rates as appropriate to the instrument.

The Group has accounted for variable consideration for network commission under IFRS 15 'Revenue from contracts with customers'. The carrying value of such ongoing network commission receivables and contract assets (net of commission received at the point of connection) is £161m (30 October 2021: £233m, 30 April 2022: £190m).

There have been no transfers of assets or liabilities between levels of the fair value hierarchy. For all other financial assets and liabilities, the carrying amount approximates their fair value.

Committed facilities

In April 2021, the Group refinanced its existing debt with two revolving credit facilities which are due to expire in April 2026. In October 2022, the group signed an additional two short-term revolving credit facilities which are due to expire in October 2023. As at 29 October 2022 available facilities totalled £676m (30 October 2021: £549m, 30 April 2022: £543m) and the Group had drawn down on these facilities by £242m (30 October 2021: £nil, 30 April 2022: £80m). The Group's facilities available throughout the current and prior year are detailed below.

In April 2021, the Group signed a £200m revolving credit facility with a number of relationship banks which was initially due to expire in April 2025. In April 2022, this facility was extended by one year to expire in April 2026. The interest rate payable for drawings under this facility is at a margin over risk free rates (or other applicable interest basis) for the relevant currency and for the appropriate period. The actual margin applicable to any drawing depends on the fixed charges cover ratio calculated in respect of the most recent accounting period. A non-utilisation fee is payable in respect of amounts available but undrawn under this facility and a utilisation fee is payable when aggregate drawings exceed certain levels. At 29 October 2022, the Group had drawn down on this facility by £90m (26 weeks ended 30 October 2021: £nil, year ended 30 April 2022: £80m).

In April 2021, the Group signed a NOK 4,036m (£336m) (26 weeks ended 30 October 2021: £349m, year ended 30 April 2022: £343m) revolving credit facility with a number of relationship banks which was initially due to expire in April 2025. In April 2022, this facility was extended by one year to expire in April 2026. This is on broadly similar terms to the £200m facility. At 29 October 2022, the Group had drawn down on this facility by NOK 1,830m (£152m) (26 weeks ended 30 October 2021: £nil, year ended 30 April 2022: £nil).

In October 2022, the Group signed a £90m revolving credit facility and a NOK 600m (£50m) revolving credit facility with a number of relationship banks to mitigate against any potential short-to-medium term macroeconomic uncertainty. These facilities are for one year, with the option of a further year at the bank's option, and are on broadly similar terms to the £200m facility signed in April 2021. At 29 October 2022, both facilities were undrawn.

Notes to the financial information

6 Financial instruments, loans and other borrowings (continued)

Uncommitted facilities

The Group also has overdrafts and short-term money market lines from UK and European banks denominated in various currencies, all of which are repayable on demand. Interest is charged at the market rates applicable in the countries concerned and these facilities are used to assist in short term liquidity management. Total available facilities are £71m (30 October 2021: £69m, 30 April 2022: £70m). At 29 October 2022 the Group had drawn down on the uncommitted facilities by £1m (30 October 2021: £5m, 30 April 2022: £2m).

7 Note to the cash flow statement

	26 weeks ended 29 October 2022 £m	26 weeks ended 30 October 2021 £m	Year ended 30 April 2022 £m
(Loss) / profit before interest and tax	**(498)**	95	222
Depreciation and amortisation	**166**	168	338
Share-based payment charge	**9**	14	23
Profit on disposal of fixed assets	**–**	(1)	(1)
Impairments and other non-cash items	**509**	3	65
Operating cash flows before movements in working capital	**186**	279	647
Movements in working capital:			
Increase in inventory	**(469)**	(408)	(130)
Increase in receivables	**(67)**	(95)	(92)
Increase in payables	**512**	646	143
Decrease in provisions	**(17)**	(33)	(44)
	(41)	110	(123)
Cash generated from operations	**145**	389	524

Restricted funds, which predominantly comprise funds held by the Group's insurance business for regulatory reserve requirements, were £30m (30 October 2021: £33m; 30 April 2022: £30m). These restricted funds are included within cash and cash equivalents on the face of the consolidated balance sheet.

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.

	30 April 2022 £m	**Financing cash flows £m**	**Lease additions, modifications and disposals £m**	**Foreign Exchange £m**	**Interest £m**	**29 October 2022 £m**
Loans and other borrowings	**(80)**	**(150)**	**–**	**(5)**	**(7)**	**(242)**
Lease liabilities	**(1,267)**	**138**	**(76)**	**2**	**(34)**	**(1,237)**
Total liabilities arising from financing activities	**(1,347)**	**(12)**	**(76)**	**(3)**	**(41)**	**(1,479)**

Notes to the financial information

7 Note to the cash flow statement (continued)

	1 May 2021 £m	Financing cash flows £m	Lease additions, modifications and disposals £m	Foreign Exchange £m	Interest £m	30 October 2021 £m
Loans and other borrowings	–	7	–	–	(7)	–
Lease liabilities	(1,326)	134	(7)	8	(36)	(1,227)
Total liabilities arising from financing activities	(1,326)	141	(7)	8	(43)	(1,227)

	1 May 2021 £m	Financing cash flows £m	Lease additions, modifications and disposals £m	Foreign Exchange £m	Interest £m	30 April 2022 £m
Loans and other borrowings	–	(74)	–	–	(6)	(80)
Lease liabilities	(1,326)	278	(165)	16	(70)	(1,267)
Total liabilities arising from financing activities	(1,326)	204	(165)	16	(76)	(1,347)

Lease liabilities are secured over the Group's right-of-use assets.

8 Goodwill

	29 October 2022 £m	30 October 2021 £m	30 April 2022 £m
Cost			
Opening balance	**3,039**	3,076	3,076
Foreign exchange	**(7)**	(15)	(37)
Closing balance	**3,032**	3,061	3,039
Accumulated impairment			
Opening balance	**(225)**	(225)	(225)
Impairment charge	**(511)**	–	–
Closing balance	**(736)**	(225)	(225)
Carrying value	**2,296**	2,836	2,814

(a) Carrying value of goodwill

The components of goodwill comprise the following businesses:

	29 October 2022 £m	30 October 2021 £m	30 April 2022 £m
UK & Ireland	**1,329**	1,840	1,840
Nordics	**967**	996	974
	2,296	2,836	2,814

8 Goodwill (continued)

(b) Goodwill impairment testing

As required by IAS 36, goodwill is subject to an impairment review on an annual basis, or more frequently where indicators of impairment exist. The Group has considered if indicators of impairment exist with regard to a number of external factors, including the recent increases in the long-term risk-free investment rates and increased uncertainty in the wider macroeconomic environment. Management concluded that these factors are indicators of impairment and consequently, a full impairment review was undertaken per IAS 36 using the value in use ('VIU') method as detailed in the Group's Annual Report and Accounts 2021/22.

As a result of the impairment review, for the UK & Ireland operating segment where £1,840m of goodwill was allocated, a non-cash impairment charge of £511m has been recognised, bringing the goodwill balance to £1,329m. This was mainly due to a material increase in discount rate reflecting increased market risk and volatility, and partly due to the short-to-medium term macroeconomic uncertainty which has been factored into the Group's business plans. In accordance with IFRIC 10, the impairment loss recognised in this period shall not be reversed in a future period.

For the Nordics operating segment, where £967m of goodwill is allocated, the review shows material headroom above the carrying amount and management do not consider that any reasonably possible changes to the key assumptions would reduce the recoverable amount to its carrying value.

Key assumptions

The key assumptions used in calculating VIU are:

- Management' sales and costs projections;
- The long-term growth rate; and
- The pre-tax discount rate.

For the annual impairment test conducted in the year ended 30 April 2022 the strategic plan covered a three-year period. For the period ended 29 October 2022 the updated strategic plan was overlaid to include an additional years four and five due to the short-to-medium term macroeconomic uncertainty. Management considers the five-year outlook a more accurate representation of the steady-state level of return expected in the longer-term. As a result, this is a more appropriate basis on which to calculate the VIU.

The long-term sales and cost projections are based on the Board approved extended plan. The projections consider the outlook for addressable markets and the relative performance of competitors, together with management's views on the future achievable growth in market share and impact of the committed initiatives, including the Group's commitment to long term sustainability targets. In forming these projections, management draws on past experience as a measure to forecast future performance.

Long-term growth rates and pre-tax discount rates have been calculated as explained in the Group's Annual Report and Accounts 2021/22. The values attributed to these assumptions are as follows:

	29 October 2022				30 April 2022			
	Compound annual growth in sales	Compound annual growth in costs	Long term growth rate	Pre-tax discount rate	Compound annual growth in sales	Compound annual growth in costs	Long term growth rate	Pre-tax discount rate
UK & Ireland	0.8%	0.2%	1.5%	13.0%	2.7%	2.0%	1.5%	10.6%
Nordics	2.6%	2.4%	1.8%	11.5%	0.7%	0.5%	1.8%	9.6%

8 Goodwill (continued)

(b) Goodwill impairment testing (continued)

Sensitivity analysis

In accordance with IAS 36, the Group performed sensitivity analysis on the estimates of recoverable amount and a summary of the sensitivities applied to these key assumptions and the resulting headroom / (impairment) is as follows:

UK & Ireland CGU	Sensitivity applied	Headroom / (Impairment) £m	Movement £m
Base case	–	(511)	–
Operating profit in final year	Increase of 20%	(292)	219
	Decrease of 20%	(730)	(219)
Long-term growth rate	Increase of 0.5%	(462)	49
	Decrease of 0.5%	(557)	(46)
Pre-tax discount rate	Increase of 2%	(768)	(257)
	Decrease of 2%	(149)	362

9 Contingent liabilities

The Group continues to cooperate with HMRC in relation to open tax enquiries arising from pre-merger legacy corporate transactions in the former Carphone Warehouse Group. It is possible that a future economic outflow will arise from one of these matters, and therefore a contingent liability has been disclosed. This determination is based on the strength of third-party legal advice on the matter and therefore the Group considers it 'more likely than not' that these enquiries will not result in an economic outflow. The potential range of tax exposures relating to this enquiry is estimated to be approximately £nil – £214m excluding interest and penalties. Interest on the upper end of the range is approximately £62m up to 29 October 2022. Penalties could range from nil to 30% of the principal amount of any tax.

The Group received a Spanish tax assessment in relation to a business that was disposed of by the legacy Carphone Warehouse Group in 2014. This issue will enter litigation and is likely to take a minimum of three years to reach resolution. The Group considers it 'more likely than not' that the assessment will not result in an economic outflow based on third party legal advice. The maximum potential exposure as a result of the claim is £10m.

10 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:

	26 weeks ended 29 October 2022 £m	26 weeks ended 30 October 2021 £m	Year ended 30 April 2022 £m
Revenue from sale of goods and services	**7**	7	15
Amounts owed to the Group	**1**	1	–

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 the Group's results. The Group's risks, and the factors which mitigate them, are set out in more detail on pages 60 to 64 in the Annual Report and Accounts 2021/22 and remain relevant, but have evolved, in the current period.

The updated risks and uncertainties are listed below:

1. Supply Chain Resilience risk covers broad external supply chain related challenges for sourcing and logistics which, if not managed adequately, could result in a deterioration of financial performance;
2. 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;
3. Failure to comply with Financial Services regulation could result in reputational damage, customer compensation, financial penalties and a resultant deterioration in financial performance;
4. 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;
5. 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;
6. 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;
7. Failure to action appropriate Health and Safety measures resulting in injury could give rise to reputational damage and financial penalties;
8. Business continuity plans are not effective and major incident response is inadequate resulting in reputational damage and a loss of competitive advantage;
9. 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;
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. 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
12. Failure to successfully navigate an increasingly pervasive set of externally driven factors, inflation and cost of living pressures could result in a deterioration in financial performance.

The directors have prepared the interim 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 macroeconomic environment and how these factors might influence the Group's objectives and strategy.

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 impact of increased uncertainty and inflation in the wider economic environment, show that the Group is able to operate within its current facilities and comply with its banking covenants for at least 12 months from the date of approval of these condensed financial statements. 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, 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 at least 12 months from the date of approval of these condensed financial statements. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing the interim financial information.

Statement of directors' responsibilities

The directors confirm that to the best of their knowledge:

- the interim financial information has been prepared in accordance with IAS 34 as adopted by the UK;
- the financial highlights, performance review and interim financial information include a fair review of the information required by DTR 4.2.7R (indication of important events during the first 26 weeks and description of principal risks and uncertainties for the remaining 26 weeks of the year); and
- the financial highlights and performance review includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

At the date of this statement, the directors are those listed in the Group's Annual Report and Accounts 2021/22, with the exception of Ian Livingston who resigned on 8 September 2022 and Ian Dyson who was appointed on 1 September 2022.

By order of the Board

Alex Baldock
Group Chief Executive

14 December 2022

Bruce Marsh
Group Chief Financial Officer

14 December 2022

Independent review report

To Currys plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 29 October 2022 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 29 October 2022 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern, and the above conclusions are not a guarantee that the group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Mark Flanagan

for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square

London, E14 5GL

14 December 2022

Retail store data (unaudited)

Number of stores

	At 29 October 2022			At 30 April 2022		
	Own stores	**Franchise stores**	**Total**	Own stores	Franchise stores	Total
UK	**289**	**–**	**289**	293	–	293
Ireland	**16**	**–**	**16**	16	–	16
Total UK & Ireland	**305**	**–**	**305**	309	–	309
Norway	**88**	**66**	**154**	86	67	153
Sweden	**100**	**77**	**177**	102	77	179
Denmark	**41**	**–**	**41**	40	–	40
Finland	**21**	**21**	**42**	21	20	41
Other Nordics	**–**	**14**	**14**	–	14	14
Nordics	**250**	**178**	**428**	249	178	427
Greece	**74**	**17**	**91**	75	19	94
Cyprus	**2**	**–**	**2**	–	–	–
Greece	**76**	**17**	**93**	75	19	94
Total	**631**	**195**	**826**	633	197	830

Selling space ‘000 sq ft

	At 29 October 2022			At 30 April 2022		
	Own stores	**Franchise stores**	**Total**	Own stores	Franchise stores	Total
UK	**5,288**	**–**	**5,288**	5,326	–	5,326
Ireland	**207**	**–**	**207**	207	–	207
Total UK & Ireland	**5,495**	**–**	**5,495**	5,533	–	5,533
Norway	**1,118**	**644**	**1,762**	1,107	654	1,761
Sweden	**1,175**	**390**	**1,565**	1,203	390	1,593
Denmark	**694**	**–**	**694**	678	–	678
Finland	**520**	**184**	**704**	517	176	693
Other Nordics	**–**	**97**	**97**	–	97	97
Nordics	**3,507**	**1,315**	**4,822**	3,505	1,317	4,822
Greece	**977**	**64**	**1,041**	998	71	1,069
Cyprus	**43**	**–**	**43**	–	–	–
Greece	**1,020**	**64**	**1,084**	998	71	1,069
Total	**10,022**	**1,379**	**11,401**	10,036	1,388	11,424

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'). These measures are consistent with those used internally by the Group's Chief Operating Decision Maker ('CODM') in order to evaluate trends, monitor performance and forecast results.

These APMs may not be directly comparable with other similarly titled measures of 'adjusted' or 'underlying' revenue or profit measures used by other companies, including those within our industry, and are not intended to be a substitute for, or superior to, IFRS measures.

We consider these additional measures to provide additional information on the performance of the business and trends to shareholders. The below, and supplementary notes to the APMs, provides further information on the definitions, purpose and reconciliations to IFRS measures of those APMs that are used internally in order to provide parity and transparency between the users of this financial information and the CODM in assessing the core results of the business in conjunction with IFRS measures.

Adjusted results

Included within our APMs the Group reports a number of adjusted profit and earnings measures, all of which are described throughout this section. The Group subsequently refers to adjusted results as those which reflect the in-period trading performance of the ongoing omnichannel retail operations (referred to below as underlying operations and trade) and excludes from IFRS measures certain items that are significant in size or volatility or by nature are non-trading or highly infrequent. Those items that the Group consider to be adjusting, as well as the threshold used to determine the departure from IFRS measures is defined below.

Restatement of comparative periods as a result of a change in Group adjusting items policy

During the current period the Group adopted a new policy to determine whether an item is to be classified as adjusting. The policy reduces the scope of items that could be classified as adjusting by assessing the significance of income or costs on a project-by-project or one-off item basis. This ensures that the impact is material and therefore the departure from IFRS measures is useful for the users of the financial statements.

Management believes the more stringent classification policy provides greater clarity on the current and future performance of the Group's ongoing omnichannel retail operations.

The updated criteria for income or costs to be recognised within adjusting items is explained below. The change in policy has been applied retrospectively with the Group's adjusted results presented within the performance review being restated for the comparative periods. The reconciliations back to the closest equivalent statutory measure within notes A1 to A10 to the Glossary and definitions have also been restated and a reconciliation of the performance review previously announced to the restated position is provided within note A11.

Adjusting items

When determining whether an item is to be classified as adjusting, and the departure from IFRS measures is more useful for the users of the financial statements than the additional disclosure requirements for material items under IAS 1, the project or item must:

- be one-off in nature and have a significant impact on amounts presented in either the statutory income statement or statutory cash flow statement in any set of annual Group financial statements; or
- recur for a finite number of years and do not reflect the underlying trading performance of the business. Items specifically included in this section are the amortisation of acquired intangibles and net pension interest costs on the defined benefit pension scheme.

Management will classify items as adjusting where these criteria are met and it is considered more useful for the users of the financial statements to depart from IFRS measures.

Items excluded from adjusted results can evolve from one financial year to the next depending on the nature of exceptional items or one-off type activities. Where appropriate, for example where a business is classified as exited/to be exited, comparative information is restated accordingly.

Glossary and Definitions

Below highlights the grouping in which management allocate adjusting items and provides further detail on how management consider such items to meet the criteria set out above. Further information on the adjusting items recognised in the current and comparative periods can be found in note A4.

Acquisition and disposal related items

Includes costs incurred in relation to the acquisition, and income for the disposal of business operations, as the related costs and income reflect significant changes to the Group's underlying business operations and trading performance. Adjusted results do not exclude the related revenues or costs that have been earned in relation to previous acquisitions, with the exception of the amortisation of intangibles, such as brands, that would not have been recognised prior to their acquisition. Where practically possible amounts are restated in comparative periods to reflect where a business operation has subsequently been disposed.

Strategic change programmes

Primarily relate to material one-off costs incurred for the execution and delivery of a change in strategic direction, such as; severance and other direct employee costs incurred following the announcement of detailed formal restructuring plans; property rationalisation programmes where a business decision is made to rebase the store estate; and significant transformational system implementation costs for strategic change delivery projects. Such costs incurred do not reflect the Group's underlying trading performance and are one-off in nature. Results are therefore adjusted to exclude such items in order to aid comparability between periods.

Regulatory costs

Compliance costs are included within adjusted results, however in certain instances material costs are to be incurred following significant one-off events such as fines and consumer redress.

The Group includes material costs related to data incidents and regulatory challenge within adjusting items so far as on the basis of internal or external legal advice, it has been determined that it is more than possible that a material outflow will be required to settle the obligation (legal or constructive) and subsequently recognised a provision in accordance with IAS 37.

Impairment losses and onerous contracts

In order to aid comparability, costs incurred for material non-cash impairments (or reversals of previously recognised impairments) and onerous contracts are included within adjusting items where they have a significant impact on amounts presented in either the statutory income statement or statutory cash flow statement in any set of annual Group financial statements. When considering the threshold, management will consider whether the gross impairment charge and gross reversal of previously recognised impairment in any one reportable operating segment is above the material threshold for that financial year.

While the recognition of such is considered to be one-off in nature, the unavoidable costs for those contracts considered onerous is continuously reviewed and therefore based on readily available information at the reporting date as well as managements historical experience of similar transactions. As a result, future cash outflows and total charges to the income statement may fluctuate in future periods. If these changes are material they will be recognised in adjusting items.

Other items

Other items include those items that are one-off in nature that are material enough to distort the underlying results of the business but do not fall into the categories disclosed above. Such items include the settlement of legal cases and other contractual disputes where the corresponding income, or costs, would be considered to distort users understanding of trading performance during the period.

Net interest income / (costs)

Included within adjusting interest income / (costs) are the finance income / (costs) of businesses to be exited, previously disposed operations, net pension interest costs on the defined benefit pension scheme within the UK and other exceptional items considered one-off or so material that they distort underlying finance costs of the Group.

As disclosed above, the disposal of businesses represents a significant change to the underlying business operations, as such, the related interest income / (costs) are removed from adjusted results to assist users' understanding of the trading business.

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, and given the defined benefit section of the scheme having closed to future accrual on 30 April 2010, the accounting effect of this is excluded from adjusted results.

Tax

Included within taxation is the tax impact on those items that are classified as adjusting items explained above and the respective costs to the Group where it is co-operating with tax authorities in relation to tax treatments arising from changes in underlying business operations as a result of acquisition, divestiture or closure of operations. The exclusion from adjusted results ensures that users, and management, can assess the overall performance of the Groups underlying operations.

The tax impact on adjusting items may not have a significant impact on amounts presented in the statutory income statement, however the tax treatment is consistent with the presentation of the income or cost itself.

Definitions, purpose and reconciliations

In line with the Guidelines on Alternative Performance Measures issued by ESMA, we have provided additional information on the APMs used by the Group below, including full reconciliations back to the closest equivalent statutory measure.

EBIT / EBITDA

In the key highlights and performance review we reference financial metrics such as EBIT and EBITDA. We would like to draw to the user's attention that these are shown to aid comparison of our adjusted measures to the closest IFRS measure. We acknowledge that the terminology of EBIT and EBITDA are not IFRS defined labels but are compiled directly from the IFRS measures of profit without making any adjustments for adjusting items explained above. These measures are: profit / (loss) for the year before deducting interest and tax, termed as EBIT; and profit / (loss) for the year before deducting interest, tax, depreciation, and amortisation, termed as EBITDA. These metrics are further explained and reconciled within notes A2 and A3 below.

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.

Like-for-like (LFL) % change

Like-for-like revenue is calculated based on adjusted store and online revenue (including Order & Collect, Online In-Store and ShopLive) using constant exchange rates consistent with the currency neutral % change measure detailed above. 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 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.

Year-on-three-year (Yo3Y)

Within the key highlights and performance review we present year-on-three-year (Yo3Y) results for certain metrics in order to aid users in making meaningful comparisons of the Group's performance following the influence that Covid-19 government enforced store closures had on the Group in the year ended 1 May 2021.

A1 Reconciliation from (loss) / profit before interest and tax to adjusted EBIT and adjusted PBT

Adjusted EBIT and adjusted PBT are measures of profitability that are adjusted from total IFRS measures to remove adjusting items, the nature of which are disclosed above. A description of costs included within adjusting items during the period and comparative periods is further disclosed in note A4.

The exclusion of such costs helps management and users with the comparability of results, based on the underlying trading performance of continuing operations within the relevant reporting period.

The below reconciles (loss) / profit before tax and (loss) / profit before interest and tax, which are considered to be the closest equivalent IFRS measures, to adjusted EBIT and adjusted PBT.

							26 weeks ended 29 October 2022
	Total (loss) / profit £m	**Acquisition / disposal related items £m**	**Strategic change programmes £m**	**Impairment losses and onerous contracts £m**	**Other £m**	**Pension scheme interest £m**	**Adjusted profit / (loss) £m**
UK & Ireland	**(495)**	**6**	**3**	**511**	**–**	**–**	**25**
Nordics	**(4)**	**6**	**1**	**–**	**–**	**–**	**3**
Greece	**1**	**–**	**–**	**–**	**–**	**–**	**1**
EBIT	**(498)**	**12**	**4**	**511**	**–**	**–**	**29**
Finance income	**1**	**–**	**–**	**–**	**–**	**–**	**1**
Finance costs	**(51)**	**–**	**–**	**–**	**–**	**4**	**(47)**
Loss before tax	**(548)**	**12**	**4**	**511**	**–**	**4**	**(17)**

							26 weeks ended 30 October 2021
	Total profit £m	Acquisition / disposal related items £m	Strategic change programmes £m	Impairment losses and onerous contracts £m	Other £m	Pension scheme interest £m	Adjusted profit (restated)* £m
UK & Ireland	33	6	(1)	–	(18)	–	20
Nordics	51	6	–	–	–	–	57
Greece	11	–	–	–	–	–	11
EBIT	95	12	(1)	–	(18)	–	88
Finance income	1	–	–	–	–	–	1
Finance costs	(48)	–	–	–	–	4	(44)
Profit before tax	48	12	(1)	–	(18)	4	45

* Adjusted EBIT in the comparative periods has been restated as explained in note A11 to the Glossary and definitions

A1 Reconciliation from (loss) / profit before interest and tax to adjusted EBIT and adjusted PBT (continued)

	Year ended 30 April 2022						
	Total profit £m	Acquisition / disposal related items £m	Strategic change programmes £m	Impairment losses and onerous contracts £m	Other £m	Pension scheme interest £m	Adjusted profit (restated)* £m
UK & Ireland	71	12	(1)	54	(19)	–	117
Nordics	130	12	–	–	–	–	142
Greece	21	–	–	–	–	–	21
EBIT	222	24	(1)	54	(19)	–	280
Finance income	2	–	–	–	–	–	2
Finance costs	(98)	–	–	–	–	8	(90)
Profit before tax	126	24	(1)	54	(19)	8	192

* Adjusted EBIT in the comparative periods has been restated as explained in note A11 to the Glossary and definitions

A2 Reconciliation from (loss) / profit before interest and tax to EBITDA

EBITDA represents earnings before interest, tax, depreciation and amortisation. It provides a useful measure of profitability for users as it is a commonly used metric to compare profitability between businesses that have differing capital asset structures.

The below reconciles profit before interest and tax, which is considered to be the closest equivalent IFRS measures, to EBITDA.

	26 weeks ended 29 October 2022 £m	26 weeks ended 30 October 2021 £m	Year ended 30 April 2022 £m
(Loss) / profit before interest and tax	**(498)**	95	222
Depreciation	**123**	128	252
Amortisation	**43**	40	86
EBITDA	**(332)**	263	560

A3 Reconciliation from adjusted EBIT to adjusted EBITDA and adjusted EBITDAR

Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation. This measure also excludes adjusting items, the nature of which are disclosed above and with further detail in note A4. It provides a useful measure of profitability for users by adjusting for the items noted in A1 as well as depreciation and amortisation expense noted in A2.

The depreciation adjusted within adjusted EBITDA includes right-of-use asset depreciation on leased assets in accordance with IFRS 16. Some leasing costs, including those on short-term or low value leases, or variable lease payments not included in the measurement of the lease liability, are also included within EBITDA. A similar measure, EBITDAR, provides a measure of profitability based on the above EBITDA definition as well as deducting for leasing costs in EBITDA.

A3 Reconciliation from adjusted EBIT to adjusted EBITDA and adjusted EBITDAR (continued)

The below reconciles adjusted EBIT to adjusted EBITDA and adjusted EBITDAR. The closest equivalent IFRS measures are considered to be profit / (loss) before interest and tax, the reconciliation of such from adjusted EBIT can be found in note A1.

	26 weeks ended 29 October 2022 £m	26 weeks ended 30 October 2021 (restated)* £m	Year ended 30 April 2022 (restated)* £m
Adjusted EBIT	**29**	88	280
Depreciation	**123**	128	252
Amortisation	**31**	28	62
Adjusted EBITDA	**183**	244	594
Leasing costs in EBITDA	**5**	8	14
Adjusted EBITDAR	**188**	252	608

* Adjusted EBIT in the comparative periods has been restated as explained in note A11 to the Glossary and definitions

A4 Further information on the adjusting items between IFRS measures to adjusted profit measures noted above

	Note	**26 weeks ended 29 October 2022 £m**	26 weeks ended 30 October 2021 (restated)* £m	Year ended 30 April 2022 (restated)* £m
Included in (loss) / profit before interest and tax:				
Acquisition / disposal related items	(i)	**12**	12	24
Strategic change programmes	(ii)	**4**	(1)	(1)
Impairment losses and onerous contracts	(iii)	**511**	–	54
Other	(iv)	**–**	(18)	(19)
		527	(7)	58
Included in net finance costs:				
Net non-cash finance costs on defined benefit pension schemes	(v)	**4**	4	8
Total impact on (loss) / profit before tax		**531**	(3)	66
Tax regulatory matters	(vi)	–	–	1
Tax on other adjusting items	(vii)	**15**	(10)	2
Total impact on (loss) /profit after tax		**546**	(13)	69

* Adjusted EBIT in the comparative periods has been restated as explained in note A11 to the Glossary and definitions

Glossary and Definitions

A4 Further information on the adjusting items between IFRS measures to adjusted profit measures noted above (continued)

(i) Acquisition / disposal related items:

A charge of £12m (26 weeks ended 30 October 2021: £12m, year ended 30 April 2022: £24m) relates primarily to amortisation of acquisition intangibles arising on the Dixons Retail Merger.

(ii) Strategic change programmes:

During the period a further £9m of costs have been incurred as the Group continues to deliver the long-term strategic plan set in 2018; becoming clearer, simpler and faster, improving the overall customer experience with an omnichannel offering and building customers for life. The Group have included such items within adjusting items as projects are one-off in nature and have a significant impact on the statutory income statement or statutory cash flow statement in the current period. The costs incurred relate to the following programmes:

- £7m one off implementation costs of transferring service centre operations to a third-party. This was announced during the current period and the transition is expected to be finalised in 2023/24; and
- £2m of restructuring costs for central and retail operations (30 October 2021: £3m, 30 April 2022: £11m).

For the year ended 30 April 2022 the Group also incurred £10m one-off implementation costs of the Currys rebrand (26 weeks ended 30 October 2021: £9m).

Property rationalisation:

Included within strategic change programmes is a net credit of £5m (26 weeks ended 30 October 2021: £13m, year ended 30 April 2022: £22m) 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.

(iii) Impairment losses and onerous contracts:

During the period a non-cash impairment charge of £511m was recognised over the goodwill recognised in the UK & Ireland operating segment. Further explanation is provided within note 8 to the financial information. No impairment charge over goodwill was recognised in either comparative period.

In the year ended 30 April 2022 impairment losses and onerous contracts of £54m were recognised as follows:

- an impairment of £31m (£25m over right-of-use assets and £6m on other fixed assets) was recognised after the Group announced it would close its Acton Campus and relocate to facilities operated by WeWork;
- an impairment of £24m of fixed assets and recognition of a £4m provision for onerous contracts relating to the unavoidable costs after management took the decision to stop selling its credit-based mobile offer;
- an impairment of £2m of right-of-use assets after the Group negotiated an early termination settlement on non-trading lease premises;
- a credit of £7m (26 weeks ended 30 October 2021: £3m credit) following the release of previously recognised onerous contracts related to the closure of the Dixons Travel business following successful early exit negotiations and lower than expected closure costs; and
- the recognition of a non-cash impairment charge of £16m (26 weeks ended 30 October 2021: £13m) and a non-cash impairment reversal of £16m (26 weeks ended 30 October 2021: £10m) over store assets within the UK as a result of changes in consumer shopping habits between our store mix.

(iv) Other:

In the year ended 30 April 2022, credits of £19m (26 weeks ended 30 October 2021: £18m) primarily relate to compensation received following the settlement of a legal case in relation to anti-competitive behaviour engaged by the counterparty. No charges or credits have been recognised in the current period.

A4 Further information on the adjusting items between IFRS measures to adjusted profit measures noted above (continued)

(v) 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.

(vi) 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 is such that the Group holds a provision for the probable economic outflow. 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 12 months ended 30 April 2022.

(vii) Tax on other adjusting items:

The effective tax rate on adjusting items is (3)%. Included within tax on other adjusting items is a £19m charge relating to the derecognition of deferred tax assets (related to tax losses) in the UK, which has been reassessed prudently given the current elevated macroeconomic uncertainty and a £4m credit reflecting the tax effect on adjusting items explained above. The impairment charge over goodwill in the UK & Ireland operating segment has no tax effect.

A5 Reconciliation from net finance costs to adjusted net finance costs

Adjusted net finance costs exclude certain adjusting finance cost items from total finance costs. The adjusting items include the finance charges of businesses 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 or material that they distort underlying finance costs of the Group.

The below provides a reconciliation from net finance costs, which is considered to be the closest IFRS measure, to adjusted net finance costs.

	26 weeks ended 29 October 2022 £m	26 weeks ended 30 October 2021 £m	Year ended 30 April 2022 £m
Total net finance costs	**(50)**	(47)	(96)
Net interest on defined benefit pension	**4**	4	8
Adjusted total net finance costs	**(46)**	(43)	(88)

A6 Adjusted effective tax rate

Tax charged on adjusted profits within the 26 weeks ended 29 October 2022 has been calculated by applying the effective rate of tax which is expected to apply to the Group for the year ending 29 April 2023 using rates substantively enacted at the reporting date as required by IAS 34 'Interim Financial Reporting'.

The Group's adjusted effective rate of taxation for the full year has been estimated at 25% (2021/22: 27%). A rate of 20% has been applied to the adjusted half year results due to the weighting of profit in different jurisdictions.

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 adjusting earnings, and total effective tax is the rate of tax recognised on total earnings.

A7 Reconciliation from (loss) / earnings per share to adjusted (loss) / earnings per share

Earnings per share ('EPS') measures are adjusted 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.

The below table shows a reconciliation of statutory basic EPS to adjusted basic EPS as this is considered to be the closest IFRS equivalent.

	26 weeks ended 29 October 2022	26 weeks ended 30 October 2021 (restated)*	Year ended 30 April 2022 (restated)*
	£m	£m	£m
Adjusted (loss) / profit	**(14)**	29	140
Total (loss) / profit	**(560)**	42	71
	Million	Million	Million
Average shares in issue	**1,133**	1,166	1,165
Less average holding by Group EBT	**(31)**	(25)	(35)
Weighted average number of shares	**1,102**	1,141	1,130
	Pence	Pence	Pence
Basic (loss) / earnings per share	**(50.8)**	3.7	6.3
Adjustments (net of taxation)	**49.5**	(1.2)	6.1
Adjusted basic (loss) / earnings per share	**(1.3)**	2.5	12.4

* Adjusted EBIT in the comparative periods has been restated as explained in note A11 to the Glossary and definitions

Basic (loss) / earnings per share is based on the (loss) / profit for the period attributable to equity shareholders. Adjusted (loss) / earnings per share is presented in order to show the underlying performance of the Group. Adjustments used to determine adjusted (loss) / profit are described further in note A4.

A8 Reconciliation of cash generated from operations to free cash flow

Operating cash flow comprises cash generated from / (utilised by) operations, but before cash generated from / (utilised by) discontinued operations, adjusting items (the nature of which are disclosed above), and after repayments of lease liabilities (excluding non-trading stores) and movements in working capital presented within the performance review. The measure aims to provide users a clear understanding of cash generated from the continuing operations excluding material one-off items of the Group.

Sustainable free cash flow comprises cash generated from / (utilised by) operations, but before cash generated from / (utilised by) discontinued operations and movements in working capital and after capital expenditure, capital repayments of lease liabilities, net cash interest paid, and income tax paid. Free cash flow comprises all items contained within sustainable free cash flow but after movements in working capital. Sustainable free cash flow and free cash flow are considered to be useful for users as they represent available cash resources after operational cash outflows and capital investment to generate future economic inflows. We consider it useful to present both measures to draw users' attention to the impact of movements in working capital on free cash flow.

A8 Reconciliation of cash generated from operations to free cash flow (continued)

Reconciliation of cash inflow from operations to free cash flow

	26 weeks ended 29 October 2022 £m	26 weeks ended 30 October 2021 (restated)* £m	Year ended 30 April 2022 (restated)* £m
Cash generated from operations	**145**	389	524
Capital repayment of leases cost and interest	**(137)**	(134)	(278)
Less adjusting items to cash flow	**25**	(16)	23
Less movements in working capital presented within the performance review (note A10)	**28**	(102)	112
Facility arrangement fees	**(1)**	(6)	(6)
Operating cash flow	**60**	131	375
Capital expenditure	**(56)**	(51)	(133)
Add back adjusting items to cash flow	**(25)**	16	(23)
Taxation	**(24)**	(6)	(18)
Cash interest paid	**(13)**	(7)	(17)
Sustainable free cash flow	**(58)**	83	184
Add back movements in working capital presented within the performance review (note A10)	**(28)**	102	(112)
Free cash flow	**(86)**	185	72

* Adjusted EBIT in the comparative periods has been restated as explained in note A11 to the Glossary and definitions

Reconciliation of adjusted EBIT to free cash flow

	26 weeks ended 29 October 2022 £m	26 weeks ended 30 October 2021 (restated)* £m	Year ended 30 April 2022 (restated)* £m
Adjusted EBIT (note A1)	**29**	88	280
Depreciation and amortisation (note A3)	**154**	156	314
Working capital presented within the performance review (note A10)	**(28)**	102	(112)
Capital expenditure	**(56)**	(51)	(133)
Taxation	**(24)**	(6)	(18)
Interest	**(13)**	(7)	(17)
Repayment of leases**	**(131)**	(126)	(249)
Other non-cash items in EBIT***	**8**	13	30
Free cash flow before adjusting items to cash flow	**(61)**	169	95
Adjusting items to cash flow	**(25)**	16	(23)
Free cash flow	**(86)**	185	72
Add back working capital presented within the performance review (note A10)	**28**	(102)	112
Sustainable free cash flow	**(58)**	83	184

* Adjusted EBIT in the comparative periods has been restated as explained in note A11 to the Glossary and definitions

** Repayment of leases excludes the impact of non-trading leases, which are presented within adjusting items to cash flow

*** Other non-cash items in EBIT, as disclosed within the Summary of Performance section, comprise share-based payments, profit/loss on disposal of fixed assets, impairments and other non-cash items.

A9 Reconciliation from liabilities arising from financing activities to total indebtedness and net (debt)/ cash

Total indebtedness is a measure which represents period end net (debt) / cash, pension deficit and lease liabilities, less any restricted cash. The purpose of this is to evaluate the liquidity of the Group with the inclusion of all interest-bearing liabilities.

Net (debt) / cash comprises cash and cash equivalents and short-term deposits, less loans and other borrowings. We consider that this provides a useful alternative measure of the indebtedness of the Group and is used within our banking covenants as part of the leverage ratio.

The below provides a reconciliation of total liabilities from financing activities, which is considered the closest equivalent IFRS measure, to total indebtedness and net (debt) / cash.

	29 October 2022 £m	30 October 2021 £m	30 April 2022 £m
Loans and other borrowings	**(242)**	–	(80)
Lease liabilities*	**(1,237)**	(1,227)	(1,267)
Total liabilities from financing activities (note 7)	**(1,479)**	(1,227)	(1,347)
Cash and cash equivalents less restricted cash	**108**	222	96
Overdrafts	**(1)**	(5)	(2)
Lease receivables*	**6**	4	4
Pension liability	**(251)**	(416)	(257)
Total indebtedness	**(1,617)**	(1,422)	(1,506)
Restricted cash	**30**	33	30
Add back pension liability	**251**	416	257
Add back lease liabilities*	**1,237**	1,227	1,267
Less lease receivables*	**(6)**	(4)	(4)
Net (debt) / cash	**(105)**	250	44

* Net lease liabilities within the performance review relates to lease liabilities less lease receivables.

Within the performance review management also refer to average net (debt) / cash. Average net (debt) / cash comprises the same items included in net (debt) / cash as defined above, however calculated as the average between April – October for the interim reporting period and April – April for the full year to align to the Group’s Remuneration Committee calculation and as reported internally.

A10 Reconciliation of movements in statutory working capital to working capital presented within the performance review

Within the performance review a reconciliation of the adjusted EBIT to free cash flow is provided. Within this, the working capital balance of £(28)m (26 weeks ended 30 October 2021 £102m, year ended 30 April 2022 £(112)m) differs to the statutory working capital balance as cash flows on adjusting items are separately disclosed.

Working capital presented within the performance review is a measure of working capital that is adjusted from total IFRS measures to remove the working capital on adjusting items. A description of costs included within adjusting items during the period and comparative periods is further disclosed in 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. A reconciliation of the disclosed working capital balance is as follows:

	26 weeks ended 29 October 2022 £m	26 weeks ended 30 October 2021 (restated)* £m	Year ended 30 April 2022 (restated)* £m
Movements in working capital (note 7)	**(41)**	110	(123)
Adjusting items provisions	**14**	32	51
Exceptional receivable – legal settlement	**–**	(34)	(34)
Facility arrangement fees	**(1)**	(6)	(6)
Working capital presented within the performance review	**(28)**	102	(112)

* Adjusted EBIT in the comparative periods has been restated as explained in note A11 to the Glossary and definitions

A11 Restatement of the Group's performance review

The adjusted results and adjusting items for the 26 weeks ended 30 October 2021 and year ended 30 April 2022 have been restated to reflect the updated adjusting items policy which is used to determine whether an item is to be classified as adjusting. Management believes the more stringent classification policy provides greater clarity on the current and future performance of the Group's ongoing omnichannel retail operations.

The impact of the restatement on the Group's adjusted results for the respective comparative periods is outlined below. There is no impact on statutory results as a result of the restatements.

A11 Restatement of the Group's performance review (continued)

26 weeks ended 30 October 2021

	H1 2021/22 as previously reported £m	Policy adjustment £m	H1 2021/22 restated £m
Income statement			
Adjusted revenue	4,783	2	4,785
Adjusting items to revenue	2	(2)	-
Revenue	4,785	-	4,785
Adjusted EBITDA	247	(3)	244
Adjusted EBITDA margin	5.2%	(10) bps	5.1%
Depreciation on right-of-use assets	(95)	-	(95)
Depreciation on other assets	(33)	-	(33)
Amortisation	(28)	-	(28)
Adjusted EBIT	91	(3)	88
Adjusted EBIT margin	1.9%	(10) bps	1.8%
Interest on lease liabilities	(36)	-	(36)
Finance income	1	-	1
Adjusted finance costs	(8)	-	(8)
Adjusted PBT	48	(3)	45
Adjusted PBT margin	1.0%	(10) bps	0.9%
Adjusted tax	(16)	-	(16)
Adjusted profit after tax	32	(3)	29
Adjusted EPS	2.8p	(0.3)p	2.5p
Cash flow			
Adjusted EBITDAR	255	(3)	252
Adjusted EBITDAR margin	5.3%	- bps	5.3%
Cash payments of leasing costs, debt & interest	(134)	-	(134)
Other non-cash items in EBIT	13	-	13
Operating cash flow	134	(3)	131
Operating cash flow margin	2.8%	(10) bps	2.7%
Capital expenditure	(51)	-	(51)
Adjusting items to cash flow	10	6	16
Free cash flow before working capital	93	3	96
Working capital	105	(3)	102
Segmental free cash flow	198	-	198
Cash tax paid	(6)	-	(6)
Cash interest paid	(7)	-	(7)
Free cash flow	185	-	185
Dividend	(34)	-	(34)
Purchase of own shares – employee benefit trust	(28)	-	(28)
Pension	(39)	-	(39)
Other	(3)	-	(3)
Movement in net cash	81	-	81
Net cash	250	-	250

A11 Restatement of the Group's performance review (continued)

Year ended 30 April 2022

	2021/22 as previously reported £m	Policy adjustment £m	2021/22 restated £m
Income Statement			
Adjusted revenue	10,122	22	10,144
Adjusting items to revenue	22	(22)	-
Revenue	10,144	-	10,144
Adjusted EBITDA	588	6	594
Adjusted EBITDA margin	5.8%	+10 bps	5.9%
Depreciation on right-of-use assets	(190)	-	(190)
Depreciation on other assets	(62)	-	(62)
Amortisation	(62)	-	(62)
Adjusted EBIT	274	6	280
Adjusted EBIT margin	2.7%	+10 bps	2.8%
Interest on lease liabilities	(70)	-	(70)
Finance income	2	-	2
Adjusted finance costs	(20)	-	(20)
Adjusted PBT	186	6	192
Adjusted PBT margin	1.8%	+10 bps	1.9%
Adjusted tax	(51)	(1)	(52)
Adjusted profit after tax	135	5	140
Adjusted EPS	11.9p	0.5p	12.4p
Cash flow			
Adjusted EBITDAR	602	6	608
Adjusted EBITDAR margin	5.9%	+10 bps	6.0%
Cash payments of leasing costs, debt & interest	(263)	-	(263)
Other non-cash items in EBIT	22	8	30
Operating cash flow	361	14	375
Operating cash flow margin	3.6%	+10 bps	3.7%
Capital expenditure	(133)	-	(133)
Adjusting items to cash flow	(33)	10	(23)
Free cash flow before working capital	195	24	219
Working capital	(88)	(24)	(112)
Segmental free cash flow	107	-	107
Cash tax paid	(18)	-	(18)
Cash interest paid	(17)	-	(17)
Free cash flow	72	-	72
Dividend	(46)	-	(46)
Purchase of own shares – share buyback	(32)	-	(32)
Purchase of own shares – employee benefit trust	(41)	-	(41)
Pension	(78)	-	(78)
Other	-	-	-
Movement in net cash	(125)	-	(125)
Net cash	44	-	44

Glossary and Definitions

Other definitions

The following definitions may apply throughout this interim statement and the Annual Report and Accounts 2021/22 previously published:

Acquisition intangibles	Acquired intangible assets such as customer bases, brands and other intangible assets acquired through a business combination capitalised separately from goodwill.
B2B	Business to business.
Board	The Board of Directors of the Company.
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.
Company or the Company	Currys plc (incorporated in England & Wales under the Act, with registered number 07105905), whose registered office is at 1 Portal Way, London W3 6RS.
Credit adoption	Sales on Credit as a proportion of total sales.
CRM	Customer Relationship Management.
Currys plc 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.
ESG	Environmental, social and governance.
FVTOCI	Financial assets measured at fair value through other comprehensive income.
GfK	Growth from Knowledge.
HMRC	Her Majesty's Revenue and Customs.
honeybee	honeybee was our proprietary IT software for which an asset sale was completed on 31 May 2018.
IFRS	International Financial Reporting Standards as adopted by the UK.
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.

Glossary and Definitions

MNO	Mobile network operator.
Net zero	Net zero emissions includes our Scope 1, 2 and 3 emissions. In 2020, we collaborated with The British Retail Consortium and other major retailers on the development of a Climate Action Roadmap to decarbonise the retail industry and its supply chains. The plan aims to bring the retail industry and its supply chains to Net Zero by 2040. Our commitment to net zero meets a number of the criteria of the SBTi Corporate Net-Zero Standard but is not fully aligned or validated against this standard. We will develop and publish a robust net zero emissions roadmap for the Group which will provide detail on carbon abatement for key emissions sources and neutralisation plans of any source of residual emissions that remain unfeasible to remove.
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 & collect, Online In-Store and ShopLive UK.
Online in-store	Sales that are generated through in-store tablets for products that are not stocked in the store.
Order & collect	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 ending on 7 January 2023 as to be announced in the Group's Christmas Trading statement in January 2023. Post peak refers to the trading period from 8 January 2023 to the Group's year end on 29 April 2023.
RCF	Revolving credit facility.
Sharesave or SAYE	Save as you earn share scheme.
ShopLive UK	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.
Store	Store sales, Store market share, and Store share of business relate to all sales where the journey is completed in store. This excludes online home delivered, order & collect, Online in-store and ShopLive UK.
TSR	Total shareholder return.
WAEP	Weighted average exercise price.