

STORES GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 30 OCTOBER 2022

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STORES GROUP LIMITED

COMPANY INFORMATION

Directors

J Burke
J Goff

Secretary

J Burke

Company number

01697262

Registered office

Hilmore House
Gain Lane
Bradford
West Yorkshire
England
BD3 7DL

Independent Auditors

PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds
West Yorkshire
England
LS1 4DL

STORES GROUP LIMITED

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STORES GROUP LIMITED

STRATEGIC REPORT

FOR THE 52 WEEKS ENDED 30 OCTOBER 2022

The Directors present their strategic report for Stores Group Limited for the 52 weeks ended 30 October 2022.

The term 'Company' refers to Stores Group Limited Limited and the terms 'Group' and 'Morrisons' refer to Wm Morrison Supermarkets Limited and its subsidiary undertakings.

Principal activities and future developments

The principal activity of the Company is that of a holding company. The Company is expected to continue with its principal activity for the foreseeable future.

Business review, results and dividends

These financial statements represent the 52 week period to 30 October 2022. The Company changed its accounting reference date from 31 January to 31 October in the previous financial period. Consequently, the comparative period covers the 39 weeks to 31 October 2021. The accounting period of the Company ends on a Sunday not more than seven days before or after the accounting reference date of 31 October.

The result for the financial period amounted to £nil during the 52 weeks ended 30 October 2022 (2021: £nil).

The Directors did not authorise and pay a dividend in the period (2021: £nil).

As at 30 October 2022 the Company had net assets of £264,500,000 (2021: £264,500,000).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are disclosed on pages 25 to 31 of the Wm Morrison Supermarkets Limited Annual report and Financial Statements for the 52 weeks ended 30 October 2022, which does not form part of this report.

Key performance indicators (KPIs)

The KPIs of the Group are integrated with those of the Group and are not managed separately. The KPIs of the Group, which include those of the Group, are disclosed on pages 7 to 11 of the Wm Morrison Supermarkets Limited Annual Report and Financial Statements for the 52 weeks ended 30 October 2022, which does not form part of this report.

STORES GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE 52 WEEKS ENDED 30 OCTOBER 2022

S172 statement

The Board of Directors consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and having due regard to the requirements of section 172 of the Companies Act 2006, in the decisions taken during the 52 week period ended 30 October 2022.

In doing so, the Directors have regard (amongst other matters) to the likely consequences of any decision in the long term; the interests of employees; the need to foster relationships with suppliers, customers and others; the impact of its operations on the community and the environment; the maintaining of a reputation for high standards of business conduct; and the need to act fairly between members of the Company.

There were no significant developments during the period ended 30 October 2022 requiring specific consideration of the long-term consequences on stakeholders, of decisions made.

Further information about how the Group as a whole has had regard to the requirements of section 172 is included in the Strategic Report disclosed in the Wm Morrison Supermarkets Limited Annual report and Financial Statements for the 52 weeks ended 30 October 2022.

Approval of the Strategic report

The Strategic report was approved by the Board and signed on its behalf by:



J Goff

Director

28 July 2023

STORES GROUP LIMITED

DIRECTORS' REPORT

FOR THE 52 WEEKS ENDED 30 OCTOBER 2022

The Directors present the Annual Report and the Company's audited financial statements for the 52 weeks ended 30 October 2022. These financial statements are prepared under United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The term 'Company' refers to Stores Group Limited and the terms 'Group' and 'Morrison' refer to Wm Morrison Supermarkets Limited and its subsidiary undertakings.

Matters discussed in the Strategic report

The Directors have chosen to present certain requirements of the Directors report within the Strategic report on page 1 and 2 of the financial statements, including the Company's principal activity and future developments, business review, details of proposed dividends and S172 statement.

Directors and their interests

The Directors who held office during the period and up to the date of signing of the financial statements were as follows:

| | |
|-----------|---------------------------|
| J Burke | |
| M Gleeson | (resigned 22 April 2022) |
| J Goff | (appointed 22 April 2022) |

At no time during the period or subsequently did any Director have a material interest in any contract or arrangement with the Company or its subsidiary which was significant in relation to the Group's business.

Going concern

The Directors' assessment of the Company's ability to continue as a going concern is set out in note 1 of these financial statements.

The immediate parent of the Company is Safeway Limited and the ultimate parent and controlling party of the Group is Market Topco Limited. The Company has obtained a letter of support from the ultimate parent, Market Topco Limited, that confirms financial support will be provided where required, for the foreseeable future and at least twelve months from the date of signing the financial statements and, in particular, it will not demand repayment of any amounts currently outstanding (see note 1).

Directors' and Officers' liability insurance

The Group maintains insurance cover for the protection of Directors and senior management from personal liabilities and costs which may arise in the course of fulfilling their duties. This insurance was in force during the 52 weeks ended 30 October 2022 and to the date of approval of the Company financial statements.

Internal control

The Board is responsible for the system of internal control within the Company and for reviewing its effectiveness. The control system is intended to manage rather than eliminate the risk of not meeting the Company's strategic objectives. Any such system can only provide reasonable, not absolute, assurance against material misstatement or loss.

Relationships with customers

The Company is focussed on maintaining its relationships with its existing customer base, whilst attracting new customers in what is a competitive market. This is achieved through a relentless drive to improve the shopping trip by listening and responding to customers, providing them with what they want, when they want it. This includes investments in price and customer experience, and offering local solutions to customers. The Company is a wholly owned subsidiary of Wm Morrison Supermarkets Limited and as such, is aligned to the priorities and ways of working of the Group. For more information on how the Company and Group engage with their customers see the "Customers" section on page 12 of the Group's Annual Report and Financial Statements for the 52 weeks ended 30 October 2022, which do not form part of this report.

STORES GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE 52 WEEKS ENDED 30 OCTOBER 2022

Employee interests

The Company recognises the importance of having engaged and motivated colleagues that share in the success of the business and receive a fair day's pay for a fair day's work. The Company's comprehensive employment policies cover recruitment, selection, retention, remuneration, education, development and equality.

Employee engagement

Employees have their say on what matters to them through 'Your Say' forums and the annual 'Your Say' survey. They are kept as fully informed as possible about the activities of the business, through internal publications, communications programmes, notice boards, briefings and local, regional and national consultative committees. The Company recognises a number of trade unions.

The Company encourages employee involvement in the financial performance of the business through participation in either the Morrison Group management bonus plan or, prior to the takeover of the Company, the savings related share option schemes.

Equal opportunity

Equal opportunities are offered to all regardless of race, colour, nationality, religion, sex, marital status, disability or age. All applicants and employees are treated equally in respect of recruitment, promotion, training, pay and other employment policies and practices. All decisions are based on merit. Reasonable adjustments will be made to accommodate those with special needs. Under no circumstances will discrimination against any individual or group be tolerated. All employees have access to confidential counselling provided by trained counsellors as part of our special complaints procedure and occupational health team.

The Company is conscious of its responsibility to society and to the local community in particular and we aim to provide employment opportunities which are compatible with work and family responsibilities. Management is required to apply all of the Company's policies fully and diligently to ensure that the highest standards are maintained.

For more information of how the Company looks to operate in the best interests of its employees, see the "Colleagues" section on pages 13 and 14 of the Group's Annual Report and Financial Statements for the 52 weeks ended 30 October 2022, which do not form part of this report.

Relationships with suppliers

The Company looks to foster strong and lasting relationships with its suppliers, based on mutual respect and benefit. As such, the Directors consider it appropriate to operate in accordance with Group policies, which are described in the Group's Annual Report and Financial Statements which do not form part of this report. These policies look to ensure that the Company is working closely with its suppliers, listening and responding to them, paying them on time, simplifying terms and adhering to ways of working that comply with the Groceries Supply Code of Practice.

Investor

The Company is a wholly owned subsidiary of Wm Morrison Supermarkets Limited, providing a largely aligned service offer (albeit location relevant) to the Gibraltar food retail market. As such, there exists an effective balance of integration, governance and communication between the Company and Group, to ensure the Company is strategically aligned to the Morrison's brand and priorities.

Community, environment and Streamlined Energy and Carbon Reporting ('SECR')

The Company recognises the importance of its social and environmental responsibilities. As such, the Directors consider it appropriate to operate in accordance with Group policies, which are described in the Group's Annual Report and Financial Statements which do not form part of this report. These policies look to monitor the Group's impact on the environment and minimise any damage that might be caused by the impact of business activities. Initiatives designed to minimise the Company's impact on the environment include recycling and reducing energy consumption.

The Group reports on greenhouse gas emissions each calendar year in line with the requirements of the SECR. For further details of reporting in the 52 weeks ended 30 October 2022, see pages 18 to 24 of the Wm Morrison Supermarkets Limited Annual Report and Financial Statements.

STORES GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE 52 WEEKS ENDED 30 OCTOBER 2022

Political donations

There were no political donations for the period (2021: £nil) and the Company did not incur any political expenditure (2021: £nil).

Financial risk management

The financial risk management and policies of the Company are consistent with those of the Group. For further details, see pages 94 and 95 of the Wm Morrison Supermarkets Limited Annual Report and Financial Statements for the 52 weeks ended 30 October 2022, which does not form part of this report.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors' reappointment

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

This report was approved by the Board and signed on its behalf by:



J Goff

Director

28 July 2023

STORES GROUP LIMITED
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF STORES GROUP LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Stores Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 October 2022 and of its result for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 October 2022; the statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

STORES GROUP LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STORES GROUP LIMITED (CONTINUED)

Reporting on other information (continued)

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 30 October 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and posting inappropriate journal entries to manipulate results. Audit procedures performed by the engagement team included:

- Discussions with management and consideration of any known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of the financial statement disclosures to underlying supporting documentation;
- Reviewing Board minutes;
- Challenging assumptions and judgements made by management in areas involving accounting estimates; and
- Identifying and testing journal entries that meet our fraud risk criteria, including those with certain unusual account combinations.

STORES GROUP LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STORES GROUP LIMITED (CONTINUED)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

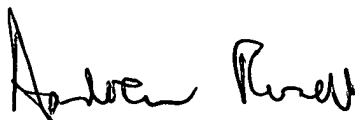
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other matter

The financial statements for the period ended 31 October 2021, forming the corresponding figures of the financial statements for the period ended 30 October 2022, are unaudited.



Andrew Russell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
29 July 2023

STORES GROUP LIMITED

BALANCE SHEET

AS AT 30 OCTOBER 2022

| | | 30 October 2022 £'000 | Unaudited 31 October 2021 £'000 |
|--|------|-----------------------------|--|
| | Note | | |
| Fixed assets | | | |
| Investments | 4 | 1,133,168 | 1,133,168 |
| Current assets | | | |
| Debtors | 6 | 716,900 | 716,900 |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 7 | (1,585,568) | (1,585,568) |
| Net current liabilities | | (868,668) | (868,668) |
| Net assets | | 264,500 | 264,500 |
| Shareholders' equity | | | |
| Called-up share capital | 8 | 100 | 100 |
| Retained earnings | | 264,400 | 264,400 |
| Total shareholders' funds | | 264,500 | 264,500 |

Included within the retained earnings is a result of £nil (2021: £nil). There were no amounts recognised in income statement or in other comprehensive income in the current reporting period (2021: £nil).

The notes on pages 11 to 16 form part of these financial statements.

The financial statements on pages 9 to 16 were approved by the Board of Directors and authorised for issue on 28 July 2023 and are signed on its behalf by:



J Goff
Director

Company Registration No. 01697262

STORES GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 30 OCTOBER 2022

| | Called up share capital | Retained earnings | Total shareholders' funds |
|--|----------------------------|----------------------|---------------------------------|
| | £'000 | £'000 | £'000 |
| At 1 February 2021 (unaudited), 31 October 2021 (unaudited), 1 November 2021 (unaudited) and 30 October 2022 | 100 | 264,500 | 264,500 |

The notes on pages 11 to 16 form part of these financial statements.

STORES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 OCTOBER 2022

1 Accounting policies

Company information

Stores Group Limited is a private company limited by shares incorporated in the United Kingdom (England and Wales) under the Companies Act 2006 (Registration number 01697262). The Company is domiciled in the United Kingdom and its registered address is Hilmore House, Gain Lane, Bradford, West Yorkshire, England, BD3 7DL. The financial statements are presented in pound sterling which is also the Company's functional currency. The principal activity of the Company is that of a holding company.

Basis of preparation

These financial statements of the Company have been prepared in accordance with the Companies Act 2006 (the Act) as applicable to companies using Financial Reporting standard 101, 'Reduced Disclosure Framework' (FRS 101). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and presentation requirements of International Accounting Standards in conformity with the requirements of the Act, but make amendments where necessary in order to comply with the Act and take advantage of FRS 101 disclosure exemptions.

The Company is a qualifying entity for the purposes of FRS 101 as it is a member of a group which prepares publicly available consolidated financial statements and it is included in the consolidation for that group.

Accounting reference date

These financial statements represent the 52 week period to 30 October 2022. The Company changed its accounting reference date from 31 January to 31 October in the previous financial period. Consequently, the comparative period covers the 39 weeks to 31 October 2021. The accounting period of the Company ends on a Sunday not more than seven days before or after the accounting reference date of 31 October.

Going concern

These financial statements, which have been prepared on a going concern basis, under the historic cost convention and in accordance with applicable accounting standards in the United Kingdom, are presented as required by the Companies Act. The Directors have a reasonable expectation that the Company has adequate resources for a period of at least 12 months from the date of approval of these financial statements. The immediate parent of the Company is Safeway Limited and the ultimate parent and controlling party of the Company is Market Topco Limited. The Company has obtained a letter of support from the ultimate parent, Market Topco Limited, that confirms financial support will be provided where required, for the foreseeable future and at least twelve months from the date of signing the financial statements and, in particular, it will not demand repayment of any amounts currently outstanding.

The Directors' assessment of the Company's ability to continue as a going concern has taken into consideration the effect that the current economic climate has on the Group and any implications this may have on the Company. In making their assessment of the Group's ability to continue as a going concern, the Directors have considered the projected performance of the Group and the wider financial resources of the Market Topco Limited Group, including the impact of the acquisition of McColl's. The Directors' assessment of the Group's ability to continue as a going concern includes consideration of cash flow forecasts and the committed borrowing facilities in place of the Group and its parent entities. These forecasts include consideration of future trading performance including McColl's, working capital requirements, and the wider Group's current financing arrangements, along with wider economic conditions, and include the modelling of a number of downside scenarios. The scenarios considered take account of a number of severe, but plausible, downsides that the Group might experience by flexing the forecasts for a number of financial assumptions, such as reductions in like-for-like ('LFL') sales, fuel price and volumes, profit sensitivities, and a reduction in the level of available supply chain finance facilities.

STORES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 30 OCTOBER 2022

1 Accounting policies (continued)

Going concern (continued)

The Group continues to maintain a robust financial position providing it with sufficient access to liquidity, through a combination of cash, intercompany loans, committed facilities and supply chain finance facilities to meet its needs in the short and medium term. The Group has a centralised treasury function which manages funding, liquidity and other financial risk in accordance with the Board-approved Treasury Policy, as detailed on page 94 of the Wm Morrison Supermarkets Limited Annual Report and Financial Statements. In respect of financial covenants in relation to the wider Group's financing structure at 30 October 2022, the base and downside scenarios modelled, which include mitigating actions available, demonstrate sufficient financial covenant headroom being available. This assessment has been based on the latest information available as at the date of approval of these financial statements, including the current status of available facilities and the latest forecast impacts of scenarios modelled.

The Directors are satisfied that with the letter of support in place for the Company, combined with the assessment of the Group's ability to continue as a going concern, the going concern basis remains appropriate for the preparation of the Company financial statements.

Based on the Directors' assessment above these financial statements have been prepared on a going concern basis.

Disclosure exemptions

The disclosure exemptions adopted by the Company in preparation of these financial statements in accordance with FRS 101 are as follows:

a) IFRS 7, 'Financial Instruments: Disclosures'.

b) IFRS 13, 'Fair value measurement' (paragraphs 91 to 99) – disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities;

c) IAS 1, 'Presentation of financial statements' (paragraph 38) – comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;

(i) IAS 1 paragraph 79 (a);

(ii) IAS 16, 'Property, plant and equipment' paragraph 73(e); and

(iii) IAS 38, 'Intangible assets' paragraph 118(e) (reconciliations between the carrying amount at the beginning and end of the period).

d) The following paragraphs of IAS 1, 'Presentation of financial statements':

(i) 10(d), (statement of cash flows);

(ii) 111 (cash flow statement information); and

(iii) 134-136 (capital management disclosures);

e) IAS 7, 'Statement of cash flows';

f) IAS 8 'Accounting policies, changes in accounting estimates and errors' (paragraph 30 and 31) – requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective;

g) IAS 24, 'Related party disclosures' paragraph 17 (key management compensation).

h) The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

STORES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 30 OCTOBER 2022

1 Accounting policies (Continued)

Basis of consolidation

The Directors have chosen not to prepare consolidated financial statements for the Company in accordance with the provisions of section 400 of the Act. The results of the Company are included in the consolidated financial statements of Wm Morrison Supermarkets Limited.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

New accounting standards, amendments and interpretations adopted by the Company

There have been no new standards, interpretations and amendments to standards which are mandatory for the Company for the first time for the 52 weeks ended 30 October 2022, which have a material impact on the Company's financial statements.

Investments

Investments in subsidiary undertakings and joint ventures are stated at cost less provision for impairment. Impairment losses or write backs of previous impairment losses are presented in the profit and loss account in the period they arise.

Current taxation

The current income tax charge is calculated on the basis of the tax laws in effect during the period and any adjustments to tax payable in respect of previous periods. Taxable profit differs from the profit as reported in the profit for the period as it is adjusted both for items that will never be taxable or deductible, and temporary differences. Current tax is charged to profit for the period; except when it relates to items charged or credited directly in other comprehensive income or equity in which case the current tax is reflected in other comprehensive income or equity as appropriate.

Amounts owed to/by Group undertakings

Amounts owed to/by Group undertakings are initially recorded at fair value, which is generally the proceeds received. They are subsequently carried at amortised cost. The amounts are non-interest-bearing and repayable on demand.

Provision for impairment of amounts owed by Group undertakings is recognised based on lifetime expected credit losses, with the charge being included in administrative expenses.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 Result before taxation

Audit fees and expenses of £2,500 (2021: £nil) were paid by Wm Morrison Supermarkets Limited on the Company's behalf. There are no fees in relation to non-audit services (2021: £nil).

STORES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 30 OCTOBER 2022

3 Employees and Directors

There are no employees of the Company (2021: none).

The emoluments of the Directors are paid by Wm Morrison Supermarkets Limited which makes no recharge to the Company. It is not possible to make an accurate apportionment of the emoluments of the Directors between Wm Morrison Supermarkets Limited and fellow subsidiaries. Accordingly, no emoluments in respect of Directors were disclosed. The Directors of the Company do not receive remuneration in respect of qualifying services as Directors of this Company.

Where the Directors are also the Directors of Wm Morrison Supermarkets Limited, details of the emoluments and accrued benefits under the defined benefit pension schemes that the Director received for the 52 weeks ended 30 October 2022 are disclosed in the Annual Report and Financial Statements of that Company.

4 Investments

| | 30 October 2022 £'000 | Unaudited 31 October 2021 £'000 |
|-------------------------|-----------------------------|--|
| Cost and net book value | <u>1,133,168</u> | <u>1,133,168</u> |

The Directors believe that the carrying value of the investments is supported by future discounted cash flows and their underlying net assets.

See note 5 for details of investments held by the Company

5 Related undertakings

In accordance with section 409 of the Companies Act 2006, a full list of related undertakings including the country of incorporation, the principal activity and the effective percentage of equity owned as at 30 October 2022 is disclosed below. The registered address of all undertakings is Hilmore House, Gain Lane, Bradford, BD3 7DL unless otherwise stated.

| Direct subsidiaries | Principal activity | Registered office | % equity holding |
|---|---------------------|-------------------|------------------|
| Safeway Food Stores Limited | Holding company | United Kingdom | 100 |
| Safeway Stores Limited | Retailer | United Kingdom | 100 |
| Presto Stores Limited | Dormant | United Kingdom | 100 |
| Indirect subsidiaries | Principal activity | Registered office | % equity holding |
| Alliance Property Holdings Limited | Retailer | United Kingdom | 100 |
| Amos Hinton & Sons Ltd | Dormant | United Kingdom | 100 |
| Argyle Securities Limited ¹ | Dormant | United Kingdom | 100 |
| Cordon Bleu Freezer Food Centres Limited | Dormant | United Kingdom | 100 |
| English Real Estates Limited | Dormant | United Kingdom | 100 |
| Evermere Limited | Dormant | United Kingdom | 100 |
| Federated Properties Limited | Dormant | United Kingdom | 100 |
| Freehold Investments Limited ² | Property investment | Jersey | 100 |

STORES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 30 OCTOBER 2022

5 Related undertakings (continued)

| Indirect subsidiaries | Principal activity | Registered office | % equity holding |
|--|---|------------------------------|------------------|
| J3 Property Limited ¹ | Dormant | United Kingdom | 100 |
| Lease Securities Limited ² | Property investment | Jersey | 100 |
| Maypole Limited ³ | Investment company | Guernsey | 100 |
| Oldwest Limited | Dormant | United Kingdom | 100 |
| Presto Stores (LC) Limited | Dormant | United Kingdom | 100 |
| Safeway Development Limited | Dormant | United Kingdom | 100 |
| Safeway (Overseas) Limited | Retailer (overseas) | United Kingdom and Gibraltar | 100 |
| Safeway Pensions Trustees Company Limited | Dormant | United Kingdom | 100 |
| Safeway Pension Trustees Limited | Dormant | United Kingdom | 100 |
| Safeway Properties Limited | Property investment | United Kingdom | 100 |
| Safeway Stores (Gibraltar) Pension Trustees Limited ⁴ | Dormant | Gibraltar | 50 |
| Safeway Stores (Ireland) Limited | Dormant | United Kingdom | 100 |
| Stalwart Investments Limited ² | Property investment | Jersey | 100 |
| The Medical Hall Limited ⁴ | Pharmaceutical licence holder (Gibraltar) | Gibraltar | 100 |
| Velligris Limited | Dormant | United Kingdom | 100 |

1 Registered address Capella Building (Tenth Floor), 60 York Street, Glasgow, G2 8JX

2 Registered address IFC1, Esplanade, St Helier, Jersey, JE1 3BX

3 Registered address 1st & 2nd floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW

4 Registered address 1st Floor, 5 Secretary's Lane, Gibraltar GX11 1AA

6 Debtors

| | 30 October 2022 £'000 | Unaudited 31 October 2021 £'000 |
|------------------------------------|-----------------------------|--|
| Amounts owed by Group undertakings | 716,900 | 716,900 |

Amounts owed by Group undertakings are non-interest bearing, unsecured and are repayable on demand.

Provision for impairment of amounts owed by Group undertakings has been assessed based on expected credit losses. For amounts owed by Group undertakings, as all balances are repayable on demand, and the Company expects to be able to recover the outstanding intercompany balance if demanded, no (2021: none) provision has been recognised.

STORES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 52 WEEKS ENDED 30 OCTOBER 2022

7 Creditors: amounts falling due within one year

| | 30 October 2022 £'000 | Unaudited 31 October 2021 £'000 |
|------------------------------------|-----------------------------|--|
| Amounts owed to Group undertakings | <u>1,585,568</u> | <u>1,585,568</u> |

Amounts owed to Group undertakings are non-interest bearing and unsecured and are repayable on demand.

8 Called-up share capital

| | 30 October 2022 £'000 | Unaudited 31 October 2021 £'000 |
|--|-----------------------------|--|
| 100,000 (2021: 100,000) Ordinary share of £1 | <u>100</u> | <u>100</u> |

9 Ultimate holding company

The immediate parent undertaking is Safeway Limited.

The ultimate parent undertaking and controlling party is Market Topco Limited.

Market Bidco Limited and Market Topco Limited were incorporated by Clayton, Dubilier and Rice's Fund XI for the purposes of acquiring the Company. The investment into Market Topco Limited was made by a vehicle owned by Clayton, Dubilier & Rice Fund XI, L.P. and certain commonly-managed parallel and related investment vehicles thereof.

The smallest group into which the results of the Company are consolidated is Wm Morrison Supermarkets Limited. The largest group in which the results of the Company are consolidated is Market Topco Limited.

Copies of the smallest and largest group financial statements are available at the registered addresses of Wm Morrison Supermarkets Limited and Market Topco Limited at:

Hilmorë House
Gain Lane
Bradford
West Yorkshire
United Kingdom
BD3 7DL