

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Condensed Income Statement

		<i>9 months ended 30 September 2022 (unaudited)</i>	<i>9 months ended 30 September 2021¹ (unaudited)</i>
	<i>Note</i>	<i>£m</i>	<i>£m</i>
Revenue		-	-
Operating costs	3	0.1	(0.4)
Operating profit/(loss)		0.1	(0.4)
Finance income	4	1,969.5	171.5
Finance costs	5	(243.4)	(232.4)
Profit/(loss) on ordinary activities before tax		1,726.2	(61.3)
Income tax expense	6	(0.1)	-
Profit/(loss) for the period		1,726.1	(61.3)



¹ All profit or loss items in the prior period occurred in the period from 16 February 2021 to 30 September 2021.

Condensed Consolidated Statement of Comprehensive Income

	9 months ended 30 September 2022 (unaudited) £m	9 months ended 30 September 2021 (unaudited) ¹ £m
Profit/(loss) for the period	1,726.1	(61.3)
Items to be reclassified to profit or loss in subsequent periods		
<i>Cross-currency hedge:</i>		
Reclassification during the period to income statement	(32.1)	11.4
Net gain/(loss) during the period on cross-currency swap	69.4	(5.8)
Currency basis movements on cost of hedging reserve	2.6	(0.4)
Time value movements on cost of hedging reserve	(1.7)	-
Tax on cash flow hedges recognised directly in other comprehensive income	(9.5)	(1.2)
Other comprehensive income for the period	28.7	4.0
Total comprehensive income/(expense) for the period	1,754.8	(57.3)

¹ All items of comprehensive income or expense in the prior period occurred in the period from 16 February 2021 to 30 September 2021.

Condensed Balance Sheet

		30 September 2022 (unaudited) £m	31 December 2021 (audited) £m	30 September 2021 (unaudited) £m
Note				
Assets				
Non-current assets				
		800.0	800.0	800.0
	Investments			
	Intercompany receivables	7 5,710.5	5,954.1	5,885.8
		<u>6,510.5</u>	<u>6,754.1</u>	<u>6,685.8</u>
Current assets				
	Cash and cash equivalents	7 0.4	0.1	-
	Derivative asset	7 53.5	-	-
		<u>53.9</u>	<u>0.1</u>	<u>-</u>
	Total assets	<u>6,564.4</u>	<u>6,754.2</u>	<u>6,685.8</u>
Equity and liabilities				
Equity attributable to the shareholders				
	Called up share capital	0.1	0.1	0.1
	Cash flow hedge reserve	34.2	6.5	4.3
	Cost of hedging reserve	1.7	0.7	(0.3)
	Capital contribution reserve	657.5	-	-
	Retained earnings	1,639.3	(86.8)	(61.3)
	Total equity attributable to the shareholders	<u>2,332.8</u>	<u>(79.5)</u>	<u>(57.2)</u>
Liabilities				
Non-current liabilities				
	Deferred tax liabilities	6 12.0	2.4	1.2
	Intercompany payables	7 503.8	3,066.6	2,767.0
	Borrowings	8 3,629.1	3,590.7	3,113.4
		<u>4,144.9</u>	<u>6,659.7</u>	<u>5,881.6</u>
Current liabilities				
	Current borrowings	8 9.8	-	743.9
	Trade and other payables	7 66.5	53.6	98.3
	Intercompany payables	7 10.4	120.4	19.2
		<u>86.7</u>	<u>174.0</u>	<u>861.4</u>
	Total liabilities	<u>4,231.6</u>	<u>6,833.7</u>	<u>6,743.0</u>
	Total equity and liabilities	<u>6,564.4</u>	<u>6,754.2</u>	<u>6,685.8</u>

The Balance Sheet and related notes were approved and authorised for issue by the board and were signed on its behalf on

14 December 2022

Mohsin Issa

Mohsin Issa
Director

Condensed Consolidated Statement of Changes in Equity

	Share capital £m	Cash flow hedge reserve £m	Capital contribution reserve £m	Cost of hedging reserve £m	Retained earnings £m	Total equity £m
At 1 January 2021 (unaudited)	0.1	-	-	-	-	0.1
Comprehensive income						
Loss for the period	-	-	-	-	(61.3)	(61.3)
Other comprehensive income/(expense)						
<i>Cross-currency hedge:</i>						
Reclassification during the period to the Income Statement	-	11.3	-	0.1	-	11.4
Net loss during the period on cross-currency swap	-	(5.8)	-	-	-	(5.8)
Currency basis movements on cost of hedging reserve	-	-	-	(0.4)	-	(0.4)
Time-value movements on cost of hedging reserve	-	-	-	-	-	-
Tax on cash flow hedges recognised directly in other comprehensive income	-	(1.2)	-	-	-	(1.2)
Total comprehensive income/(expense)	-	4.3	-	(0.3)	(61.3)	(57.3)
At 30 September 2021 (unaudited)	0.1	4.3	-	(0.3)	(61.3)	(57.2)
	Share capital £m	Cash flow hedge reserve £m	Capital contribution reserve £m	Cost of hedging reserve £m	Retained earnings £m	Total equity £m
At 1 January 2022 (audited)	0.1	6.5	-	0.7	(86.8)	(79.5)
Comprehensive income						
Profit for the period	-	-	-	-	1,726.1	1,726.1
Other comprehensive income/(expense)						
<i>Cross-currency hedge:</i>						
Reclassification during the period to the Income Statement	-	(32.2)	-	0.1	-	(32.1)
Net gain during the period on cross-currency swap	-	69.4	-	-	-	69.4
Currency basis movements on cost of hedging reserve	-	-	-	2.6	-	2.6
Time-value movements on cost of hedging reserve	-	-	-	(1.7)	-	(1.7)
Tax on cash flow hedges recognised directly in other comprehensive income	-	(9.5)	-	-	-	(9.5)
Total comprehensive income	-	27.7	-	1.0	1,726.1	1,754.8
Capital contribution	-	-	657.5	-	-	657.5
At 30 September 2022 (unaudited)	0.1	34.2	657.5	1.7	1,639.3	2,332.8

Note 1. General information

Bellis Acquisition Company PLC ('the Company') is a public company limited by share capital, incorporated and domiciled in England under the Companies Act 2006 (registration number 12855280).

The principal activity of the Company is an intermediate holding company and group financing company.

Note 2. Basis of preparation

The accompanying unaudited condensed interim financial statements represent the results of the Company. These unaudited condensed interim financial statements have been prepared in accordance with Financial Reporting Standard 104 Reduced Disclosure Framework (FRS 104).

In accordance with FRS 104, interim financial information is prepared solely in order to update the most recent annual financial statements prepared by the Company. Therefore, the condensed interim financial statements do not include all the information that would be required in complete financial statements prepared in accordance with UK-adopted International Accounting Standards. In view of the above, for an adequate understanding of the information, these condensed interim financial statements must be read together with Company's financial statements for the period ended 31 December 2021 prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and approved by the Board of Directors on 1 June 2022 (the 2021 Annual Report and Accounts).

In determining the information to be disclosed in the notes to the condensed interim financial statements, management of the Company has, in accordance with FRS 104, taken into account the materiality of the Company in relation to the condensed interim financial statements.

Unless otherwise stated, the accounting policies applied, and the judgements, estimates and assumptions made in applying these policies, are consistent with those used in preparing the consolidated financial statements of the Company for the period ended 31 December 2021.

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

These condensed interim financial statements do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The auditor's report on the financial statements of the Company for the period ended 31 December 2021 was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

Note 2. Basis of preparation (continued)

Going Concern

The Directors have assessed the Company's ability to continue as a going concern including a review of the forecast cash flows, future trading performance and existing borrowings in place. Whilst the Company is currently in a net current liabilities position, based on the reviews previously described, the Directors confirm that the Company has adequate resources to continue to operate for a period up to 31 December 2023 from the date of approval of the accounts and accordingly the going concern basis continues to be appropriate for the preparation of the Financial Statements.

New standards, interpretations and amendments effective

A number of standards, interpretations and amendments became effective for the current reporting period. The applications of these amendments have not had any material impact on these condensed consolidated interim financial statements.

Note 3. Operating costs

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

	9 months ended 30 September 2022 (unaudited) £m	9 months ended 30 September 2021 (unaudited) £m
Fees in relation to third-party advisory services	(0.1)	0.4

Note 4. Finance income

	9 months ended 30 September 2022 (unaudited) £m	9 months ended 30 September 2021 (unaudited) £m
Intercompany interest receivable	205.6	171.5
Dividend income received	1,763.9	-
	<u>1,969.5</u>	<u>171.5</u>

Increase of £34.1m in intercompany interest receivable is driven by prior period comparatives only including interest from 16 February 2021 as the intercompany balances were not in place prior to that date.

Dividend income received of £1,763.9m was received from the Company's wholly-owned subsidiary, Bellis Acquisition Company 2 Limited.

Note 5. Finance costs

	9 months ended 30 September 2022 (unaudited) £m	9 months ended 30 September 2021 (unaudited) £m
Intercompany interest payable	134.4	103.8
External interest payable	109.0	128.6
	<u>243.4</u>	<u>232.4</u>

The increase of £30.6m in intercompany interest payable is driven by prior period comparatives only including interest from 16 February 2021 as the intercompany balances were not in place prior to that date.

The decrease in external interest payable of £19.6m was driven by repayment of the Forecourt Asset Disposal loan in November 2021 (see note 8 for further detail), partially offset by interest accrued in the current period on the Sterling Senior Secured Notes and the prior period only including interest charges from 16 February 2021.

Note 6. Income tax

The analysis of the Company's tax charged / (credited) to the Income Statement:

	9 months ended 30 September 2022 (unaudited) £m	9 months ended 30 September 2021 (unaudited) £m
Current tax		
UK Corporation Tax	-	-
Total current tax charge	-	-
Deferred tax		
Origination and reversal of temporary differences	0.1	-
Total deferred tax charge	0.1	-
Total tax charge	<u>0.1</u>	<u>-</u>

Note 6. Income tax (continued)

A reconciliation of the total tax charge compared to the standard rate of corporation tax in the UK of 19% applied to the profit/(loss) on ordinary activities before tax is as follows:

	9 months ended 30 September 2022 (unaudited) £m	9 months ended 30 September 2021 (unaudited) £m
Profit/(loss) before tax	1,726.2	(61.3)
Corporation tax charge at standard rate	328.0	(11.6)
Losses surrendered to fellow Group undertakings for no payment	7.2	11.6
Non-taxable dividend received	(335.1)	-
Total tax charge	0.1	-

The standard rate of corporation tax in the United Kingdom for the period is 19% (2021: 19%). On 3 March 2021, it was announced in the UK Budget that the main rate of corporation tax in the United Kingdom will increase to 25% on 1 April 2023, and this rate change was substantively enacted in May 2021.

	30 September 2022 (unaudited) £m	31 December 2021 (audited) £m	30 September 2021 (unaudited) £m
Revaluation of cash flow hedges	12.0	2.4	1.2
Deferred Tax Liability	12.0	2.4	1.2

On 3 March 2021, it was announced in the UK Budget that the main rate of corporation tax in the United Kingdom will increase to 25% on 1 April 2023, and this rate change was substantively enacted in May 2021. The deferred tax liability is calculated using the tax rate at which it is expected to unwind of 25%.

Note 7. Financial instruments

The carrying value and classification of financial assets and liabilities are disclosed in the following tables.

	30 September 2022 (unaudited) £m	31 December 2021 (audited) £m	30 September 2021 (unaudited) £m
<i>Non-current interest-bearing financial assets at amortised cost</i>			
Intercompany receivables	5,710.5	5,954.1	5,885.8
<i>Non-interest-bearing financial assets at amortised cost</i>			
Derivative assets	53.5	-	-
<i>Other financial assets</i>			
Cash and cash equivalents	0.4	0.1	-
Total financial assets	5,764.4	5,954.2	5,885.8

The net decrease in non-current interest-bearing intercompany receivables since 31 December 2021 of £243.6m is driven by:

- Settlement during the period by of an intercompany receivable balance amounting to £376.6m through offset of a corresponding intercompany payable (see offsetting decrease in intercompany payables);
- Cash settlement during the period by the Company's immediate wholly-owned subsidiary – Bellis Acquisition Company 2 Limited ("BAC 2") of amounts owing to the Company totaling £72.6m;

partially offset by:

- Intercompany interest accrued since 31 December 2021 of £205.6m

The Company received a dividend in specie during the period from BAC 2 amounting to £1,763.9m which was settled in the form of intercompany receivables from a fellow wholly-owned subsidiary undertaking of the ultimate parent company. These receivables were used by the Company during the period to settle intercompany payables owing to the Company's immediate parent undertaking – see reduction in intercompany payables below.

Note 7. Financial instruments (continued)

	30 September 2022 (unaudited) £m	31 December 2021 (audited) £m	30 September 2021 (unaudited) £m
<i>Non-interest-bearing financial liabilities at amortised cost</i>			
Accrued expenses	66.5	30.9	92.2
Derivative liabilities	-	22.7	6.1
	<u>66.5</u>	<u>53.6</u>	<u>98.3</u>
<i>Non-current interest-bearing financial liabilities at amortised cost</i>			
Intercompany payables	503.8	3,066.6	2,767.0
<i>Current non-interest-bearing financial liabilities at amortised cost</i>			
Intercompany payables	10.4	120.4	19.2
<i>Non-current interest-bearing borrowings</i>			
Borrowings	3,629.1	3,590.7	3,113.4
<i>Current interest-bearing borrowings</i>			
Borrowings	<u>9.8</u>	<u>-</u>	<u>743.9</u>
Total financial liabilities	<u><u>4,219.6</u></u>	<u><u>6,831.3</u></u>	<u><u>6,741.8</u></u>

The net decrease in non-current interest-bearing intercompany payables from 31 December 2021 of £2,562.8m is driven by:

- Settlement of amounts owing to the immediate parent undertaking during the period amounting to £1,763.9m using intercompany receivables which the Company received as a dividend in specie (see intercompany receivables narrative above);
- Settlement during the period by of an intercompany payable balance amounting to £376.6m through offset of a corresponding intercompany receivable (see offsetting decrease in intercompany receivables);
- Waiving of amounts owing to the immediate parent undertaking of £657.5m during the Period. This has been accounted as an equity capital contribution;
- Cash settlement of amounts owing to the immediate parent undertaking during the period of £9.9m;

partially offset by:

- Intercompany interest accrued since 31 December 2021 of £134.4m;
- Intercompany loans entered into with wholly-owned indirect subsidiaries in respect of payments made by those entities on the Company's behalf to service the Company's external debt totalling £110.8m.

The decrease in current non-interest bearing intercompany payables of £110.0m from 31 December 2021 is attributable to the settlement during the period of an intercompany payable balance.

The increase in non-current interest-bearing borrowings from 31 December 2021 is due to amortisation of issuance fees and an increase in the sterling book value of Euro Term Loan B partially offset by reclassification of £9.8m of Term Loan A to current borrowings (see note 8 for further detail).

Note 7. Financial instruments (continued)

The decrease in current interest-bearing borrowings is due to the repayment of the Forecourt Asset Disposal Loan on 5 November 2021 (see note 8 for further detail).

The increase in accrued expenses from 31 December 2021 is attributable to an increase in accrued interest on external debt due the timing of interest payments.

Note 8. Borrowings

	Par Value	Maturity	30 September 2022 (unaudited) £m	31 December 2021 (audited) £m	30 September 2021 (unaudited) £m
<i>Non-current borrowings</i>					
Sterling Senior Secured Notes	£2,250.0m	16 February 2026	(2,204.1)	(2,194.7)	(2,191.6)
Term Loan A	£195.0m	16 August 2025	(183.1)	(192.1)	(191.9)
Euro Term Loan B	€845.0m	16 February 2026	(746.0)	(708.8)	(729.9)
Sterling Senior Secured Notes	£500.0m	16 February 2026	(495.9)	(495.1)	-
			(3,629.1)	(3,590.7)	(3,113.4)
<i>Current borrowings</i>					
Term Loan A			(9.8)	-	-
Forecourt Asset Disposal Bridge Facility	£750.0m	5 November 2021	-	-	(743.9)
			(9.8)	-	(743.9)

Included within non-current borrowings are unamortised issuance fees as follows:

	30 September 2022 (unaudited) £m	31 December 2021 (audited) £m	30 September 2021 (unaudited) £m
Sterling Senior Secured Notes - £2,250.0m	45.9	55.3	58.4
Term Loan A	2.1	2.9	3.1
Sterling Senior Secured Notes - £500.0m	4.1	4.9	-
Forecourt Asset Disposal Bridge Facility- £750.0m	-	-	6.1
	52.1	63.1	67.6

The Forecourt Asset Disposal Loan with a par value of £750.0m was entered into on 16 February 2021. This loan attracted interest at LIBOR + 7.75%, with a step-up of 0.5% each quarter and payments of interest were made on a semi-annual basis. This loan along with fees and interest accrued was repaid in full on 5 November 2021 through the issuance of £500.0m of 4.5% Sterling Senior Secured Notes due in February 2026 and cash on hand in ASDA Group Limited of £255.4m.

Note 8. Borrowings (continued)

Senior Secured Notes with a par value of £2,250.0m were issued on 24 February 2021. These notes attract interest at 3.25% per annum and payments of interest are made on a semi-annual basis. The notes mature on 16 February 2026 and have therefore been classified as non-current. These notes are listed on TISE.

Term Loan A with a par value of £195.0m was entered into on 16 February 2021. This loan attracts interest at SONIA + 3.25% per annum and payments of interest are made on a semi-annual basis. This loan matures on 16 August 2025 and has therefore been classified as non-current.

Euro Term Loan B with a par value of €845.0m was entered into on 16 February 2021. This loan attracts interest at EURIBOR + 2.75% per annum and payments of interest are made on a semi-annual basis. This loan matures on 16 February 2026 and has therefore been classified as non-current. The Group has entered into Cross Currency Interest Rate Swaps relating to Euro Term Loan B to hedge the foreign currency and interest rate risk on both the principal and interest payments. This effectively fixes the interest payments in GBP at a rate of 3.73%. This term loan is listed on TISE.

Sterling Senior Secured Notes with a par value of £500.0m were entered into on 5 November 2021. These notes attract interest at 4.5% per annum and payments of interest are made on a semi-annual basis. The notes mature on 16 February 2026 and have therefore been classified as non-current. These notes are listed on TISE.

Note 9. Related parties

As a wholly-owned subsidiary, the Company has taken advantage of the exemption in paragraph 15b(j) of FRS 104 not to disclose transactions with fellow wholly-owned subsidiaries of the Bellis Finco PLC group.