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Victoria PLC
19 June 2024

Victoria PLC
('Victoria', the 'Company', or the 'Group')

Audited Results
for the year ended 30 March 2024

Revenue and earnings in line with market expectations

Cautious outlook for FY2025, but strong operational fundamentals in place as demand normalises

Victoria PLC (LSE: VCP) the international designers, manufacturers and distributors of innovative flooring, announces its audited results for the year ended 30 March 2024. Whilst macro-economic factors continue to impact consumer spend on flooring, the Group nevertheless outperformed the wider flooring market in several of its key geographies.

FY2024 Financial and Operational highlights

	Year ended 30 March 2024	Year ended 1 April 2023
Underlying revenue	**£1,256.5m**	£1,461.4m
Underlying EBITDA[1]	**£160.7m**	£196.0m
Underlying EBITDA (Pre IFRS-16)	**£129.6m**	£171.3m
Underlying operating profit[1]	**£73.6m**	£118.8m
Statutory operating loss	**(£51.8m)**	(£24.1m)
Underlying profit before tax[1]	**£27.1m**	£76.9m
Statutory net loss after tax	**(£108.0m)**	(£91.8m)
Underlying free cash flow[2]	**£28.2m**	£71.3m
Net debt[3]	**£632.9m**	£658.3m
Net debt / EBITDA[4]	**4.4x**	3.4x
Earnings / (loss) per share:		
- Basic	**(93.85p)**	(79.35p)
- Diluted adjusted[1]	**19.12p**	39.06p

- Execution of the integration projects has continued at pace with the resulting productivity gains and cost savings protecting the Group's underlying EBITDA margin, which fell by less than 100bps despite revenue falling by nearly 14%.

- Completion of the UK & Europe broadloom carpet integration resulted in a margin improvement of 370bps leading to underlying EBITDA for the division to increase by 23.8% to £82.8 million despite lower volumes - underlining the success of Victoria's Balta integration project.

- Management remains focussed on completing the integration projects which are expected to deliver a structural improvement in the Company's operating margins of 250-350 bps.

- Production capacity has been maintained alongside the 16% (1,170 person) reduction in employees enabled by the integration and reorganisation of the Group's business units, ensuring normalised demand can be met when it returns.

- The Group boasts a strong liquidity position with cash and undrawn credit lines in excess of £250 million.

- Almost all debt financing takes the form of Senior Notes, which have no financial maintenance covenants. Although the earliest tranche is not due for repayment until August 2026, the Board has started working on refinancing options to allow adequate time to optimise the terms of the replacement funding and management remain focussed on reducing Group leverage ratio ahead of the refinancing.

- Through the course of FY2024 Grant Thornton continued their work on addressing the concerns expressed in their FY2023 report in relation to Hanover Flooring Limited, a small subsidiary contributing 1.25% of Group revenue. These extensive additional procedures evidenced that there was no financial misconduct and all payments due to Victoria have been received, no money is unaccounted for, and Victoria has suffered no loss. Consequently, the auditors have confirmed in the FY2024 Audit Report that their concerns have been appropriately satisfied.

- The Board are confident that, notwithstanding near-term challenging macro-economic conditions, all businesses benefit from strong economic fundamentals, and skilled and dedicated management are well placed as demand normalises.

Commenting on Victoria's Outlook, Geoff Wilding, Executive Chairman, said:

"Whilst we remain cautious about near-term trading conditions and cannot predict precisely when demand will normalise, we are (logically) continually moving closer to that point. As interest rates fall, housing transactions and deferred residential renovation, improvement and repair purchases will rebound, driving flooring demand. We expect the market outperformance and productivity improvements secured over the last 24 months to then be rapidly reflected in Victoria's earnings and cash flow. Until this occurs, we remain focussed on minimising controllable costs and driving market share gains."

[1] *Underlying performance is stated before exceptional and non-underlying items. In addition, underlying profit before tax and adjusted EPS are stated before non-underlying items within finance costs.*

[2] *Underlying free cash flow represents cash flow after interest, tax and replacement capital expenditure, but before investment in growth, financing activities and exceptional items.*

[3] *Net debt shown before right-of-use lease liabilities, preferred equity, bond issue premia and the deduction of prepaid finance costs.*

[4] *Leverage shown consistent with the measure used by our lending banks.*

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About Victoria PLC (www.victoriaplc.com)

Established in 1895 and listed since 1963 and on AIM since 2013 (VCP.L), Victoria PLC, is an international manufacturer and distributor of innovative flooring products. The Company, which is headquartered in Worcester, UK, designs, manufactures and distributes a range of carpet, flooring underlay, ceramic tiles, LVT (luxury vinyl tile), artificial grass and flooring accessories.

Victoria has operations in the UK, Spain, Italy, Belgium, the Netherlands, Germany, Turkey, the USA, and Australia and employs approximately 6,300 people across more than 30 sites. Victoria is Europe's largest carpet manufacturer and the second largest in Australia, as well as the largest manufacturer of underlay in both regions.

The Company's strategy is designed to create value for its shareholders and is focused on consistently increasing earnings and cash flow per share via acquisitions and sustainable organic growth.

Victoria PLC

Chairman and CEO's Review

Last year, flooring demand fell more than we expected, impacting revenue and margins.

Why did this happen? Firstly, let us assure shareholders it is not because, after 129 years, Victoria has suddenly forgotten how to competitively manufacture and sell flooring. In fact, the contrary is true and we are pleased to confirm that the Group outperformed the wider market in several of its key geographies. (More on this later in the report). Nevertheless, two macro-factors combined to create a perfect storm in terms of consumer demand for flooring:

1. Pull-forward of demand in FY2021 and FY2022. Consumers understandably invested heavily in their homes during Covid-19 lockdowns and the normal repair/replacement/improvement ("RMI") cycle was accelerated. The magnitude of this effect varied across geographies, but long-term industry data suggests the 'excess consumption' in 2021/22 has now been largely offset by the abnormally low consumption of the last two years.

2. Macro-economic environment depressing consumer discretionary spending. Central banks increasing interest rates to levels not seen in a generation, inflation driving higher prices for essentials, and less perceived job security led to lower consumer confidence over the last 24 months and therefore less spending on discretionary items such as flooring.

Consequently, FY2024 was the first year of negative revenue and earnings growth for more than 10 years.

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Revenue (£ million)	71.4	127.0	255.2	330.4	417.5	566.8	621.5	662.3	1,019.8	1,461.4	1,256.5
Underlying EBITDA[1, 2] (£ million)	5.1	15.8	32.3	45.7	64.7	96.3	107.2	112.0	143.5	171.3	129.6
EBITDA margin %	7.2	12.4	12.7	13.8	15.5	17.0	17.2	16.9	14.1	11.7	10.3

[1] The KPIs in the table above are alternative performance measures used by management along with other figures to measure performance. Full financial commentary is provided in the Financial Review below.

[2] Underlying EBITDA in FY20 through FY24 is stated before the impact of IFRS 16 for consistency of comparison with earlier years. IFRS-reported EBITDA for these years are £118m, £127m, £163m, £196m and £161m respectively.

The objectives of this report are to help our shareholders better understand the business and be able to reach an informed view of the value of the Company, its future prospects, and its financial resilience.

In order to communicate this information, we include both IFRS and non-IFRS performance measures. The review focuses on the underlying operating results of the business, which delivered underlying EBITDA of £160.7 million (FY2023: £196.0m) and underlying EBIT of £73.6 million (FY2023: £118.8m). The Financial Review covers non-underlying items in detail, following which the IFRS reported operating loss was £51.8 million (FY2023: loss £24.1m), and additionally covers financial items and tax.

Shareholders are of course free to accept or disregard any of this data but we want to ensure that you have access to similar information Victoria's Board and management use in making decisions.

FY2024 OPERATIONAL REVIEW

Overview

The global flooring market is c. USD 242 billion[1] (GBP 186 billion[2]), and c. USD 60 billion (GBP 51 billion[2]) in Victoria's key markets of Europe and the US, with volume growth over the last 25 years of c. 2.6%[1] per annum. There are fundamental drivers that sustain this long-term growth and, whilst demand was somewhat subdued in FY2023, with a further and sharper reduction experienced across the flooring industry in FY2024, this was due to near-term macroeconomic conditions and the natural state of the sector is continued expansion in the regions where Victoria trades.

These long-term fundamental industry drivers include continually ageing housing stock with interiors requiring repair and renovation, higher household formation, broad housing shortages, and increasingly style-conscious consumers. All these factors have continued to apply throughout the extended period of high inflation and high interest rates and, as has happened in previous cycles, we therefore believe demand will rebound as our markets experience a more favourable interest rate environment.

Given this backdrop, management's focus throughout FY2024 was on completing the integration/reorganisation projects described in previous reports to shareholders to ensure the Group is well-positioned to benefit from the inevitable demand recovery. We expect these actions, which have maintained production capacity despite a 16% (1,170 person) reduction in employees, to deliver a structural improvement in the Company's operating margins of 250-350 bps alongside lower capex and a more competitive market position due to better customer service levels, lower cost manufacturing, and wider distribution. We recognise that it isn't the product *per se* that leads to success, it's the ability to make and distribute that product efficiently.

[1] *Freedonia Global Flooring Report 2023*
[2] *GBP/USD 1.29*

DIVISIONAL REVIEW
This section focuses on the underlying operating performance of each individual division, excluding exceptional and non-underlying items, which are discussed in detail in the Financial Review and Note 2 to the accounts.

UK & Europe Soft Flooring - Margin expansion and strong out-performance of the wider market

	FY2024	**FY2023**	**Growth**
Volumes (sqm)	132.4 million	149.9 million	-11.7%
Revenue	£636.2 million	£718.8 million	-11.5%
Underlying EBITDA	£82.8 million	£66.9 million	+23.8%
Underlying EBITDA margin	*13.0%*	*9.3%*	*+370bps*
Underlying EBIT	£34.6 million	£27.2 million	+27.3%
Underlying EBIT margin	*5.4%*	*3.8%*	*+170bps*

Victoria is Europe's largest soft flooring manufacturer and distributor. Following 31% like-for-like ("LFL")[3] organic revenue growth in FY2022 and 4.7% LFL growth in FY2023, LFL revenue declined 10.5% in FY2024. However, independent market research suggests UK volumes were down circa 20%, which makes up the largest portion of the division, indicating that Victoria has continued to outperform the market - a factor the Board believes augurs well for earnings as demand recovers.

[3] *Like-for-like revenue growth is growth at constant currency, adjusting for the pro-forma impact of acquisitions where relevant*

It is also important to note that some of the lower volume was due to 'bottom slicing' - the decision by our operational management to remove low margin SKU's from the product range and eliminate non-profitable customers. As part of the reorganisation projects the Group has had underway over the last 18 months, management have been rigorously reviewing each SKU and customer to ensure an adequate margin is made on each one. In cases where the margin is insufficient and a price increase is unsustainable, the product has been discontinued and/or the customer no longer supplied. Although this impacts headline revenue, it leads to higher margins, improved cash flow, and a higher return on working capital.

Significantly, despite the inevitable negative impact of operational gearing from the lower volumes of soft flooring being produced and higher cost inputs (raw materials, labour, and energy), operating margins improved by 370bps to 13.0%. Consequently, despite the 11.5% fall in revenue, underlying EBITDA increased by more than 23% to £82.8 million and EBIT by more than 27% to £34.6 million.

This pleasing performance is primarily down to the three factors:

1. Successful completion of the integration of Balta's broadloom carpet business (acquired in April 2022) into the Group's UK operation. This has been a major project costing circa £19 million and

involving the complete closure of a factory in Belgium, with extensive redundancies, and re-siting of machinery to the UK but has led to significant productivity gains and, consequently, margin improvements.

2. The ongoing reorganisation of the Balta rug business, consisting of the consolidation of production facilities in Belgium alongside transferring significant production capacity to Turkey, where the Company has two modern, certified and low-cost factories. The circa £31 million cost of this project predominantly entailed construction of an additional building in Turkey, extensive relocation of plant and machinery, and redundancies in Belgium. A lot of upside opportunity remains and as this project moves to completion, we expect a further reduction in production costs and improved margins, which will increase the international competitiveness of Balta's rugs and should lead to top line growth as a result.

3. Our logistics capability continues to provide Victoria with what we believe to be a robust and sustainable competitive advantage that is responsible for driving market share gains. Retailers value service and product availability over the last few pennies in price (no margin at all is made by a retailer on unavailable product!). Apart from further enhancing Victoria service proposition, our logistics operation, Alliance Flooring Distribution, is also now generating third-party logistics income.

UK & Europe Ceramic Tiles - challenging macro-economic conditions

	FY2024	FY2023	Growth
Volumes (sqm)	43.6 million	53.9 million	-19.0%
Revenue	£350.9 million	£453.3 million	-22.6%
Underlying EBITDA	£60.3 million	£105.8 million	-43.0%
Underlying EBITDA margin	*17.2%*	*23.3%*	-620*bps*
Underlying EBIT	£31.8 million	£77.5 million	-58.9%
Underlying EBIT margin	*9.1%*	*17.1%*	*-800bps*

Following double-digit LFL revenue and EBITDA growth in FY2023 as the Group benefitted from competitors struggling in what were exceptionally challenging trading conditions, these key metrics returned to FY2022 levels in FY2024.

Three factors contributed to lower revenue:

1. Firstly, volumes across Victoria's key markets declined by as much as 25% as consumers deferred investing in their homes in the face of significant cost of living pressures.

2. Secondly, Management's decision to hold prices in the face of very weak demand to protect our premium brand position. Although this created additional near-term challenges for our sales people, safeguarding brand equity was judged to be important for the medium-long term. Price, once discounted by a premium brand, is extremely difficult to recover as customers understandably resist subsequent increases and can lead to a permanent loss of margin.

3. Finally, alongside all the other European ceramics businesses, Victoria has been facing sudden and very aggressive pricing competition from ceramics manufacturers based in India. However, in April 2024 anti-dumping and countervailing duty (or anti-subsidy) petitions were filed by the industry with the US government, seeking the imposition of substantial tariffs (estimated between 408% to 828%) on imports of ceramic tile from India. (A similar application is expected to the European Commission). The industry expects the US government to launch an investigation and anticipates a favourable outcome this year.

This revenue decline directly led to materially lower margins due to negative production variances arising from the lower volumes. Additionally, volatility in the Turkish Lira and government-mandated wage increases ahead of an election also contributed circa 1.2% of margin compression.

Clearly, the Board is not satisfied with the ceramics division's trading results and a number of initiatives have been initiated to mitigate this impact without losing capacity for the anticipated recovery:

(i) A project is underway to fully integrate production across our three ceramics businesses to optimise efficiency. The factories have different equipment and different cost structures that makes one factory more efficient than another to produce a particular type of tile. The project is to ensure production takes place at the optimal facility and will include increased manufacturing in Turkey, which has many of the cost advantages of the Indian manufacturers and yet, being much closer to Europe, has much lower transportation costs.

(ii) Working with our key customers we reformulated the clay composition so that thinner tiles could be manufactured with no increase in breakages. This action lowers energy consumption and speeds up production.

(iii) The Saloni brand now focusses exclusively on high-end commercial applications, with stylish new showrooms for the Architecture & Design community opened in key locations in Spain. This change in approach to the market has been well received and we are now seeing double-digit LFL revenue growth this year - albeit off a relatively low base of €75 million.

Australia - Stable margins in a softer market

	FY2024	FY2023	Growth
Volumes (sqm)	22.3 million	23.3 million	-3.9%
Revenue	£106.1 million	£120.9 million	-12.2%
Underlying EBITDA	£13.4 million	£15.3 million	-12.3%
Underlying EBITDA margin	*12.7%*	*12.7%*	*-bps*
Underlying EBIT	£8.7 million	£10.0million	-12.9%
Underlying EBIT margin	*8.2%*	*8.3%*	*-10bps*

Following double-digit organic growth in FY2023, demand was softer in Australia across all flooring categories in FY2024 due to broadly the same macro-economic factors seen in Victoria's other markets. Selling prices were adjusted as inflationary inputs moderated, but margins were maintained despite the lower volumes.

However, there has been no structural change in the Australian market and with ongoing inwards migration and household formation, we expect demand in Australia to recover as high inflation and interest rates moderate.

North America - Operational excellence programmes deliver ongoing margin expansion

	FY2024	FY2023	Growth
Volumes (sqm)	7.1 million	6.1 million	+15.7%
Revenue	£163.3 million	£168.4 million	-3.1%
Underlying EBITDA	£11.8 million	£9.3 million	+27.4%
Underlying EBITDA margin	7.3%	*5.5%*	*+170bps*
Underlying EBIT	£6.8 million	£6.0 million	+12.3%
Underlying EBIT margin	*4.1%*	3.6%	*+60bps*

Our North American business consists entirely of distribution businesses - selling products (rugs, artificial turf, and ceramic tiles) manufactured in Victoria's European factories alongside outsourced products.

Market conditions were challenging throughout the year, with demand down 7-9% for the industry as a whole. Despite this backdrop, we were able to increase operating margins through commercial excellence programmes, and opportunity exists for further improvement. North America continues to be a key market for Victoria and the Group's North American-sourced revenues (including exports to the US by our European factories) exceeds USD 350 million.

CASHFLOW & LIQUIDITY

Net operating cash flow was in line with management expectations with Free Cash Flow of £23.2 million after movements in working capital, tax, interest payments, capex, and all exceptional costs.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
IFRS Reported											

EBITDA	5.3	8.7	30.4	43.1	53.5	72.5	60.3	120.3	140.9	94.6	92.6
Adj EBITDA	5.1	15.8	32.3	45.7	64.7	96.3	118.1	127.4	162.8	196.0	160.7
Adj EBITDA (pre IFRS-16)	5.1	15.8	32.3	45.7	64.7	96.3	107.2	112.0	143.5	171.3	129.6
FCF[1]	18.3	8.4	15.3	22.5	12.5	8.9	32.2	30.2	20.1	5.9	23.2
FCF post pref[2]	18.3	8.4	15.3	22.5	12.5	8.9	32.2	27.6	10.6	(12.9)	0.8

1. *FCF: Net cash flow from operating activities* ***after*** *movements in working capital, tax, interest payments, all capex, and all exceptional costs.*
2. *FCF post-pref: Net free cash flow defined as above but assuming 100% of the preferred share dividend was paid in cash instead of PIK.*

As predicted, capex costs reverted to normal levels of £62.5 million for the period and are expected to broadly remain at this level for the foreseeable future. This compares with £99.6 million for the full year FY2023 and reflects the completion of the major reorganisation projects.

Although progress has been slower than we had anticipated, the Group is improving its working capital management, primarily through better control of inventory. Nevertheless, this source of cash remains a key area of focus with management incentives in place for delivery of defined targets.

Victoria continues to maintain a strong liquidity position and the Group finished the period with cash and undrawn credit lines in excess of £250 million. Furthermore, almost all Victoria's debt financing takes the form of long-dated Senior Notes ("bonds") which, in themselves, have no financial maintenance covenants, with the earliest tranche not due for repayment until August 2026. Nevertheless, the Board has started working on a range of refinancing options to allow adequate time to optimise the terms of the replacement funding. Further commentary on refinancing considerations is provided within the Financial Review.

CAPITAL ALLOCATION

The Board views every investment decision through the prism of maximising the medium-term free cash flow per share. This policy does not preclude us from investing in order to optimise the future cash generating power of the business, and the Board has done so twice in the last 10 years - in FY2019 to integrate the UK manufacturing operation and build its logistics platform, and over the last 24 months to optimise the future performance of Balta, which was acquired in April 2022.

As foreshadowed in last year's report, during FY2024 growth/restructuring capex and exceptional costs fell significantly as the integration and reorganisation projects arrived at their conclusion.

Table A sets out the breakdown of capex spending for the last six years to help shareholders better understand normal maintenance capex levels, with the last major reorganisation project being in FY2019:

Table A

Capex	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**
	£m	**£m**	**£m**	**£m**	**£m****	**£m**
Maintenance	23.5	25.4	20.9	40.9	45.5	43.0
Growth & Restructuring*	20.9	8.4	7.6	12.4	54.1	19.2
Total	44.4	33.8	28.5	53.3	99.6	62.2
Maintenance Capex as a percentage of revenue	4.1%	4.1%	3.2%	4.0%	3.1%	3.4%

** Includes capital expenditure incurred as part of reorganizational and synergy projects to drive higher productivity and lower operating costs.*

***The step-up in FY23 is due to the Balta acquisition, which has both a short-term impact from integration, plus an ongoing increase in quantum (albeit not percentage) due to the increased size of the Group.*

Table B summarises the exceptional expenditure items in FY2024, which are much reduced from FY2023 as expected as the re-organisation/integration projects move towards completion.

Table B

Exceptional reorg costs	Redundancy cash costs	Legal & Professional cash costs	Asset removal/ relocation cash costs	Provisions movement /other non-cash	FY2024 Total	FY2023 Total
	£m	£m	£m	£m	£m	£m
Balta re-organisation	17.4	0.1	10.3	(12.9)	14.9	31.5
Saloni re-organisation	0.1	-	-	-	0.1	7.6
Graniser integration	1.8	0.1	-	(1.1)	0.8	0.3
Cali integration	-	-	-	0.8	0.8	1.4
Total	19.3	0.2	10.3	(13.2)	16.6	40.8

The Board will prioritise allocation of the Group's free cash flow to prudently optimise the Group's balance sheet together with maximising the medium-term free cash flow per share.

LEVERAGE

Leverage spiked during FY2024 primarily due to the decline in operating earnings. Whilst the Group continues to enjoy a more-than-adequate £250 million of available liquidity, the Board and management are very focussed on reducing the Group's net debt/EBITDA ratio ahead of refinancing the existing bond issuances.

This will be achieved by both reducing the numerator - the absolute quantum of debt - from operating cash flow and the sale of surplus/non-core assets, and by increasing the denominator - the Group's earnings - as completion of the various integration projects and other actions discussed elsewhere in this Report remove very significant costs from the business.

DIVIDENDS

For the reasons detailed in previous years' Annual Reports, it remains the Board's view (as it has been for the last ten years) that it can continue to successfully deploy capital to optimise the creation of wealth for shareholders and therefore it has again resolved not to pay a final dividend for FY2024.

GOVERNANCE

The Board took seriously the issues raised last year from the audit of Hanover Flooring Limited, a small subsidiary contributing 1.25% of Group revenue.

Firstly, once the FY2023 results were announced the Board removed the management restriction that had been previously imposed by the Board on the auditors solely in relation to this subsidiary. This allowed the auditors to perform additional work on the subsidiary's accounting records. These extensive additional procedures (detailed further in the Financial Review) supported the Board's conclusion reached last year that there was no financial misconduct and all payments due to Victoria have been received, no money is unaccounted for, and Victoria has suffered no loss. Consequently, the auditors have confirmed that all their concerns have been appropriately satisfied.

Secondly, the finance function of this subsidiary was enhanced with a number of experienced professionals who strengthened the operational integrity of the control environment, bringing it up to the standard of the rest of the Group. The enlarged team was managed by the Group Head of Risk and Compliance with oversight from the Group CFO. We continued to use a Big Four accounting firm to help us reconcile historic accounting records in relation to the early years after this business was acquired and this allowed us to reduce unreconciled amounts to less than £0.6m as well as ensure that cash which should have been remitted to Victoria has been to our satisfaction. We have used this experience to enhance our template for future acquisitions to ensure that this issue does not arise again and also to further strengthen the Group Risk and Compliance team. Further commentary on matters relating to last year's audit has been provided within the Financial Review.

OUTLOOK

We are confident that, notwithstanding near-term challenging macro-economic conditions, all our businesses benefit from strong economic fundamentals, and skilled and dedicated management.

Acquisitions:

Acquisitions remain a core part of Victoria's long-term growth strategy. However, whilst the cost of capital is so high, the Board has prioritised the meaningful opportunity to optimise earnings within our existing business and, importantly, reducing leverage.

Nevertheless, we actively continue to maintain relationships with potential acquisitions, and therefore, at the right time and within our leverage policy, we will continue to deploy capital to build scale, expand distribution, broaden our product range, and widen the economic moat around our business as we have successfully done over the previous 10 years.

Operations:

It is noteworthy that despite revenue falling by nearly 14% in FY2024, the Group's underlying EBITDA margin fell by less than 100bps, despite the inevitable operational leverage impact of lower volumes. A key contributing factor to this broadly consistent operating margin was the productivity gains realised throughout the year as the various integration and reorganisation projects moved towards completion. Encouragingly, additional margin improvement is expected in FY2025 - even in a flat market - due to the full year effect of the lower cost base impacting earnings.

However, opportunities still exist to further enhance productivity across the Group. Everything we do operationally is about increasing productivity - lowering the cost to manufacture and distribute each square metre of flooring - and improving the customer (retailers and distributors) experience, seeking to become an increasingly valuable part of their business.

Therefore, whilst management will continue to fine-tune the gains secured from the current operational projects, FY2025 will see further integration of our ceramics division to drive higher productivity, leveraging of our distribution channels to grow revenue, and the scaling up of commercial excellence programmes to expand margins.

CONCLUSION

Alongside all other global flooring companies, Victoria has suffered from the large drop in flooring demand over the last 24 months. However, critically, the fall is not structural and, as the macro-economic factors that have contributed to the low demand abate, the fundamental need for flooring will result in volumes rebounding to the long-term mean - that is the very essence of cyclical industries.

In calendar 2023, flooring volume across Victoria's key markets was estimated to be some 20% below the levels of 2019 (which were broadly in line with the 25-year average growth rate). Simple reversion to the mean therefore suggests demand normalisation should deliver a volume uplift from 2023 levels of more than 25%. Whilst the Group's FY2025 financial outlook is largely based on current demand, it is interesting to note the potential impact normalising demand could have on the business as each 5% increase in volume is expected to drive a £25 million increase in Victoria's earnings.

In conclusion, whilst we remain cautious about near-term trading conditions and cannot predict precisely when the anticipated rebound will occur, we are (logically) continually moving closer to that point. As interest rates fall, housing transactions and deferred residential renovation and repair purchases will rebound, driving flooring demand. The market share gains and productivity improvements secured over the last 24 months we expect to be rapidly reflected in Victoria's earnings and cash flow. Until this occurs, we remain focussed on optimising controllable costs and driving market share gains.

Geoffrey Wilding
Executive Chairman

Philippe Hamers
Chief Executive Officer

18 June 2024

Financial Review

HIGHLIGHTS

In what has been a challenging environment for our industry Victoria benefited from reorganisational work undertaken in prior years whilst not being immune to poor demand in the market.

The business has been focused on reducing lower margin products and customers, lowering the cost base and structurally reducing working capital.

Volumes declined during FY2024 with UK & Europe Ceramics being the most impacted. This led to a decline in underlying revenue of £204.9 million (14.0%). Underlying EBITDA declined from £196.0 million to £160.7 million as lower volumes impacted operational leverage despite significant cost reductions in UK & Europe Soft Flooring from the reorganisation projects undertaken as part of the Balta Rugs integration.

Inflation has had an impact year on year, albeit less than in prior years and raw materials and energy costs have returned to more normal levels.

This Financial Review is structured into several sections, focused on the detail within the financial statements which warrants further explanation or granular analysis. Commentary on the underlying performance of the Group, analysing the trends in underlying revenue and operating margins, and other commercial activities in the year is provided in the Divisional Review section of the Chairman & CEO Report. The Exceptional & Non-Underlying Items section below provides an important, detailed report on all of the items that bridge from the underlying results (for example, underlying operating profit of £73.6 million) to the IFRS statutory performance of £51.8 million operating loss and, ultimately, £108.0 million loss after tax. The final parts set out the cash flows of the Group on a basis consistent with past years, and the year-end net debt position.

Underlying measures of performance are classified as 'Alternative Performance Measures' and should be reviewed in conjunction with comparable IFRS figures. It is important to note that these APMs may not be comparable to those reported by other companies. Underlying results exclude significant costs (such as significant legal, major restructuring and transaction items), they should not be regarded as a complete picture of the Group's financial performance, which is presented in its Total results. The exclusion of other Adjusting items may result in Adjusting earnings being materially higher or lower than Total earnings. In particular, when significant impairments, restructuring changes and legal costs are excluded, Adjusted earnings will be higher than Total earnings.

A summary of the underlying and reported performance of the Group is set out below.

	2024			**2023**		
	Underlying performance £m	**Non-underlying items £m**	**Reported numbers £m**	Underlying performance £m	Non-underlying items £m	Reported numbers £m
Revenue	1,256.5	16.5	1,273.0	1,461.4	18.8	1,480.2
Gross Profit	417.4	(26.6)	390.8	474.8	(40.1)	434.7
Margin %	*33.2%*			*32.5%*		
Amortisation of acquired intangibles	-	(40.9)	(40.9)	-	(41.5)	(41.5)
Other operating expenses	(343.7)	(58.0)	(401.7)	(356.0)	(61.3)	(417.3)
Operating profit / (loss)	73.6	(125.4)	(51.8)	118.8	(142.9)	(24.1)
Margin %	*5.9%*			*8.1%*		
Add back depreciation & amortisation	87.0			77.2		
Underlying EBITDA	160.7			196.0		
Margin %	*12.8%*			*13.4%*		
Preferred equity items	-	(5.4)	(5.4)	-	(26.9)	(26.9)
Other finance costs	(46.5)	(27.2)	(73.7)	(41.9)	(17.7)	(59.6)
Profit / (loss) before tax	27.1	(158.0)	(130.9)	76.9	(187.5)	(110.6)
Profit / (loss) after tax	31.8	(139.8)	(108.0)	59.6	(151.4)	(91.8)
EPS basic	27.66p		(93.85p)	51.47p		(79.35p)

EPS basic	27.66p	(93.85p)	31.47p	(79.35p)
EPS diluted	19.12p	(93.85p)	39.06p	(79.35p)

The Group incurred £93.6 million of exceptional operating costs during the year, primarily a non-cash cost resulting from the impairment of goodwill, with the remainder mostly relating to the reorganisation of Balta. In addition, the Group incurred £39.5 million of amortisation of acquired intangibles (primarily customer relationships and brand names) and other non-underlying items (net credit of £7.6 million (primarily the accounting impact of acquisition earn-outs and hyperinflation accounting). Further details are provided later in this Financial Review.

ACQUISITIONS AND INTEGRATION

There were no acquisitions despite this remaining part of our overall strategy. We continued to integrate our recent acquisitions, Balta, Cali and IWT.

FINANCING

Debt financing and facilities

Victoria has attractively priced, long-dated facilities and liquidity headroom in excess of £250 million.

The Group's senior debt comprises €489 million (c. £430m) of notes with a fixed coupon of 3.625% and maturity of August 2026, and €250 million (c. £220m) of notes with a fixed coupon of 3.75% and maturity of March 2028 along with a £150m Revolving Credit Facility which matures in February 2026.

Other debt facilities in the Group represent small, local working capital facilities at the subsidiary level, which are renewed or amended as appropriate from time to time. The total outstanding amount drawn from these facilities at the year-end was £62.5 million, as shown below in the Net Debt section of this Financial Review.

Whilst the Group has no immediate need to refinance its facilities, as there are more than two years until the first tranche of our senior debt matures, we have taken a number of actions to ensure that we are ready to avail ourselves of favourable market conditions and secure the most attractive refinancing options as and when they arise.

To reduce leverage:

- Management have initiated the disposal of surplus real estate with the sale of property in Belgium giving net proceeds of £27.9 million received in October 2023 and are planning to raise a further circa. £50m from other real estate assets in our portfolio and expect this to complete in FY2025.

- the Group is also structurally reducing its working capital balances which we expect to contribute circa. £30m of cash in FY2025.

- Victoria continues to review all aspects of our operational model to ensure that we are selling products and procuring raw materials at the best prices and there are active programmes in place to improve profitability.

The reduction in leverage will allow us to benefit from higher credit ratings and from the best available coupon on any future facilities.

We are engaging with independent professional advisors, adding to our own in-house knowledge and experience, to work alongside us with our core banking group to evaluate all of the financing options available to us as performance and the markets improve. We are considering a range of options which could include a combination of equity, bank, public and private financing arrangements all of which are available to us.

We will be ready to take refinancing actions when we have evaluated the options and when the financial markets are conducive to give us the best prices but given the tenor and attractive pricing of our current arrangements we believe we have no immediate need to do so.

Preferred equity

There have been no changes to the preferred equity arrangements in the year, with a total in issue of £225 million (plus those issued for the 'Payment In Kind' of the fixed coupon, whereby new preferred shares are issued as opposed to cash payment, at the Group's option).

EXCEPTIONAL AND NON-UNDERLYING ITEMS

This section of the Financial Review runs through all of items classified as exceptional or non-underlying in the financial statements. The nature of these items is, in many cases, the same as the prior year as the financial policy around these items has remain unchanged, for consistency.

The Group incurred £93.6 million of exceptional costs during the year (FY2023: £85.4m). Exceptional items are one-offs that will not continue or repeat in the future, for example the legal and due diligence costs for a business acquisition, as whilst further such costs might arise if new acquisitions are undertaken, they will not arise again on the same business and would disappear if the Group adopted a purely organic strategy.

Exceptional items	**2024 £'m**	2023 £'m
Acquisition related costs	**(1.0)**	(4.0)
Reorganisation and other costs	**(20.1)**	(44.4)
Fixed asset impairment	**-**	(47.5)
Negative goodwill arising on acquisition	**-**	90.5
Exceptional goodwill impairment	**(67.2)**	(80.0)
Intangible asset impairment	**(5.4)**	-
Total exceptional items	**(93.6)**	(85.4)

This total exceptional cost figure is made up of numerous components, both income and costs. Description of the specific items is provided below:

- *Acquisition related costs* - these costs relate primarily to advisory fees and legal services in relation to previous acquisitions, with the figure much reduced versus previous years due to the pause of M&A activity.

- *Reorganisation costs* - in the prior year, the Group made a significant investment decision in restructuring the Rugs and UK broadloom businesses of Balta which represents the majority of the £20.1 million in FY2024 (Balta-related reorganisation costs in FY2023 were £31.5m), with small reorganisation and integration projects around the Group contributing in smaller amounts.

- *Exceptional goodwill and intangible impairment* - in FY2023 goodwill in the UK & Europe - Ceramics (Spain & Turkey) CGU was impaired and reduced production in Spain, as a result of the integration programme within the ceramics division has resulted in a further impairment of £24.7 million being taken in the CGU, along with a £5.4m impairment being taken to customer-related intangible assets. Separately, weaker demand in the US impacting Cali Bamboo resulting in an impairment of £42.5 million.

- The other prior year items are described in more detail in Note 2 to the Accounts.

Non-underlying items are ones that do continue or repeat, but which are deemed not to fairly represent the underlying business. Typically, they are non-cash in nature and / or will only continue for a finite period of time.

Non-underlying operating items	**2024 £'m**	2023 £'m
Acquisition-related performance plans	**(6.7)**	(10.3)
Non-cash share incentive plan charge	**(2.7)**	(3.6)
Amortisation of acquired intangibles (excluding hyperinflation)	**(39.5)**	(40.3)
Unwind of fair value uplift to acquisition opening inventory	**(0.6)**	(10.9)
Depreciation of fair value uplift to acquisition property, plant and machinery	**(5.1)**	(9.1)
Hyperinflation depreciation adjustment	**(6.0)**	(4.2)
Hyperinflation amortisation adjustment	**(1.4)**	(1.1)
Hyperinflation monetary gain/(loss)	**45.9**	38.9
Other hyperinflation adjustments (excluding depreciation and monetary gain)	**(15.6)**	(16.9)
	(31.6)	(57.6)

Non-underlying items in the year:

- *Acquisition-related performance plan charge* - this represents the accrual of contingent earn-out liabilities on historical acquisitions where those earn-outs are linked to the ongoing employment of the seller(s). This amount decreased versus the prior year as earn-outs on historical acquisitions have expired.

- *Non-cash share incentive plan charge* - the charge under IFRS 2 relating to the pre-determined fair value of existing senior management share incentive schemes. This charge is non-cash as these schemes cannot be settled in cash.

- *Amortisation of acquired intangibles* - the amortisation over a finite period of time of the fair value attributed to, primarily, brands and customer relationships on all historical acquisitions under IFRS. It is important to note that these charges are non-cash items and that the associated intangible assets do not need to be replaced on the balance sheet once fully written-down. Therefore, this cost will ultimately disappear from the Group income statement.

- *Unwind of fair value uplift to acquisition opening inventory* - under IFRS the opening balance sheet of each acquisition is fair valued, and this includes inventory. As such, this opening inventory is no longer held at cost, rather at net realisable value, which means that for the period of time over which it is sold no profit will be recorded in the Group consolidated accounts despite the fact that the target business itself generated a profit. Any newly purchased inventory post-acquisition is held at cost in the ordinary course. Given this is not representative of the underlying performance of the acquired business, this one-off uplift in cost of sales is classed as exceptional.

- *Depreciation of fair value uplift to acquisition property* - this is the same effect as described above, except relating to property within fixed assets as opposed to inventory.

As described below there were a number of adjustments made to the income statement in relation to Hyperinflation. The hyperinflation adjustments represents the impact of restating the non-monetary items on the Turkish entities balance sheet based on the change in the general price index between the acquisition date and the reporting date, as well as the indexation of the income statement, with the gain/loss on the monetary position being included within the income statement.

Adjustment in respect of hyperinflation

During FY2023 inflation in Turkey, where Victoria has two businesses, Graniser (UK & Europe Ceramic Tiles) and Balta Rugs (UK & Europe - Soft Flooring), passed the threshold of inflation exceeding 100% over a three-year cumulative period in March 2022. Under IAS29 this is one of the key indicators for hyperinflation accounting needing to be adopted. This resulted in the revaluation of the 2 April 2022 opening balance sheet for these businesses as well as indexing the FY2023 and FY2024 numbers. We have treated these adjustments as non-underlying to ensure comparability of results year on year.

The impact of hyperinflation on the income statement is as follows:

	2024 **£'m**	2023 £'m
Revenue	**16.5**	18.9
Cost of sales	**(37.5)**	(38.1)
Operating costs	**43.9**	35.8
EBIT	**22.9**	16.6
EBITDA	**30.4**	22.0
Finance costs	**(6.7)**	(1.8)
Profit before tax	**16.2**	14.8
Deferred tax	**(5.2)**	0.2
Profit for the period	**11.0**	15.0
Other comprehensive income - CTA	**7.4**	16.5

Further details of exceptional and non-underlying operating items are provided in Note 2 to the accounts.

In addition to the above operating items, there were a number of non-underlying financial items in the year.

Non-underlying financial costs	**2024** **£'m**	2023 £'m
Finance items related to preferred equity	**(5.4)**	(26.9)
Acquisition related items	**1.5**	-

Gain on bond repurchase	**2.0**	-
Fair value adjustment to notes redemption option / amortisation inception derivative	**1.2**	(2.0)
Mark to market adjustments and gains on foreign exchange forward contracts	**(0.2)**	(0.4)
Translation difference on foreign currency loans	**(24.6)**	(13.3)
Other financial expenses (hyperinflation)	**(6.7)**	(1.8)
Defined benefit pension (law change)	**(0.4)**	(0.2)
Other non-underlying	**(28.6)**	(17.8)
	(32.5)	(44.6)

The significant items are described below:

- *Finance items related to preferred equity* - the preferred equity issued in November 2020 and further in January 2022 is treated under IFRS 9 as a financial liability with a number of associated embedded derivatives. There are a number of resulting financial items taken to the income statement in each period, including the cost of the underlying host contract and the income or expense related to the fair-valuation of the warrants and embedded derivatives. However, the preferred equity is legally structured as equity and is also equity-like in nature - it is contractually subordinated, never has to be serviced in cash, and contains no default or acceleration rights - hence the resultant finance costs or income are treated as non-underlying.

Finance items related to preferred equity	**2024 £m**	2023 £m
Amortised cost of host instrument	**(19.0)**	(26.8)
Fair value movement on associated equity warrants	**13.6**	20.3
Fair value movement on embedded redemption option	**-**	(20.5)
Total	**5.4**	(26.9)

- *Fair value adjustment to notes redemption option* - Attached to the senior notes is an early repayment option which, on inception, was recognised as an embedded derivative asset at a fair value of £4.3m. This asset is revalued at each reporting date, with the movement taken through the P&L. The value of the senior debt liabilities recognised were increased by a corresponding amount at initial recognition, which then reduces to par at maturity using an effective interest rate method. A credit of £1.2m was recognised in the period (2023: £2.7m charge), with a £nil fair value of the derivative asset at both period ends.

- *Mark to market adjustments on foreign exchange forward contracts* - across the group we analyse our upcoming currency requirements (for raw material purchases) and offset the exchange rate risk via a fixed, diminishing profile of forward contracts out to 12 months. This non-cash cost represents the mark-to-market movement in the value of these contracts as exchange rates fluctuate.

- *Translation difference on foreign currency loans* - this represents the impact of exchange rate movements in the translation of non-Sterling denominated debt into the Group accounts. The key items in this regard are the Euro-denominated €489 million 2026 corporate bonds, and €250 million 2028 corporate bonds.

- *Other financial expense (hyperinflation)* - restated finance costs within Turkish entities based on the change in the general price index between the date when the finance costs were initially recorded and the reporting date.

- *Defined benefit pension (law change)* - Turkish government announced an early retirement law change in the prior year based on being in employment back in 1999.

Further details of non-underlying finance items are provided in Note 3 to the accounts.

OPERATING PROFIT AND PBT

The table below summarises the underlying and reported profit of the Group, further to the commentary above on underlying performance and non-underlying items.

Operating profit and PBT	**2024 £'m**	2023 £'m
Underlying operating profit	**73.6**	118.8
Reported operating (loss) / profit (after exceptional items)	**(51.8)**	(24.1)
Underlying profit before tax	**27.1**	76.9
Reported loss before tax (after exceptional items)	**(130.9)**	(110.6)

Reported operating loss (earnings before interest and taxation) of £51.8 million (FY2023: £24.1 million). After removing the exceptional and non-underlying items described above, underlying operating profit was £73.6 million (FY2023: £118.8m).

Reported loss before tax increased to £130.9 million (FY2023: £110.6m). After removing the exceptional and non-underlying items described above, underlying profit before tax was £27.1million (FY2023: £76.9m).

TAXATION

The reported tax credit in the year of £22.9 million (FY2023: £18.8m) was distorted by the impact of the exceptional and non-underlying costs, which contributed to a tax credit of £18.2 million. On an underlying basis, the tax credit for the year was £4.7 million (FY2023 charge: £17.3m) against adjusted profit before tax of £27.1 million (FY2023: £76.9m). Removing the effect of prior year items results in an underlying effective current year tax rate of 19.2% (FY2023: 19.6%).

EARNINGS PER SHARE

The Group delivered a basic loss per share of 93.85p (FY2023: 79.35p) due to exceptional costs in relation to restructuring, amortisation of amortisation of acquired intangibles, and impairment recognised on goodwill. Adjusted earnings per share (before non-underlying and exceptional items) on a fully-diluted basis was 19.12p (FY2023: 39.06p). The decrease in EPS is driven by the greater dilutive impact of the preference shares and reduced earnings.

Basic and diluted earnings / (loss) per share	**2024**	2023
Basic earnings / (loss) per share	**(93.85p)**	(79.35p)
Diluted adjusted earnings per share	**19.12p**	39.06p

OPERATING CASH FLOW

Cash flow from operating activities before interest, tax and exceptional items was £106.4 million which represents a conversion of 82% of underlying EBITDA (pre-IFRS 16).

Operating and free cash flow	**2024 £'m**	2023 £'m
Underlying operating profit	**73.6**	118.8
Add back: underlying depreciation & amortisation	**87.0**	77.2
Underlying EBITDA	**160.7**	196.0
Payments under right-of-use lease obligations	**(35.6)**	(29.3)
Non-cash items	**(3.5)**	(15.1)
Underlying movement in working capital	**(15.2)**	6.3
Operating cash flow before interest, tax and exceptional items	**106.4**	157.8
% conversion against underlying operating profit	**145%**	133%
% conversion against underlying EBITDA (pre-IFRS 16)	**82%**	92%
Interest paid	**(32.6)**	(34.8)
Corporation tax paid	**(2.5)**	(11.4)
Capital expenditure - replacement / maintenance net of disposals	**(43.0)**	(40.3)
Free cash flow before exceptional items	**28.2**	71.3
% conversion against underlying operating profit	**38%**	60%
% conversion against underlying EBITDA (pre-IFRS 16)	**22%**	42%

Pre-exceptional free cash flow of the Group - after interest, tax and net replacement capex - was £28.2 million. Compared with underlying operating profit (i.e. post-depreciation), this represents a conversion ratio of 38%. Cash conversion was positively impacted in the year by lower interest and tax paid amounts.

The underlying movement in working capital was an outflow of £15.2 million. This was driven by inventories being above the levels required for the current market environment and we took action during the year to reduce the inventory levels. This resulted in an inflow in the second half of the year of £12.4 million. We expect further improvements in FY25 as we make structural changes to our inventory levels and we should see a further reduction in working capital as the cash from the sale of inventories completes its way through the receivables cycle.

A full reported statement of cash flows, including exceptional and non-underlying items, is provided in the Consolidated Statement of Cash Flows.

the Consolidated Statement of Cash Flows.

NET DEBT

As at 30 March 2024, the Group's net debt position (excluding IFRS 16 right-of-use leases and preferred equity) was £632.9 million (1 April 2023: £658.3m). Free cash flow of £27.9 million was generated in the year, while £51.1 million was invested in organic growth / synergy initiatives. Acquisition-related expenditure (primarily representing payment of deferred and contingent consideration) was £15.8 million.

Applying our banks' adjusted measure of financial leverage, the Group's year end net debt to EBITDA ratio was 4.4x (FY2023: 3.4x).

The leverage increase is primarily driven by the reduced earnings in the year. As a result of changing conditions and with the higher interest rates that are likely to be experienced for the foreseeable future, it is the Board's objective to reduce the Group's net debt/EBITDA ratio ahead of refinancing the senior secured notes.

Free cash flow to movement in net debt	**2024 £'m**	**2023 £'m**
Free cash flow before exceptional items (see above)	**28.2**	**71.3**
Capital expenditure - growth / synergy	(19.2)	(54.1)
Proceeds on disposal of surplus real estate assets	27.9	-
Exceptional reorganisation cash cost	(32.0)	(25.3)
Investment in organic growth / synergy projects	**(23.2)**	**(79.4)**
Acquisition of subsidiaries	-	(119.7)
Total debt acquired or refinanced	-	(87.4)
Deferred and contingent consideration payments	(14.9)	(4.6)
Exceptional M&A costs	(1.0)	(4.0)
Acquisition-related working capital absorption	-	(17.3)
Acquisitions - related	**(15.8)**	**(233.1)**
Buy back of ordinary shares	(3.2)	(7.8)
Net refinancing cash flow	**(3.2)**	**(7.8)**
Other debt items including factoring and prepaid finance costs	17.4	24.4
Translation differences on foreign currency cash and loans	22.0	(27.0)
Other exceptional items	**39.4**	**(2.6)**
Total movement in net debt	**25.4**	**(251.6)**
Opening net debt	(658.3)	(406.6)
Net debt before obligations under right-of-use leases	**(632.9)**	**(658.3)**

Net debt	**2024 £'m**	2023 £'m
Net cash and cash equivalents	72.8	90.4
Senior secured debt (at par)	(632.0)	(660.2)
Super senior RCF	(10.3)	(12.5)
Bank loans and other facilities	(62.5)	(75.0)
Finance leases and hire purchase arrangements (pre IFRS 16)	(1.0)	(1.0)
Net debt before obligations under right-of-use leases	**(632.9)**	**(658.3)**
Adjusted net debt / EBITDA	**4.4x**	**3.4x**
Senior secured notes (interest)	(5.2)	-
Bond issue premium - non-cash (related to initial value of redemption option)	(2.4)	(3.6)
Pre-paid finance costs on senior debt	5.7	7.9
Preferred equity, associated warrants and embedded derivatives	(286.6)	(281.2)
Factoring and receivables financing facilities	(38.4)	(25.1)
Obligations under right-of-use leases (incremental to above finance leases)	(166.8)	(171.3)
Statutory net debt (net of prepaid finance costs)	**(1,126.6)**	**(1,131.5)**

HANOVER FLOORING LIMITED

Last year as part of their work in auditing the Annual Report and Accounts for the 52 weeks ended 1 April 2023 our auditor, Grant Thornton, raised concerns around the control environment, completeness of accounting records and instances of non-compliance with High Value Dealer regulations at Hanover Flooring Limited, a small subsidiary, which in 2023 had revenue of £18.7m, a statutory loss of £1.2m and net liabilities of £0.4m. Grant Thornton issued a qualified opinion, solely in respect of this small net liabilities of £0.4m. Grant Thornton issued a qualified opinion, solely in respect of this small subsidiary, following our decision to impose a limitation of scope on their work as they had not completed all the work they wanted to do on the subsidiary. This limitation was placed on Grant Thornton due to the Board's belief that, notwithstanding the extensive work carried out with the support of accounting and legal professional advisors, further audit procedures by Grant Thornton would not provide them with sufficient and appropriate evidence in a timescale that would have allowed for the timely delivery of our FY2023 financial statements.

Once the accounts had been delivered, the Board lifted the limitation on Grant Thornton to permit them to continue their work on addressing the concerns and this continued through the course of this year. We note that Grant Thornton have not qualified their audit report on either opening or current year balances in relation to Hanover as their concerns have been appropriately satisfied.

The Board took an active role in challenging management to ensure that the appropriate control environment was put in place and every effort was made to close gaps in accounting records:

- In August last year we began strengthening the Hanover finance function and recruiting project team to complete detailed balance sheet account reconciliations for prior years. This team was led by the Group Head of Risk and Compliance under the direct supervision of the Group CFO. This team was bolstered by the continued input of a big four accounting firm to provide additional bandwidth.

- The team implemented appropriate controls in the business including in the areas of cash management, where an embargo was put in place, and credit management. This embargo meant that there could be no further instances of non-compliance with High Value Dealer regulations. As disclosed in last year's annual report management appropriately have advised the relevant regulatory authorities and, with the benefit of appropriate legal advice, have made a provision for the expected fine which is expected to be immaterial.

- The team performed a further detailed review of all receipts into the business from whatever source, including the monies held in trust in the seller's bank account using their further understanding of the cash allocation process and were able to confirm within a low tolerance that all monies that should have been received by Victoria have been or will be as part of the final earnout payment for the business.

Management performed a lessons-learned exercise as part of the process and a number of actions have been taken as a result which include:

- Updating our post-merger integration process to include more detailed oversight of the use of sellers' bank accounts for any period of time;

- Providing additional training on cash handing and related laws and regulations to all relevant teams in Victoria; and

- Increasing the number of internal audit resources to allow for more timely reviews of the control environments of each subsidiary.

Hanover Flooring now has a more robust control environment and appropriate work has been undertaken to ensure that Victoria has not suffered any financial loss. We have also reviewed all of the recent acquisitions in the Group to confirm that the issues raised in relation to the control deficiencies at Hanover were not found elsewhere and found that to be the case.

ACCOUNTING STANDARDS

The financial statements have been prepared in accordance with UK-adopted international accounting standards. There have been no changes to international accounting standards this year that have a material impact on the Group's results. No forthcoming new international accounting standards are expected to have a material impact on the financial statements of the Group.

GOING CONCERN

The consolidated financial statements for the Group have been prepared on a going concern basis.

Brian Morgan
Chief Financial Officer
18 June 2024

Consolidated Income Statement
For the 52 weeks ended 30 March 2024

			52 weeks ended 30 March 2024			52 weeks ended 1 April 2023		
			Underlying performance	**Non-underlying items**	**Reported numbers**	Underlying performance	Non-underlying items	Reported numbers
		Notes	**£m**	**£m**	**£m**	£m	£m	£m
Revenue		1	**1,256.5**	**16.5**	**1,273.0**	1,461.4	18.8	1,480.2
Cost of Sales			**(839.1)**	**(43.1)**	**(882.2)**	(986.6)	(58.9)	(1,045.5)
Gross profit			**417.4**	**(26.6)**	**390.8**	474.8	(40.1)	434.7
Distribution and administrative expenses			**(348.6)**	**(98.9)**	**(447.5)**	(360.4)	(193.4)	(553.8)
Negative goodwill arising on acquisition			**-**	**-**	**-**	-	90.5	90.5
Other operating income			**4.8**	**0.1**	**4.9**	4.4	0.1	4.5
Operating profit / (loss)			**73.6**	**(125.4)**	**(51.8)**	118.8	(142.9)	(24.1)
Comprising:								
Operating profit before non-underlying and exceptional items			**73.6**	**-**	**73.6**	118.8	-	118.8
Amortisation of acquired intangibles		2	**-**	**(40.9)**	**(40.9)**	-	(41.5)	(41.5)
Other non-underlying items		2	**-**	**9.2**	**9.2**	-	(16.0)	(16.0)
Exceptional goodwill and intangible impairment		2	**-**	**(72.6)**	**(72.6)**	-	(80.0)	(80.0)
Other exceptional items		2	**-**	**(21.1)**	**(21.1)**	-	(5.4)	(5.4)
Finance costs		3	**(46.5)**	**(32.6)**	**(79.1)**	(41.9)	(44.6)	(86.5)
Comprising:								
Interest on loans and notes		3	**(36.8)**	**-**	**(36.8)**	(33.6)	-	(33.6)
Amortisation of prepaid finance costs for bank loans		3	**(2.7)**	**-**	**(2.7)**	(2.8)	-	(2.8)
Unwinding of discount on right-of-use lease liabilities		3	**(7.0)**	**-**	**(7.0)**	(5.4)	-	(5.4)
Preferred equity items		3	**-**	**(5.4)**	**(5.4)**	-	(26.9)	(26.9)
Other finance items		3	**-**	**(27.2)**	**(27.2)**	(0.1)	(17.7)	(17.8)
Profit / (loss) before tax			**27.1**	**(158.0)**	**(130.9)**	76.9	(187.5)	(110.6)
Taxation credit / (charge)			**4.7**	**18.2**	**22.9**	(17.3)	36.1	18.8
Profit / (loss) for the period			**31.8**	**(139.8)**	**(108.0)**	59.6	(151.4)	(91.8)
(Loss) / earnings per share - pence	basic	4			**(93.85)**			(79.35)
	diluted	4			**(93.85)**			(79.35)

Consolidated Statement of Comprehensive Income
For the 52 weeks ended 30 March 2024

	52 weeks ended 30 March 2024	52 weeks ended 1 April 2023
	£m	£m
Loss for the period	**(108.0)**	(91.8)
Other comprehensive expense		
Items that will not be reclassified to profit or loss:		
Actuarial loss on defined benefit pension		

Actuarial loss on defined benefit pension scheme	**(1.9)**	(2.0)
Items that will not be reclassified to profit or loss	**(1.9)**	(2.0)
Items that may be reclassified subsequently to profit or loss:		
Hyperinflation foreign exchange adjustments	**(9.0)**	16.5
Retranslation of overseas subsidiaries	**(21.8)**	(2.1)
Items that may be reclassified subsequently to profit or loss	**(30.8)**	14.4
Other comprehensive (expense) / income	**(32.7)**	12.4
Total comprehensive expense for the period attributable to the owners of the parent	**(140.7)**	(79.4)

Consolidated Balance Sheet

As at 30 March 2024

	30 March 2024 **£m**	1 April 2023 (Restated) £m
Non-current assets		
Goodwill	**102.6**	173.6
Intangible assets other than goodwill	**250.7**	305.5
Property, plant and equipment	**447.8**	462.6
Right-of-use lease assets	**157.2**	162.0
Investment property	**0.2**	0.2
Deferred tax assets	**7.9**	1.7
Total non-current assets	**966.4**	1,105.6
Current assets		
Inventories	**326.1**	355.4
Trade and other receivables	**238.1**	268.6
Current tax assets	**4.1**	14.7
Cash and cash equivalents	**94.8**	93.3
Assets classified as held for sale	**-**	25.8
Total current assets	**663.1**	757.8
Total assets	**1,629.5**	1,863.4
Current liabilities		
Trade and other current payables	**(320.3)**	(363.8)
Current tax liabilities	**(4.7)**	(6.9)
Obligations under right-of-use leases - current	**(31.2)**	(27.6)
Other financial liabilities	**(94.3)**	(65.2)
Provisions	**(12.1)**	(21.5)
Total current liabilities	**(462.6)**	(485.0)
Non-current liabilities		
Trade and other non-current payables	**(7.2)**	(7.3)
Obligations under right-of-use leases - non-current	**(136.5)**	(144.6)
Other non-current financial liabilities	**(672.7)**	(706.2)
Preferred equity	**(274.2)**	(255.2)
Preferred equity - contractually-linked warrants	**(12.4)**	(26.0)
Deferred tax liabilities	**(56.7)**	(89.3)
Retirement benefit obligations	**(8.4)**	(8.0)
Provisions	**(21.0)**	(22.8)
Total non-current liabilities	**(1,189.1)**	(1,259.4)
Total liabilities	**(1,651.7)**	(1,744.4)
Net (liabilities) / assets	**(22.2)**	119.0
Equity		
Share capital	**6.3**	6.3
Retained earnings	**(27.4)**	85.7
Foreign exchange reserve	**(20.8)**	1.0
Hyperinflation foreign exchange reserve	**7.5**	16.5
Other reserves	**12.2**	9.5
Total equity	**(22.2)**	119.0

Consolidated Statement of Changes in Equity
For the 52 weeks ended 30 March 2024

	Share capital £m	Retained earnings £m	Foreign exchange reserve £m	Hyper-inflation foreign exchange reserve £m	Other reserves £m	Total equity £m
At 2 April 2022	6.3	187.3	3.1	-	5.9	202.6
Loss for the period to 1 April 2023	-	(91.8)	-	-	-	(91.8)
Other comprehensive expense for the period	-	(2.0)	-	-	-	(2.0)
Retranslation of overseas subsidiaries	-	-	(2.1)	16.5	-	14.4
Total comprehensive loss	-	(93.8)	(2.1)	16.5	-	(79.4)
Buy back of ordinary shares	-	(7.8)	-	-	-	(7.8)
Share-based payment charge	-	-	-	-	3.6	3.6
Transactions with owners	-	(7.8)	-	-	3.6	(4.2)
At 1 April 2023	6.3	85.7	1.0	16.5	9.5	119.0
Loss for the period to 30 March 2024	-	(108.0)	-	-	-	(108.0)
Other comprehensive expense for the period	-	(1.9)	-	-	-	(1.9)
Retranslation of overseas subsidiaries	-	-	(21.8)	(9.0)	-	(30.8)
Total comprehensive loss	-	(109.9)	(21.8)	(9.0)	-	(140.7)
Buy back of ordinary shares	-	(3.2)	-	-	-	(3.2)
Share-based payment charge	-	-	-	-	2.7	2.7
Transactions with owners	-	(3.2)	-	-	2.7	(0.5)
At 30 March 2024	**6.3**	**(27.4)**	**(20.8)**	**7.5**	**12.2**	**(22.2)**

Consolidated Statement of Cash Flows
For the 52 weeks ended 30 March 2024

	52 weeks ended 30 March 2024 £m	52 weeks ended 1 April 2023 £m
Cash flows from operating activities		
Operating loss	**(51.8)**	(24.1)
Adjustments for:		
Depreciation and amortisation of IT software	**98.2**	90.5
Amortisation of acquired intangibles	**40.9**	41.5
Hyperinflation impact	**(30.4)**	(22.0)
Negative goodwill arising on acquisition	**-**	(90.5)
Goodwill impairment	**67.1**	80.0
Acquisition-related performance plan charge	**6.7**	10.3
Acquisition-related performance plan payment	**(10.8)**	-
Amortisation of government grants	**(0.9)**	(1.3)
Profit on disposal of property, plant and equipment	**(2.1)**	(1.8)
Intangible asset impairment	**5.4**	-
Fixed asset impairment	**-**	47.5
Loss on disposal of leased assets	**-**	1.5
Share incentive plan charge	**2.7**	3.6
Defined benefit pension	**(0.6)**	(2.5)
Net cash flow from operating activities before movements in working capital, tax and interest payments	**124.4**	132.7
Change in inventories	**12.0**	62.8
Change in trade and other receivables	**20.2**	40.6
Change in trade and other payables	**(47.7)**	(114.5)
Change in provisions	**(11.8)**	19.1
Cash generated by continuing operations before tax and interest payments	**97.1**	140.7
Interest paid on loans and notes	**(32.6)**	(34.8)
Interest relating to right-of-use lease assets	**(6.8)**	(5.4)
Income taxes paid	**(2.5)**	(11.4)
Net cash inflow from operating activities	**55.2**	89.1
Investing activities		
Purchases of property, plant and equipment	**(58.5)**	(96.4)

Purchases of intangible assets	**(4.0)**	(3.2)
Proceeds on disposal of property, plant and equipment	**28.2**	5.3
Proceeds on disposal of intangible assets	**0.3**	-
Deferred consideration and earn-out payments	**(4.1)**	(4.6)
Acquisition of subsidiaries net of cash acquired	**-**	(119.7)
Net cash used in investing activities	**(38.1)**	(218.6)
Financing activities		
Proceeds from debt	**48.4**	66.0
Repayment of debt	**(34.3)**	(75.4)
Buy back of ordinary shares	**(3.2)**	(7.8)
Payments under right-of-use lease obligations	**(28.7)**	(23.9)
Net cash used in financing activities	**(17.9)**	(41.1)
Net (decrease) / increase in cash and cash equivalents	**(0.8)**	(170.6)
Cash and cash equivalents at beginning of period	**90.4**	258.0
Effect of foreign exchange rate changes	**(2.4)**	3.0
Cash and cash equivalents at end of period	**87.2**	90.4
Comprising:		
Cash and cash equivalents	**94.8**	93.3
Bank overdrafts	**(7.6)**	(2.9)
	87.2	90.4

NOTES

1. Segmental information

The Group is organised into four operating segments: soft flooring products in UK & Europe; ceramic tiles in UK & Europe; flooring products in Australia; and flooring products in North America. The Executive Board (which is collectively the Chief Operating Decision Maker) regularly reviews financial information for each of these operating segments in order to assess their performance and make decisions around strategy and resource allocation at this level.

The UK & Europe Soft Flooring segment comprises legal entities primarily in the UK, Republic of Ireland, the Netherlands and Belgium (including manufacturing entities in Turkey and a distribution entity in North America), whose operations involve the manufacture and distribution of carpets, rugs, flooring underlay, artificial grass, LVT, and associated accessories. The UK & Europe Ceramic Tiles segment comprises legal entities primarily in Spain, Turkey, Italy, UK and France, whose operations involve the manufacture and distribution of wall and floor ceramic tiles. The Australia segment comprises legal entities in Australia, whose operations involve the manufacture and distribution of carpets, flooring underlay and LVT. The North America segment comprises legal entities in the USA, whose operations involve the distribution of hard flooring, LVT and tiles.

Whilst additional information has been provided in the operational review on sub-segment activities, discrete financial information on these activities is not regularly reported to the CODM for assessing performance or allocating resources.

No operating segments have been aggregated into reportable segments. Both underlying operating profit and reported operating profit are reported to the Executive Board on a segmental basis.

Transactions between the reportable segments are made on an arm length's basis. The reportable segments exclude the results of non revenue generating holding companies, including Victoria PLC. These entities' results have been included as unallocated central expenses in the tables below.

	52 weeks ended 30 March 2024					
	UK & Europe Soft Flooring	**UK & Europe Ceramic Tiles**	**Australia**	**North America**	**Unallocated central expenses**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Income statement						
Revenue	**643.8**	**359.7**	**106.1**	**163.3**	**-**	**1,273.0**
Underlying operating profit / (loss)	**34.6**	**31.8**	**8.7**	**6.8**	**(8.3)**	**73.6**
Non-underlying operating items	**(11.9)**	**(9.1)**	**(1.6)**	**(5.6)**	**(3.6)**	**(31.8)**
Exceptional operating items	**(16.5)**	**(31.0)**	**(0.0)**	**(43.3)**	**(2.8)**	**(93.6)**
Operating profit / (loss)	**6.3**	**(8.3)**	**7.1**	**(42.1)**	**(14.8)**	**(51.8)**
Underlying net finance costs						**(46.5)**
Non-underlying finance costs						**(32.6)**

Loss before tax	**(130.9)**
Tax credit	**22.9**
Loss for the period	**(108.0)**

	52 weeks ended 1 April 2023					
	UK & Europe Soft Flooring	UK & Europe Ceramic Tiles	Australia	North America	Unallocated central expenses	Total
	£m	£m	£m	£m	£m	£m
Income statement						
Revenue	722.9	468.0	120.9	168.4	-	1,480.2
Underlying operating profit / (loss)	27.2	77.5	10.0	6.0	(1.9)	118.8
Non-underlying operating items	(30.0)	(12.0)	(1.7)	(9.2)	(4.6)	(57.5)
Exceptional operating items	5.8	(90.1)	(0.1)	2.8	(3.8)	(85.4)
Operating profit / (loss)	3.0	(24.6)	8.2	(0.4)	(10.3)	(24.1)
Underlying net finance costs						(41.9)
Non-underlying finance costs						(44.6)
Loss before tax						(110.6)
Tax credit						18.8
Loss for the period						(91.8)

2. Exceptional and non-underlying items

	52 weeks ended 30 March 2024	**52 weeks ended 1 April 2023**
	£m	£m
Exceptional items		
(a) Acquisition related costs	**(1.0)**	(4.0)
(b) Reorganisation and other costs	**(20.1)**	(44.4)
(c) Fixed asset impairment	**-**	(47.5)
(d) Negative goodwill arising on acquisition	**-**	90.5
(e) Exceptional goodwill impairment	**(67.2)**	(80.0)
(f) Intangible asset impairment	**(5.4)**	-
	(93.6)	(85.4)
Non-underlying operating items		
(g) Acquisition-related performance plans	**(6.7)**	(10.3)
(h) Non-cash share incentive plan charge	**(2.7)**	(3.6)
(i) Amortisation of acquired intangibles (excluding hyperinflation)	**(39.5)**	(40.3)
(j) Unwind of fair value uplift to acquisition opening inventory	**(0.6)**	(10.9)
(k) Depreciation of fair value uplift to acquisition property, plant and machinery	**(5.1)**	(9.1)
(l) Hyperinflation depreciation adjustment	**(6.0)**	(4.2)
(m) Hyperinflation amortisation adjustment	**(1.4)**	(1.1)
(n) Hyperinflation monetary gain / (loss)	**45.9**	38.9
(o) Other hyperinflation adjustments (excluding depreciation and monetary gain)	**(15.6)**	(16.9)
	(31.8)	(57.5)
Total	**(125.4)**	(142.9)
Representing functional categorisation of:		
Revenue (see notes l,m,n,o)	**16.5**	18.8
Cost of sales (see notes j,k,l,m,n,o)	**(43.0)**	(58.9)
Distribution and administrative expenses	**(99.0)**	(193.4)
Negative goodwill arising on acquisition	**-**	90.5
Other operating income (see notes l,m,n,o)	**0.1**	0.1

	(125.4)	(142.9)

(a) One-off third-party professional fees in connection with prospecting and completing specific acquisitions during the period.

(b) In the prior year, the Group made a significant investment decision in restructuring the Rugs and UK broadloom businesses of Balta which represents the majority of the £20.1 million, with small reorganisation and integration projects around the Group contributing in smaller amounts.

(c) Prior year included an asset impairment cost of £47.5m relating to acquired Balta property, plant & machinery. One property was revalued on acquisition using a depreciated replacement cost valuation approach however due to subsequent restructuring decisions the property was transferred to assets held for sale and sold post year end.

(d) Prior period negative goodwill of £90.5m arose on the acquisition of Balta, Ragolle and IWT. Ragolle achieved this through favourable bilateral negotiations. IWT's negative goodwill was due to the accounting treatment of the accrued employment costs. Balta's negative goodwill was linked to the fact further spend was required to restructure the business and due to fair value uplift of property. See point b.

(e) Exceptional goodwill impairment charge, reduced production in Spain, as a result of the integration programme within the ceramics division has resulted in a further impairment of £24.7 million being taken in the UK & Europe - Ceramics (Spain & Turkey) CGU, along with weaker demand in the US impacting Cali Bamboo resulting in an impairment of £42.5 million.

(f) Further to the exceptional goodwill impairment noted above, as a result of this testing, a charge was taken against the customer related intangible assets within Saloni.

(g) Charge relating to the accrual of expected liability under acquisition-related performance plans.

(h) Non-cash, IFRS2 share-based payment charge in relation to the long-term management incentive plans.

(i) Amortisation of intangible assets, primarily brands and customer relationships, recognised on consolidation as a result of business combinations.

(j) One-off cost of sales charge reflecting the IFRS 3 fair value adjustment on inventory acquired on new business acquisitions, given this is not representative of the underlying performance of those businesses.

(k) Cost of sales depreciation charge reflecting the IFRS 3 fair value adjustment on buildings and plant and machinery acquired on new business acquisitions, given this is not representative of the underlying performance of those businesses.

(l,m,n,o) Impact of hyperinflation indexation in the period. The hyperinflation impact in the period on revenue was £16.5m (2023: £18.9m income), cost of sales was £37.5m charge (2023: £38.1m charge), admin expenses was £43.9m income (FY23: £35.8m income) and other operating income was £nil (2023: £0.1m).

3. Finance costs

	52 weeks ended 30 March 2024 £m	**52 weeks ended 1 April 2023** £m
Underlying finance items		
Interest on bank facilities and notes	**(36.8)**	(33.6)
Amortisation of prepaid finance costs on loans and notes	**(2.7)**	(2.8)
Unwinding of discount on right-of-use lease liabilities	**(7.0)**	(5.4)
Net interest expense on defined benefit pensions	**-**	(0.3)
Retranslation on foreign cash balances	**0.1**	0.2
	(46.5)	(41.9)
Non-underlying finance items		
(a) Finance items related to preferred equity	**(5.4)**	(26.9)
(b) Unwinding of present value of deferred and contingent earn-out liabilities	**(0.5)**	(0.3)
(c) Fair value adjustment to deferred consideration and contingent earnout	**2.0**	0.3
Acquisitions related	**1.5**	-
(d) Gain on bond repurchase	**2.0**	-
(e) Fair value adjustment to notes redemption option / amortisation inception derivative	**1.2**	(2.0)

(f) Mark to market adjustments and gains on foreign exchange forward contracts	**(0.2)**	(0.4)
(g) Translation difference on foreign currency loans and cash	**(24.6)**	(13.3)
(h) Hyperinflation - finance portion	**(6.7)**	(1.8)
(i) Defined benefit pension	**(0.4)**	(0.2)
Other non-underlying	**(28.6)**	(17.7)
	(32.6)	(44.6)

(a) The net impact of items relating to preferred equity issued to Koch Equity Development during the current and prior periods.

(b) Current period non-cash costs relating to the unwind of present value discounts applied to deferred consideration and contingent earn-outs on historical business acquisitions. Deferred consideration is measured at amortised cost, while contingent consideration is measured under IFRS 9 / 13 at fair value. Both are discounted for the time value of money.

(c) Fair value reduction to contingent liability resulting in a credit. Prior year credit arose due to partial waiver of deferred consideration payable due to formally agreeing a reduction in the overall liability.

(d) The Company has generated a gain on bonds repurchased as the purchase price was lower than the carrying amount. This has happened as market interest rates have risen since the bonds were issued, reducing their market value.

(e) Attached to the senior notes is an early repayment option which, on inception, was recognised as an embedded derivative asset at a fair value of £4.3m. This asset is revalued at each reporting date, with the movement taken through the P&L. The value of the senior debt liabilities recognised were increased by a corresponding amount at initial recognition, which then reduces to par at maturity using an effective interest rate method. A credit of £1.2m was recognised in the period (2023: £2.7m charge), with a £nil fair value of the derivative asset at both period ends.

(f) Non-cash fair value adjustments on foreign exchange forward contracts.

(g) Net impact of exchange rate movements on third party and intercompany loans.

(h) Other finance cost/income impact of hyperinflation.

(i) Defined benefit pension change due to restructuring in current period and prior period related to a change in Turkish law.

See Financial Review for further details of these items.

4. Earnings per share

The calculation of the basic, adjusted and diluted earnings / (loss) per share is based on the following data:

	52 weeks ended 30 March 2024		52 weeks ended 1 April 2023	
	Basic	**Adjusted**	Basic	Adjusted
	£m	**£m**	£m	£m
Loss attributable to ordinary equity holders of the parent entity	**(108.0)**	**(108.0)**	(91.8)	(91.8)
Exceptional and non-underlying items:				
Exceptional items	**-**	**93.6**	-	85.4
Non-underlying items	**-**	**64.4**	-	102.1
Tax effect on adjusted items where applicable	**-**	**(18.2)**	-	(36.1)
(Loss) / earnings for the purpose of basic and adjusted earnings per share	**(108.0)**	**31.8**	(91.8)	59.6

Weighted average number of shares

	52 weeks ended 30 March 2024 Number of shares (000's)	52 weeks ended 1 April 2023 Number of shares (000's)

Weighted average number of shares for the purpose of basic and

Weighted average number of shares for the purpose of basic and adjusted earnings per share	**115,046**	115,746
Effect of dilutive potential ordinary shares:		
Share options and warrants	**1,621**	1,569
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**116,667**	117,315
Preferred equity and contractually-linked warrants	**49,771**	35,213
Weighted average number of ordinary shares for the purposes of diluted adjusted earnings per share	**166,438**	152,528

The potential dilutive effect of the share options has been calculated in accordance with IAS 33 using the average share price in the period.

The Group's earnings / (loss) per share are as follows:

	52 weeks ended 30 March 2024	52 weeks ended 1 April 2023
	Pence	Pence
Earnings / loss per share		
Basic earnings / (loss) per share	**(93.85)**	(79.35)
Diluted earnings / (loss) per share	**(93.85)**	(79.35)
Basic adjusted earnings per share	**27.66**	51.47
Diluted adjusted earnings per share	**19.12**	39.06

Diluted earnings per share for the period is not adjusted for the impact of the potential future conversion of preferred equity due to this instrument having an anti-dilutive effect, whereby the positive impact of adding back the associated financial costs to earnings outweighs the dilutive impact of conversion/exercise. Diluted adjusted earnings per share does take into account the impact of this instrument as shown in the table above setting out the weighted average number of shares. Due to the loss incurred in the year, in calculating the diluted loss per share, the share options, warrants and preferred equity are considered to be non-dilutive.

5. Rates of exchange

	2024		2023	
	Average	**Year end**	Average	Year end
Australia - AUD	**1.9134**	**1.9369**	1.7679	1.8458
Europe - EUR	**1.1594**	**1.1690**	1.1557	1.1360
United States - USD	**1.2577**	**1.2626**	1.2065	1.2345
Turkey - TRY	**34.4101**	**40.8163**	21.6304	23.6755

6. Net Debt

Analysis of net debt

Reconciliation of movements in the Group's net debt position:

Group	At 2 April 2023 £m	Cash flow £m	Non-cash movement on inception of leasing contract expenditure £m	Other non-cash changes £m	Exchange movement £m	**At 30 March 2024 £m**
Cash and cash equivalents	93.3	4.1	-	-	(2.6)	**94.8**
Bank overdraft	(2.9)	(4.8)	-	-	0.2	**(7.6)**
Net cash and cash equivalents	90.4	(0.7)	-	-	(2.4)	**87.2**
Bank overdraft	-	(14.4)	-	-	-	**(14.4)**
Senior secured debt (gross of prepaid finance costs):						
- due in less than one year	-	-	-	-	-	-
- due in more than one year	(663.8)	7.6	-	(2.0)	18.6	**(639.6)**
Unsecured loans:						
- due in less than one year	(62.3)	(9.2)	-	(5.4)	4.6	**(72.4)**
- due in more than one year	(50.3)	2.0	-	8.3	1.2	**(38.8)**

Net debt	(686.0)	(14.7)	-	0.8	22.0	**(678.0)**
Obligations under right-of-use leases:						
- due in less than one year	(27.6)	28.7	(25.0)	(8.1)	0.8	**(31.2)**
- due in more than one year	(144.6)	-	-	4.3	3.8	**(136.5)**
Preferred equity (gross of prepaid finance costs)	(281.2)	-	-	(5.4)	-	**(286.6)**
Prepaid finance costs:						
- In relation to senior debt	7.9	0.5	-	(2.7)	-	**5.7**
Financing liabilities	(1,221.9)	15.2	(25.0)	(11.0)	28.9	**(1,213.8)**
Net debt including right-of-use lease liabilities, issue premia, preferred equity and prepaid finance costs	(1,131.5)	14.5	(25.0)	(11.0)	26.5	**(1,126.6)**

The Annual Report & Accounts will be posted to shareholders in due course. Further copies will be available from the Company's Registered Office: Worcester Six Business Park, Worcester, Worcestershire, WR4 0AE or via the website: www.victoriaplc.com