



# THE VERY GROUP

30 March 2020

## **Covid-19 statement**

The Very Group (the “Group”) is providing an update on the impact of Covid-19 along with the steps it is taking to manage the risks to its colleagues, customers and operations.

The safety and well-being of our colleagues and customers is our priority. In line with government advice issued on 23rd March stating that “online retail is open and encouraged”, we are ensuring the protection of our colleagues while keeping our online store open for customers at a time when they need us more than ever. Colleagues who can work from home are doing so with minimal disruption. At sites which remain open to meet fulfilment and customer care needs, stringent safety measures, such as cleaning, fewer colleagues on site at any one time and social distancing, are in place, and we are looking at further safety measures to introduce as the crisis and government advice evolves.

We have a strong business and a dedicated group of colleagues working to serve our customers. We have a multi-category offer including fashion, electrical products, white goods, homeware and furniture and seasonal products, which provides resilience against movements in individual product categories. In the past two weeks we have seen a shift in sales relative to forecast, primarily out of fashion, which has seen a sharp drop and into electrical, toys, and games. Overall, trading levels have been solid but with a deterioration in margin with a change in product mix away from higher margin fashion into lower margin electrical goods. However, with the relatively higher purchase price of electrical goods comes higher credit utilisation, and therefore long-term revenue and profit for the company. We are working closely with our product partners to optimise the range and availability of products in demand from c. 30 countries who continue to provide key supply chain support.

With many people in isolation, it would seem accessing products and goods online is important and we’re seeing many customers coming to our site in the past few days looking for things they need to help them cope in difficult circumstances.

Our financial services products are a critical part of our offer: approximately 95% of our sales are via a credit account. We believe our combination of products and credit provision can alleviate the concerns our customers have about Covid-19 in a relevant way, allowing families to get what they need, and we have seen an increase in applications for credit. We remain committed to being a responsible lender and at present have seen no change in bad debt or customer payment rates.

Despite a challenging backdrop, our long-term investment in process improvements, data and technology are paying-off. This week, Skygate, our state-of-the-art fulfilment centre,



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opened in the East Midlands. With 850,000sq ft of largely automated warehousing space, Skygate allows us to serve our customers better with later cut-offs for next day delivery, faster processing and reimbursement for returns and the potential for same day deliveries. It also gives us the potential for a significant increase in scale.

In its 'Statement on IFRS 9 and Covid-19' on 20th March the Bank of England recognised that there is currently a very high level of uncertainty around how Covid-19 will impact the economy. It is clearly extremely difficult to quantify the expected impact on our business. However, we have stress tested our forecasts for a number of scenarios and deployed strategies and tools to closely manage cash flow and mitigate any issues.

Whilst it is not our policy to provide forward guidance, we have made the decision to plan against a stress test scenario of a decline in sales relative to the prior year of 25% in quarter 4 of FY20. We believe that decisive action against a prudent stress test best ensures the long-term health of the Group, our ability to serve customers, and our desire to protect jobs. Our actions include cost reduction, tight management of capital spend, a reduction in our cost of employment and sensible inventory management.

Against this scenario we are confident that we have sufficient liquidity for the next 18 months, and we are confident we will satisfy covenant requirements. It should be noted that in the last few days trading has been better than this scenario, but we cannot rely on this to continue.

The Group will publish results for the 9 months to 31st March 2020 in May and we will provide greater clarity on the impact of Covid-19 on the Group's performance at that time.

## Contact information

### Investor enquiries

David Fletcher      david.fletcher@theverygroup.com

## Notes to editors

### About The Very Group

[The Very Group](#) is the UK's largest integrated pureplay digital retailer and financial services provider, with annual sales of £2bn.

Our largest and fastest growing retail brand is [Very.co.uk](#), supported by the [Littlewoods.com](#) and [Littlewoodsireland.ie](#) brands.

We receive an average of 1.5m website visits every day with 79% of online sales completed on mobile devices.



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We sell 1,900 famous brands, including big name labels and our own exclusive brands. We serve four million customers, delivering 49 million products every year.

We exist to make good things easily accessible to more people and our aim is to be the number one destination for shoppers who value flexible ways to pay.

By offering customers the brands they love and options to spread the cost, we help them say yes when it really matters.

We have over a hundred years of history behind us, but at our heart there is a passion for change – to constantly improve what we do, to innovate with data and technology at our core and to be the best possible place to work.

For more information, visit [our website](#) or follow us on [Twitter](#) and [Instagram](#).



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