For immediate release **16 March 2021**

ScS Group plc
("ScS" or the "Group")

Interim results for the 26 weeks ended 23 January 2021

STRONG H1 PERFORMANCE; WELL POSITIONED FOR STORES REOPENING

ScS, one of the UK's largest retailers of upholstered furniture and floorings, is pleased to announce its interim results for the 26 weeks ended 23 January 2021.

Financial highlights:

- Gross sales* increased 13.9% to £182.3m (2020: £160.1m)
- Revenue up 14.4% to £173.9m (2020: £152.0m)
- Gross profit increased 16.8% to £83.7m (2020: £71.7m)
- Gross margin improved to 45.9% (2020: 44.8%)
- Operating profit of £19.8m (2020: £1.2m)
- Profit before tax of £17.7m (2020: loss of £0.6m)
- Earnings per share of 37.5p (2020: loss of 1.4p)
- Government support of £6.6m (2020: £nil)
- Cash generated from operating activities of £24.0m (2020: £31.3m)
- Strong balance sheet with cash of £91.8m at 23 January 2021 (2020: £61.5m)

Operational highlights:

- Record H1 performance driven by the delivery of the large opening order book from pent up demand in June and July 2020, coupled with strong order growth in the first quarter
- Despite store closures throughout the autumn and key winter sales period, like-for-like* order intake for the 26 weeks ended 23 January 2021 was only down 9.1%
- Online sales increased 81.3% to £17.7m (2020: £9.8m)
- Maintained "Excellent" Trustpilot TrustScore
- Improved omnichannel offering by launching our new website, introducing 'zero touch' finance and bringing customers in-store from the comfort of their own homes with our MyScSLive video technology

Current trading and outlook:

- Latest government announcements indicate that we should be able to open our stores in England and Wales on 12 April 2021, with further guidance on store opening timeframes expected to be announced in Scotland later today
- Online order growth for the first seven weeks of the second half of the year to 13 March 2021 of 157.5%
- Overall order intake decrease of 87.2% on a like-for-like* basis for the first seven weeks of the second half of the year to 13 March 2021 due to the current temporary store closures, resulting in order intake decline of 23.8% for the 33 weeks to 13 March 2021
- Cash at 13 March 2021 of £80.9m
- As previously announced, Steve Carson will lead the Group as CEO following David Knight's planned retirement in July 2021. Their handover process is progressing well

*This report includes Alternative Performance Measures (APMs) which are defined and reconciled to IFRS information, where possible, on pages 13 to 14.

David Knight, Chief Executive Officer of ScS, commented:

"We are delighted to be reporting a strong result for the first half of the year, and continue to make progress on our strategic priorities. The Group has built a robust balance sheet in recent years and remains focused on cost and cash management to ensure it maintains its resilience in these challenging times. With consumer confidence and the economic environment remaining uncertain, it is difficult to provide clarity on the Group's outlook for the weeks and months ahead. However, we remain cautiously optimistic as recent government announcements have provided further clarity on the anticipated reopening of our stores. The business continues to adapt and respond to trading conditions, with increased focus on the development of our digital channels. We are confident that our underlying priority of providing an excellent customer experience with outstanding value, quality and choice, will continue to prove successful.

This is my final results statement as CEO of ScS, with my handover to Steve Carson, who joined the business on 6 January 2021, progressing well. It was always my plan to leave the business when I felt it was on a firm financial foundation with strong succession plans in place. I have every confidence that the team we have built over recent years will continue to bring success to the business and have been inspired by the dedication of all our colleagues in such uncertain times. I would like to take this opportunity to thank the team here at ScS, our customers, partners and our shareholders for their continued support."

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An analyst briefing will be held at 10.30am on the morning of the results via live webcast, which can be accessed via the link: https://webcasting.buchanan.uk.com/broadcast/6048c86e1e24d464e23ebd9c

ScS Group plc's Interim Results 2021 are available at www.scsplc.co.uk

Notes to editors

ScS is one of the UK's largest retailers of upholstered furniture and floorings, promoting itself as the "Sofa Carpet Specialist", seeking to offer value and choice through a wide range of upholstered furniture and flooring products. The Group's product range is designed to appeal to a broad customer base with a mid-market priced offering and is currently traded from 100 stores.

The Group's upholstered furniture business specialises primarily in fabric and leather sofas and chairs. ScS sells a range of branded products which are not sold under registered trademarks and a range of branded products which are sold under registered trademarks owned by ScS (such as Endurance, Inspire and SiSi Italia). The Group also offers a range of third-party brands (which include La-Z-Boy and G Plan). The Group's flooring business includes carpets, as well as laminate and vinyl flooring.

Business review

Since the Group listed on the London Stock Exchange in January 2015, our focus has been on enhancing our customer experience and developing our colleagues. Until the pandemic hit in March 2020, progress in these two key areas had resulted in year on year profit growth, coupled with a strengthening of the balance sheet which enabled the Group to increase shareholder returns.

Whilst the Board and I regularly consider opportunities and threats as part of our budgeting and reforecasting, we could not have envisaged the situation that we have faced in the last 12 months. This time last year, we outlined the potential impacts that the pandemic could have on the business, stating that the Group was well positioned to deal with the headwinds it faced. Although a lot has changed as a result of the pandemic, the strength of the business has remained, and it is the Board's intention to recommence dividend payments when trading certainty returns.

Results

The Group remains well positioned, with the results in the first half of the year reflecting the significant order intake growth in June and July 2020 following the first lockdown, together with strong trading in the first quarter of the current financial year. Despite continuing regional and local restrictions, like-for like* order growth to 19 December (21 weeks) was 12.4%. The temporary store closures during our key winter sale period (weeks 22 to 26), caused a decrease in order intake of 65.2%, resulting in a like-for-like* order intake decrease of 9.1% for the six-month period ended 23 January. This, coupled with the fact that all 100 stores are still temporarily closed, will impact our performance in the second half of the year.

Unlike during the first national lockdown, our distribution centres have remained operational throughout the period. This has enabled the Group to achieve revenues of £173.9m, a 14.4% increase from £152.0 in the prior period.

Gross profit increased to £83.7m (2020: £71.7m), with the gross margin percentage increasing to 45.9% (2020: 44.8%). Operating profit increased to £19.8m (2020: £1.2m) and profit before tax increased to £17.7m (2020: loss of £0.6m).

Customer experience

We began the new financial year with all of our stores open and our colleagues working hard to create a safe environment for our customers to shop in, adapting our services to meet their needs during such challenging times. Our newly recruited 'meet and greet' staff helped support our existing sales teams and welcome customers into our stores, providing them with confidence to shop with us and improving the customer journey and conversion levels. We also introduced an in-store VIP appointments system to give customers the option to book a convenient time with one of our team before arriving, further enhancing our customers' safety and shopping experience.

The level of pent-up demand we saw following the first lockdown led to the Group increasing product lead times and cutting off earlier than normal for our Christmas deliveries. Disruption from localised COVID-19 outbreaks, raw material shortages and shipping issues meant we did see some delays over the last six months. On time delivery of product is something the business prides itself on and we were disappointed to have to inform a proportion of our customers of these delays when they arose. In response, we increased customer communication, including talking to every customer where we could contact them, rather than just sending electronic or written notification. Our retail and centralised customer services team have worked tirelessly throughout the period to help our customers and we would like to take the opportunity to thank our customers for their patience and understanding.

During the period, the Group also reviewed the customer flooring journey and we have made significant changes to the way we book delivery and fitting appointments. We have already seen the impact of these positive improvements and are confident they will lead to a better customer experience going forward.

Our "Excellent" Trustpilot score continues to recognise our ability to provide an excellent customer experience, with our Trustscore remaining high at 4.6 (2020: 4.7) out of 5.

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Our people

The mental health and wellbeing of our colleagues continues to be a key priority. Since the onset of the pandemic, we have ensured that all our furloughed colleagues receive their full salary, our dedicated team of trained mental health first aiders are always on hand, and our weekly company-wide internal communications ensures all our colleagues are up to date with the latest changes across the business. Ensuring the health and safety of our teams still working has remained paramount to us and all colleagues have been supplied with the necessary personal protective equipment.

In November, we carried out our employee survey, utilising the improved technology of a new partner. The survey was shorter, simpler and smarter than previous years, allowing us to obtain and interpret the views and opinions of all 1,572 respondents (83% of our team). It is of upmost importance to us that our colleagues are engaged and have a clear understanding of the Group's strategy and their role in it. We were very encouraged to see that our employee satisfaction score was above the national average when benchmarked against similar companies. Our employees felt particularly strongly that they 'understand how their work contributes to ScS' success', 'understand how ScS plans to achieve its goals' and that ScS 'does a good job of communicating with employees'. Most importantly, we recognise their key feedback areas, and we are currently developing appropriate action plans to further improve employee satisfaction.

Improving our omnichannel offering

The online sales experience is more important than ever and we continue to invest in and improve our digital offering, achieving strong returns. In the first half of the year, we have seen online sales grow 81.3% to £17.7m when compared to the same period in the prior year. At the end of July we launched our new website, making it even easier for our customers to browse our products on their phones and tablets, and have been making further improvements throughout the period.

The first lockdown period showed that our core 'store' customer waited until our stores re-opened before making their purchase, owing to the tactile nature of the products we sell and the value of the purchase being made. This period of online-only sales provided valuable insight that supported the business' plans to push on with further web enhancements. The first of these was the launch of website exclusive products, which have proven very successful since their introduction.

Knowing our online customers value convenience, a key priority was the introduction of 'zero touch' finance in time for the start of our winter sale campaign. Where previously customers were required to complete a finance application over the phone, 'zero touch' finance enables our customers to apply for finance as part of an integrated step in their online buying journey, receiving an immediate decision from the lender, and completing their purchase independently from the comfort of their own home. Our dedicated online sales team are still available to help over the phone, but empowering customers to shop on their preferred terms adds a new dimension to making an online purchase with ScS.

With video calls becoming increasingly popular and store closures preventing customers trying our product for themselves, we wanted to bring our customers into our stores from the comfort of their own homes. In January, we launched MyScSLive, a web-based solution that enables our customers to video call with a colleague based in-store, at a time convenient to them. Although we acknowledge that not all customers will want to utilise this technology instead of visiting a store, our experienced and knowledgeable retail professionals are able to give product demonstrations, review product options and explain product features to those customers who value this safe and convenient option.

Further enhancing our virtual offerings, we have moved quickly to establish our flooring surveyor teams online. Appointments to measure rooms in customers' homes are prevented under the current government lockdown measures, but our surveyors can now carry out virtual appointments to guide and advise our customers through the measurement of their own homes, encouraging increased online flooring order growth.

Looking forward

We are delighted to be reporting a strong result for the first half of the year and continue to make progress on our strategic priorities. The Group has built a robust balance sheet in recent years and remains focused on cost and cash management to ensure it maintains its resilience in these challenging times. With consumer confidence and the economic environment remaining uncertain, it is difficult to provide clarity on the Group's outlook for the weeks and months ahead. However, we remain cautiously optimistic as recent government announcements have provided further clarity on the anticipated reopening of our stores. The business continues to adapt and respond to trading conditions, with increased focus on the development of our digital channels. We are confident that our underlying priority of providing an excellent customer experience with outstanding value, quality and choice, will continue to prove successful.

This is my final results statement as CEO of ScS, with my handover to Steve Carson, who joined the business on 6 January 2021, progressing well. It was always my plan to leave the business when I felt it was on a firm financial foundation with strong succession plans in place. I have every confidence that the team we have built over recent years will continue to bring success to the business and have been inspired by the dedication of all our colleagues in such uncertain times. I would like to take this opportunity to thank the team here at ScS, our customers, partners and our shareholders for their continued support.

FINANCIAL REVIEW

	26 weeks ended 23 January 2021 £m	26 weeks ended 25 January 2020 £m	YoY change
Gross sales	182.3	160.1	13.9%
Revenue	173.9	152.0	14.4%
Gross profit	**83.7**	**71.7**	**16.8%**
Distribution costs	(9.8)	(9.1)	7.8%
Administration expenses before exceptionals	(60.7)	(60.9)	£0.2m
Business rates relief	5.3	-	£5.3m
Coronavirus Job Retention Scheme (CJRS)	1.3	-	£1.3m
Total operating expenses before exceptionals	**(63.9)**	**(70.0)**	**(8.5)%**
Underlying operating profit* for the period	**19.8**	**1.7**	**£18.1m**
Exceptional items	-	(0.5)	£0.5m
Operating profit for the period	**19.8**	**1.2**	**£18.6m**
Net finance expense	(2.1)	(1.8)	£(0.3)m
Profit/(loss) before tax for the period	**17.7**	**(0.6)**	**£18.3m**
Income tax charge	(3.5)	-	£(3.5)m
Profit/(loss) after tax for the period	**14.2**	**(0.6)**	**£14.8m**
Underlying EBITDA* for the period	**32.2**	**16.6**	**£15.6m**

Gross sales and revenue

Gross sales increased by £22.2m (13.9%) to £182.3m (2020: £160.1m) and is attributable to:

- An increase in upholstered furniture sales in ScS stores of 11.4% to £146.5m (2020: £131.6m);
- A decrease in flooring sales in ScS stores of 3.6% to £18.1m (2020: £18.7m); and
- An increase in online sales of 81.3% to £17.7m (2020: £9.8m).

Revenue, which represents gross sales less charges relating to interest free credit sales (see note 5 – Segmental information), increased by 14.4% to £173.9m (2020: £152.0m).

The Group's order book at the end of January 2021 was £90.5m (including VAT), which is £16.8m larger than at the end of January 2020.

Gross profit

The gross profit increase of £12.0m, or 16.8%, has been driven by the increases in volume noted above, together with an improved gross margin.

Gross margin* increased to 45.9% (2020: 44.8%). The increase of 1.1% is largely due to an improvement in the quality of our sale together with a decrease in the cost of finance.

Distribution costs

Distribution costs comprise the total cost of the in-house distribution function and includes employment, property and vehicle costs for the nine distribution centres, as well as costs of third-party delivery services contracted to support peak delivery periods.

Distribution costs increased 7.8% to £9.8m in the period (2020: £9.1m) driven by increased deliveries. As a percentage of gross sales for the period, distribution costs were 5.4% (2020: 5.7%).

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Administrative expenses before exceptionals and government support

Administrative expenses comprise:

- Store operating costs, principally employment costs, property related costs (depreciation, rates, utilities and store repairs);
- Marketing expenditure; and
- General administrative expenditure, which includes the employment costs for the directors, senior management and all head office-based support functions and other central costs.

Administration expenses before exceptionals and government support for the period totalled £60.7m, compared to £60.9m in the prior period. Administration expenses as a percentage of revenue were 35.0%, compared to 40.0% in the prior period.

The reduction in administrative expenses of £0.2m was driven by the following:

- A £3.0m decrease in marketing spend to £11.5m (2020: £14.5m) as the business adjusted investment as a result of the temporary store closures;
- Depreciation and amortisation fell £2.3m to £11.1m (2020: £13.4m). The reduction largely related to a decrease in depreciation on the Group's right of use assets (properties and vehicles) which had a lower book value at the start of the period following impairments taken in the year ending 25 July 2020;
- A £1.3m increase in non-performance related payroll costs due to the recruitment of the store meet and greet roles and additional sales staff, which have supported the improved order growth when stores have been open;
- A £3.1m increase in performance related pay, due to the strong order intake performance and deliveries in the first 21 weeks and the Group's improved EBITDA; and
- Other costs have increased by £0.7m including £0.3m of COVID-19 related costs including personal protective equipment and increased costs in relation to customer communication.

The control of costs remains a key focus for the Group, as does maintaining the level of flexibility in our cost base.

Government support

During the period, the Group has recognised the benefit from £6.6m (2020: £nil) of government support provided in response to the COVID-19 outbreak. This support is attributable to:

- £5.3m of retail business rates savings following the UK government's retail rate holiday for the 12 month period to 31 March 2021. With the latest announcement that the retail rate holiday is extended to the end of Jun 2021, with reduced payments for the remainder of the 12 month period to 31 March 2022, the Group expects to receive a further £4.9m of savings for the remainder of the year.
- £1.3m received via the Coronavirus Job Retention Scheme (CJRS). This government grant provided support for 80% of employees' payroll costs of the employees who were 'furloughed' during the period. We have continued to top up the salaries of our furloughed colleagues to their normal levels in order to support them through the ongoing uncertainty.

The Group intends to repay the current year CJRS grants before the end of the financial year, assuming the reopening of our stores is line with our expectations.

Flexible costs

The nature of the Group's business model, where almost all sales are made to order, results in the majority of costs being proportional to sales. This provides the Group with the ability to flex its cost base as revenue changes, protecting the business should there be wider economic pressures. As shown below, the proportion of cost variability remained relatively consistent year-on-year.

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Excluding government support, total costs before tax for the year were £171.2m (2020: £160.7m).

Of this total, 76% (2020: 74%), or £129.5m (2020: £118.5m), are variable or discretionary, and are made up of:

- £98.6m cost of goods sold, including finance and warranty costs (2020: £88.4m);
- £9.8m distribution costs (2020: £9.1m);
- £11.5m marketing costs (2020: £14.5m), and
- £9.6m performance related payroll costs (2020: £6.5m).

Semi-variable costs totalled £21.3m, or 12% of total costs, for the year (2020: £19.8m; 12%) and are predominantly other non-performance related payroll costs. Depreciation and interest (including ROU assets), rates, heating and lighting make up the remaining £20.4m (12%) of total costs (2020: £22.4m; 14%).

Operating profit

Operating profit, excluding government support, was £13.2m for the first half of the financial year, compared to an operating profit of £1.2m for the same period last year. This was driven by increased sales coupled with an improved gross margin.

Exceptional costs

In the prior period, exceptional items comprised amounts payable for redundancy costs incurred relating to the centralisation of administrative support from each of our individual stores to our head office in Sunderland.

Finance costs

The net finance expense has increased by £0.3m to £2.1m (2020: £1.8m) as a result of a £0.1m increase in finance costs in relation to the new CLBILS revolving credit facility, coupled with a reduction of £0.2m in finance income due to reduced deposit rates.

Taxation

The tax charge is higher than if the standard rate of corporation tax had been applied, mainly due to charges not deductible for tax purposes, principally the share-based payment charge and depreciation on capital expenditure that does not qualify for capital allowances.

Cash and cash equivalents

The Group operates a negative working capital business model whereby:

- For cash/card sales, customers pay deposits at the point of order and settle outstanding balances before delivery;
- For consumer credit sales, the loan provider pays ScS within two working days of delivery, and
- The majority of product suppliers are paid at the end of the month following the month of delivery into the distribution centres.

A summary of the Group's cash flows is shown below:

	26 weeks ended 23 January 2021	26 weeks ended 25 January 2020	52 weeks ended 25 July 2020
	£m	£m	£m
Cash generated from operating activities	24.0	31.3	59.5
Payment of capital and interest elements of leases	(10.1)	(12.9)	(20.0)
Net capital expenditure	(2.9)	(2.4)	(3.9)
Net taxation and interest payments	(1.1)	(2.7)	(1.5)
Free cash flow*	**9.9**	**13.3**	**34.1**
Dividends	-	(4.3)	(4.3)
Purchase of own shares	(0.4)	(5.2)	(5.2)
Net cash generated	**9.5**	**3.8**	**24.6**

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The Group continued to be cash generative in the period with a net cash inflow from operating activities of £24.0m (2020: £31.3m).

The cash generated from operating activities has decreased by £7.3m which is due to a working capital outflow principally as a result of a reduction in the VAT liability and payments in relation to PAYE/NI which were previously deferred in line with the government support offered as part of its response to COVID-19.

The payment of capital and interest elements of leases has decreased by £2.8m as a result of rent deferrals negotiated with landlords. This benefit will begin to unwind over the second half of the financial year and into the following year.

Dividend

The Group has prioritised protecting the financial strength and resilience of the business before reconsidering reinstating dividend payments. The Board recognises the importance of income to the Group's shareholders and the intention is to re-instate a progressive dividend policy as soon as trading performance permits. As stated earlier in this statement, the Group intends to repay its current year CJRS grants if trading of our stores is in line with our expectations.

Application of IFRS 16

The interim results and the prior period comparatives have been prepared under the requirements of IFRS16. Implementation of IFRS16 has had no effect on the cash flows or operations of the Group.

In order to clearly show the impact of IFRS16, below is a reconciliation for Group profit before tax and underlying EBITDA.

26 weeks ended 23 January 2021 £m	**Pre-IFRS 16**	**Exclude rent**	**Include depreciation**	**Include interest**	**Post IFRS 16**
Revenue	**173.9**	**-**	**-**	**-**	**173.9**
Distribution costs	**(10.0)**	**1.6**	**(1.4)**	**-**	**(9.8)**
Administrative expenses	**(56.7)**	**11.1**	**(8.6)**	**-**	**(54.2)**
Operating profit	**17.1**	**12.7**	**(10.0)**	**-**	**19.8**
Net finance expense	**(0.2)**	**-**	**-**	**(1.9)**	**(2.1)**
Profit before tax	**16.9**	**12.7**	**(10.0)**	**(1.9)**	**17.7**
Underlying EBITDA	**19.5**	**12.7**	**-**	**-**	**32.2**

26 weeks ended 25 January 2020 £m	Pre-IFRS 16	Exclude rent	Include depreciation	Include interest	Post IFRS 16
Revenue	152.0	-	-	-	152.0
Distribution costs	(9.1)	1.4	(1.4)	-	(9.1)
Administrative expenses	(62.1)	11.4	(10.7)	-	(61.4)
Operating profit	0.5	12.8	(12.1)	-	1.2
Net finance expense	0.2	-	-	(2.0)	(1.8)
Profit before tax	0.7	12.8	(12.1)	(2.0)	(0.6)
Underlying EBITDA	3.8	12.8	-	-	16.6

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Principal risks and uncertainties

The principal risks and uncertainties which the Group faces are unchanged from those detailed on pages 38 to 48 of the Annual Report for 2020, which is dated 1 October 2020 and is available from the ScS Group plc website: www.scsplc.co.uk. With the exception of the decision to remove Brexit as a principal risk because the transition period is now complete, we do not foresee any material impact to the Group going forward. A summary of the remaining principal risks has been provided below:

- Changes in consumer confidence
- Currency and interest rate fluctuations could lead to cost pressure
- COVID-19 or similar pandemic risk
- Competition with other retailers and failing to respond to key changes in the competitive environment
- External factors adversely affecting footfall in our stores over key trading periods
- Regulatory and compliance risk
- Disruption to the Group's IT systems
- Supply chain and sourcing risk
- Challenges in retaining and developing our colleagues
- Protecting our brand and reputation
- Liquidity and credit risk

David Knight
Chief Executive Officer
15 March 2021

STATEMENT OF DIRECTORS RESPONSIBILITIES

The directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first 26 weeks and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining 27 weeks of the financial year; and
- material related-party transactions in the first 26 weeks and any material changes in the related-party transactions described in the last annual report.

The directors of ScS Group plc who were in office during the period and up to the date of this report were:

Alan Smith	Non-Executive Chairman
George Adams	Non-Executive Director
Ron McMillan	Non-Executive Director
Angela Luger	Non-Executive Director
David Knight	Chief Executive Officer
Stephen Carson	Chief Executive Officer (Appointed 6 January 2021)
Chris Muir	Chief Financial Officer

A list of current directors is maintained on the ScS Group plc website: www.scsplc.co.uk.

By order of the Board

Richard Butts
Company Secretary
15 March 2021

<u>Independent review report to ScS Group plc</u>

Report on the consolidated interim financial statements

Our conclusion
We have reviewed ScS Group plc's consolidated interim financial statements (the "interim financial statements") in the interim results of ScS Group plc for the 26 week period ended 23 January 2021 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed
The interim financial statements comprise:

• the condensed consolidated statement of financial position as at 23 January 2021;
• the condensed consolidated statement of comprehensive income for the period then ended;
• the condensed consolidated cash flow statement for the period then ended;
• the condensed consolidated statement of changes in equity for the period then ended; and
• the explanatory notes to the interim financial statements.

The interim financial statements included in the interim results of ScS Group plc have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors
The interim results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

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

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Newcastle upon Tyne
15 March 2021

Alternative Performance Measures ("APMs")

In the reporting of financial information, the Board have adopted various Alternative Performance Measures ("APMs"). APMs should be considered in addition to IFRS measurements. The Board believe that these APMs assist in providing useful information on the underlying performance and position of the Group and enhance the comparability of information between reporting periods by adjusting for non-underlying items which affect IFRS measures and are used internally by the Board to measure the Group's performance.

Consequently, APMs are used by the Board and management for performance analysis, planning, reporting and incentive setting purposes and have remained consistent with prior year. A subset is also used by management in setting director and management remuneration. The measures are also used in discussions with the investment analyst community. The key APMs used by the Group are summarised in the table below.

<table>
<tr><th>APM</th><th>Definition</th><th>Reconciliation</th></tr>
<tr><td>Like-for like order growth</td><td>'Like-for-like' order growth comprises total orders (inclusive of VAT) in a financial period compared to total orders achieved in a prior period excluding new or closed stores to ensure comparability.</td><td>N/A</td></tr>
<tr><td>Gross sales</td><td>Gross sales represents turnover on the sale of goods and warranties before deduction of interest free credit</td><td><table>
<tr><th></th><th>HY21</th><th>HY20</th></tr>
<tr><td>Revenue</td><td>173.9</td><td>152.0</td></tr>
<tr><td>Add back: costs of interest free credit</td><td>8.4</td><td>8.1</td></tr>
<tr><td>Gross sales (note 5)</td><td>182.3</td><td>160.1</td></tr>
</table></td></tr>
<tr><td>Gross margin</td><td>Gross profit as a percentage of gross sales</td><td><table>
<tr><th></th><th>HY21</th><th>HY20</th></tr>
<tr><td>Revenue</td><td>173.9</td><td>152.0</td></tr>
<tr><td>Add back: costs of interest free credit</td><td>8.4</td><td>8.1</td></tr>
<tr><td>Gross sales (note 5)</td><td>182.3</td><td>160.1</td></tr>
<tr><td>Gross profit</td><td>83.7</td><td>71.7</td></tr>
<tr><td>Gross margin</td><td>45.9%</td><td>44.8%</td></tr>
</table></td></tr>
<tr><td>Free cash flow</td><td>Net increase in cash before the impacts of dividends paid and the purchase of own shares.</td><td><table>
<tr><th></th><th>HY21</th><th>HY20</th></tr>
<tr><td>Net increase in cash and cash equivalents</td><td>9.5</td><td>3.8</td></tr>
<tr><td>Dividends</td><td>-</td><td>4.3</td></tr>
<tr><td>Purchase of own shares</td><td>0.4</td><td>5.2</td></tr>
<tr><td>Free cash flow</td><td>9.9</td><td>13.3</td></tr>
</table></td></tr>
<tr><td>Non-underlying items</td><td>Certain costs or incomes that derive from events or transactions that fall outside the normal activities of the Group and are excluded by virtue of their size and nature to reflect management's view of the performance of the Group.</td><td><table>
<tr><th></th><th>HY21</th><th>HY20</th></tr>
<tr><td>Exceptional items (note 6)</td><td>-</td><td>(0.5)</td></tr>
</table></td></tr>
<tr><td>Underlying EBITDA</td><td>Earnings before interest, tax, depreciation & amortisation before the effect of non-underlying items in the period.</td><td><table>
<tr><th></th><th>HY21</th><th>HY20</th></tr>
<tr><td>Statutory operating profit</td><td>19.8</td><td>1.2</td></tr>
<tr><td>Depreciation on tangible fixed assets</td><td>2.1</td><td>2.4</td></tr>
<tr><td>Depreciation on right-of-use assets</td><td>10.0</td><td>12.1</td></tr>
<tr><td>Amortisation of intangible assets</td><td>0.4</td><td>0.4</td></tr>
<tr><td>Non-underlying items</td><td>-</td><td>0.5</td></tr>
<tr><td>Underlying EBITDA</td><td>32.2</td><td>16.6</td></tr>
</table></td></tr>
</table>

<table>
<tr><td>Underlying operating profit</td><td>Underlying operating profit is based on operating profit before the impact of certain costs or incomes that derive from events or transactions that fall outside the normal activities of the Group and are excluded by virtue of their size and nature to reflect management’s view of the performance of the Group.</td><td><table><tr><th></th><th>HY21</th><th>HY20</th></tr><tr><td>Statutory operating profit</td><td>19.8</td><td>1.2</td></tr><tr><td>Non-underlying items</td><td>-</td><td>0.5</td></tr><tr><td>Underlying operating profit</td><td>19.8</td><td>1.7</td></tr></table></td></tr>
<tr><td>Underlying basic EPS</td><td>Underlying basic earnings per share (EPS) is based on earnings per share before the impact of certain costs or incomes that derive from events or transactions that fall outside the normal activities of the Group and are excluded by virtue of their size and nature to reflect management’s view of the performance of the Group.</td><td><table><tr><th></th><th>HY21</th><th>HY20</th></tr><tr><td>Profit/(loss) for the period</td><td>14.2</td><td>(0.6)</td></tr><tr><td>Non-underlying items net of tax</td><td>-</td><td>0.4</td></tr><tr><td>Underlying profit after tax</td><td>14.2</td><td>(0.1)</td></tr></table></td></tr>
</table>

ScS Group plc

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited 26 weeks ended 23 January 2021	Unaudited 26 weeks ended 25 January 2020	Audited 52 weeks ended 25 July 2020
		£'000	£'000	£'000
Gross sales	5	182,329	160,074	268,119
Revenue	5	173,905	151,962	255,491
Cost of sales		(90,199)	(80,307)	(135,911)
Gross profit		**83,706**	**71,655**	**119,580**
Distribution costs		(9,774)	(9,064)	(16,988)
Administrative expenses including exceptional items		(54,176)	(61,379)	(101,873)
Operating profit		**19,756**	**1,212**	**719**
Analysed as:				
Underlying operating profit		19,756	1,745	4,708
Exceptional items	6	-	(533)	(3,989)
Operating profit		19,756	1,212	719
Finance costs	7	(2,135)	(2,035)	(4,195)
Finance income		64	228	355
Net finance costs		**(2,071)**	**(1,807)**	**(3,840)**
Profit/(loss) before taxation		**17,685**	**(595)**	**(3,121)**
Income tax (charge)/credit	11	(3,454)	35	898
Profit/(loss) for the period		**14,231**	**(560)**	**(2,223)**
Profit/(loss) is attributable to:				
Owners of the parent		**14,231**	**(560)**	**(2,223)**
Underlying earnings/(loss) per share:				
Basic earnings/(loss) per share (pence)	12	37.5p	(0.3p)	2.6p
Diluted earnings/(loss) per share (pence)	12	35.9p	(0.3p)	2.6p
Statutory earnings/(loss) per share:				
Basic earnings/(loss) per share (pence)	12	37.5p	(1.4p)	(5.8p)
Diluted earnings/(loss) per share (pence)	12	35.9p	(1.4p)	(5.8p)

There are no other sources of comprehensive income.

ScS Group plc

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited as at 23 January 2021	Unaudited as at 25 January 2020	Audited as at 25 July 2020
		£'000	£'000	£'000
Non-current assets				
Intangible assets		2,196	1,716	2,358
Property, plant and equipment		17,671	19,568	17,209
Right of use asset		108,277	126,710	118,499
Deferred tax asset		515	671	722
Total non-current assets		128,659	148,665	138,788
Current assets				
Inventories		16,660	19,707	18,207
Trade and other receivables		4,530	5,314	4,804
Tax receivable		-	816	358
Cash and cash equivalents		91,775	61,458	82,282
Total current assets		112,965	87,295	105,651
Total assets		**241,624**	**235,960**	**244,439**
Current liabilities				
Current income tax liabilities		1,946	-	-
Trade and other payables	13	70,790	70,758	81,169
Provisions		188	-	125
Lease liabilities		24,912	20,917	24,167
Total current liabilities		97,836	91,675	105,461
Non-current liabilities				
Trade and other payables		121	496	137
Provisions		1,058	-	1,084
Lease liabilities		103,061	115,536	112,253
Total non-current liabilities		104,240	116,032	113,474
Total liabilities		202,076	207,707	218,935
Capital and reserves attributable to the owners of the parent				
Share capital		38	38	38
Share premium		16	16	16
Capital redemption reserve		15	15	15
Merger reserve		25,511	25,511	25,511
Treasury shares	15	(592)	(182)	(182)
Retained earnings		14,560	2,855	106
Equity attributable to the owners of the parent		39,548	28,253	25,504
Total equity		39,548	28,253	25,504
Total equity and liabilities		**241,624**	**235,960**	**244,439**

ScS Group plc

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent						
	Share capital	Share premium	Capital redemption reserve	Merger reserve	Treasury shares	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 28 July 2019	**40**	**16**	**13**	**25,511**	**(91)**	**17,407**	**42,896**
Impact of change in accounting policy	-	-	-	-	-	(5,826)	(5,826)
Tax impact of change in accounting policy	-	-	-	-	-	990	990
At 28 July 2019 (restated for IFRS16)	**40**	**16**	**13**	**25,511**	**(91)**	**12,571**	**38,060**
Loss for the period	-	-	-	-	-	(560)	(560)
Share-based payment expense	-	-	-	-	-	267	267
Purchase of own shares	-	-	-	-	-	(4,425)	(4,425)
Treasury shares	-	-	-	-	(91)	(663)	(754)
Cancellation of repurchased shares	(2)	-	2	-	-	-	-
Dividend paid	-	-	-	-	-	(4,336)	(4,336)
Balance at 25 January 2020	**38**	**16**	**15**	**25,511**	**(182)**	**2,854**	**28,252**
Balance at 26 January 2020	**38**	**16**	**15**	**25,511**	**(182)**	**2,854**	**28,252**
Loss for the period	-	-	-	-	-	(1,663)	(1,663)
Share-based payment expense	-	-	-	-	-	(1,085)	(1,085)
Balance at 25 July 2020	**38**	**16**	**15**	**25,511**	**(182)**	**106**	**25,504**
Balance at 26 July 2020	**38**	**16**	**15**	**25,511**	**(182)**	**106**	**25,504**
Profit for the period	-	-	-	-	-	14,231	14,231
Share-based payment expense	-	-	-	-	-	223	223
Treasury shares	-	-	-	-	(410)	-	(410)
Balance at 23 January 2021	**38**	**16**	**15**	**25,511**	**(592)**	**14,560**	**39,548**

ScS Group plc

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 26 weeks ended 23 January 2021	Unaudited 26 weeks ended 25 January 2020	Audited 52 weeks ended 25 July 2020
Cash flows from operating activities	£'000	£'000	£'000
Profit/(loss) before taxation	17,685	(595)	(3,121)
Adjustments for:			
Depreciation of property plant and equipment	2,064	2,357	4,847
Depreciation - right-of-use assets	9,973	12,054	22,787
Amortisation of intangible assets	426	417	647
Impairment on non-current assets	-	-	3,376
Share-based payments	223	267	(818)
Finance costs	2,135	2,035	4,195
Finance income	(64)	(228)	(355)
	32,442	16,307	31,558
Changes in working capital:			
Decrease/(Increase) in inventories	1,547	(498)	1,002
Decrease/(increase) in trade and other receivables	274	(320)	191
(Decrease)/Increase in trade and other payables	(10,300)	15,818	26,715
Cash generated from operating activities	23,963	31,307	59,466
Interest paid	(214)	(48)	(215)
Income taxes paid	(941)	(2,865)	(1,595)
Net cash flow generated from operating activities	22,808	28,394	57,656
Cash flows from investing activities			
Purchase of property, plant and equipment	(2,413)	(1,955)	(2,694)
Payments to acquire intangible assets	(437)	(491)	(1,151)
Interest received	64	228	355
Net cash outflow from investing activities	(2,786)	(2,218)	(3,490)
Cash flows from financing activities			
Dividends paid	-	(4,336)	(4,336)
Purchase of own shares (note 15)	(410)	(5,180)	(5,180)
Interest paid on lease liabilities	(1,921)	(1,987)	(3,980)
Payment of capital element of leases	(8,198)	(10,881)	(16,054)
Proceeds from bank loan	-	-	12,000
Repayment of borrowings	-	-	(12,000)
Net cash flow used in financing activities	(10,529)	(22,384)	(29,550)
Net increase in cash and cash equivalents	9,493	3,792	24,616
Cash and cash equivalents at beginning of period	82,282	57,666	57,666
Cash and cash equivalents at end of period	**91,775**	**61,458**	**82,282**

Notes to the unaudited condensed consolidated financial statements

1. General information

ScS Group plc (the "Company") is incorporated and domiciled in the UK (Company registration number 03263435). The address of the registered office is 45-49 Villiers Street, Sunderland, SR1 1HA. The principal activity of the Company and its subsidiaries (the "Group") is the provision of upholstered furniture and flooring, trading under the name ScS.

The 2020 audited financial statements for the Group have been filed with Companies House.

2. Basis of preparation

This interim report has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (previously the Financial Services Authority) and IAS 34 "Interim Financial Reporting" as adopted by the European Union. The financial reporting framework used is the same as that of the full annual financial statements of the Group, being the International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated financial statements for the 26 weeks ended 23 January 2021 should be read in conjunction with the Annual Report 2020 dated 1 October 2020 (the "Annual Report 2020").

The report of the auditors for the financial statements for the 52 weeks ended 25 July 2020, included in the Annual Report 2020, was unqualified, did not contain an emphasis of matter paragraph and did not include a statement under Section 498 of the Companies Act 2006.

The Group's interim condensed consolidated financial information is not audited and does not constitute statutory financial statements as defined in Section 434 of the Companies Act 2006.

These condensed interim financial statements were approved for issue on 15 March 2021.

3. Going concern

The interim financial statements have been prepared on a going concern basis.

Liquidity

The most significant factor in considering whether current resources are adequate is the Group's liquidity. At 23 January 2021, the Group's cash balance totalled £91.8m, and £19.7m was owed as trade payables for goods delivered. The Group has no drawn down debt, and further liquidity is available through the £20.0m CLBILS revolving credit facility (RCF) granted on 25 August 2020. This facility is committed for a term of 36 months and is anticipated to be renegotiated well in advance of this maturity date. The RCF is subject to certain covenants in respect of fixed charge cover, liquidity, leverage and capital spending.

Cash flows

As part of the Group's ongoing review of going concern, the directors have reviewed the results for the 6 months to 23 January 2021 and have modelled cash flow forecasts under the following scenarios:

- A 'base case' scenario that the current lockdown, which was announced on 4 January 2021 will continue until 1 May 2021, and that the Group's stores will be closed in an additional lockdown for 4 weeks in November 2021. The modelling assumes distribution operations are still permitted in periods of store closure. The forecasts include the assumption that there will be pent-up customer demand, as there was following the first lockdown period, albeit this has been prudently assumed to be 20% lower than experienced previously. The forecasts also assume continued availability of product and no other significant impacts of COVID-19.
- A 'severe but plausible' downside sensitivity scenario where stores remain closed until the end of June 2021 but distribution operations continue to be permitted. Stores reopen in July 2021, and as in the base case scenario, there is an additional lockdown for 4 weeks in November 2021. Again the forecast includes expected pent-up demand.

3. **Going concern (continued)**

The Group has included within both scenarios associated reductions in marketing, capital spend, management and staff bonus costs and sales-related commission payments.

The government continues to provide an 80% grant under the Coronavirus Job Retention Scheme (CJRS) as support for furloughed workers, which currently ends in September 2021. Further government support continues to be provided through a business rates holiday, extended to 30 June 2021 for all retail businesses, and reduced business rates to 31 March 2022. The modelled downside scenarios include the impact of maintaining the current store staff on furlough until stores reopen, as well as the benefit of the reduced business rates. No additional government or landlord support (such as a further extension of the furlough scheme) has been included to support the modelled November lockdown.

Throughout the 'severe but plausible downside' scenario, the Group would have significant cash headroom, with the cash low point at the end of July 2021 still being substantial at £33.5m, before use of the £20m RCF. Furthermore, forecasts show sufficient headroom on all of the financial covenants and no requirement for any additional sources of financing (including any drawdown on the RCF).

Many of our large suppliers operate using credit insurance, which they use to support their payment terms with the Group. As these credit insurers are consistently reviewing their support for the companies involved a severe economic climate could mean that they withdraw their support for the Group. This could create working capital challenges for our suppliers, requiring them to request earlier payment dates. The Group has modelled the impact of the full withdrawal of this insurance, and noted that the cash headroom available ensures this does not pose a further risk to the Group's going concern basis.

For the reasons set out in detail above, the Board believe that it remains appropriate to prepare the Group financial statements on a going concern basis.

4. **Accounting policies**

The Group's principal accounting policies used in preparing this information are as stated in note 2 to the Consolidated Financial Statements on pages 89 to 94 of the Annual Report 2020. There has been no change to any accounting policy from the date of the Annual Report.

5. **Segmental information**

The directors have determined the operating segments based on the operating reports reviewed by the senior management team (the executive directors and the other directors of the trading subsidiary, A. Share & Sons Limited) that are used to assess both performance and strategic decisions. The directors have identified that the senior management team are the chief operating decision makers in accordance with the requirements of IFRS 8 'Segmental reporting'.

The directors consider the business to be one main type of business generating revenue; the retail of upholstered furniture and flooring. All segment revenue, profit before taxation, assets and liabilities are attributable to the principal activity of the Group and other related services. All revenues are generated in the United Kingdom, and recognised at the point in time the goods and any associated warranty contracts have been delivered to the customer. Warranty services, once sold, are subsequently provided by third parties. There have been no changes to the director's determination of segments since those disclosed in the Annual Report 2020.

5. Segmental information (continued)

Analysis of gross sales is as follows:

	26 weeks ended 23 January 2021	26 weeks ended 25 January 2020	52 weeks ended 25 July 2020
	£'000	£'000	£'000
Sale of goods	168,951	149,057	249,578
Associated warranties	13,378	11,017	18,541
Gross Sales*	**182,329**	**160,074**	**268,119**
Less: costs of interest free credit	(8,424)	(8,112)	(12,628)
Revenue	**173,905**	**151,962**	**255,491**

6. Exceptional items

In order to provide a clearer understanding of underlying profitability, underlying operating profit excludes exceptional items, which relate to costs that, either by their size or nature, require separate disclosure in order to give a fuller understanding of the Group's financial performance. Exceptional items, booked to operating costs, comprised the following:

	26 weeks ended 23 January 2021	26 weeks ended 25 January 2020	52 weeks ended 25 July 2020
	£'000	£'000	£'000
Impairment charges associated with stores	-	-	3,376
Restructuring costs	-	533	613
	-	533	3,989

In the prior period exceptional costs disclosed related to the following:

- **Impairment charges associated with stores-** As a result of COVID-19 a revision in future projections for the business resulted in an impairment charge of £3,376,000 being recognised on the assets associated with a number of our stores.

- **Restructuring costs-** Amounts payable for loss of office incurred as a result of restructuring, in particular, relating to the centralisation of administrative support from each of our individual stores to our head office in Sunderland.

7. Finance costs

	26 weeks ended 23 January 2021	26 weeks ended 25 January 2020	52 weeks ended 25 July 2020
	£'000	£'000	£'000
Bank facility non-utilisation fees	170	48	63
Bank facility renewal fees	19	-	55
Bank facility utilisation fees	-	-	97
Other finance costs	25	-	-
Interest on lease liability	1,921	1,987	3,980
	2,135	2,035	4,195

8. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the more important judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the historical financial information in the Annual Report 2020.

*This report includes Alternative Performance Measures (APMs) which are defined and reconciled to IFRS information, where possible, on pages 13 to 14.

9. Financial risk management

The Groups activities expose it to a variety of financial risks which include funding and liquidity risk, credit risk, interest rate risk and other price risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and they should be read in conjunction with the Annual Report 2020. There has been no change to the risk management procedures or the accounting policies from those included in the Annual Report 2020.

10. Seasonality of operations

Due to the seasonal nature of this retail segment, in a typical year, higher revenues and operating profits are usually expected in the second half of the year than the first half. However, in light of COVID-19 and the government imposed temporary store closures, order intake and the subsequent delivery has not followed a typical year profile. As a consequence of the significant order book at the beginning of the year, the continued strong order growth until the store closures, and the subsequent delivery of those orders, the results in the first half of the year are expected to account for a large proportion of the results for the year ending 31 July 2021.

11. Taxation

The tax charge for the 26 weeks ended 23 January 2021 is based on an estimated average annual effective tax rate of 19.5% (26 weeks ended 25 January 2020: tax charge 5.9%; 52 weeks ended 25 July 2020: tax credit 28.8%).The tax charge is slightly higher than the if the standard rate of corporation tax had been applied due to charges not deductible for tax purposes, principally the share based payment charge and depreciation on capital expenditure that does not qualify for capital allowances. In line with previous years, we also expect the tax rate for the full year to be slightly higher than the statutory rate.

The UK corporation tax standard rate for the period was 19% (2020: 19%).

12. Earnings per share

	26 weeks ended 23 January 2021	26 weeks ended 25 January 2020	52 weeks ended 25 July 2020
	pence	pence	Pence
a) Basic earnings/(loss) per share attributable to the ordinary equity holders of the company			
Basic earnings/(loss) per share from underlying operations	**37.5p**	**(0.3p)**	**2.6p**
From exceptional costs	-	(1.1p)	(8.4p)
Total basic earnings/(loss) per share	**37.5p**	**(1.4p)**	**(5.8p)**
b) Diluted earnings/(loss) per share attributable to the ordinary equity holders of the company			
Diluted earnings/(loss) per share from underlying operations	**35.9p**	**(0.3p)**	**2.6p**
From exceptional costs	-	(1.1p)	(8.4p)
Total diluted earnings/(loss) per share	**35.9p**	**(1.4p)**	**(5.8p)**

	26 weeks ended 23 January 2021	26 weeks ended 25 January 2020	52 weeks ended 25 July 2020
	£'000	£'000	£'000
c) Reconciliations of earnings used in calculating earnings per share			
Profit/(loss) from operations	14,231	(560)	(2,223)
- Add back exceptional costs net of tax	-	432	3,231
Profit/(loss) from underlying operations	**14,231**	**(128)**	**1,008**

12. Earnings per share (continued)

	26 weeks ended 23 January 2021 Number	26 weeks ended 25 January 2020 Number	52 weeks ended 25 July 2020 Number
Weighted average number of shares in issue for the purposes of basic earnings per share	37,903,759	38,993,561	38,464,470
Effect of dilutive potential ordinary shares:			
- share options	1,773,974	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**39,677,733**	**38,993,561**	**38,464,470**

In the 26 weeks ended 25 January 2020 a total of 1,659,458 potential ordinary shares have not been included within the calculation of diluted earnings per share as they are antidilutive.

In the 52 weeks ended 25 July 2020 a total of 1,598,815 potential ordinary shares have not been included within the calculation of diluted earnings per share as they are antidilutive.

13. Trade and other payables current

	As at 23 January 2021 £'000	As at 25 January 2020 £'000	As at 25 July 2020 £'000
Trade payables	19,652	24,748	20,638
Payments received on account	30,840	24,081	34,592
Other tax and social security payable	4,402	6,298	12,834
Accruals	15,896	15,631	13,105
	70,790	**70,758**	**81,169**

The fair value of financial liabilities approximates their carrying value due to short maturities. Financial liabilities are denominated in pounds sterling.

14. Dividend

An interim dividend has not been declared by the board (2020: £nil) due to the current uncertainty surrounding the store re-opening timetable and the unknown future order demand.

15. Treasury shares and share buyback

During the first half of the financial year to 23 January 2021, the Group's Employee benefit Trust purchased 200,000 ordinary shares of 0.1 pence each in the Group at an average price of 205.1 pence per ordinary share for the purpose of satisfying management share incentive awards. The number of shares held as treasury shares at the period end was 277,275.

In the prior period to 25 January 2020, the Group's Employee benefit Trust purchased 324,582 ordinary shares of 0.1 pence each in the Group at an average price of 232.2 pence per ordinary share for the purpose of satisfying management share incentive awards. Across the same period 290,025 of these shares were used to satisfy awards, with the remaining 77,275 held as treasury shares as at the 25 January 2020.

In the prior period, on 8 November 2019, the Group acquired 1,996,454 ordinary shares at a price of 220.0 pence per ordinary share from related party Parlour Product Holdings (LUX) S.A.R.L for a total consideration of £4.4m. Following this purchase, the ordinary shares purchased by the Company were cancelled, and the Company's issued share capital subsequently consists of 38,012,655 ordinary shares, each with one voting right.