These results are for John Lewis plc only and do not represent the results for John Lewis Partnership plc which can be found on the John Lewis Partnership website or at www.johnlewispartnership.co.uk/financials.html

JOHN LEWIS PLC UNAUDITED INTERIM RESULTS FOR THE 26 WEEKS ENDED 29 JULY 2023

14 September 2023

JOHN LEWIS PLC UNAUDITED INTERIM RESULTS FOR THE 26 WEEKS ENDED 29 JULY 2023

- John Lewis Group reports improved financial performance for the half year
  - Losses before tax and exceptional items fell from £66.8m[1] to £54.5m (an 18% improvement)
  - Losses before tax narrowed by 43% from £99.2m to £56.2m
  - Strong balance sheet: liquidity of £1.3bn, pension scheme valuation confirmed a surplus
  - Cash generated from operations was £93.8m, £77.4m better than last year
  - Group sales[2] topped £5.8bn in the half, up 2% year-on-year
- 600,000 new customers to reach 21.4 million
- Transformation progressing: efficiency savings of £31.2m, over £100m expected by year end
- Customers are spending more on themselves (beauty, fashion and dining in) but holding back on technology and big ticket home items
- Waitrose trading operating profit improved from £431.7m to £504.4m; John Lewis trading operating profit fell back from £295.0m to £277.1m
- Economic outlook uncertain, but improvement in full year financial results expected
- Owing to inflationary pressures the Partnership Plan will take two additional years to deliver - in 2027/28 rather than 2025/26
- Three million meals donated to communities in need; supporting young people with care experience

The John Lewis plc reports an improved performance for the half year, narrowing losses before tax by 43% to £56.2m. Before tax and exceptionals, losses fell to £54.5m (£66.8m a year earlier), an 18% improvement.

Liquidity was strong at £1.3bn (£1.5bn a year earlier) with borrowings unchanged at £650m. Cash generated from operations was £93.8m, £77.4m better than last year. We invested £196.9m in our transformation. After investments and financing activities, we had an outflow of cash in the first half of £232.4m, an improvement of £238.4m compared to last year. The Group generates most of its cash in the second half.

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[1] The previously reported loss before tax, Partnership Bonus and exceptional items of £92.4m for the half year to July 2022 has been restated per note 1 of the interim consolidated financial statements

[2] All references to sales are Total trading sales which includes VAT, sale or return and other non-cash accounting adjustments

Total sales were £5.8bn, up 2% year-on-year; revenue[3] was up 3%. 600,000 more customers shopped with us in the half, taking the total number of Group customers to 21.4 million.

PARTNERSHIP PLAN

Last year the Partnership was hit hard by inflation, which was at its highest since 1980, increasing our costs by £179m. This additional cost has sharpened our focus on the Partnership's long-standing productivity challenge. For context, between 2000 and 2019, Partner numbers (on a full time equivalent basis) rose by 24,300 to 60,800 to support a rapid growth in stores and online. Profits remained broadly flat during this period, squeezing profit per Partner. A combination of inflationary pressures and greater than expected investment requirements for our transformation means it will take a further two years to deliver the Partnership Plan - to 2027/28 rather than to 2025/26.

As set out in our end year results in March, the Plan has been significantly adapted to give greater weight to productivity and efficiency under our Lean Simple Fast programme. The Plan will now achieve an additional £600m of efficiencies over its life (with £308m already achieved through to March this year).

£31.2m has been realised in the first half through a combination of process simplification, margin efficiencies (Group's overall margin rate improved by 0.15 percentage points on the year) and supplier negotiations.

Our plans are on track to scale efficiencies in the second half, delivering over £100m benefit by the end of the year. We are also investing to modernise technology and data through new partnerships with Google Cloud and dunnhumby; and progressing build to rent and expanding financial services building on the strength of our retail brands.

Waitrose

Waitrose sales were up 4% to £3.7bn. Sales growth was driven by average item price up 9%, with volumes down 5%.

As the half progressed we saw improving volume trends, with good momentum going into the second half. £100m is being invested in price cuts to ease cost of living pressures on our customers: the 'New Lower Prices' campaign drove product sales growth of 12% and volumes up 13% year-on-year. The second half sees the third tranche of price cuts and a major new launch - the Japan Menyū range.

Availability[4] closed the half at 96.1% (from 93.6% last year). This was despite an IT incident, which reduced profit in the half by £11.6m.

Waitrose is responding to the slow down in dining out with ten new 'dining in' deals, leading to a tripling in sales. The new £5 lunchtime meal deal has started strongly in its first week with 'food to go' sales up 34% year-on-year. We are continuing to make progress in bringing Waitrose to new customers through expanded collaborations with Dobbies, Shell, Deliveroo and, since July, UberEats.

Waitrose remains as committed as ever to quality and high ethical standards, even with cost of living pressures: our customers demand it. Compassion in World Farming recognised Waitrose as the best retailer for animal welfare.

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[3] Revenue is Total trading sales, less VAT, sale or return and other non-cash accounting adjustments

[4] Measured as the number of products that are in stock, and available for purchase divided by the total number of products we offer

John Lewis
John Lewis sales were £2.1bn, down 2%. On the one hand, customers continued to spend on themselves: fashion was up 3% and beauty was up 2% - partly driven by 50 new brands including JoJo Maman Bébé and Le Specs. The second half will see further launches including Vivere, an exclusive with Savannah Miller.

On the other hand, customers were more cautious about 'big ticket' items in Home and Tech (down 5% and 4% respectively); in effect it's been a case of 'more loafers and fewer sofas'. Interest bearing credit is now available online and will be available in store from mid-October - ahead of peak - to help customers spread the cost.

The balance between store and online purchases remained broadly unchanged: at 43% and 57% respectively. Shop sales improved by 2% driven by increased footfall while online declined 4% owing to weaker conversion. Customers were drawn to shops for personal styling appointments (up 27%), beauty services (up 23%) and nursery consultations (up 17%). Customer service remains an area of significant focus: more than 5,700 Partners attended our training academy in the first half.

Partnership Values
We also take seriously our obligations to our Partners and communities. Over three million meals were donated to those in need. Around 1,200 Partners have been taking part in apprenticeships during the half. Of over 100 young people with experience of the care system who took part in our employability programmes, we're pleased that 19 found jobs in the Group.

OUTLOOK
While the economic outlook and consumer sentiment remain uncertain, on the back of stronger Waitrose trading and further efficiency savings in the second half, we expect an improved full year financial performance compared to a £68.9m loss before tax, Partnership Bonus and exceptionals last year. We typically make most of our profit in the last three months of the year so a successful peak is always critical.

Our strategy of financial prudence means we expect to maintain strong liquidity through the second half, and achieve an improved Debt ratio by year end. Key terms of the three-yearly pension valuation have been agreed, resulting in a surplus. We expect to complete the valuation in the second half with £10.0m annual deficit repair payments no longer required.

Our priorities for investment remain to modernise the business, improve customer service and do more for Partner pay, where we can. These demands are significant and take precedence over the Partnership Bonus.

Sharon White, Chairman of the Partnership, said: "The Partnership is a unique model that has been tested and come through stronger many times in our 100-year history. While change is never easy - and there is a long road ahead - there are reasons for optimism. Performance is improving. More customers are shopping with us. Trust in the brands and support for the Partnership model remain high."

Nish Kankiwala, Chief Executive of the Partnership, said: "Our transformation to modernise our business is well under way, and I want to thank our Partners for their efforts to give customers great service, quality and value when they shop with us in store or online. There are no brands better placed than Waitrose and John Lewis to provide customers with what they need right now - to help them feel good and eat well."

UNDERSTANDING OUR FINANCIAL PERFORMANCE

Financial summary

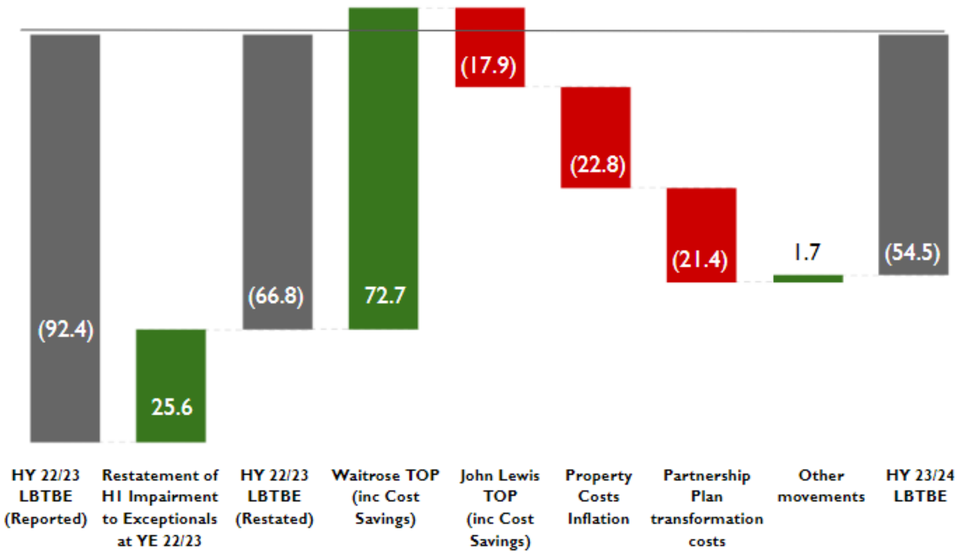
The first half loss before tax, Partnership Bonus and exceptional items (LBTBE) was £54.5m, 18% better than the £66.8m[5] loss in the first half of 2022/23. Our loss before tax but after exceptional items was £56.2m, compared to a loss before tax of £99.2m in the prior half year, a 43% improvement.

Total Group sales were £5.8bn in the half, up 2% year-on-year, with Waitrose up 4% and John Lewis down 2%. The Group's revenue was up 3%, with Waitrose up 5% and John Lewis down 3%.

	Waitrose			John Lewis		
	2023/24	**2022/23**	**% vs 22/23**	**2023/24**	**2022/23**	**% vs 22/23**
Total trading Sales (£m)	**3,721.6**	**3,583.4**	**4%**	**2,098.3**	**2,136.4**	**(2)%**
Total trading Sales LFL	3,721.6	3,572.8	4%	2,098.3	2,136.4	(2)%
Revenue (£m)	3,480.2	3,311.3	5%	1,592.6	1,636.7	(3)%
Trading operating profit (£m)	**504.4**	**431.7**	**17%**	**277.1**	**295.0**	**(6)%**
Trading operating profit (%)	**14%**	**12%**		**13%**	**14%**	

Year-on-year movement in Group LBTBE

The chart below outlines the key movements in our £12.3m improvement in LBTBE in the first half compared to last year. Commentary against each component is included below the chart.



- ***Restatement of HY Impairment to Exceptionals -*** Impairment charges reported within operating costs in the first half of last year have been reclassified to exceptional items, consistent with their treatment in the Group's Annual Report and Accounts for the 52 weeks to 28 January 2023. More detail is provided in note 1 to the interim consolidated financial statements.
- ***Waitrose Trading operating profit -*** Improved by £72.7m due principally to 4% increase in sales, with average item price up 9% driven by food supply inflation, volumes down 5%; £9.7m of additional Lean Simple Fast savings and lower operating costs as we deliver productivity improvements across our shops and supply chain.

[5] The reported loss before tax, Partnership Bonus and exceptional items of £92.4m for the half year to July 2022 has been restated per note 1 of the interim consolidated financial statements

- ***John Lewis Trading operating profit -*** Declined by £17.9m due principally to 2% decrease in sales; offset by £9.4m of Lean Simple Fast savings, lower operating costs as we flexed our resources to match the lower volumes and improved labour productivity across our supply chain.
- ***Property costs inflation -*** £22.8m increase in costs of running our estate compared to last year, principally driven by inflation in utility costs.
- ***Transformation costs -*** Higher investment in the Partnership Plan transformation, leading to an additional £21.4m of non recurring costs.
- ***Other movements -*** £1.7m comprising a combination of Lean Simple Fast saving across other operating costs, offset by inflationary cost increases.

Lean Simple Fast (our efficiency programme)

When we launched the Partnership Plan we set ourselves an efficiency target of £300m over the first two years, which we achieved. The changing economic environment requires us to adapt and we now have a clear pathway to triple the scale of our productivity improvements to £900m by January 2026, through improvements that not only support our financial sustainability, but also provide better shopping experiences for our customers.

We delivered a further £31.2m of new savings in the half:

- *£5.5m of Margin improvements* - through improved efficiency across our value chain. Examples include the implementation of digital scanning technology to reduce wastage in citrus fruits, and improving efficiency across packaging across multiple lines including potatoes and fish to reduce cost and overheads. These changes are not only improving our costs and enhancing margins they are delivering better value for our customers;
- *£10.0m of Simplification efficiencies* - through operating model changes across our Technology teams and shops and further process efficiencies in our Waitrose shops;
- *£15.7m of Other supplier negotiations* across our goods not for resale (GNFR) supplier and property cost base.

The impact of the efficiency improvements above split as follows across our business; £9.7m in Waitrose Trading Operating Profit, £9.4m in John Lewis Trading Operating Profit and £12.1m in other operating costs.

In aggregate, since the start of the Lean Simple Fast programme, we have delivered £327m. In the second half we expect to see our benefits accelerate. We will see further benefits driven from our negotiations across GNFR and Cost of Goods Sold (COGS) spend as volumes increase and we are able to leverage the lower costs. We will see further benefits from improving ranging and planning across our stores, delivering better availability and easier to understand price points for our customers. We will also start to see benefits from our investments in automation at our John Lewis distribution centre at Fenny Lock, delivered in time for our peak trading period.

Cash, liquidity & Debt ratio

Our Total liquidity at the half year end remains strong at £1.3bn, including £0.9bn cash and short-term investments, and undrawn committed bank facilities of £0.4bn. Total liquidity has dropped by £138.9m since year end, consistent with the normal cyclicality of our cash flow. Holding strong cash balances remains an important priority for the Group, it allows us to invest with confidence in our Partnership Plan and to meet our obligations, despite a difficult economic backdrop.

We carry £1.9bn of Total net debts: including £1.8bn of property leases, an accounting pension deficit of £140.1m (after deferred tax) and £650.0m of gross financial borrowings. Our gross financial borrowings remain unchanged. Our Debt ratio - which compares Total net debts to Adjusted cash flow - was 4.4x at the end of last year. We do not update our Debt ratio at the half year due to the seasonality of our annual performance. However, we anticipate our January 2024 Debt ratio to reduce driven by an improvement in financial performance.

Pensions

Technical provisions valuation **-** We have agreed the key terms of the triennial pension valuation as at 31 March 2022, which shows a technical provisions surplus of £320m as at the valuation date (compared with a deficit of £58m at the March 2019 valuation). This means that no deficit contributions will be required ahead of the next triennial valuation in 2025. The technical provisions surplus as at 31 March 2023 is estimated to be £84m.

Accounting valuation **-** At January 2023, we had an accounting pension deficit before deferred tax of £101.9m (£100.2m after deferred tax). At the half year, this has increased to £155.1m (£140.1m after deferred tax). Note that the accounting valuation has no implication for the Group in terms of cash contributions that might need to be made to the scheme. The technical provisions basis does, as is set out above.

Notes

A glossary of financial and non-financial terms is included on pages 29 to 33 of the John Lewis Partnership interim results.

ENQUIRIES

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Consolidated income statement for the 26 weeks to 29 July 2023 (unaudited)

Notes		26 weeks to 29 July 2023 £m	26 weeks to 30 July 2022* £m	52 weeks to 28 January 2023 £m
5, 6	**Revenue**	**5,072.8**	4,948.0	10,534.0
	Cost of sales	**(3,507.8)**	(3,423.7)	(7,280.8)
	Gross profit	**1,565.0**	1,524.3	3,253.2
	Other operating income	**59.5**	59.6	126.8
	Operating and administrative expenses	**(1,637.2)**	(1,642.8)	(3,532.1)
	of which:			
4	Exceptional items (net)	**(1.7)**	(32.4)	(156.5)
	Partnership Bonus	**-**	-	-
	Share of profit/(loss) of joint venture (net of tax)	**0.2**	(0.2)	1.2
5	**Operating loss**	**(12.5)**	(59.1)	(150.9)
7	Finance costs	**(70.4)**	(70.9)	(139.7)
7	Finance income	**26.7**	30.8	65.2
	Loss before tax	**(56.2)**	(99.2)	(225.4)
	Taxation	**(5.9)**	20.2	35.0
	Loss for the period	**(62.1)**	(79.0)	(190.4)
5	**Loss before Partnership Bonus, tax and exceptional items**	**(54.5)**	(66.8)	(68.9)

*Restated - see note 1 for details

Consolidated statement of comprehensive income for the 26 weeks to 29 July 2023 (unaudited)

Notes		26 weeks to 29 July 2023 £m	26 weeks to 30 July 2022 £m	52 weeks to 28 January 2023 £m
	Loss for the period	**(62.1)**	(79.0)	(190.4)
	Other comprehensive (expense)/income:			
	Items that will not be reclassified to profit or loss:			
11	Remeasurement of defined benefit pension scheme	**(55.7)**	161.3	(599.5)
	Movement in deferred tax on pension scheme	**13.9**	(46.8)	147.2
	Movement in current tax on pension scheme	**-**	-	2.0
	Items that may be reclassified subsequently to profit or loss:			
	Fair value (loss)/gain on cash flow hedges	**(12.2)**	32.7	36.7
	Cash flow hedge (gain)/loss reclassified and reported in the consolidated income statement	**(0.2)**	(2.7)	(10.2)
	Movement in deferred tax on cash flow hedges	**4.7**	-	(1.9)
	Gain/(loss) on foreign currency	**0.8**	(0.2)	-
	Other comprehensive (expense)/income for the period	**(48.7)**	144.3	(425.7)
	Total comprehensive (expense)/income for the period	**(110.8)**	65.3	(616.1)

Consolidated balance sheet as at 29 July 2023 (unaudited)

Notes		29 July 2023 £m	30 July 2022 £m	28 January 2023 £m
	Non–current assets			
9	Intangible assets	**423.3**	440.9	441.8
9	Property, plant and equipment	**2,813.8**	2,891.3	2,883.3
9	Right-of-use assets	**1,277.3**	1,405.0	1,319.5
	Trade and other receivables	**18.3**	15.2	16.9
13	Derivative financial instruments	**1.0**	5.9	1.6
	Investment in and loans to joint venture	**5.6**	4.2	5.6
	Deferred tax asset	**20.7**	-	5.7
11	Retirement benefit surplus	**-**	658.1	-
		4,560.0	5,420.6	4,674.4
	Current assets			
	Inventories	**712.1**	722.7	701.7
	Trade and other receivables	**340.2**	342.5	344.1
	Current tax receivable	**10.1**	5.3	16.3
13	Derivative financial instruments	**2.0**	24.9	11.3
	Assets held for sale	**0.9**	-	-
	Short-term investments	**93.8**	110.3	0.3
	Cash and cash equivalents	**805.7**	944.6	1,038.1
		1,964.8	2,150.3	2,111.8
	Total assets	**6,524.8**	7,570.9	6,786.2
	Current liabilities			
13	Borrowings and overdrafts	**(50.0)**	-	(50.0)
	Trade and other payables	**(1,609.4)**	(1,684.4)	(1,768.9)
	Current tax payable	**(2.0)**	-	-
13	Lease liabilities	**(143.5)**	(160.4)	(148.5)
10	Provisions	**(101.0)**	(99.5)	(102.3)
13	Derivative financial instruments	**(15.1)**	(4.5)	(4.0)
		(1,921.0)	(1,948.8)	(2,073.7)
	Non–current liabilities			
13	Borrowings	**(587.1)**	(639.7)	(587.8)
	Trade and other payables	**(28.0)**	(28.0)	(28.3)
13	Lease liabilities	**(1,706.4)**	(1,778.9)	(1,754.7)
10	Provisions	**(125.8)**	(152.6)	(122.9)
13	Derivative financial instruments	**(8.6)**	(4.1)	(8.8)
11	Retirement benefit obligations	**(155.1)**	(15.7)	(101.9)
	Deferred tax liability	**(5.2)**	(202.8)	(5.1)
		(2,616.2)	(2,821.8)	(2,609.5)
	Total liabilities	**(4,537.2)**	(4,770.6)	(4,683.2)
	Net assets	**1,987.6**	2,800.3	2,103.0
	Equity			
	Share capital	**6.7**	6.7	6.7
	Share premium	**0.3**	0.3	0.3
	Other reserves	**(7.7)**	25.4	3.8
	Retained earnings	**1,988.3**	2,767.9	2,092.2
	Total equity	**1,987.6**	2,800.3	2,103.0

Consolidated statement of changes in equity for the 26 weeks to 29 July 2023 (unaudited)

Notes		Share capital £m	Share premium £m	Capital reserve £m	Hedging reserve £m	Foreign currency translation reserve £m	Retained earnings £m	Total equity £m
	Balance at 29 January 2022	**6.7**	**0.3**	**1.4**	**(0.5)**	**0.4**	**2,732.4**	**2,740.7**
	Loss for the period	-	-	-	-	-	(79.0)	(79.0)
11	Remeasurement of defined benefit pension scheme	-	-	-	-	-	161.3	161.3
	Fair value gain on cash flow hedges	-	-	-	32.7	-	-	32.7
	Cash flow hedge gain reclassified and reported in the consolidated income statement	-	-	-	(2.7)	-	-	(2.7)
	Tax on above items recognised in equity	-	-	-	-	-	(46.8)	(46.8)
	Loss on currency translations	-	-	-	-	(0.2)	-	(0.2)
	Total comprehensive income/(expense) for the period	-	-	-	30.0	(0.2)	35.5	65.3
	Transfers to inventories	-	-	-	(5.7)	-	-	(5.7)
	Balance at 30 July 2022	**6.7**	**0.3**	**1.4**	**23.8**	**0.2**	**2,767.9**	**2,800.3**
	Balance at 29 January 2022	**6.7**	**0.3**	**1.4**	**(0.5)**	**0.4**	**2,732.4**	**2,740.7**
	Loss for the year	-	-	-	-	-	(190.4)	(190.4)
11	Remeasurement of defined benefit pension scheme	-	-	-	-	-	(599.5)	(599.5)
	Fair value gain on cash flow hedges	-	-	-	36.7	-	-	36.7
	Cash flow hedge gain reclassified and reported in the consolidated income statement	-	-	-	(10.2)	-	-	(10.2)
	Tax on above items recognised in equity	-	-	-	(1.9)	-	149.2	147.3
	Total comprehensive income/(expense) for the period	-	-	-	24.6	-	(640.7)	(616.1)
	Reclassification	-	-	-	-	(0.5)	0.5	-
	Transfers to inventories	-	-	-	(21.6)	-	-	(21.6)
	Balance at 28 January 2023	**6.7**	**0.3**	**1.4**	**2.5**	**(0.1)**	**2,092.2**	**2,103.0**
	Loss for the period	-	-	-	-	-	(62.1)	(62.1)
11	Remeasurement of defined benefit pension scheme	-	-	-	-	-	(55.7)	(55.7)
	Fair value loss on cash flow hedges	-	-	-	(12.2)	-	-	(12.2)
	Cash flow hedge loss reclassified and reported in the consolidated income statement	-	-	-	(0.2)	-	-	(0.2)
	Tax on above items recognised in equity	-	-	-	4.7	-	13.9	18.6
	Gain on currency translations	-	-	-	-	0.8	-	0.8
	Total comprehensive (expense)/income for the period	-	-	-	(7.7)	0.8	(103.9)	(110.8)
	Transfers to inventories	-	-	-	(4.6)	-	-	(4.6)
	Balance at 29 July 2023	**6.7**	**0.3**	**1.4**	**(9.8)**	**0.7**	**1,988.3**	**1,987.6**

Consolidated statement of cash flows for the 26 weeks to 29 July 2023 (unaudited)

Notes		**26 weeks to 29 July 2023 £m**	26 weeks to 30 July 2022 £m	52 weeks to 28 January 2023 £m
12	**Cash generated from operations before Partnership Bonus**	**93.8**	16.4	342.2
	Net taxation received/(paid)	**6.5**	(7.0)	(9.7)
	Pension deficit reduction payments	**(5.0)**	(5.0)	(10.0)
	Finance costs paid	**(49.4)**	(48.9)	(96.3)
	Net cash generated from/(used in) operating activities before Partnership Bonus	**45.9**	(44.5)	226.2
	Partnership Bonus paid	**-**	(46.1)	(46.2)
	Net cash generated from/(used in) operating activities after Partnership Bonus	**45.9**	(90.6)	180.0
	Cash flows from investing activities			
	Purchase of property, plant and equipment	**(68.2)**	(91.8)	(222.8)
	Purchase of intangible assets	**(62.1)**	(61.6)	(128.6)
	Proceeds from sale of property, plant and equipment and intangible assets	**14.3**	1.1	2.0
	Finance income received	**16.2**	2.8	11.6
	Cash (outflow)/inflow from short-term investments	**(93.5)**	(15.0)	95.0
	Net cash used in investing activities	**(193.3)**	(164.5)	(242.8)
	Cash flows from financing activities			
	Finance costs paid in respect of bonds	**-**	-	(31.1)
	Finance costs paid in respect of financial instruments	**(4.6)**	(2.9)	(0.5)
	Payment of capital element of leases	**(80.4)**	(62.8)	(132.9)
	Cash outflow from borrowings	**-**	(150.0)	(150.0)
	Net cash used in financing activities	**(85.0)**	(215.7)	(314.5)
	Decrease in net cash and cash equivalents	**(232.4)**	(470.8)	(377.3)
	Net cash and cash equivalents at beginning of the period	**1,038.1**	1,415.4	1,415.4
	Net cash and cash equivalents at end of the period	**805.7**	944.6	1,038.1
	Net cash and cash equivalents comprise:			
	Cash at bank and in hand	**143.8**	158.1	162.9
	Short-term deposits	**661.9**	786.5	875.2
		805.7	944.6	1,038.1

Notes to the financial statements (unaudited)

1 Basis of preparation

This condensed set of interim financial statements was approved by the Board on 13 September 2023. The condensed set of interim financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The condensed set of interim financial statements is unaudited and has not been reviewed by the auditor. The comparative information for the 26 weeks to, or as at, 30 July 2022 has not been audited or reviewed.

The results for the 26 weeks to 29 July 2023 have been prepared using the discrete period approach, considering the interim period as an accounting period in isolation. The tax charge is based on the effective rate estimated for the full year, which has been applied to the loss in the 26 weeks to 29 July 2023.

The Group's published financial statements for the 52 weeks to 28 January 2023 have been reported on by the Group's auditor and filed with the Registrar of Companies. The report of the auditor was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

This condensed set of interim financial statements for the 26 weeks ended 29 July 2023 has been prepared in accordance with UK-adopted IAS 34 'Interim Financial Reporting'. The condensed set of interim financial statements should be read in conjunction with the Annual Report and Accounts for the 52 weeks to 28 January 2023, which have been prepared in accordance with UK-adopted International Financial Reporting Standards (UK-adopted IFRS). Changes to significant accounting policies are described in note 2.

Restatement of the comparative information for the 26 weeks to 30 July 2022

The consolidated income statement for the 26 week period to 30 July 2022 has been restated. Store impairment charges of £(25.6)m have been reclassified into exceptional items having originally been recorded in operating and administrative expenses. This reflects that all store impairment charges were presented as exceptional items for the 52 weeks to 28 January 2023, as they met the Group's accounting policy to be disclosed in exceptional items. To ensure consistent treatment, the impairment charges recognised in the first half of the financial year were reclassified to exceptional items. There is no change to operating profit or profit before tax, but this has the effect of changing the Group's PBTBE from a reported loss of £(92.4)m to a restated loss of £(66.8)m. The corresponding information in notes 4 and 5 have been restated accordingly.

Going concern

In determining the appropriate basis of preparation of the condensed set of interim financial statements for the period ended 29 July 2023, the Directors are required to consider whether the Group can continue in operational existence for a period of at least 12 months from the approval of these financial statements. The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts with specific consideration to the trading position of the Group, for the reasons set out below.

As at 29 July 2023, the Group had total assets less current liabilities of £4.6bn and net assets of £2.0bn. Total liquidity as at that date remains strong at £1.3bn, made up of cash and cash equivalents, short-term investments and an undrawn syndicated credit facility of £0.4bn.

The Directors have modelled a severe but plausible downside scenario ('severe downside scenario') to cover the going concern assessment period, being for the 12 month period ending September 2024. In addition, the Directors have modelled a further period to January 2025 in order to ensure that the entire trading year is considered as this aligns with our bond covenants. For the purposes of the going concern assessment, it is assumed that all Group borrowings are repaid at their maturity date and that no further refinancing or funding is undertaken. The severe downside scenario represents an increasingly severe but plausible scenario which reflects a worsening economic environment and under delivery of the Partnership Plan.

1 Basis of preparation (continued)

In this severe downside scenario, Waitrose and John Lewis remain operational both in store and online, albeit with sales and margin pulled back from current trading levels due to poor trading environment throughout the assessment period resulting in a reduction in sales, as well as a reduction in margin across both brands and a higher impairment charge, a decrease in pension scheme assets and under-delivery of key activities of the Partnership Plan. The impact of the severe downside adjustments has been reviewed against the Group's projected cash position and financial covenants. Should these adjustments occur simultaneously, mitigating actions would be required to ensure that the Group remains liquid and financially viable.

The severe downside model has a significant adverse impact on sales, margin, costs and cash flow. In response, the Directors have identified available mitigations in the going concern assessment period, all within management's control, to reduce costs and optimise the Group's cash flow, liquidity and covenant headroom. The majority of these mitigations would only be triggered in the event of the severe downside scenario materialising. Mitigating actions include, but are not limited to: reducing capital and investment expenditure through postponing or pausing projects and change activity; deferring or cancelling discretionary spend including discretionary Partner benefits; and reducing marketing spend.

The Group has a syndicated credit facility of £420m maturing in 2026. The credit facility is undrawn at the balance sheet date and has not been drawn at any point since it was acquired. The severe downside scenario modelled indicates that without mitigating actions a number of the Group's financial covenants would breach at the next balance sheet date due to the reduction in profits and net assets modelled. Post mitigating actions, there would be no breaches of financial covenants and the cash low point under such a scenario would be £709m, with further mitigations available.

The severe downside detailed above is deemed by the Directors to provide a severe but plausible stress test on our ability to adopt the going concern basis. This includes a significant reduction in 2023/24 performance and reduced trading performance across both brands, resulting in a pre-mitigation cash reduction to forecast. We have made our assessment based on our best view of the severe but plausible downside scenario that we might face. If outcomes are unexpectedly significantly worse, the Directors would need to consider what additional mitigating actions are needed, for example, accessing the value of our asset base to support liquidity.

Consequently, the Directors have concluded that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the condensed set of interim financial statements and therefore have prepared the financial statements on a going concern basis.

2 Accounting policies

The Group's results for the 26 weeks to 29 July 2023 have been prepared on a basis consistent with the Group's accounting policies published in the financial statements for the 52 weeks to 28 January 2023.

A number of amendments to, and the interpretation of, existing accounting standards became effective during the period, none of which have had a significant impact on the condensed interim financial statements.

3 Risks and uncertainties

The Group has a formal risk identification process, which includes a rigorous analysis of internal and external risks within leadership teams, at the Executive Team, Audit and Risk Committee, Ethics and Sustainability Committee and the Partnership Board. The principal risks and uncertainties affecting the Group were reported in the Strategic Report, set out on pages 42 to 50 of the John Lewis Partnership Annual Report and Accounts 2023, a copy of which is available on the Partnership's website www.johnlewispartnership.co.uk. There have been no changes to the Group's risk profile in the first half of this financial year.

Our principal risks are:

- Insufficient Profit to Achieve Our Purpose: Risk that we won't make sufficient profit to achieve our Purpose; the impact of which would be a combination of reduced competitiveness and ultimately commercial failure, loss of Partner faith and democratic vitality due to lack of suitable Partner rewards endangering our Partnership model, and inability to maintain our distinctive character;
- Change Delivery: Change does not realise the desired benefits and drives unforeseen cost and consequences;
- Information Security: Loss of key customer, Partner and/or commercially sensitive data leading to financial, regulatory, legal, operational and reputational issues;
- Regulatory Non-compliance: Failure to comply with key regulatory requirements;
- Proposition: Failure to deliver profitable, market-leading propositions to inspire our customers and maintain competitive advantage;
- Partner Differentiation: The responsibilities and benefits of membership are not sufficiently felt and experienced by Partners and/or do not drive a distinctive and better business in service of our purpose;
- Customer Experience: Customers do not receive differentiated, excellent customer service across touchpoints;
- Partner Wellbeing: Partners' sense of wellbeing is threatened by societal and organisational uncertainty and change;
- Ethics and Sustainability: Failure to live up to our ethics and sustainability ambition;
- Strategic Resilience: Failure of our strategy to respond to changes in the external environment.

The economic outlook and consumer sentiment remain uncertain which may affect the pace or outcome of our Plan delivery. Monitoring of operational resilience risk will also be included in risk reporting going forward.

4 Exceptional items

	26 weeks to 29 July 2023		26 weeks to 30 July 2022		52 weeks to 28 January 2023	
	Operating (expenses)/ income £m	**Taxation (charge)/ credit £m**	Operating (expenses)/ income* £m	Taxation credit/ (charge)* £m	Operating (expenses)/ income £m	Taxation credit/ (charge) £m
Strategic restructuring and redundancy programmes						
Lean Simple Fast	(5.0)	1.2	-	-	-	-
Physical estate	0.3	(0.3)	(4.7)	(0.3)	(14.1)	0.5
Shop operations	0.4	(0.1)	(2.2)	(0.5)	(2.2)	0.4
Central operations reviews	0.6	(0.1)	0.1	-	(0.2)	-
	(3.7)	**0.7**	(6.8)	(0.8)	(16.5)	0.9
Store impairments - Waitrose	-	-	(20.9)	3.4	(131.7)	13.6
Store impairments - John Lewis	2.0	(0.5)	(4.7)	0.2	18.4	(4.3)
Cost of living payment	-	-	-	-	(26.7)	5.1
	(1.7)	**0.2**	**(32.4)**	**2.8**	**(156.5)**	**15.3**

*Restated - see note 1 for details

Strategic restructuring and redundancy programmes
Since January 2023, the Group has embarked on a number of initiatives within the Lean Simple Fast transformation programme whilst progressing transformation projects announced in previous years across our physical estate, shop operations and central operations.

The costs incurred over the life of the change programmes outlined are significant in value and, given the level of change, they are significant in nature, therefore the Group considers them exceptional items to provide a more meaningful view of the Group's underlying business performance. The financial impacts of these programmes are detailed below.

Lean Simple Fast: In 2022/23, the Group commenced a transformational programme of lean simple fast activity which is a key pillar of the Partnership Plan. Due to the scale, pace and transformative nature of these initiatives, the associated redundancy costs have been recognised as exceptional charges. £(5.0)m of costs have been recognised related to a number of redundancy projects announced in the first half of this year, including the closure of the Group's fitted kitchen and bathroom offerings, the outsourcing of fitted flooring services and a restructure of our Customer teams.

Physical estate: Since 2017, we have been working on our programme of rebalancing our existing estate; this includes ensuring that the size and shape of our physical estate is delivering on both our customer proposition, and financial returns. With the launch of the Partnership Plan, and the acceleration of change we have seen in customer shopping behaviour, we have refocused on the need to ensure our stores reflect how our customers want to shop - 'right space, right place' - and as a result we anticipate these changes will extend to 2027/28.

A net credit of £0.3m was recognised for the 26 week period to 29 July 2023 (30 July 2022: £(4.7)m charge) comprising adjustments to provisions booked in prior years of £0.8m credit, offset by losses on disposal of assets of £0.5m.

Shop operations and Central operations reviews: A net credit of £1.0m was recognised (30 July 2022: £(2.1)m charge) following the review of provisions booked in prior years for the Head Office Transformation programme (£0.6m) and Shop Leadership Transformation programme (£0.4m).

Store impairment

A £2.0m release of an impairment provision was recognised following a renegotiation of the rental agreement for a John Lewis store.

The comparative information for the 26 weeks to 30 July 22 has been restated to reflect the store impairment charges of £(20.9)m for John Lewis and £(4.7)m for Waitrose which were previously included in operating expenses. See note 1 for further details.

5 Segmental reporting

The Group's reporting segments are determined based on the internal financial reporting to the chief operating decision-maker (CODM) and is split by the business activities of its brands (John Lewis and Waitrose). The Executive Team reviews the operating performance for each brand (John Lewis and Waitrose) in the Group, using non-GAAP measures known as Total trading sales and Trading operating profit (TOP).

Total trading sales represents the full customer sales value including VAT as reported weekly to the Executive Team, before adjustments for sale or return sales and other accounting adjustments.

TOP is based on operating profit, but excludes centrally managed costs. These centrally managed costs are outside of the direct influence and control of the brands and are reviewed by the Executive Team at a Group level in aggregate. TOP is used to assess the performance of the John Lewis and Waitrose brands and determine the allocation of resources to those segments.

The Waitrose business is not subject to highly seasonal fluctuations although there is an increase in trading in the fourth quarter of the year. There is a more marked increase in the fourth quarter for the John Lewis business.

	Waitrose £m	**John Lewis £m**	**Group £m**
26 weeks to 29 July 2023			
Total trading sales	**3,721.6**	**2,098.3**	**5,819.9**
Value added tax	(214.4)	(340.4)	(554.8)
Sale or return and other accounting adjustments	(27.0)	(165.3)	(192.3)
Revenue	**3,480.2**	**1,592.6**	**5,072.8**
Trading operating profit[1]	**504.4**	**277.1**	**781.5**
Other operating and administrative expenses[2]			(794.0)
of which:			
Exceptional items (net)			(1.7)
Partnership Bonus			-
Operating loss			**(12.5)**
Finance costs			(70.4)
Finance income			26.7
Loss before tax			**(56.2)**
Loss before tax, Partnership Bonus and exceptional items			**(54.5)**

[1] Included in Trading operating profit is other operating income of which £55.5m (split between operating segments: £34.9m John Lewis and £20.6m Waitrose) represents further income from external customers. This is reported to the CODM separately as part of other income and expenses.
[2] Included in Other operating and administrative expenses is £251.1m of depreciation and amortisation.

5 Segmental reporting (continued)

	Waitrose £m	John Lewis £m	Group £m
26 weeks to 30 July 2022[1]			
Total trading sales	**3,583.4**	**2,136.4**	**5,719.8**
Value added tax	(208.5)	(346.9)	(555.4)
Sale or return and other accounting adjustments	(63.6)	(152.8)	(216.4)
Revenue	**3,311.3**	**1,636.7**	**4,948.0**
Trading operating profit[2]	**431.7**	**295.0**	**726.7**
Other operating and administrative expenses[3]			(785.8)
of which:			
Exceptional items (net)			(32.4)
Partnership Bonus			-
Operating loss			**(59.1)**
Finance costs			(70.9)
Finance income			30.8
Loss before tax			**(99.2)**
Loss before tax, Partnership Bonus and exceptional items			**(66.8)**

[1] Restated - see note 1 for details
[2] Included in Trading operating profit is other operating income of which £55.7m (split between operating segments: £35.7m John Lewis and £20.0m Waitrose) represents further income from external customers. This is reported to the CODM separately as part of other income and expenses.
[3] Included in Other operating and administrative expenses is £243.5m of depreciation and amortisation.

	Waitrose £m	John Lewis £m	Group £m
52 weeks to 28 January 2023			
Total trading sales	**7,311.9**	**4,938.3**	**12,250.2**
Value added tax	(424.5)	(800.2)	(1,224.7)
Sale or return and other accounting adjustments	(137.3)	(354.2)	(491.5)
Revenue	**6,750.1**	**3,783.9**	**10,534.0**
Trading operating profit[1]	**894.3**	**675.6**	**1,569.9**
Other operating and administrative expenses[2]			(1,720.8)
of which:			
Exceptional items (net)			(156.5)
Partnership Bonus			-
Operating loss			**(150.9)**
Finance costs			(139.7)
Finance income			65.2
Loss before tax			**(225.4)**
Loss before tax, Partnership Bonus and exceptional items			**(68.9)**

[1] Included in Trading operating profit is other operating income of which £118.9m (split between operating segments: £37.3m Waitrose and £81.6m John Lewis) represents further income from external customers. This is reported to the CODM separately as part of other income and expenses.
[2] Included in Other operating and administrative expenses is £487.2m of depreciation and amortisation.

6 Revenue

Disaggregation of revenue from contracts with customers

The revenue recognition policy is unchanged from that described in the Annual Report and Accounts for the 52 weeks to 28 January 2023.

We analyse our revenue between goods and services. Goods are split into four major product lines: Grocery, Home, Fashion and Technology. Services comprise free service guarantees on selected goods. This presentation is consistent with how our Executive Team reviews performance. In line with our five year Partnership Plan, we expect our service offering to increase in the coming year and, as such, will keep this reporting under review including the classification of commission income from other services as other income rather than revenue.

	26 weeks to 29 July 2023 £m	26 weeks to 30 July 2022 £m	52 weeks to 28 January 2023 £m
Major product lines			
Goods			
- Grocery	**3,468.3**	3,298.6	6,726.2
- Home	**450.9**	485.2	1,061.3
- Fashion	**528.3**	526.3	1,218.4
- Technology[1]	**563.5**	599.3	1,397.5
Services			
- Free warranty[1]	**8.4**	8.8	17.8
Other revenue	**53.4**	29.8	112.8
	5,072.8	4,948.0	10,534.0

[1] The balances for the 26 week period ended 30 July 2022 have been adjusted to reflect the split of revenue between Technology and Free warranty.

7 Net finance costs

	26 weeks to 29 July 2023 £m	26 weeks to 30 July 2022 £m	52 weeks to 28 January 2023 £m
Finance costs			
Finance costs in respect of borrowings and lease liabilities[1]	**(67.4)**	(68.2)	(134.5)
Fair value measurements and other	**(0.8)**	(2.7)	(5.2)
Net finance costs arising on defined benefit retirement scheme	**(2.2)**	-	-
Total finance costs	**(70.4)**	(70.9)	(139.7)
Finance income			
Finance income in respect of cash and short-term investments[2]	**20.0**	6.8	20.7
Fair value measurements and other	**1.5**	2.1	4.7
Net finance income arising on defined benefit retirement scheme	**-**	5.4	39.8
Net finance income arising on other employee benefit schemes	**5.2**	16.5	-
Total finance income	**26.7**	30.8	65.2
Net finance costs	**(43.7)**	(40.1)	(74.5)

[1] Finance costs in respect of borrowings and lease liabilities include interest payable on interest rate swaps of £4.7m (July 2022: £2.9m; January 2023: £6.6m) and lease liabilities of £44.9m (July 2022: £46.3m; January 2023: £91.8m).

[2] Finance income in respect of cash and short-term investments includes interest receivable on interest rate swaps of £3.1m (July 2022: £3.1m; January 2023: £6.1m).

Capitalised borrowing costs totalled £1.7m (July 2022: £0.1m; January 2023: £1.4m) of which £0.9m (July 2022: £0.1m; January 2023: £0.3m) were capitalised within intangible assets and £0.8m (July 2022: £nil; January 2023: £1.1m) were capitalised within property, plant and equipment.

8 Income taxes

Income tax expense is recognised based on management's best estimate of the full year effective tax rate based on estimated full year profits excluding any discrete items. The tax charge on discrete items at half year is calculated separately. The effective tax rate for the 26 weeks to 29 July 2023 is higher than would be expected for the full year. This is as a result of a significant number of discrete items expected at the full year.

9 Property, plant and equipment, Intangible assets and Right-of-use assets

	Property, plant and equipment	Intangible assets	Right-of-use assets	Total
	£m	£m	£m	£m
Net book value at 28 January 2023	2,883.3	441.8	1,319.5	4,644.6
Additions[1]	49.3	62.0	27.1	138.4
Depreciation and amortisation[2]	(103.7)	(77.2)	(68.2)	(249.1)
Disposals and write-offs	(14.2)	(3.3)	(1.1)	(18.6)
Transfers to assets held for sale	(0.9)	-	-	(0.9)
Net book value at 29 July 2023	**2,813.8**	**423.3**	**1,277.3**	**4,514.4**

[1] For the period ended 29 July 2023, additions for the year include the non-cash capital expenditure accrual on property, plant and equipment of £13.1m (January 2023: £34.8m) and intangible assets of £1.8m (January 2023: £2.8m).
[2] For the period ended 29 July 2023, depreciation and amortisation includes an impairment release of £2.0m to right-of-use assets (January 2023: £69.4m charge), £nil to land and buildings (January 2023: £46.6m charge), and £nil to fixtures and fittings (January 2023: £5.2m charge).

Intangible assets primarily relate to internally developed computer software.

Right-of-use assets are recognised in relation to the Group's leases, representing the economic benefits of the Group's right to use the underlying leased assets. The Group's lease portfolio principally comprised of property leases of land and buildings in relation to Waitrose and John Lewis stores, distribution centres and head offices. The Group also holds a number of vehicle and equipment leases and service agreements deemed to meet the definition of a lease under IFRS 16.

In accordance with IAS 36, the Group reviews its property, plant, intangible assets and right-of-use assets for impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable. The impairment review methodology is unchanged from that described in the Annual Report and Accounts for the 52 weeks to 28 January 2023.

For the 26 weeks to 29 July 2023 an assessment was completed to identify if there were any indicators for impairment of tangible assets or cash-generating units (CGUs). Management considered financial performance as well as macroeconomic factors. A £2.0m release of an impairment provision was recognised following a renegotiation of the rental agreement for a John Lewis store.

10 Provisions

	Long leave £m	Customer refunds £m	Insurance claims £m	Reorganisation £m	Other £m	Total £m
At 28 January 2023	(121.2)	(22.8)	(24.4)	(10.8)	(46.0)	(225.2)
Charged to income statement	(3.4)	(26.8)	(8.2)	(5.8)	(4.4)	(48.6)
Released to income statement	7.7	-	-	2.9	2.2	12.8
Utilised	3.6	22.8	3.3	4.4	0.1	34.2
At 29 July 2023	**(113.3)**	**(26.8)**	**(29.3)**	**(9.3)**	**(48.1)**	**(226.8)**
Of which:						
Current	(35.4)	(26.8)	(9.3)	(9.3)	(20.2)	(101.0)
Non-current	(77.9)	-	(20.0)	-	(27.9)	(125.8)

The Group has a long leave scheme, open to all Partners, which provides up to six months paid leave after 25 years' service. There is no proportional entitlement for shorter periods of service. The provision for the liabilities under the scheme is assessed on an actuarial basis, reflecting Partners' expected service profiles, salary growth, National Insurance and overtime earnings assumptions. The discount rate applied differs from the discount rate used for the Group's retirement benefit obligations (note 11) as it reflects a rate appropriate to the shorter duration of the long leave liability so as to accrue the cost over Partners' service periods.

Provisions for customer refunds reflect the Group's expected liability for returns of goods sold, based on experience of rates of return.

Provisions for insurance claims are in respect of the Group's employer's public and vehicle third-party liability insurances. The provisions are based on reserves held in the Group's captive insurance company, JLP Insurance Limited. These reserves are established using independent actuarial assessments wherever possible, or a reasonable assessment based on past claims experience.

Provisions held for reorganisation relate to strategic restructuring and redundancy programmes; principally in relation to the Lean Simple Fast transformation programme, the ongoing review of the Group's physical estate, and the prior year shop management reorganisation.

Other provisions primarily include property-related costs including dilapidations provisions.

11 Retirement benefit obligations

The pension scheme operated by the Group is the John Lewis Partnership Trust for Pensions. The scheme includes a defined benefit section, providing pensions and death benefits to members. All contributions to the defined benefit section of the scheme are funded by the Group. The defined benefit section of the scheme closed to new members and future accrual on 1 April 2020 and all active members of the scheme moved to become deferred members.

The scheme also includes a defined contribution section. Contributions to the defined contribution section of the scheme are made by both Partners and the Group.

Pension commitments recognised in these financial statements have been calculated based on the most recently completed actuarial valuations, as at 31 March 2022, which have been updated by the actuaries to reflect the assets and liabilities of the scheme as at 29 July 2023. We have agreed the key terms of the triennial pension valuation as at March 2022, which shows a technical provisions surplus of £320m as at the valuation date (compared with a deficit of £58m at the March 2019 valuation). This means that no deficit contributions will be required ahead of the next triennial valuation in 2025. The technical provisions surplus as at March 2023 is estimated to be £84m.

Scheme assets are stated at market value at 29 July 2023.

The following financial assumptions have been used:

	29 July 2023	30 July 2022	28 January 2023
Discount rate	**5.35%**	3.60%	4.65%
Future retail price inflation (RPI)	**3.00%**	3.00%	3.00%
Future consumer price inflation (CPI)	**2.60%**	2.55%	2.60%
Increase in pensions - in payment			
Pre-April 1997	**1.85%**	1.85%	1.85%
April 1997 - April 2016	**2.85%**	2.85%	2.85%
Post-April 2016	**1.85%**	1.85%	1.85%
Increase in pensions - deferred	**2.60%**	2.55%	2.60%

The movement in the net defined benefit surplus/(liability) in the period is as follows:

	26 weeks to 29 July 2023 £m	26 weeks to 30 July 2022 £m	52 weeks to 28 January 2023 £m
Net defined benefit (liability)/asset at beginning of period	**(101.9)**	473.5	473.5
Operating cost/Pension expense	**(2.0)**	(4.6)	(9.4)
Interest cost on pension liabilities	**(102.0)**	(76.5)	(153.0)
Interest income on assets	**99.8**	82.0	164.1
Contributions	**6.7**	6.7	22.4
Total (losses)/gains recognised in equity	**(55.7)**	161.3	(599.5)
Net defined benefit (liability)/asset at end of period	**(155.1)**	642.4	(101.9)
of which:			
Total funded defined benefit (liability)/asset at end of period	**(142.1)**	658.1	(88.1)
Defined benefit obligation for unfunded arrangements	**(13.0)**	(15.7)	(13.8)

11 Retirement benefit obligations (continued)

The post-retirement mortality assumptions used in valuing the pension liabilities were based on the 'S3' (28 January 2023: 'S3'; 30 July 2022: 'S2 Light') series standard tables. Based on scheme experience, the probability of death at each age was multiplied by 112% for males and 95% for females who were non pensioners and 103% for males and 92% for females who were pensioners (28 January 2023: 118% for males and 100% for females who were non pensioners and 109% for males and 97% for females who were pensioners; 30 July 2022: 127% for males and 106% for females who were non pensioners and 130% for males and 109% for females who were pensioners). Future improvements in life expectancy have been allowed for in line with the latest CMI model projections subject to a long-term trend of 1.25% (28 January 2023: 1.25%; 30 July 2022: 1.25%). The average life expectancies assumed were as follows:

	29 July 2023		30 July 2022		28 January 2023	
	Men	**Women**	Men	Women	Men	Women
Average life expectancy for a 65 year old (in years)	**21.2**	**24.0**	20.9	23.3	21.3	24.0
Average life expectancy at age 65, for a 50 year old (in years)	**21.4**	**24.8**	21.9	24.6	21.6	24.9

12 Reconciliation of loss before tax to cash generated from operations before Partnership Bonus

	26 weeks to 29 July 2023	26 weeks to 30 July 2022	52 weeks to 28 January 2023
	£m	£m	£m
Loss before tax	**(56.2)**	(99.2)	(225.4)
Amortisation and write offs of intangible assets[1]	**80.5**	65.8	133.4
Depreciation[1]	**175.7**	206.0	476.9
Share of (profit)/loss of joint venture (net of tax)	**(0.2)**	0.2	(1.2)
Net finance costs	**43.7**	40.1	74.5
Fair value losses on derivative financial instruments	**-**	0.1	0.1
Profit on disposal of property, plant and equipment and intangible assets	**(1.9)**	(2.6)	(3.1)
(Increase)/decrease in inventories	**(7.2)**	(70.0)	(48.5)
Decrease/(increase) in receivables	**9.4**	(2.5)	(12.7)
(Decrease)/increase in payables	**(155.1)**	(91.0)	(1.0)
Increase/(decrease) in retirement benefit obligations	**0.3**	2.9	(3.1)
Increase/(decrease) in provisions	**4.8**	(33.4)	(47.7)
Cash generated from operations before Partnership Bonus	**93.8**	16.4	342.2

[1] Includes net impairment charges

13 Analysis of net debt

	28 January 2023	Cash flow	Other non–cash movements	**29 July 2023**
	£m	£m	£m	**£m**
Non–current assets				
Derivative financial instruments	1.6	-	(0.6)	**1.0**
	1.6	-	(0.6)	**1.0**
Current assets				
Cash and cash equivalents	1,038.1	(232.4)	-	**805.7**
Short-term investments	0.3	93.5	-	**93.8**
Derivative financial instruments	11.3	(8.5)	(0.8)	**2.0**
	1,049.7	(147.4)	(0.8)	**901.5**
Current liabilities				
Borrowings and overdrafts	(50.0)	-	-	**(50.0)**
Lease liabilities	(148.5)	125.5	(120.5)	**(143.5)**
Derivative financial instruments	(4.0)	2.1	(13.2)	**(15.1)**
	(202.5)	127.6	(133.7)	**(208.6)**
Non–current liabilities				
Borrowings	(600.0)	-	-	**(600.0)**
Unamortised bond transaction costs	6.0	-	(0.5)	**5.5**
Fair value adjustment for hedged element on bonds	6.2	-	1.2	**7.4**
Lease liabilities	(1,754.7)	-	48.3	**(1,706.4)**
Derivative financial instruments	(8.8)	-	0.2	**(8.6)**
	(2,351.3)	-	49.2	**(2,302.1)**
Total net debt	(1,502.5)	(19.8)	(85.9)	**(1,608.2)**

Reconciliation of net cash flow to net debt

	26 weeks to 29 July 2023	26 weeks to 30 July 2022	52 weeks to 28 January 2023
	£m	£m	£m
(Decrease)/increase in net cash and cash equivalents in the period	**(232.4)**	(470.8)	(377.3)
Cash outflow/(inflow) from movement in short-term investments	**93.5**	15.0	(95.0)
Cash outflow/(inflow) from borrowing	**-**	150.0	150.0
Cash outflow from movement in other net debt items	**119.1**	105.5	194.9
Cash movement in net debt for the period	**(19.8)**	(200.3)	(127.4)
Opening net debt	**(1,502.5)**	(1,270.7)	(1,270.7)
Non-cash movements in net debt for the period	**(85.9)**	(30.9)	(104.4)
Closing net debt	**(1,608.2)**	(1,501.9)	(1,502.5)

14 Management of financial risks

The principal financial risks to which the Group is exposed are capital and long-term funding risk, liquidity risk, interest rate risk, foreign currency risk, credit risk, and energy risk.

This condensed set of interim financial statements does not include all risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Annual Report and Accounts for the 52 weeks to 28 January 2023. During the 26 weeks to 29 July 2023, the Group has continued to apply the financial risk management process and policies as detailed in the Annual Report and Accounts for the 52 weeks to 28 January 2023.

Valuation techniques and assumptions applied in determining the fair value of each class of asset or liability are consistent with those used as at 28 January 2023 and reflect the current economic environment.

Fair value estimation

The different levels per the IFRS 13 fair value hierarchy have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

During the 26 weeks to 29 July 2023, there have been no transfers between any levels of the IFRS 13 fair value hierarchy and there were no reclassifications of financial assets as a result of a change in the purpose or use of those assets.

The fair value of a derivative financial instrument represents the difference between the value of the outstanding contracts at their contracted rates and a valuation calculated using the forward rates of exchange and interest rates prevailing at the balance sheet date. The fair value of the derivative financial instruments held by the Group are classified as Level 2 under the IFRS 13 fair value hierarchy, as all significant inputs to the valuation model used are based on observable market data and are not traded in an active market. At 29 July 2023, the net fair value of derivative financial instruments was a liability of £20.7m, liability (28 January 2023: £0.1m, asset; 30 July 2022: £22.2m, asset).

The following table compares the Group's liabilities held at amortised cost, where there is a difference between carrying value (CV) and fair value (FV):

	29 July 2023		30 July 2022		28 January 2023	
	£m	**£m**	£m	£m	£m	£m
	CV	**FV**	CV	FV	CV	FV
Financial liabilities						
Listed bonds	(594.5)	(476.1)	(593.4)	(542.4)	(594.0)	(482.3)

The fair values of the Group's listed bonds have been determined by reference to market price quotations and classified as Level 1 under the IFRS 13 fair value hierarchy. For other financial assets and liabilities, there are no material differences between carrying value and fair value.

15 Capital commitments

At 29 July 2023, contracts had been entered into for future capital expenditure of £48.5m (28 January 2023: £37.2m; 30 July 2022: £64.7m) of which £36.6m (28 January 2023: £32.8m; 30 July 2022: £51.8m) relates to property, plant and equipment and £11.9m (28 January 2023: £4.4m; 30 July 2022: £12.9m) relates to intangible assets.

16 Related party transactions

There have been no material changes to the principal subsidiaries listed in the Annual Report and Accounts for the 52 weeks to 28 January 2023. All related party transactions arise during the ordinary course of business. There were no material changes in the transactions or balances during the 26 weeks to 29 July 2023.

17 Subsequent events

There are no disclosable subsequent events.

Statement of Directors' responsibilities

The Directors confirm that to the best of their knowledge the condensed set of interim financial statements has been prepared in accordance with UK-adopted IAS 34 Interim Financial Reporting.

On 1 May 2023 Nish Kankiwala was appointed to the Board of Directors. There have been no further changes to the directors of John Lewis plc from those listed in the Group's 2023 Annual Report and Accounts.

For and by order of the Board.

Sharon White, Chairman
Bérangère Michel, Executive Director, Finance

13 September 2023