

JOHN LEWIS PARTNERSHIP UNAUDITED INTERIM RESULTS FOR THE 26 WEEKS ENDED 27 JULY 2024

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JOHN LEWIS PARTNERSHIP UNAUDITED INTERIM RESULTS **FOR THE 26 WEEKS ENDED 27 JULY 2024**

John Lewis Partnership transformation on track

- John Lewis Partnership reports a marked improvement in first half results and is on track to deliver significantly higher profits¹ for the full year
- Partnership sales² topped £5.9bn in the half, up 2% year-on-year
- Total revenue³ reached £5.2bn, an increase of 2%
- Loss before tax and exceptional items¹ improved from £57m to £5m (91% reduction)
- Loss before tax narrowed by 49% from £59m to £30m
- Operating profit margin⁴ increased 1.2 percentage points
- Cash generated from operations⁵ was £147m, up £97m year-on-year
- 0.5 million new customers in the half to reach 23.1 million with customer satisfaction up
- Transformation on track with investment of £0.5bn this year; up 53% year-on-year

Nish Kankiwala, Chief Executive Officer of the John Lewis Partnership, said: “I want to thank all our Partners for their hard work during the half, and thank our customers for supporting our loved brands. These results confirm that our transformation plan is working and we expect profits to grow significantly for the full year, a marked improvement from where we were two years ago.

“We continue to invest heavily in quality, service and value, and customers are responding well - with more people shopping with us and customer satisfaction increasing. While we have much more to do, we’re well set up for a positive peak trading period and on target to significantly improve our performance for the full year.”

The John Lewis Partnership, home to Waitrose and John Lewis, reports significant improvement in first half results as we deliver on our multi-year transformation plan and maintain our laser focus on brilliant retail.

Two years of consistent progress against key financial and customer metrics show the plan is working. The Partnership is on track to deliver significantly higher profit¹ for the full year 2024/25 compared with last year.

Partnership sales were £5.9bn, up by 2% from a year earlier, while revenue was up 2% to £5.2bn. Loss before exceptional items has improved from £57m this time last year to £5m in the 26 weeks to 27 July 2024. Loss before tax was £30m, an improvement of £29m on 2023/24, despite investing in higher exceptional costs relating to the ongoing simplification of the business (£25m this year versus

¹ Profit/loss before tax, Partnership Bonus and exceptional items (PBTBE/LBTBE). Additional detail is included in the Glossary. Partnership Bonus is £nil for 2024/25 half year and 2023/24 and exceptional items are described on page 13

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

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

⁴ Operating profit margin is operating profit before exceptional items and property profit/(loss) as a percentage of revenue

⁵ Net cash generated from operating activities before Partnership Bonus, bond finance costs and BonusSave plan

£4m last year). We expect further profit growth in the second half, when we typically generate a significantly higher proportion of our profit.

During the half, the Partnership started reporting the performance of its brands by Adjusted operating profit⁶, to better reflect the way resources are managed across the Partnership. Partnership Adjusted operating profit of £48m was up £62m this half, returning to profit for the first time in three years. Waitrose outperformed the market, with sales up 5% and Adjusted operating profit growth of £75m. John Lewis sales were down 3% amidst a slower external environment for general merchandise. Adjusted operating profit was down £24m year-on-year.

Our customer focused transformation, which saw us stepping up store investment, new product innovation, value and service, resulted in 0.5 million more people shopping with us, reaching 23.1 million customers. Our loyalty programmes also saw growth, with 17% more members in John Lewis and 5% in Waitrose. In Waitrose, we rebalanced Partner working hours to the times our customers need us the most, and have announced similar proposals in John Lewis so we have more Partners serving customers. Investments in technology are also paying off and a major investment in digital headsets is enabling us to get customers an expert quickly in store, and has helped improve service.

Alongside improvements for customers, these investments are making us more efficient, as evidenced by our Operating profit margin increasing by 1.2 percentage points this half. A further £78m of savings from continued simplification of our business helped deliver £500m in savings since January 2021, and we remain on track to hit our target of £900m by 2026.

Cash generated from operations increased by £97m to reach £147m, enabling an accelerated investment in our transformation. We expect to invest £500m this year, up 53% on last year; which forms part of our £2.4bn investment over the next four years, including new Waitrose stores and refurbishments in both brands. Our financial position is robust. Total liquidity, up £348m year-on-year, remains strong at £1.7bn, comprising £1.3bn of cash and short term deposits and a £0.4bn undrawn revolving credit facility. Strong liquidity means we can self-fund our ongoing transformation. We plan to repay our £300m bond due in January 2025 from cash reserves.

Waitrose

Waitrose delivered strong profit growth in the first half, with volume growth helped by record availability⁷ of 96.5% and a tenth consecutive quarter of customer growth. Sales increased by 5% with volume growth of over 2% and Average Item Price up just over 2%. Adjusted operating profit increased by £75m while gross margin improved by 1.2 percentage points. We ended the half strongly with market share growth.

Our focus on providing exceptional service to food lovers is paying off, in a half which saw us:

- Investing in quality through our collaboration with chef Yotam Ottolenghi; refreshing our Waitrose No.1 range and a partnership with food health company Zoe, which have all led to a rise in sales;

⁶ Adjusted operating profit is Operating profit before exceptional items and profit/loss on property disposals

⁷ Measured as the number of products that are in stock, and available for purchase divided by the total number of products we offer

- Continual investment in providing value with a significant investment of £39m in price cuts in the first half, without compromising on quality or ethics;
- Launching new propositions such as an in-house Gail's bakery and acquiring the quality meal delivery service Dishpatch to grow sales;
- Helping our suppliers move to more nature-friendly farming, with our groundbreaking regenerative agriculture programme Farming for Nature;
- Investing in stores, including a commitment to open up to 100 new convenience shops over the next five years and the next phase of our store modernisation programme. Following the refurbishment of our Finchley Road store, another eight Waitrose stores will be refurbished in the second half; and
- Receiving a Royal Warrant from His Majesty King Charles III, the only Royal Warrant granted to a supermarket, for which we are grateful and proud.

Our efforts have been well received by customers, with 300,000 more shopping at Waitrose, in addition to more shoppers discovering our brand through Deliveroo and UberEats. We saw growing customer satisfaction and were the highest rated grocer in the latest UK Customer Satisfaction Index (fourth out of 275 top UK companies) and are proud to have won *The Grocer* annual award for customer service for the fourth year in a row. Part of this success can be attributed to our decision to rebalance our store working hours at our busiest times, ensuring that Partners are available to assist customers when they need us the most. Additionally, completion of the next stage of our major replatforming of our supply chain systems greatly contributed to record levels of product availability.

John Lewis

Sales in the first half were £2.0bn, down by 3%, in a challenging market. Gross margins improved by 0.5 percentage points in the first half. However, Adjusted operating profit declined by £24m off the back of lower sales and an investment in our Partners and technology to enhance customer service. In response, customer numbers grew to 13.6m, up 2%, and our customer experience ratings and overall Net Promoter Score both improved.

Beauty sales were up and we significantly outperformed year on year. Fashion was impacted by the well-documented squeeze on customers' disposable income and unseasonal weather, with sales down. Lower demand for 'big ticket' items saw softer Home sales, while cookshop sales increased. We performed well in Technology with our carefully curated range of new and exclusive products, particularly in smart wearables and mobile phones.

We have a clear strategy to drive further growth and productivity in John Lewis with investment to enhance the customer experience, including:

- Reimagining Never Knowingly Undersold for how customers shop today - price matching 25 major UK retailers in store and now online with the help of AI technology. This is one element of our investment plan to excite our customers on quality, service and price;
- Investing in our flagship Oxford Street store by creating one of the largest Beauty Halls in the country. Additionally, our High Wycombe and Cheadle stores are undergoing investment, and all of our stores are benefiting from upgrades;

- Forging new partnerships, including with Waterstones, which is set to debut in John Lewis Oxford Street in October 2024;
- Investing in our own and third party brands, such as exclusive collaborations with Collagerie on homeware and A.W.A.K.E. MODE for fashion, the launch of Trinny London and the UK retail exclusive for the Oura Ring; and
- Focusing on customer service with more Partners serving customers on the shop floor and training for every John Lewis Partner in customer facing positions; improved use of technology such as digital headsets; and taking payments throughout stores and not just at the till.

Building complementary businesses for the long term

The half saw us make good progress on developing complementary businesses for the long term. We secured planning consent to develop rental homes in Bromley, with two more sites in the planning process. We refreshed the brand of our financial services business, now John Lewis Money, which continued to grow customers in the half, up 2%.

Outlook

It has been a half of strong progress in our transformation. As we look ahead, our top priority remains serving our valued customers well by enhancing our products and customer service, and making our business more productive.

In the upcoming months, customers will further benefit from an acceleration in our investment programme. This includes the completion of refurbishments in John Lewis stores Oxford Street, High Wycombe and Cheadle; and nine Waitrose stores, as well as the opening of a new convenience store in Hampton Hill in London. In addition, both brands will showcase new season products and services in the run up to the key Christmas trading period. Our customers will also be able to benefit from our linked loyalty hub, which will reward shopping at both of our brands.

We have historically delivered the majority of our profits in the second half of the year. Despite the environment for our customers remaining uncertain, we expect to maintain financial momentum from consistent delivery of our multi-year transformation. As a result, we are confident that full year pre-exceptional profits should be significantly above the £42m we reported in 2023/24.

ENQUIRIES

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A glossary of financial and non-financial terms is included on pages 26 to 29 of this document.

Consolidated income statement for the 26 weeks to 27 July 2024 (unaudited)

Notes	26 weeks to 27 July 2024	26 weeks to 29 July 2023	52 weeks to 27 January 2024
	£m	£m	£m
5, 6 Revenue	5,195	5,073	10,781
Cost of sales	(3,542)	(3,508)	(7,391)
Gross profit	1,653	1,565	3,390
Other operating income	63	59	124
Operating and administrative expenses	(1,693)	(1,639)	(3,368)
of which:			
4 Exceptional items (net)	(25)	(2)	14
Partnership Bonus	-	-	-
Share of profit of joint venture (net of tax)	-	-	1
5 Operating profit/(loss)	23	(15)	147
7 Finance costs	(87)	(71)	(138)
7 Finance income	34	27	47
(Loss)/profit before tax	(30)	(59)	56
8 Taxation	10	(6)	(15)
(Loss)/profit for the period	(20)	(65)	41
(Loss)/profit before Partnership Bonus, tax and exceptional items	(5)	(57)	42

Consolidated statement of comprehensive income for the 26 weeks to 27 July 2024 (unaudited)

Notes	26 weeks to 27 July 2024	26 weeks to 29 July 2023	52 weeks to 27 January 2024
	£m	£m	£m
(Loss)/profit for the period	(20)	(65)	41
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss:			
11 Remeasurement of defined benefit pension scheme	(61)	(56)	(191)
Movement in deferred tax on pension scheme	15	14	46
Movement in current tax on pension scheme	-	-	1
Items that may be reclassified subsequently to profit or loss:			
Fair value loss on cash flow hedges	(4)	(12)	(11)
Cash flow hedge loss reclassified and reported in the consolidated income statement	(1)	-	-
Movement in deferred tax on cash flow hedges	-	4	4
Gain on foreign currency	-	1	1
Other comprehensive expense for the period	(51)	(49)	(150)
Total comprehensive expense for the period	(71)	(114)	(109)

Consolidated balance sheet as at 27 July 2024 (unaudited)

Notes		27 July 2024 £m	29 July 2023 £m	27 January 2024 £m
	Non-current assets			
9	Intangible assets	392	423	405
9	Property, plant and equipment	2,728	2,814	2,762
9	Right-of-use assets	1,264	1,277	1,290
	Trade and other receivables	25	18	29
13	Derivative financial instruments	-	1	1
	Investment in and loans to joint venture	5	6	5
	Deferred tax asset	72	21	55
		4,486	4,560	4,547
	Current assets			
	Inventories	679	712	678
	Trade and other receivables	278	251	261
	Current tax receivable	14	10	5
13	Derivative financial instruments	1	2	1
	Assets held for sale	-	1	-
	Short-term investments	484	94	260
	Cash and cash equivalents	764	806	1,028
		2,220	1,876	2,233
	Total assets	6,706	6,436	6,780
	Current liabilities			
13	Borrowings and overdrafts	(306)	(64)	(308)
	Trade and other payables	(1,543)	(1,509)	(1,588)
	Current tax payable	(6)	(2)	(4)
13	Lease liabilities	(139)	(144)	(146)
13	Other liabilities held at amortised costs	(2)	-	(2)
10	Provisions	(113)	(101)	(99)
13	Derivative financial instruments	(11)	(15)	(15)
		(2,120)	(1,835)	(2,162)
	Non-current liabilities			
13	Borrowings	(426)	(587)	(425)
	Trade and other payables	(27)	(28)	(29)
13	Lease liabilities	(1,683)	(1,706)	(1,703)
13	Other liabilities held at amortised costs	(59)	-	(60)
10	Provisions	(102)	(126)	(115)
13	Derivative financial instruments	(1)	(9)	(1)
11	Retirement benefit obligations	(356)	(155)	(287)
	Deferred tax liability	(5)	(5)	(5)
		(2,659)	(2,616)	(2,625)
	Total liabilities	(4,779)	(4,451)	(4,787)
	Net assets	1,927	1,985	1,993
	Equity			
	Share capital	1	1	1
	Other reserves	1	(3)	1
	Retained earnings	1,925	1,987	1,991
	Total equity	1,927	1,985	1,993

Consolidated statement of changes in equity for the 26 weeks to 27 July 2024 (unaudited)

Notes	Share capital	Capital redemption reserve	Capital reserve	Hedging reserve	Foreign currency translation reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m	£m
Balance at 28 January 2023	1	5	1	3	-	2,094	2,104
Loss for the period	-	-	-	-	-	(65)	(65)
II Remeasurement of defined benefit pension scheme	-	-	-	-	-	(56)	(56)
Fair value loss on cash flow hedges	-	-	-	(12)	-	-	(12)
Tax on above items recognised in equity	-	-	-	4	-	14	18
Gain on currency translations	-	-	-	-	1	-	1
Total comprehensive (expense)/income for the period	-	-	-	(8)	1	(107)	(114)
Hedging losses transferred to cost of inventory	-	-	-	(5)	-	-	(5)
Balance at 29 July 2023	1	5	1	(10)	1	1,987	1,985
Balance at 28 January 2023	1	5	1	3	-	2,094	2,104
Profit for the year	-	-	-	-	-	41	41
II Remeasurement of defined benefit pension scheme	-	-	-	-	-	(191)	(191)
Fair value loss on cash flow hedges	-	-	-	(11)	-	-	(11)
Tax on above items recognised in equity	-	-	-	4	-	47	51
Gain on currency translations	-	-	-	-	1	-	1
Total comprehensive (expense)/income for the period	-	-	-	(7)	1	(103)	(109)
Hedging losses transferred to cost of inventory	-	-	-	(2)	-	-	(2)
Balance at 27 January 2024	1	5	1	(6)	1	1,991	1,993
Loss for the period	-	-	-	-	-	(20)	(20)
II Remeasurement of defined benefit pension scheme	-	-	-	-	-	(61)	(61)
Fair value loss on cash flow hedges	-	-	-	(4)	-	-	(4)
Cash flow hedge loss reclassified and reported in the consolidated income statement	-	-	-	(1)	-	-	(1)
Tax on above items recognised in equity	-	-	-	-	-	15	15
Total comprehensive expense for the period	-	-	-	(5)	-	(66)	(71)
Hedging gains transferred to cost of inventory	-	-	-	5	-	-	5
Balance at 27 July 2024	1	5	1	(6)	1	1,925	1,927

Consolidated statement of cash flows for the 26 weeks to 27 July 2024 (unaudited)

Notes	26 weeks to 27 July 2024	26 weeks to 29 July 2023 Reclassified ¹	52 weeks to 27 January 2024
	£m	£m	£m
12 Cash generated from operations before Partnership Bonus	203	97	530
Net taxation (paid)/received	(1)	7	5
Pension deficit reduction payments	-	(5)	(7)
Finance costs paid on lease and other liabilities	(55)	(49)	(95)
Net cash generated from operating activities before Partnership Bonus, bond finance costs and BonusSave plan	147	50	433
Partnership Bonus paid	-	-	-
Finance costs paid in respect of bonds and related financial instruments	(5)	(5)	(35)
Net cash flow in relation to BonusSave plan shares	(3)	(4)	(5)
Net cash generated from operating activities	139	41	393
Cash flows from investing activities			
Purchase of property, plant and equipment	(66)	(68)	(155)
Purchase of intangible assets	(70)	(62)	(112)
Proceeds from sale of property, plant and equipment and intangible assets	-	14	82
Finance income received	29	16	41
Cash outflow from short-term investments	(224)	(93)	(260)
Cash inflow from investment in and loans to joint venture	-	-	1
Net cash used in investing activities	(331)	(193)	(403)
Cash flows from financing activities			
Payment of capital element of leases	(71)	(80)	(143)
(Outflow)/proceeds in relation to other liabilities at amortised cost	(1)	-	62
Cash proceeds from borrowings	-	-	131
Cash outflow from borrowings	-	-	(50)
Net cash used in financing activities	(72)	(80)	-
Decrease in net cash and cash equivalents	(264)	(232)	(10)
Net cash and cash equivalents at beginning of the period	1,028	1,038	1,038
Net cash and cash equivalents at end of the period	764	806	1,028
Net cash and cash equivalents comprise:			
Cash at bank and in hand	145	144	147
Short-term deposits	619	662	881
	764	806	1,028

¹ See note 2.6 in the Partnership's 2024 Annual Report and Accounts

Notes to the financial statements (unaudited)

I Basis of preparation

This condensed set of interim financial statements was approved by the Board on 11 September 2024. 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, 29 July 2023 has not been audited or reviewed.

The results for the 26 weeks to 27 July 2024 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 27 July 2024.

The Partnership's published financial statements for the 52 weeks to 27 January 2024 have been reported on by the Partnership'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 27 July 2024 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 27 January 2024, 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.

Going concern

In determining the appropriate basis of preparation of the condensed set of interim financial statements for the period ended 27 July 2024, the Directors are required to consider whether the Partnership 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 Partnership, for the reasons set out below.

As at 27 July 2024, the Partnership had total assets less current liabilities of £4.6bn and net assets of £1.9bn. Total liquidity as at that date remains strong at £1.7bn, made up of cash and cash equivalents, short-term investments and an undrawn 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 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 2025. Consistent with prior periods, the Directors have further considered a longer period to January 2026 to ensure alignment with the Partnership's internal planning cycle and peak trading. This includes the repayment of the £300m bond which is due in January 2025. For the purposes of the going concern assessment, it is assumed that all Partnership borrowings are repaid at their maturity date and that no further refinancing or funding is undertaken. Under this scenario we assume the following events - poor trading environment throughout the assessment period, non-delivery of value driving investments and deterioration in the pension scheme deficit driven by external events. As a result of the poor trading environment, Waitrose and John Lewis remain operational both in store and online, albeit with sales and margin pulled back from current trading levels. The impact of the severe downside adjustments has been reviewed against the Partnership's projected cash position and financial covenants. The severe downside scenario modelled indicates that without mitigating actions, the Partnership would breach the RCF covenant at the January 2025 year end, as well as the covenants on our term loans in 2025/26, due to the reduction in profits and net assets modelled. Without mitigations, the cash position also falls to a low of £9m in November 2025.

I Basis of preparation (continued)

Should these adjustments occur simultaneously, mitigating actions would be required to ensure that the Partnership remains liquid and financially viable. 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 Partnership's cash flow, liquidity and covenant headroom. 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. Post mitigating actions, there would be no breaches of financial covenants and the cash low point under such a scenario would be £540m, with further mitigations available.

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 Partnership 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 Partnership's results for the 26 weeks to 27 July 2024 have been prepared on a basis consistent with the Partnership's accounting policies published in the financial statements for the 52 weeks to 27 January 2024, with the exception of note 5 which sets out the Partnership's segmental reporting.

IFRS 8 Operating Segments requires operating segments to be identified based on the way in which the Partnership's internal financial reporting is organised and regularly reviewed by the chief operating decision-maker (CODM) to allocate resources and to assess the performance of the different operating segments. The Partnership's CODM is the Executive Team.

During the first half of the year, the internal financial reporting to the CODM changed: the CODM now reviews performance by Line of Business. The Lines of Business are Waitrose, John Lewis, Financial Services, Build to Rent and Enterprise. Enterprise represents costs specific to running the Partnership, which cannot be influenced or controlled at the Line of Business level, as well as the cost of membership.

Note 5 shows our segments are Waitrose, John Lewis and Other Partnership. Other Partnership comprises Financial Services, Build to Rent and Enterprise, which have been combined because these segments on their own do not make up more than 10% of sales, profit or assets (in line with IFRS 8). Previously Waitrose and John Lewis were the only two segments reported.

As a result of this change, the Partnership no longer reports trading operating profit and now reports Adjusted operating profit, which best reflects the controllable elements of segment performance and allocation of resources. In line with IFRS, the segmental disclosures in note 5 have been updated.

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 Partnership 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 Partnership were reported in the Strategic Report, set out on pages 32 to 39 of the John Lewis Partnership Annual Report and Accounts 2024, a copy of which is available on the Partnership's website www.johnlewispartnership.co.uk. There have been no changes to the Partnership's risk profile in the first half of this financial year.

Our principal risks are:

- Productivity: Insufficient improvement in our productivity levels to deliver the necessary step change in financial performance;
- Change delivery: Change does not realise the desired benefits to agreed timelines 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;
- Strategic resilience: Failure of our strategy to respond to changes in the external environment sufficiently or fast enough to secure the future success of the Partnership, and/or be sufficiently clear or compelling to inspire and engage Partners;
- Regulatory non-compliance: Failure to comply with key regulatory requirements;
- Operational resilience: Inability to prevent, remedy, and recover from a major/sustained business interruption, due to a loss of key IT systems; premises (including plant/equipment) or suppliers;
- Customer experience: Customers do not receive differentiated, excellent customer service across touchpoints;
- Customer 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;
- Partner wellbeing: Partners' sense of wellbeing is threatened by societal and organisational uncertainty and change; and
- Ethics and Sustainability: Failure to live up to our ethics and sustainability ambition.

The economic outlook and consumer sentiment remain uncertain which may affect the pace or outcome of our Plan delivery.

4 Exceptional items

	26 weeks to 27 July 2024		26 weeks to 29 July 2023		52 weeks to 27 January 2024	
	Operating expenses £m	Taxation credit £m	Operating (expenses)/ income £m	Taxation credit/ (charge) £m	Operating (expenses)/ income £m	Taxation credit/ (charge) £m
Strategic restructuring and redundancy programmes						
Productivity	(18)	5	(5)	1	(11)	3
Physical estate	(7)	1	-	-	10	(3)
Central operations reviews	-	-	1	-	1	-
	(25)	6	(4)	1	-	-
Store impairments - Waitrose	-	-	-	-	6	-
Store impairments - John Lewis	-	-	2	(1)	8	(6)
	(25)	6	(2)	-	14	(6)

Strategic restructuring and redundancy programmes

Our refreshed Partnership Plan is focused on providing a brilliant retail experience for our customers, inspired by our Partners. During the year, a number of ongoing transformation projects which were announced in previous years have continued. These are across our physical estate, shop operations and central operations, simplifying our business and improving productivity. Some of this transformation is in the form of restructuring.

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 Partnership considers them exceptional items which provide a more meaningful view of the Partnership's underlying business performance. The financial impacts of these programmes are detailed below.

Productivity (previously Lean Simple Fast): Improving our productivity through being leaner, simpler and faster is a key pillar of the Partnership Plan. In the 26 week period to 27 July 2024, a charge of £(18)m (29 July 2023: £(5)m) has been recorded; which is principally the redundancy and restructuring costs from simplifying central teams and in John Lewis Retail. In the 52 week period to 27 January 2024, a charge of £(11)m was recorded, principally the redundancy and restructuring costs from simplifying processes in Waitrose shops.

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 charge of £(7)m was recognised for the 26 week period to 27 July 2024 principally in relation to the closure of the Enfield customer fulfilment centre (29 July 2023: £nil). For the 52 week period to 27 January 2024, a £10m release was recorded relating to the exit of the lease of a John Lewis store whose closure was announced in March 2021.

Central operations reviews: The transformation of central operations began at the end of 2017. The original transformation programmes reached completion in the prior year (29 July 2023: £1m net release; 27 January 2024: £1m net release).

Store impairments (Waitrose)

In the 26 week period to 27 July 2024, no impairment charge or release was recognised (29 July 2023: £nil, 27 January 2024 £6m release).

Store impairments (John Lewis)

In the 26 week period to 27 July 2024, no impairment charge or release was recognised (29 July 2023: £2m release, 27 January 2024 £8m release).

5 Segmental reporting

The Partnership's reporting segments are determined based on the internal financial reporting to the chief operating decision-maker (CODM), which is the Executive Team. Our segments are: John Lewis, Waitrose and Other Partnership, which includes Financial Services, Build to Rent and Enterprise. The Executive Team reviews the operating performance of our Lines of Business using two non-GAAP measures: Total trading sales and Adjusted operating profit.

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.

Adjusted operating profit is a new non-GAAP measure based on Operating profit. It excludes exceptional items, profit or loss on disposal of assets, net interest, bonus and tax. These items are outside of the control of the segments and are a function of the Partnership decision making process. Adjusted operating profit is used to assess the performance of all Lines of Business and determine the allocation of resources to those segments.

Adjusted operating profit is calculated using a direct and indirect allocation methodology to allocate costs to segments. Direct costs are those costs which are directly identifiable by segments. Indirect costs are the remaining costs which are not mapped directly to a segment and are allocated to a segment in order to assess performance, allocate future spend and targetry. The allocation is apportioned to each segment based on the type of spend. It is set at the start of each yearly budget/forecasting cycle and reviewed during the year.

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	John Lewis	Other Partnership ¹	Total
	£m	£m	£m	£m
26 weeks to 27 July 2024				
Total trading sales	3,909	2,027	-	5,936
Value added tax	(223)	(329)	-	(552)
Sale or return and other accounting adjustments	(32)	(157)	-	(189)
Revenue	3,654	1,541	-	5,195
Adjusted operating profit/(loss)²	113	(49)	(16)	48
Other operating expenses - exceptional items				(25)
Profit on property disposals				-
Operating profit				23
Adjusted operating profit margin	3.1%	(3.2)%		0.9%
Other segmental information:				
Depreciation and amortisation ³	(149)	(97)	(6)	(252)

¹ Other Partnership includes Financial Services, Build to Rent and Enterprise

² Included in Adjusted operating profit/(loss) is other operating income of £60m (split between operating segments: £23m Waitrose, £24m John Lewis and £13m Other Partnership) which represents further income from customers. This is reported to the CODM separately as part of other income and expenses

³ This measure is also included within Adjusted operating profit

5 Segmental reporting (continued)

	Waitrose	John Lewis	Other Partnership ¹	Total
	£m	£m	£m	£m
26 weeks to 29 July 2023 (restated)⁴				
Total trading sales	3,722	2,098	-	5,820
Value added tax	(215)	(340)	-	(555)
Sale or return and other accounting adjustments	(27)	(165)	-	(192)
Revenue	3,480	1,593	-	5,073
Adjusted operating profit/(loss)²	38	(25)	(27)	(14)
Other operating expenses - exceptional items				(2)
Profit on property disposals				1
Operating loss				(15)
Adjusted operating profit margin	1.1%	(1.6)%		(0.3)%

Other segmental information:

Depreciation and amortisation ³	(148)	(95)	(8)	(251)
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¹ Other Partnership includes Financial Services, Build to Rent and Enterprise

² Included in Adjusted operating profit/(loss) is other operating income of £56m (split between operating segments: £21m Waitrose, £22m John Lewis and £13m Other Partnership) which represents further income from customers (restated, see note 2). This is reported to the CODM separately as part of other income and expenses

³ This measure is also included within Adjusted operating profit

⁴ See note 2

	Waitrose	John Lewis	Other Partnership ¹	Total
	£m	£m	£m	£m
52 weeks to 27 January 2024 (restated)⁴				
Total trading sales	7,661	4,765	-	12,426
Value added tax	(443)	(772)	-	(1,215)
Sale or return and other accounting adjustments	(81)	(349)	-	(430)
Revenue	7,137	3,644	-	10,781
Adjusted operating profit/(loss)²	105	61	(44)	122
Other operating expenses - exceptional items				14
Profit on property disposals				11
Operating profit				147
Adjusted operating profit margin	1.5%	1.7%		1.1%

Other segmental information:

Depreciation and amortisation ³	(295)	(189)	(11)	(495)
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¹ Other Partnership includes Financial Services, Build to Rent and Enterprise

² Included in Adjusted operating profit/(loss) is other operating income of £116m (split between operating segments: £41m Waitrose, £50m John Lewis, and £25m Other Partnership) which represents further income from customers (restated, see note 2). This is reported to the CODM separately as part of other income and expenses

³ This measure is also included within Adjusted operating profit

⁴ See note 2

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 27 January 2024.

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 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 27 July 2024	26 weeks to 29 July 2023	52 weeks to 27 January 2024
	£m	£m	£m
Major product lines			
Goods			
- Grocery	3,640	3,468	7,112
- Home ¹	432	463	1,021
- Fashion ¹	508	527	1,225
- Technology ¹	557	562	1,315
Services			
- Free warranty	8	8	17
Other revenue¹	50	45	91
	5,195	5,073	10,781

¹ The balances for the 26 week period ended 29 July 2023 have been adjusted to allocate revenue for delivery and workrooms to the associated major product lines

7 Net finance costs

	26 weeks to 27 July 2024	26 weeks to 29 July 2023	52 weeks to 27 January 2024
	£m	£m	£m
Finance costs			
Finance costs in respect of borrowings and lease liabilities ¹	(75)	(68)	(134)
Fair value measurements and other	-	(1)	2
Net finance costs arising on defined benefit retirement scheme	(12)	(2)	(6)
Total finance costs	(87)	(71)	(138)
Finance income			
Finance income in respect of cash and short-term investments ²	34	21	48
Fair value measurements and other	-	1	(1)
Net finance income arising on other employee benefit schemes	-	5	-
Total finance income	34	27	47
Net finance costs	(53)	(44)	(91)

¹ Finance costs in respect of borrowings and lease liabilities include interest payable on interest rate swaps of £5m (July 2023: £5m; January 2024: £10m) and lease liabilities of £47m (July 2023: £45m; January 2024: £89m)

² Finance income in respect of cash and short-term investments includes interest receivable on interest rate swaps of £3m (July 2023: £3m; January 2024: £6m)

Capitalised borrowing costs totalled £2m (July 2023: £2m; January 2024: £2m) which were capitalised within property, plant and equipment.

8 Income taxes

Income tax credit is calculated 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 credit on discrete items at half year is calculated separately. The effective tax rate for the 26 weeks to 27 July 2024 is higher than the statutory rate of 25% primarily due to non-qualifying depreciation and other general disallowables.

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 27 January 2024	2,762	405	1,290	4,457
Additions ¹	68	68	44	180
Acquisition related	1	1	1	3
Depreciation and amortisation ²	(102)	(80)	(70)	(252)
Disposals and write-offs	(1)	(2)	(1)	(4)
Net book value at 27 July 2024	2,728	392	1,264	4,384

¹ For the period ended 27 July 2024, additions for the year include the non-cash capital expenditure accrual on property, plant and equipment of £23m (January 2024: £22m) and intangible assets of £4m (January 2024: £7m)

² For the period ended 27 July 2024, depreciation and amortisation includes a charge of £1m to right-of-use assets (January 2024: £23m release), £nil to land and buildings (January 2024: £14m charge), and £nil to fixtures and fittings (January 2024: £5m release)

Intangible assets primarily relate to internally developed computer software.

Right-of-use assets are recognised in relation to the Partnership's leases, representing the economic benefits of the Partnership's right to use the underlying leased assets. The Partnership's lease portfolio is principally comprised of property leases of land and buildings in relation to Waitrose and John Lewis stores, distribution centres and head offices. The Partnership 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 Partnership 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 27 January 2024.

For the 26 weeks to 27 July 2024 an assessment was completed to identify if there were any indicators for impairment of intangible assets, tangible assets or cash-generating units (CGUs). Management considered financial performance as well as macroeconomic factors. In the 26 week period to 27 July 2024, no impairment charge or release was recognised (29 July 2023: £2m release, 27 January 2024: £14m release).

10 Provisions

	Long leave £m	Customer refunds £m	Insurance claims £m	Reorganisation £m	Other £m	Total £m
At 27 January 2024	(122)	(22)	(24)	(8)	(38)	(214)
Charged to income statement	(6)	(19)	(5)	(22)	(7)	(59)
Released to income statement	7	-	-	5	3	15
Utilised	5	22	4	12	-	43
At 27 July 2024	(116)	(19)	(25)	(13)	(42)	(215)
Of which:						
Current	(42)	(19)	(16)	(13)	(23)	(113)
Non-current	(74)	-	(9)	-	(19)	(102)

The Partnership 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 Partnership'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 Partnership's expected liability for returns of goods sold, based on experience of rates of return.

Provisions for insurance claims are in respect of the Partnership's employer's, public and vehicle third-party liability insurances. These reserves relate to past events and are calculated using independent actuarial assessments wherever possible, or a reasonable assessment based on past claims experience. The Partnership's insurance arrangements include self-insurance, reinsurance to the Partnership's captive insurance company, JLP Insurance Limited, and third party cover.

Provisions for reorganisation reflect restructuring and redundancy costs, principally in relation to productivity reviews (see note 4).

Other provisions primarily include property-related costs including dilapidations provisions. The effect of discounting non-current provisions is not individually material.

11 Retirement benefit obligations

The pension scheme operated by the Partnership 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 Partnership. 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 Partnership.

The pension scheme is subject to a full actuarial valuation every three years using assumptions agreed between the Pensions Trustee and the Partnership. The purpose of this valuation is to design a funding plan to ensure that the pension scheme has sufficient funds available to meet future benefit payments. The most recent triennial pension valuation as at 31 March 2022 resulted in an actuarial surplus of £320m (31 March 2019: deficit of £58m).

Scheme assets are stated at market value at 27 July 2024.

The following financial assumptions have been used:

	27 July 2024	29 July 2023	27 January 2024
Discount rate	5.25%	5.35%	5.28%
Future retail price inflation (RPI)	2.96%	3.00%	2.85%
Future consumer price inflation (CPI)	2.62%	2.60%	2.50%
Increase in pensions - in payment			
Pre-April 1997	1.86%	1.85%	1.81%
April 1997 - April 2016	2.80%	2.85%	2.73%
Post-April 2016	1.86%	1.85%	1.81%
Increase in pensions - deferred	2.62%	2.60%	2.50%

The movement in the net defined benefit liability in the period is as follows:

	26 weeks to 27 July 2024 £m	26 weeks to 29 July 2023 £m	52 weeks to 27 January 2024 £m
Net defined benefit liability at beginning of period	(287)	(102)	(102)
Operating cost/Pension expense	(2)	(2)	(5)
Interest cost on pension liabilities	(104)	(102)	(204)
Interest income on assets	96	100	200
Contributions	2	7	15
Total losses recognised in equity	(61)	(56)	(191)
Net defined benefit liability at end of period	(356)	(155)	(287)
of which:			
Total funded defined benefit liability at end of period	(342)	(142)	(274)
Defined benefit obligation for unfunded arrangements	(14)	(13)	(13)

11 Retirement benefit obligations (continued)

The post-retirement mortality assumptions used in valuing the pension liabilities were based on the 'S3' (27 January 2024: 'S3'; 29 July 2023: 'S3') 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 (27 January 2024: 112% for males and 95% for females who were non pensioners and 103% for males and 92% for females who were pensioners; 29 July 2023: 112% for males and 95% for females who were non pensioners and 103% for males and 92% 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% (27 January 2024: 1.25%; 29 July 2023: 1.25%). The average life expectancies assumed were as follows:

	27 July 2024		29 July 2023		27 January 2024	
	Men	Women	Men	Women	Men	Women
Average life expectancy for a 65 year old (in years)	21.2	24.0	21.2	24.0	21.3	24.0
Average life expectancy at age 65, for a 50 year old (in years)	21.4	24.8	21.4	24.8	21.5	24.9

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

	26 weeks to 27 July 2024	26 weeks to 29 July 2023	52 weeks to 27 January 2024
	£m	£m	£m
(Loss)/profit before tax	(30)	(59)	56
Amortisation and write offs of intangible assets ¹	80	80	155
Depreciation ¹	172	175	326
Share of profit of joint venture (net of tax)	-	-	(1)
Net finance costs	53	44	91
Loss/(profit) on disposal of property, plant and equipment and intangible assets	2	(2)	(22)
(Increase)/decrease in inventories	-	(7)	27
(Increase)/decrease in receivables	(9)	9	(16)
Decrease in payables	(62)	(149)	(70)
Increase/(decrease) in retirement benefit obligations	1	1	(3)
(Decrease)/increase in provisions	(4)	5	(13)
Cash generated from operations before Partnership Bonus	203	97	530

¹ Includes net impairment charges

13 Analysis of net debt

	27 January 2024	Cash flow	Other non-cash movements	27 July 2024
	£m	£m	£m	£m
Non-current assets				
Derivative financial instruments	1	-	(1)	-
	1	-	(1)	-
Current assets				
Cash and cash equivalents	1,028	(264)	-	764
Short-term investments	260	224	-	484
Derivative financial instruments	1	(1)	1	1
	1,289	(41)	1	1,249
Current liabilities				
Borrowings and overdrafts	(312)	8	(5)	(309)
Fair value adjustment for hedged risk on bonds	4	-	(1)	3
Other liabilities amortised cost	(2)	2	(2)	(2)
Lease liabilities	(146)	118	(111)	(139)
Derivative financial instruments	(15)	6	(2)	(11)
	(471)	134	(121)	(458)
Non-current liabilities				
Borrowings	(431)	-	-	(431)
Unamortised bond transaction costs	6	-	(1)	5
Other liabilities amortised cost	(60)	-	1	(59)
Lease liabilities	(1,703)	-	20	(1,683)
Derivative financial instruments	(1)	-	-	(1)
	(2,189)	-	20	(2,169)
Total net debt	(1,370)	93	(101)	(1,378)

Reconciliation of net cash flow to net debt

	26 weeks to 27 July 2024	26 weeks to 29 July 2023	52 weeks to 27 January 2024
	£m	£m	£m
Decrease in net cash and cash equivalents in the period	(264)	(232)	(10)
Cash outflow from movement in short-term investments	224	93	260
Cash outflow/(inflow) from borrowing	5	5	(46)
Cash outflow from SIP shares	3	4	5
Cash inflow from other liabilities held at amortised cost	-	-	(62)
Cash outflow from movement in other net debt items	125	114	227
Cash movement in net debt for the period	93	(16)	374
Opening net debt	(1,370)	(1,520)	(1,520)
Non-cash movements in net debt for the period	(101)	(86)	(224)
Closing net debt	(1,378)	(1,622)	(1,370)

14 Management of financial risks

The principal financial risks to which the Partnership 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 27 January 2024. During the 26 weeks to 27 July 2024, the Partnership has continued to apply the financial risk management process and policies as detailed in the Annual Report and Accounts for the 52 weeks to 27 January 2024.

Valuation techniques and assumptions applied in determining the fair value of each class of asset or liability are consistent with those used as at 27 January 2024 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 27 July 2024, 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 Partnership 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 27 July 2024, the net fair value of derivative financial instruments was a liability of £11m (27 January 2024: £14m, liability; 29 July 2023: £21m liability).

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

	27 July 2024		29 July 2023		27 January 2024	
	£m	£m	£m	£m	£m	£m
	CV	FV	CV	FV	CV	FV
Financial liabilities						
Listed bonds	(595)	(531)	(595)	(476)	(595)	(509)

The fair values of the Partnership'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 27 July 2024, contracts had been entered into for future capital expenditure of £55m (27 January 2024: £15m; 29 July 2023: £49m) of which £47m (27 January 2024: £11m; 29 July 2023: £37m) relates to property, plant and equipment and £8m (27 January 2024: £4m; 29 July 2023: £12m) 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 27 January 2024. 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 27 July 2024.

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.

There have been no changes to the directors of John Lewis Partnership plc to those listed in the Partnership's 2024 Annual Report and Accounts, save for David Wood who stepped down on 16 August 2024 and Bérangère Michel who stepped down on 6 September 2024. A list of current directors is maintained on the Partnership's website:

www.johnlewispartnership.co.uk.

For and by order of the Board



Sharon White, Chairman

Nish Kankiwala, Chief Executive Officer



11 September 2024

GLOSSARY OF FINANCIAL AND NON-FINANCIAL TERMS

This glossary gives an explanation of financial and non-financial terms included in the results statement. Where applicable tables have been included to give a year-on-year comparison.

Adjusted cash flow (not updated at half year)

Operating profit before Partnership Bonus, exceptional items, depreciation and amortisation, but after lease adjusted interest and tax. This measure is important to assess our Debt ratio.

	2023/24 £m	2022/23 £m
Operating profit/(loss)	147	(160)
<i>add back</i>		
Depreciation, amortisation and write-offs	495	482
Exceptional items (net)	(14)	156
Partnership Bonus	-	-
<i>less</i>		
Lease adjusted interest	(93)	(102)
Tax excluding tax on exceptional items	(9)	21
Adjusted cash flow	526	397

Adjusted operating profit

Adjusted operating profit represents operating profits used to assess the performance of all the Lines of Business of the Partnership and to determine the allocation of resources. It excludes exceptional items, profit or loss on disposal of property, net interest, Partnership Bonus and tax.

	Waitrose £m	John Lewis £m	Other Partnership ¹ £m	Total £m
26 weeks to 27 July 2024				
Adjusted operating profit/(loss)	113	(49)	(16)	48
Other operating expenses - exceptional items				(25)
Profit on property disposals				-
Operating profit				23

¹ Other Partnership includes Financial Services, Build to Rent and Enterprise

	Waitrose £m	John Lewis £m	Other Partnership ¹ £m	Total £m
26 weeks to 29 July 2023				
Adjusted operating profit/(loss)	38	(25)	(27)	(14)
Other operating expenses - exceptional items				(2)
Profit on property disposals				1
Operating profit				(15)

¹ Other Partnership includes Financial Services, Build to Rent and Enterprise

Capital investment

Cash outflows in relation to additions to tangible assets (property, plant and equipment), and intangible assets (IT software) recognised on the balance sheet.

Debt ratio (not updated at half year)

Comparison of our Total net debts to Adjusted cash flow. This measure is important as it provides an indication of our ability to repay our debts.

	2023/24 £m	2022/23 £m
Total net debts	(1,740)	(1,736)
Adjusted cash flow	526	397
Debt ratio	3.3x	4.4x

Exceptional items

Items of income and/or expense which are significant by virtue of their size and nature are presented as exceptional items. The separate reporting of exceptional items helps to provide a better understanding of our underlying business performance.

Investment

Total investment spend includes capital investment, restructuring and redundancy costs, and lease disposal costs.

Like-for-like (LFL) sales

We report sales using two measures: in total and like-for-like. 'In total' is the comparison between the statutory balances for two periods of time (e.g. this year to last year). 'Like-for-like' sales are the 'in total' sales after adjustments to remove the impact of shop openings and closures. Waitrose like-for-like sales exclude fuel. Like-for-like sales give a better comparison of our underlying performance.

Line of Business

The Partnership's Lines of Business are Waitrose, John Lewis, Financial Services, Build to Rent and Enterprise. Enterprise represents the costs specific to running the Partnership and the cost of membership. Note 5 shows our segments are Waitrose, John Lewis and Other Partnership, where Other Partnership comprises Financial Services, Build to Rent and Enterprise.

Profit/loss before tax, Partnership Bonus and exceptional items (PBTBE/LBTBE)

This measure is important as it allows for a comparison of underlying profit performance.

	26 weeks to 27 July 2024 £m	26 weeks to 29 July 2023 £m
Loss before tax, Partnership Bonus and exceptional items	(5)	(57)
Exceptional items	(25)	(2)
Partnership Bonus	-	-
Loss before tax	(30)	(59)

Total liquidity

The cash, short term investments and undrawn committed credit facilities we have available to us, which we can use to settle liabilities as they fall due.

Total net debts (not updated at half year)

The Partnership's borrowings and overdrafts, lease liabilities, derivative financial instruments and IAS 19 pension deficit (net of deferred tax), less any liquid cash, short-term deposits and investments.

	27 January 2024 £m	28 January 2023 £m
Borrowings and overdrafts	(733)	(655)
Derivative financial instruments	(14)	-
Pension deficit (after deferred tax)	(239)	(100)
Other liabilities held at amortised cost	(62)	-
Lease liabilities	(1,849)	(1,903)
Liquid cash, short-term deposits and investments	1,157	922
Total net debts	(1,740)	(1,736)

Total trading sales

Total trading sales represents the full customer sales value, including VAT, that is used to assess ongoing sales performance. It is before adjustment for sale or return sales and other accounting adjustments. A reconciliation between Total trading sales and Revenue is provided below.

Reconciliation of Total trading sales to Revenue

	Waitrose £m	John Lewis £m	Partnership £m
26 weeks to 27 July 2024			
Total trading sales	3,909	2,027	5,936
<i>Deduct:</i>			
Value added tax	(223)	(329)	(552)
Sale or return and other accounting adjustments	(32)	(157)	(189)
Revenue	3,654	1,541	5,195

	Waitrose £m	John Lewis £m	Partnership £m
26 weeks to 29 July 2023			
Total trading sales	3,722	2,098	5,820
<i>Deduct:</i>			
Value added tax	(215)	(340)	(555)
Sale or return and other accounting adjustments	(27)	(165)	(192)
Revenue	3,480	1,593	5,073

Reconciliation of Operating profit/(loss) to LBTBE

	26 weeks to 27 July 2024 £m	26 weeks to 29 July 2023 £m
Operating profit/(loss)	23	(15)
<i>Add back:</i>		
Exceptional items	25	2
Partnership Bonus	-	-
<i>Deduct:</i>		
Net finance costs	(53)	(44)
LBTBE	(5)	(57)

Reconciliation of Loss before tax to LBTBE

	26 weeks to 27 July 2024 £m	26 weeks to 29 July 2023 £m
Loss before tax	(30)	(59)
<i>Add back:</i>		
Exceptional items	25	2
Partnership Bonus	-	-
LBTBE	(5)	(57)