Made.com Group Plc ("MADE")

Preliminary Results for the 12 months to 31 December 2021

MADE confirms CEO appointment and announces Full Year Results

Made.com Group Plc ("MADE" or "the Company"), the leading digital native lifestyle brand in home, today announces the confirmation of Nicola Thompson, Interim CEO, as permanent CEO with immediate effect and announces its Full Year Results for the year ended 31 December 2021.

£'m	12 Months to 31st Dec 2021	12 Months to 31st Dec 2020	*Change*	Constant Currency Change (1)
Gross Sales (1)	434.0	314.9	38%	40%
Revenue	371.9	247.3	50%	51%
Gross Margin	46.3%	53.2%	(694bps)	(747bps)
Adjusted EBITDA (1)	(14.3)	(5.1)	(9.2)	
Adjusted EBITDA Margin (1)	(3.8%)	(2.1%)	(1.7ppt)	
Loss before tax	(31.4)	(14.6)	(16.8)	
Net Cash(1)	107.2	50.4	56.8	
Basic EPS	(7.9p)	(2.6p)	(5.3p)	

(1) *Refer to note below titled "Alternative Performance Measures (APMs)" defining alternative performance measures (APMs)*

Financial Highlights

- Strong gross sales growth underpinned by positive customer metrics, with last twelve month active customers (1) at 1.3m, +26% compared to 2020, repeat order mix up to 44% and average order value (AOV)(1) at £246, +8% year-on-year
- Revenue of £372m, +50% year-on-year, with deferred revenue at period end at £56m, remaining at elevated levels due to extended lead-times driven by the global supply chain challenges
- Gross margin was impacted by global freight inflationary pressures, down 694bps compared to prior year Excluding freight costs, gross margin improved 193bps on better full price sales mix, higher input margin and foreign exchange benefit
- Adjusted EBITDA of (£14.3m), a movement of (£9.2m) year-on-year, with cost leverage across all operating cost lines, but adversely affected by industry wide global freight inflation and supply chain disruption impacting revenue recognition timing during the final quarter of 2021
- Reported losses before tax were (£31.4m) including one-off IPO related P&L charges of £5.3m, compared to (£14.6m) for the same period in 2020
- Net cash was £107m at the end of the period. Free cash flow (1) was (£32.1m), compared to £22.2m in 2020 as inventory intake normalised towards the end of 2021

Susanne Given, Chair of MADE, commented:

"The Board is delighted to confirm Nicola's appointment as CEO. She is an impressive and compassionate leader and the right person to lead the business into its next phase of growth."

"I am proud of the excellent growth and strategic progress the business has delivered since its IPO. We have a strong strategic plan in place to drive further and continuous growth. We will build on MADE's position as the leading digital destination for home through investing in the customer experience, the further development of our curated homewares range and growing the brand internationally. The strength of the brand and the management team combined with its strong cash position means MADE is uniquely placed to act on the opportunities ahead."

Nicola Thompson, Chief Executive Officer of MADE, commented:

"I am thrilled to be confirmed as CEO of MADE and excited to lead this great business and brand forward. We are delighted to report another period of strong financial performance and solid operational progress, with revenue growing by 50% year on year and continued delivery against our key strategic pillars as set out at our IPO."

"MADE has an unrivalled understanding of its digital native customer base and this has enabled us to upgrade our proposition and significantly increase market share. We have a clear strategy, talented team and multiple levers to drive growth in the years ahead. I look forward to working with the very experienced Board and the team at MADE as we continue to listen to our customers' needs and aspirations in order to help them curate the vision they have for their homes."

Strategic and operational highlights

- Significant strategic progress delivered against all four of our pillars, consistent with the strategy set out at the time of the IPO, strengthening our position as the leading digitally native lifestyle brand in home, delivering a step change to our proposition and driving market share gains

- Update on key strategic pillars:

- EXPERIENCE

    - Significant warehousing and logistics capacity secured at our existing sites to support high growth and lead-time service improvements, with a 3-4 average lead time expected to be achieved during H1 2022
    - Logistics investments made in warehouse capacity, incrementally expanding from 700,000 sq. ft. total space to 1,115,000 sq. ft., with further expansion planned in 2022

- CHOICE

    - Further growth of our design led range, with accelerated new product releases, increasing our range to more than 9,500 SKUs including third party brands
    - Successfully completed our beta testing of curated marketplace, offering third-party artisan brands to give even greater choice of homeware products to our design loving customers
    - Delivered the first stage of our technology infrastructure enabling the curated marketplace proposition to scale efficiently

- REACH

    - Positive progress on search engine optimisation (SEO) programme initiatives, with significant increase in keyword coverage and SEO visitors growth significantly above total traffic growth
    - Launched new brand creative to be leveraged against brand marketing spend in strategic German and French markets

- SUSTAINABILITY

    - As part of the group's ESG strategy, we launched our circularity initiative with Geev, a third-party platform to allow customers to give a second life to their products in the UK and France
    - Delivering strong progress against our 2021 sustainability targets including increasing responsibly sourced fully traceable timber to 70%, 100% recycled polyester velvet, 25% recycled or organic cotton, and a 27% reduction in total packaging

Outlook

- Following the softness of consumer demand so far in 2022, we are no longer anticipating any tailwind from the market in 2022. Growth will be driven by our dramatically improved customer proposition, through improved experience, broader product choice and through enhanced reach. On this basis, we expect gross sales £500-540m (~+15-25% year-on-year), with higher growth in H2 than H1 due to 2021 comparative phasing
- Full year revenue expected to be ~£465-500m (~+25-35% year on year) with positive adjusted EBITDA between £5 and £15m, assuming global supply chain disruptions normalise by year-end 2022, but freight costs remain higher than pre-pandemic levels
- Average lead times expected to be reduced to 3-4 weeks by end of H1 2022
- A growth in choice taking us from more than 9,500 SKUs to more than 11,500 SKUs
- The Group will maintain a disciplined and focused approach to customer acquisition. Priority will remain on maintaining strong conversion rates and doing so at low cost to drive attractive payback and quality lifetime value

- The Group has significant cash headroom to fully execute the strategic plan and move to sustainable positive free cash flow. Net working capital to sales ratio expected to be between -7% and -9% at year-end 2022
- Ambition of £1.2bn+ gross sales and low teens adjusted EBITDA margin by 2025 remains unchanged, as the large and underpenetrated furniture and homeware market shifts online and we accelerate investment into our core customer proposition development – range expansion, industry leading lead-times and international expansion

Analyst presentation
There will be a presentation for analysts and institutional investors at 10.00am today.

Please sign up using the link: https://webcasting.brrmedia.co.uk/broadcast/621e293b25681c6aa1cdc7e1

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About MADE
MADE is the leading digitally native lifestyle brand in home, disrupting the industry with high-quality, exclusive designs underpinned by a responsible, small-batch production model, enabling customers to realise the vision of their homes.
In addition to its in-house design team and collaborations with leading designers, MADE champions independent talent, offering them a platform and access to a scalable supply chain that makes their ideas reality. These partners bring their unique perspective in the creation of bold statement collections and work with MADE to produce iconic designs.

Operating at the intersection of design and technology, proprietary algorithms take consumers on a journey: from outreach that makes designs discoverable to a frictionless digital shopping experience. Combined with an innovative 'just-in-time' order model, MADE provides a fresh and ever-changing range, with nine new collections launched every week and more than 9,500 active SKUs in the catalogue as at 31 December 2021.

Founded in 2010, MADE sells its products across the United Kingdom, Germany, Switzerland, Austria, France, Belgium, Spain and the Netherlands via its e-commerce platform. The brand also has seven showrooms globally, with flagship brand experiences in London and Paris.

CAUTIONARY STATEMENT
Certain statements in this Interim Results Announcement are forward-looking. Although the group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Chair Statement

I am very proud to introduce our first annual results as a publicly listed company. The year has been unprecedented in so many ways, but it has been a positive year for MADE. During the year, we not only delivered record gross sales numbers, but successfully completed our initial public offering ('IPO'). It is a testament of the strength of our brand and our business.

The capital raised through our IPO, combined with the strong foundations built to date, put us in a great position to maximise the opportunities ahead for our business.

Our strategy is to invest into our customer proposition by:

+ enhancing the customer experience;
+ expanding our product range;
+ building our reach across Continental Europe; and
+ further embedding sustainability throughout our supply chain.

Following our IPO, I want to welcome all our new shareholders and thank them for their support in making this possible.

The business has delivered record gross sales for the year, driven by the very strong consumer appetite for our products. This performance has been achieved against a backdrop of unprecedented supply chain disruptions, affecting both the production and movements of goods globally. This achievement against such a challenging environment reflects the skill and experience of our Executive Leadership Team and the hard work and dedication of everyone in the business.

I would like to thank all the team for their hard work, commitment and enthusiasm in serving our customers.

The pandemic created real challenges for MADE, as it has for so many companies across the globe. We continue to prioritise the health and safety of our teams focusing on the operation and evolution of appropriate frameworks to ensure all MADE workplaces remain safe, employee wellbeing is safeguarded and business continuity achieved. An even greater challenge for the business has been navigating the complexity and consequences of global supply chain disruptions.

I have been impressed and pleased in equal measure to see the extra efforts that our buying, logistics, supply chain and customer services teams have made to minimise the disruption to our customers and our business at large. The dramatic increase in freight costs has hurt our profitability, and the bottlenecks across our supply chain in the final quarter of the year negatively impacted our ability to dispatch products to customers. However, the agility of our business model and the deep relationships we have built with third parties throughout our supply chain has meant that We have been able to adapt more quickly than most. These disruptions are likely to persist into 2022, but through the work we have already completed In relation to reducing lead time to customers and the further sophistication of our supply chain, we entered 2022 in a more resilient position than ever before.

Governance

We are committed to the highest standards of corporate governance and operating with a strong, experienced, and diverse Board.

In 2021 we were pleased to welcome two additional Non-Executive Directors to the Board – Gwyn Burr and Matthew Price – who bring a wealth of experience and skills including particular expertise in public company matters and their respective focuses on renumeration and audit and risk to support and guide MADE through life as a public company.

I am very pleased with the interaction and discussions which have taken place at Board level. The Board is working very well with the Executive Leadership Team of the business, fostering a healthy challenge as well as proactive sharing of experience, knowledge, and insight to help MADE achieve our strategic goals.

Chief Executive Officer

It was with great sadness and understanding that on 21 February 2022 we announced that Philippe Chainieux would step down from his role as Chief Executive Officer of the Group and its Board for family reasons. I would like to take this opportunity to thank Philippe for his dedication and hard work over the last nine years during which he and the MADE team have built this exciting, unique and successful digital consumer business. We wish him and his family well for the future.

On the same day, we welcomed our Chief Operating Officer, Nicola Thompson, to the Board and she assumed the position of Interim CEO with immediate effect. We are now pleased to confirm that Nicola has been appointed as CEO on a permanent basis, with effect from 7 March 2022. Nicola is an exceptional colleague and impressive leader, and the Board and I look forward to continuing to work with her, alongside Adrian and the rest of the Executive Leadership Team.

Sustainability

Our vertically integrated sourcing model allows us to take a sustainable and long-term approach to product. This year we have established the framework of what will become our new sustainability strategy, Better by Design. The further development of this strategy is the next stage of our journey and over the coming year this will involve a deep analysis of key material supply chains, extending our existing policies to cover a broader range of raw materials and setting new targets as well as roadmaps, metrics and key performance indicators ('KPIs') to achieve these. I look forward to sharing more on our approach.

Outlook

MADE has grown enormously since our foundation in 2010 and we are excited by the next stage of our journey, underpinned by clear strategic goals. The combination of investment into enhancing the customer experience primarily by reducing the time customers wait to receive product, range extension and deepening brand awareness, while simultaneously embedding sustainability in our business, positions MADE with a highly compelling customer proposition.

Following our IPO, we now have a fundamentally different capital structure which allows the business totake full advantage of the opportunities ahead of us.

I can confidently say the business has never been in a better position to capture its growth potential.

The business has fantastic talent, led by Nicola and Adrian, the Executive Leadership Team ('ELT') and a dynamic and highly motivated team throughout the business. The future is very exciting.

Susanne Given
Chair
07 March 2022

Chief Executive Officer's statement

I would like to welcome you to our first annual results as a publicly listed company. The year has been a successful one, with our design-led proposition allowing us to continue to rapidly grow market share, reporting +38% gross sales growth to a record £434m up from £315m in FY2020. This growth has been delivered despite the direct impact on our operations and teams caused by industry-wide challenges including the pandemic and the resulting global supply chain disruptions.

We have seen a meaningful shift of consumption moving online during the pandemic, especially in our home furnishings category. With our distinctive brand and our uniqueproduct proposition, MADE is in a formidable position to achieve our ambition to become the leading home destination for the digital generation.

Since our foundation 11 years ago we have delivered consistently high growth, offering customers high-end design at an affordable price. Our historical growth has been delivered through expanding our range to become a home destination and lifestyle brand, as well as expanding into the largest Continental European markets. We have been able to deliver such consistent growth because of the strength of our brand, our data-led approach and our teams. Throughout the pandemic, this team strength and commitment has shone through again and again. I would like to thank everyone at MADE for their amazing hard work and efforts in supporting our success.

During the year, we completed our IPO on the London Stock Exchange. The Group raised £100m of gross proceeds from new and existing shareholders and I want to thank all our shareholders for their support. The IPO puts the Group in a fantastic position to accelerate our ambitious growth plans, building on our market-leading position by investing in even better customer experience, expanding our design-led product range, growing brand awareness and further embedding sustainability across our operations. As always, we will do this while maintaining the financial discipline demonstrated throughout our history. The last year sets us up well, with good progress against each of our strategic pillars and record sales despite the global supply environment.

Financial and operational highlights

I am proud to report that MADE delivered a record year in terms of gross sales and revenue. Gross sales growth was +38% at £434m and revenue growth was 50% at £372m. Our growth meant that MADE captured significant market share during the year, reflecting the attractiveness of our designs, product range and service proposition. All of these will befurther strengthened in 2022, continuing to drive gross sales and revenue growth well in excess of the market.

Regionally, the UK continued to deliver a very strong performance, with gross sales growth of +38%. Our Continental European business also delivered very healthy growth, with gross sales +38%. Continental Europe already represents 47% of our gross sales.

At the category level, MADE saw robust growth for both furniture and homewares. Furniture delivered gross salesgrowth of +37%. Homewares delivered gross sales growth of +41% and represented 28% of our gross sales mix.

Our customer metrics showed positive trends for the year. Total active customers amounted to 1.3m up 26%. When customers shop with us, they remain loyal, as demonstrated by repeat order mix continuing to increase, now at 44%, an increase of 263 bps compared to 2020. Following work on our product range, particularly on enhancing our 'exit' price points, we show a strong increase in AOV to £246. This represents a 8% increase compared to 2020.

Adjusted EBITDA in FY21 was (£14.3m) versus (£5.1m) in 2020. Our 2021 adjusted EBITDA was materially impacted by two main issues. First, the dramatic increase in the cost of freight across the global supply chain, which increased £32m compared to 2020 rates. This was an industry-wide issue. Many of our peers significantly increased their retail price points on product throughout the year. We took the tactical decision to implement more modest price increases during the second half of the year, to further improve relative price positioning. We continue to focus on our price positioning, with us again increasing prices below rates seen in the market through the first quarter of 2022.

We anticipate that, under current market conditions, these price changes will see our gross margin normalise to pre-pandemic levels in the second half of 2022. The second impact on 2021 adjusted EBITDA was a timing issue, relating to delayed dispatches of confirmed customer orders due to the ongoing supply chain disruptions. This will have a corresponding benefit to 2022 adjusted EBITDA when orders are delivered to customers.

The Group incurred one-off costs of £5.3m related to the IPO. Share-based payment charges were £3.5m, including £0.4m of accelerated charges on IPO and £1.0m of charge related to one-off IPO-related option awards. Loss before tax was £31.4m versus £14.6m in 2020. Free cash outflow was £32.1m for the full year. As at 31 December 2021, the Group had cash of £107m.

MADE executing well against our strategy

MADE's strategy is built around four key pillars:
+ Experience
+ Choice
+ Reach
+ Sustainability

To deliver our strategy, we are focusing on core priorities, which will deepen MADE's competitive advantages. We have made good progress against our priorities in 2021:

Experience

Priority 1: Reducing lead times for customers

From our origins as a made-to-order furniture brand, we have become adept at using data to reduce lead-time to customers while maintaining our highly efficient negative working capital model. We are now acceleratinginvestment into customer experience, which means meaningfully reducing the time customers wait to receive their products. Due to our curated range and deep supplier partnerships, we are well placed to do this with a relatively limited stock investment.

Historically, an improvement of one week in our lead times has resulted in a c.5% sales uplift and improved levels of customer satisfaction.

During the year, we placed stock orders to acceleratethe first phase of our lead-time plan. Following this strategy, we expect to deliver an average delivered lead-time offer to customers of 3-4 weeks in the first half of 2022, compared to a position during the pandemic of 7-8 weeks. Based upon data built over many years, we expect this fundamental development in our proposition to support our ongoing market share gains as well as supporting profitability enhancements and improvements in customer satisfaction.

Priority 2: Efficiently enhance supply chain infrastructureto improve service proposition

During the year, we finished expansion of our large goods warehousing capacity in the UK, moving from 165,000 sq. ft. to 337,000 sq. ft., with a further incremental expansion planned in 2022. The addition of this space gives us the infrastructure for future rapid growth in the UK and demonstrates our ability to efficiently add capacity through existing partnerships at low levels of capital investment and with limited impact on day-to- day business operations. The additional space created will allow us to scale our stock investments and thereby reduce delivery lead times.

We have deepened relationships with last mile couriers to improve our small goods and large goods delivery proposition for consumers. We added in new carrier partners in both Continental Europe and the UK to expand network coverage and increase resilience. This also reduced the average number of days taken to deliver a product from our warehouse to our customers as well as improving our first-time delivery success rate.

Priority 3: Improved user experience

As a digital business, we are constantly improving the user experience on our websites and over the course of 2021, made some key enhancements including the redesign of our customer communications programme, adding new capability to automate the communication of delivery date changes. We also deepened personalisation and automation of marketing communications based on behavioural signals. We added the capacity for customers to self-serve for single item refunds rather than needing to contact customer services. We rebuilt the fabric sample order process to make it faster and more intuitive and launched a digital appointment solution for customers to book design advice appointments with our showroom teams globally. We created an entirely new digital proposition to facilitate customers finding a new home for their old products and give to charity (funded by MADE) in the process as part of our commitment to our sustainable goals and move towards a more circular model.

Payment options were bolstered in several of our markets Including the launch of the Klarna invoice solution in Germany.

Within our customer services functions, we have made further investments in people and systems increasing both our in-house and out-source capacities and building the first iteration of a new proprietary tech solution – CASPER – which centralises all third party data into one simple interface allowing customer service agents to collate information to improve first touch resolution. We have also upgraded and added third party tools such as workforce management, crowdsource knowledge hubs and AI-driven real-time translation software to improve our productivity and quality of service.

Choice

Priority 4: Design-led and curated product range

At its core, MADE offers its customers a curated product offer, with each product selected with our target customers in mind. Through customer Insights we know that design is the number one reason for customers to purchase from MADE. We work directly with more than 150 of the world's best designers, creating unique, differentiated designs.

During the year, we have continued to strengthen our designer eco-system and have launched a series of exciting and successful product collaborations with designers, influencers and artists. Product newness has been a key driver of our success during the year.

Priority 5: Expanding our range

As a design-driven business, range construction is a core differentiator and we have invested heavily in our designer network, our product team and data analyticsto ensure we always offer products our customers want to buy. We have built our curated range now offering more than 9,500 products. Building our range has driven consistent growth and enhanced the unit economics of our business through increased frequency of purchase and repeat ordering.

We began as a furniture business, and over the last few years have begun to develop a homewares offer. We have proven that homewares are an efficient route to acquire new customers and to build loyalty with existing customers.

We are accelerating our build of an increasingly comprehensive range for the well-designed lifestyle, by expanding our vertically integrated range and by investing into the introduction of a carefully curated marketplace of artisan brands onto our platform. We ran a successful beta test for our marketplace through 2021. It is early days in our marketplace expansion, but we are encouraged with the results to date. We now have over 100 brands on the platform and have implemented the first phase of our marketplace technology infrastructure investments which went live late in 2021 and which enable us to accelerate the proposition in a more scalable way. Further investments will be made in 2022 to enable us to scaleup the curated marketplace proposition.

With the support of our marketplace proposition and introduction of new own brand products, by the end of 2022 we are targeting the total range offered to customers, increasing from more than 9,500 SKUs to 11,500+ SKUs.

Reach

Priority 6: Expanding within our core geographies

Our customer demographic spans eight of the largest markets across Europe (including the United Kingdom), including the Continental Europe market already comprising 47% of the Group's gross sales in 2021, with our focus markets of Germany and France already at significant scale. Today, the Group operates in the UK, Germany, France, Spain, Netherlands, Belgium, Austria and Switzerland. Our markets continue to demonstrate impressive growth trajectories.

Our brand and product ranges have resonated consistently well with a similar customer demographic across all of the markets we are operating in.

Priority 7: Investing in brand awareness throughContinental Europe

Given our successful track record in scaling operations internationally, we remain focused on building brand awareness through our core markets, leveraging our successful marketing playbook established in the UK. To date, we have placed a lower level of brand awareness investment into the major Continental European markets compared to the United Kingdom.

As we deliver customer experience and range developments, we will take advantage of the opportunity to efficiently invest in enhancing brand awareness, particularly through France and Germany, via one off tactical marketing investments.

Sustainability

Priority 8: Sustainability embedded into every aspect of MADE's operations

Our core consumers' expectations and preferences for products made by value-led organisations are aligned with our mission and business model. Our ability to manage the end-to-end supply chain, with our own employees on the ground in our key sourcing regions, enables us to embed sustainability throughout our operations from design, sourcing and production to sales and aftersales. We design products with their longevity in mind.

We are committed to several responsible targets over the next five years including:

+ reaching 100% recycled or recyclable packaging by 2025;
+ reaching 100% sustainably sourced key materials such as cotton and polyester (including polyester velvet) by 2025;
+ reaching 100% sustainably sourced, fully traceable timber in 2025; and
+ a Give Away platform, with a Take Back programme in the coming years

We believe our approach aligns strongly with the core values of our predominantly millennial customer base, who are increasingly focused on transparency, sustainability, and integrity to inform their brand choiceand purchasing decisions. Our prioritisation of sustainability and control of our supply chain distinguishes us from our competitors and positions us well to handle expected future changes in regulations and environmental standards around sustainability.

We are committed to build on our sustainability credentials, social positioning and strong governance over the coming years.

We have had a fantastic 2021 and achieved so much, despite the external challenges of Covid-19 and global supply chain disruptions. I'm even more excited about the outlook. Given all the work the business has undertaken over the last couple of years, we will have hugely improved customer proposition for 2022 and beyond. This all puts us in a great position to deliver against our long-term objective to achieve £1.2bn+ gross sales and a low-teens adjusted EBITDA margin by 2025.

Finally, I would also like to thank Philippe Chainieux for his dedication to MADE and the key role he has played over the past nine years as CEO in developing this exciting and successful business. MADE is an incredible business with a strong brand and consumer proposition that truly understands its digital native customer base. I look forward to continuing to work closely with the Board and the Executive Leadership Team to execute our strategy, focusing on enhancing the customer experience, developing our curated range, growing our fantastic brand internationally and building on our sustainability credentials.

Nicola Thompson
Chief Executive Officer

07 March 2022

Financial review

Through 2021 we continued to deliver strong financial results.

We delivered gross sales growth of 38% year-on-year to £434m, revenue growth of 50% year-on- year to £372m, Adjusted EBITDA of £(14.3)m, loss before tax (£31.4m) and £107m net cash at 31 December 2021.

We delivered these results despite extensive industry-wide supply chain disruptions experienced due to the Covid-19 pandemic. Through the year we managed to limit financial impacts through self-help mitigations we put in place.

Rapid growth, delivering underlying cost efficiencies and with a strong balance sheet
On 16 June 2021 we listed on the premium segment of the London Stock Exchange. The listing raised £100m gross proceeds, which leaves us with a strong balance sheet and the ability to invest into our strategic growth initiatives to enhance customer experience, accelerate range expansion and build Continental European brand awareness. In line with expectations set at the point of our listing, through the second half of the year we have focused on investing in reduction of lead times to our customers and delivering the first stages of our technical infrastructure, enabling us to scale our curated marketplace following a successful beta test. These investments are already delivering positive results.

Financial highlights for 2021 are presented below:

+ Strong trading performance delivering £434m gross sales, +38% year-on-year growth, 79% growth on a two-year basis and +40% on a constant FX basis

+ Customer metrics underpin gross sales growth, with last 12 month active customers at 1.3m, +26% year-on-year, with AOV at £246, +8% year-on-year

+ Revenue of £372m, 50% year-on-year

+ Deferred revenue closed the period at £56m, 6% year-on-year 184% on a two-year basis, representing a high level of customer orders remaining to be delivered and recognised as revenue in 2022

+ Gross margin was 46.3%, down 694 bps year-on-year primarily due to global freight inflationary pressures. Gross margin excluding freight costs was 193bps year-on-year

+ Reported losses before tax were £(31.4m) including one-off IPO-related P&L charges of £5.3m and share-based payment charges of £3.5m

+ Adjusted EBITDA of (£14.3m) a movement of (£9.2m) year-on-year, with cost leverage across all operating cost lines but adversely effected by industry wide global freight inflation and supply chain disruption impacting revenue recognition timing during the final quarter of 2021

+ Capital expenditure in the year was £14m or 3.8% of revenue. This included ongoing investments into our logistics and technology infrastructures

+ Inventories increased 193% year-on-year to £63m, reflecting our investment in customer experience by reducing lead times, whilst maintaining a negative working capital position and a low inventory base in 2020.

+ Net cash was £107m at the end of the period giving us a very robust balance sheet. Free cash flow was £(32)m as working capital and inventory were partly normalised

	Year to31 December 2021	Year to31 December 2020	Change
Revenue (£m)	372	247	50%
United Kingdom	*193*	*129*	50%
Continental Europe	*179*	*118*	51%
Gross margin	46.3%	53.2%	(6.9ppt)
Gross margin excluding freight	58.5%	56.5%	1.9ppt
Fulfilment costs (% revenue)(1)	21.5%	22.9%	(1.4ppt)
Marketing costs (% of revenue)(1)	17.8%	20.3%	(2.5ppt)
Marketing costs (% of gross sales)(1)	15.3%	16.0%	(0.7ppt)
United Kingdom	*11.3%*	*11.9%*	*(0.6ppt)*
Continental Europe	*19.7%*	*20.6%*	*(0.9ppt)*
Overhead costs (% of revenue)(1)	10.8%	12.1%	(1.3ppt)
Adjusted EBITDA (£m)	(14.3)	(5.1)	180%
Adjusted EBITDA margin(1)	(3.8%)	(2.1%)	(1.7ppt)
United Kingdom	*7.4%*	*12.9%*	*(5.5ppt)*
Continental Europe	*1.2%*	*0.8%*	*0.4ppt*
Reported profit before tax (£m)	(31.4)	(14.6)	115%
Capital Expenditure (£m)	13.7	5.6	145%
Net Working Capital (£m)(1)	(54)	(58)	(7%)
Net Cash (£m)(1)	107	50	114%
Free Cash Flow (£m)(1)	(32)	22	(245%)

Revenue and deferred revenue

	Year to31 December 2021 £'m	Year to31 December 2020 £'m	Change
Gross sales(1)	434	315	38%
United Kingdom	*228*	*165*	*38%*
Continental Europe	*206*	*150*	*38%*
Const FX Gross Sales	434	310	40%

Deferred revenue	56	53	6%
Revenue	372	247	50%
United Kingdom	*193*	*129*	*50%*
Continental Europe	*179*	*118*	*51%*
Const FX Revenue	372	246	51%

FY21 revenue grew at 50% year-on-year to £372m, with the growth rate in the UK at 50% and 51% inContinental Europe.

Year-on-year revenue growth was ahead of gross sales growth due to a high level of outstanding customer orders placed in FY20 being dispatched and delivered to customers during FY21 and thus being recognised as revenue in FY21.

Deferred revenue (customer orders taken, but not yet delivered) remained elevated at the end of FY21 due to ongoing industry-wide supply chain disruptions. Deferred revenue as of 31 December 2021 was £56m, representing 6% year-on-year growth. As high levels of stock intake continue to support our programme to reduce customer lead times to an average of 3-4 weeks in H122 we expect deferred revenue to unwindto a more normalised level, delivering corresponding revenue recognition and associated adjusted EBITDA.

Gross Profit

	Year to31 December 2021 £'m	Year to31 December 2020 £'m	Change
Gross profit	172.1	131.6	31%
Gross margin	46.3%	53.2%	(6.9ppt)
Freight costs	45.3	8.2	452%
Gross margin excluding freight	58.5%	56.5%	1.9ppt
Const FX Gross Margin	46.3%	53.7%	(7.4ppt)

Industry-wide global freight costs have risen materially during the year, being the primary driver of a 694bps gross margin headwind compared to 2020.

Market spot rates for freight increased materially during the year. Through our relationships with freight forwarders we have been able to limit much of this impact. However, we still saw freight costs significantly impact gross margin in the year moving from £8.2m in FY20 to £45.3m in FY21, an increase of 452% impacting gross margin (887 bps).

Gross margin excluding freight costs increased 193bps year-on-year due to an improved mix of full price sales, foreign exchange gains and price changes made through H2 2021 to partly mitigate freight cost pressures. Price changes were made in a way which protected our relative price positioning.

As a brand, we retain a high level of flexibility to adjust prices for customers depending upon the macro environment.

Operating expenditure and adjusted EBITDA

	Year to31 December 2021 £'m	Year to31 December 2020 £'m	Change
Fulfilment costs (£m)	79.9	56.6	41%
Marketing costs (£m)	66.4	50.3	32%
Overhead costs (£m)	40.1	29.8	34%
Adjusted EBITDA (£m)	(14.3)	(5.1)	180%
Adjusted EBITDA margin (%)	(3.8)	(2.1)	(1.7ppt)

Fulfilment costs (as % revenue)	21.5	22.9	(1.4ppt)
Marketing costs (as % revenue)	17.8	20.3	(2.5ppt)
Marketing costs (as % gross sales)	15.3	16.0	(0.7ppt)
Overhead costs (as % revenue)	10.8	12.1	(1.3ppt)

Cost base efficiencies were delivered successfully as we scaled and leveraged existing investments made in ourfulfilment, marketing engine and overhead structure.

Fulfilment costs as a percentage of revenue fell 139bps year-on-year to 21.5%, driven by higher average order values and underlying efficiency improvements. Fulfilment costs included the extension into additional warehouse footprint through H2 2021, nearly doubling our large goods capacity in the UK.

Marketing costs remained low throughout the year at 15.3% of gross sales, 67bps lower on a year-on-year basis. Improved efficiency levels were supported by underlying improvements to customer targeting and increased repeat order mix.

Overhead costs reduced 128bps to 10.8% of revenue, as we leveraged existing investments and central costs.

Adjusted EBITDA was (£14.3m), representing a (£9.2m) year-on-year decline. The disruption to global supply chains described above meant revenue recognition was deferred to 2022 in turn having a direct impact on adjusted EBITDA for 2021. Additionally, adjusted EBITDA was adversely impacted by freight cost inflation in the year.

Profit before tax

	Year to31 December 2021 [£m]	Year to31 December 2020 [£m]	Change
Loss before tax	(31.4)	(14.6)	115%
Depreciation of property, plant and equipment	2.4	2.4	–
Amortisation of intangible assets	4.8	4.0	20%
Depreciation of right of use assets	4.3	3.9	10%
Net finance expense	1.6	1.4	14%
EBITDA	(18.3)	(2.9)	531%
Adjustments for:			
Depreciation of right of use assets	(4.3)	(3.9)	10%
Interest expense on lease liabilities	(0.5)	(0.5)	2%
Share based payment expense	3.5	0.6	469%
Exceptional items			
Restructuring	–	0.9	–
Fundraising	5.3	0.5	960%
Supply chain transformation	–	0.2	100%
Adjusted EBITDA	(14.3)	(5.1)	180%

Loss before tax increased £16.8m year-on-year to (£31.4m), including £5.3m of exceptional costs relating to our IPO and £2.9m of additional share-based payment costs.

Depreciation and amortisation excluding right of use assets increased £0.8m year-on-year to £7.2m.

Share-based payment expenses of £3.5m in the period included an 'all company' share option grant at the start of the year, accelerated vesting on options related to our IPO and an award of other option grants on IPO.

Taxation
During the period we recognised a tax credit of £3.6m, relating to a revaluation of the existing deferred tax asset following a change to the UK corporation tax rate being substantively enacted as part of the Finance Bill 2021.

Earning per share
Basic losses per share increased from (2.6p) to (7.9p).

Inventories and working capital
Inventories increased from £21.5m at the end of 2020 to £63m at the end of 2021 reflecting inventory investment related to reducing lead-times to customers, delayed dispatch phasing due to industry-wide supply chain disruptions, higher freight costs and moving from a low comparator position in 2020. Approximately half of closing inventories were goods in transit at the end of 2021.

We operate an efficient balance sheet with structurally negative net working capital. Net working capital was (15%) of revenue for 2021, which included higher than normal deferred revenue at £56m due to later than normal dispatch phasing due to supply chain disruptions during 2021.

Capital expenditure
Capital expenditure during the period was £13.7m, a 145% year-on-year increase. Capital expenditure was primarily focused on intangible assets as we continued our programme of ongoing investments into our technology platform £6.5m and expansion of our warehousing capacity to support lead time reduction £6m.

Cash
Closing net cash was £107m. Net cash inflows through the year were £56.8m, compared to £32.8m prior year. Inflow included £100m of gross proceeds raised from our IPO and £8.1m relating to the exercise of share options. Free cash flow was (£32.1m) in the period, as inventory levels and lead times began to normalise.

Customer metrics and gross sales
We have continued to deliver strong year-on-year gross sales growth through the period, supported by high levels of market demand for our design-led digitally native proposition. Following the same customer proposition and marketing playbook, gross sales growth has been delivered at consistently high levels across all of our territories.

LTM active customer numbers stepped up to 1.3m or +26% year-on-year, with repeat order mix continuing to grow to 44%, an increase of 2.6ppts, supported by increased customer loyalty as we invest in our range and service proposition.

Despite sales mix between furniture and homewares product remaining broadly flat on a year-on-year basis, we delivered +8% AOV increase to £246, supporting increased cost base efficiency.

	Year to 31st December 2021	Year to 31st December 2020	Change
Key performance measures			
Gross sales (£'m)	434	315	38%
United Kingdom	*228*	*165*	*38%*
Continental Europe	*206*	*150*	*38%*
Gross sales (constant '21 forex, £'m)	434	310	40%
United Kingdom	*228*	*165*	38%
Continental Europe	*206*	*145*	42%
LTM Active customers (‘000)	1,327	1,055	26%
United Kingdom	*640*	*532*	20%
Continental Europe	*687*	*523*	31%
Orders (£’000)	1,766	1,377	28%
United Kingdom	*904*	*727*	24%
Continental Europe	*862*	*650*	33%
Repeat order mix (%)	44%	41%	2.6ppt
United Kingdom	*51%*	*48%*	*3.4ppt*
Continental Europe	*36%*	*34%*	*2.3ppt*
Average order value (AOV, £)	246	228	8%
United Kingdom	252	227	11%
Continental Europe	239	230	4%

Homeware sales mix (% of total gross sales)	28%	27%	*0.6ppt*

Alternative performance measures (APMs)

We monitor several key metrics to track our financial and operating performance. These measures are derived from the Group's internal financial and analytics systems. The Directors believe that these measures provide readers with useful information regarding the Group's financial and operating performance and facilitate an understanding of the underlying performance of the Group. As some of these measures are not determined in accordance with statutory measures, and are thus susceptible to varying calculations, they may not be comparable with othersimilarly titled measures of performance of other companies.

To support understanding of APMs presented by the Group, definitions are presented below.

APMs	Definition	Rationale and reconciliation
Gross sales	Sales at the point of transaction excluding applicable VAT	Measure of customer demand which, unlike statutory revenue, does not include cancellations, returns or the timing difference between customer order and delivery
LTM active Customers	Number of customers who have placed at least one order during the last 12 months (LTM)	Indication of customer volume development, providing an understanding of future growth opportunity and ongoing customer engagement
Orders	Total number of orders received during the period, inclusive of orders that may eventually be returned or cancelled	Enables a bridge to average order value
Average order value (AOV)	Value of gross sales divided by the number of orders	Indication of development of units per basket and average selling price, offering insight into the Group's ability to deliver operating leverage
Repeat order mix (%)	Percentage of orders excluding first time customer orders	Indication of Group's ability to retain customers once acquired
Homeware sales mix (% of total gross sales	Percentage of gross product sales relating to homeware products (lighting, textiles, home accessories, kitchen and dining accessories, outdoor and leisure). Calculation excludes shipping and other gross sales.	Insight into the product types sold
Fulfilment costs	The main cost categories are warehousing costs (including own personnel), delivery costs, transaction processing fees and returns processing. Fulfilment costs are equal to distribution costs (as per statutory account definition) plus the interest expense related to warehousing lease costs less one-off items	Clear insight into the Group's costs directly linked to delivery of product to the point of sale as determined by the customer. See Table 1 for reconciliation to statutory measures
Marketing costs	All online and offline advertising expenditure, the cost of public relations, non-working media, in-house influencer teams and showrooms (including showroom lease charges and staff costs).	Clear visibility of costs related to acquiring new customers and retaining existing customers. See Table 1 for reconciliation to statutory measures
Overhead costs	Consists of the employment costs of all head office functions (including, legal, finance, human resources, product buying, logistics, IT and sales and marketing), IT maintenance costs, lease charges and other property-related costs for the office, general office costs, professional fees, and net foreign exchange differences. Overhead costs exclude depreciation, amortisation and impairment of intangible assets, exceptional items and share-based payments	Clear visibility of overhead costs reconciling to adjusted EBITDA. See Table 1 for reconciliation to statutory measures
Adjusted EBITDA	Includes the unwinding of the discount on lease liabilities and depreciation of right-of-use assets (from the date of adoption of IFRS 16) to reflect the fact that lease-related costs are key underlying business operating expenses; excludes the impact of any share-based payment expenses to reflect the fact that this item is not directly correlated to underlying business performance; and excludes the impact of any items deemed to be exceptional in nature	The exclusion of certain expenses in calculating adjusted EBITDA facilitates operating performance comparisons on a period-to-period basis See note 5 in the Financial Information for a reconciliation to statutory measures

Net Cash	Cash on hand less interest bearing loans and borrowings	Indication of liquidity position of the business See Table 2 for reconciliation to statutory measures
Free cash flow	Free cash flow is defined as the change in cash and cash equivalents less cash received or utilised relating to financing or share equity issues and associated costs	Free cash flow represents the cash generated after accounting for cash outflows to support operations and maintain capital assets See Table 2 for reconciliation to statutory measures
Net working capital	Net working capital relates to the balance of reported inventories, trade and other receivables, trade and other payables and deferred revenue as per the balance sheet	A measure of liquidity and the ability to meet short-term obligations, as well as ability to fund operations of the business
Constant currency	Variance when restating 2020 gross sales, revenue or gross margin at effective 2021 exchange rate. Gross sales at average rate for each period, revenue at average rates accounting for gains and losses on EUR hedges, cost of goods sold at average rates accounting for gains and losses on USD hedges	Offers understanding of financial performance excluding foreign exchange fluctuations

Fulfilment, marketing and overhead cost reconciliation

The following table reconciles fulfilment, marketing and overhead costs to the Consolidated Income Statement

Table 1

	Year ended31 December 2021 £m	Year ended31 December 2020 £m
Fulfilment costs	(79.9)	(56.6)
Marketing costs	(66.4)	(50.3)
Overhead costs	(40.1)	(29.8)
Total	(186.4)	(136.7)
Distribution expenses	(79.7)	(56.6)
Administrative expenses	(122.2)	(88.2)
Depreciation and amortisation (Excl. right of use assets)	7.2	6.4
Interest expense on lease liabilities	(0.5)	(0.5)
Share based payment expense	3.5	0.6
Exceptional items	5.3	1.6
Total	(186.4)	(136.7)

Reconciliation to free cash flow

The following table sets out the reconciliation of free cash flow to change in cash and cash equivalents:

Table 2

	Year ended31 December 2021 £m	Year ended31 December 2020 £m
Change in cash and cash equivalents	56.8	32.8
Plus IPO related costs	9.2	–
Less proceeds from IPO share issue and exercise of share options	(108.1)	(0.6)
Less proceeds and plus repayment of borrowings	10.0	(10.0)
Free cash flow	(32.1)	22.2

Adrian Evans

Chief Financial Officer

8 March 2022

Made.com Group Plc

Condensed consolidated income statement
for the year ended 31 December 2021

	Notes	*2021* *£m*	*2020* *£m*
Revenue	3	371.9	247.3
Cost of sales		(199.8)	(115.7)
Gross profit		172.1	131.6
Distribution expenses		(79.7)	(56.6)
Administrative expenses		(122.2)	(88.2)
Operating loss	4	(29.8)	(13.2)
Finance costs	6	(1.6)	(1.4)
Loss before tax		(31.4)	(14.6)
Income tax credit	8	3.6	6.6
Loss for the year attributed to equity holders of the Company		(27.8)	(8.0)
Loss per share (pence per share):			
Basic and diluted loss for the year attributable to ordinary equity holders of the Company	18	(7.9)p	(2.6)p
Non-GAAP measures:			
Adjusted EBITDA loss	5	£(14.3)m	£(5.1)m

Made.com Group Plc
Condensed consolidated statement of comprehensive income

for the year ended 31 December 2021

	2021 £m	*2020* £m
Loss for the year	(27.8)	(8.0)
Other comprehensive income/(loss)		
Other comprehensive income to be reclassified to profit or loss in subsequent years (net of tax):		
Net unrealised gains/(losses) on cash flow hedges	5.0	(2.1)
Exchange differences on translation of foreign operations	–	–
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent years	5.0	(2.1)
Other comprehensive income/(loss) for the year, net of tax	5.0	(2.1)
Total comprehensive loss for the year, net of tax, attributable to equity holders of the Company	(22.8)	(10.1)

Made.com Group Plc

Condensed consolidated statement of financial position

as at 31 December 2021

	Notes	2021 £m	2020 £m
Non-current assets			
Intangible assets	10	10.7	8.9
Property, plant and equipment	9	8.1	3.4
Right of Use Assets	11	21.7	12.3
Deferred tax asset	8	14.8	12.2
Rent deposits		0.5	0.5
		55.8	37.3
Current assets			
Inventories	12	63.0	21.5
Trade and other receivables	13	16.5	13.2
Derivative asset		1.9	1.2
Cash	14	107.2	50.4
		188.6	86.3
Total assets		244.4	123.6
Current liabilities			
Trade and other payables	15	(77.6)	(39.6)
Derivative liability		(0.2)	(6.0)
Lease liabilities	11	(3.7)	(4.5)
Deferred revenue	17	(55.9)	(52.8)
Provisions	16	–	–
		(137.4)	(102.9)
Non-current liabilities			
Lease liabilities	11	(19.7)	(9.7)
Provisions	16	(2.2)	(1.3)
Interest bearing loans and borrowings		–	(9.7)
		(21.9)	(20.7)
Total liabilities		(159.3)	(123.6)
Net assets		85.1	0.0
Capital and reserves			
Share capital	19	0.0	0.0
Share premium	19	0.0	62.2
Foreign currency translation reserve	19	0.0	0.0
Hedging reserve	19	1.6	(3.4)
Merger reserves	19	42.0	(20.2)
Retained earnings		41.5	(38.6)
		85.1	0.0

Made.com Group Plc

Consolidated statement of changes in equity

for the year ended 31 December 2021

	Share capital *£m*	*Share premium* *£m*	*Foreign currency translation reserve* *£m*	*Hedging reserve* *£m*	*Merger reserves* *£m*	*Accumulated deficit* *£m*	*Total* *£m*
At 1 January 2020	0.0	62.5	0.0	(1.3)	(20.2)	(32.3)	8.7
Loss for the year	–	–	–	–	–	(8.0)	(8.0)
Other comprehensive income:							
Movements in cashflow hedges	–	–	–	(2.5)	–	–	(2.5)
Translation differences	–	–	–	–	–	–	–
Tax on other comprehensive income	–	–	–	0.4	–	–	0.4
Total comprehensive loss for the year	–	–	–	(2.1)	–	(8.0)	(10.1)
Share based payments	–	–	–	–	–	0.6	0.6
Share options exercised	–	0.6	–	–	–	–	0.6
Warrants issued	–	–	–	–	-	0.2	0.2
Reclassification of reserves	–	(0.9)	–	–	–	0.9	–
At 31 December 2020	0.0	62.2	0.0	(3.4)	(20.2)	(38.6)	0.0
Loss for the year	–	–	–	–	–	(27.8)	(27.8)
Other comprehensive income:							
Movements in cashflow hedges	–	–	–	6.2	–	–	6.2
Translation differences	–	–	0.0	–	–	–	0.0
Tax on other comprehensive income	–	–	–	(1.2)	–	–	(1.2)
Total comprehensive income/(loss) for the year	0.0	0.0	0.0	5.0	0.0	(27.8)	(22.8)
Share based payments	–	–	–	–	–	2.9	2.9
Share-for-share exchange	–	(62.2)	–	–	62.2	–	–
Share capital issued	0.0	96.9	–	–	–	–	96.9
Share options exercised	0.0	8.1	–	–	–	–	8.1
Capital reduction	–	(105.0)	–	–	–	105.0	–
At 31 December 2021	0.0	0.0	0.0	1.6	42.0	41.5	85.1

All equity disclosed above is attributable to the owners of the parent.

Made.com Group Plc

Consolidated statement of cash flows

for the year ended 31 December 2021

	Notes	*2021* *£m*	*2020* *£m*
Operating activities			
Loss before tax		(31.4)	(14.6)
Adjustments to reconcile loss before tax to net cash flows			

	Notes	2021 £m	2020 £m
Depreciation of property, plant and equipment	9	2.4	2.4
Amortisation of intangible assets	10	4.8	4.0
Depreciation of right of use assets	11	4.3	3.9
Share-based payment expense		3.1	0.6
Finance costs	6	1.6	1.4
Working capital adjustments:			
Decrease in trade receivables		0.1	0.3
(Increase)/ decrease in inventories		(42.3)	4.1
Increase in other receivables, prepayments and accrued income		(3.6)	(5.5)
Increase in trade payables, taxes and social security		24.6	1.8
Increase in accruals and deferred revenue		16.4	34.0
Increase in provisions		0.9	0.1
Cash flows from operating activities		(19.1)	32.5
Interest paid		(0.8)	(0.9)
Income tax received		0.1	0.6
Net cash (outflow)/inflow from operating activities		(19.8)	32.2
Investing activities			
Purchase of property, plant and equipment	9	(7.1)	(0.7)
Expenditure on intangible assets	10	(6.6)	(5.0)
Lease start up costs		(0.3)	–
Net cash outflow used in investing activities		(14.0)	(5.7)
Financing activities			
Repayment of lease liabilities	11	(4.8)	(4.1)
Proceeds from borrowings		–	19.9
Repayment of borrowings		(10.0)	(10.0)
Share issuance costs		(2.7)	–
Proceeds from IPO share issue		100.0	–
Proceeds from exercise of share options		8.1	0.6
Net cash inflow from financing activities		90.6	6.4
Net increase in cash		56.8	32.9
Cash at 1 January		50.4	17.5
Cash at 31 December	14	107.2	50.4

Made.com Group Plc

Notes to the financial statements
for the year ended 31 December 2021

1. Basis of preparation

Basis of preparation

This financial information, presented for the Made.com Group Plc Group (the Group) for the year ended 31 December 2021, has been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. This financial information does not constitute the Group's Annual Report and Accounts within the meaning of Section 435 of the Companies Act 2006.

The Annual Report and Accounts for the year ended 31 December 2021 were approved by the Board of Directors on 7 March 2022 along with this preliminary announcement and will be delivered to the Registrar of Companies in the UK in due course. The auditor's report for these statutory accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under section 498 of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2020 have been filed with the Registrar of Companies in Gibraltar and are available to shareholders on request. The auditor's report for those statutory accounts was unqualified and did not contain an emphasis of matter paragraph.

Group Reorganisation

On 21 June 2021, Made.com Group Plc (the Company) acquired the entire shareholding of Made.com Limited via a share-for-share exchange. The insertion of the Company on top of the existing Made.com Limited Group does not constitute a business combination under IFRS 3 Business

Combinations. This transaction has been deemed to be a reverse acquisition in line with guidance from the Interpretations Committee (IFRIC) and as such the consolidated accounts for the Group are treated as a continuation of the consolidated accounts of the Made.com Limited Group.

Under the principles of continuation accounting the consolidated financial statement of the newly formed Group must reflect:

- The assets and liabilities of the Made.com Limited Group at pre-combination carrying amounts;
- The retained earnings and other equity balances of the Made.com Limited Group at pre-combination carrying amounts;
- The assets and liabilities of the Company at fair value;
- The share capital of the Company;
- The income statement for the current period including the results for the Made.com Limited Group up to 21 June 2021 plus the results for the newly formed Group from 21 June onwards

The condensed consolidated financial statements for the year ended 31 December 2021 is the first set of full financial statements for the newly formed Group. The prior period has been presented as a continuation of the former Made.com Limited Group on a consistent basis as if the group reorganisation had taken place at the start of the earliest period presented, being 1 January 2020. The prior period comparatives are those of the former Made.com Limited Group since no substantive economic changes have occurred. The consolidated reserves of the Group have been adjusted in the current period following the share-for-share exchange to reflect the share capital of the Company with the difference giving rise to a merger reserve.

Going concern

The financial statements have been prepared on a going concern basis. The Group has reported a loss of £27.8m (2020: loss of £8.0m) for the year ended 31 December 2021 and is in a net asset position of £85.1m as at 31 December 2021 (2020: net asset position £0.0m), with a net current asset position of £51.2m (2020: net current liability position of £(16.6)m). The Group has a cash balance of £107.2m at 31 December 2021 following the successful IPO primary issue which raised £100m and the repayment of the Group's loan with Silicon Valley Bank of £10.0m in July 2021.

Since early 2020, the Group has been exposed to extraordinary market conditions due to the COVID-19 pandemic. During this period, despite disruptions to its supply chain, the Group has delivered ongoing strong gross sales growth, broadly aligned to levels delivered through previous years. Supply chain disruptions have meant that the Group sold product on extended lead-times for much of 2020 and 2021. This impacted customer conversion which in turn reduced gross sales growth. The supply chain disruptions also impacted revenue recognition timing, resulting in a high level of deferred income at 31 December 2021.
The directors have reviewed the Group's forecast and projections for the period to June 2023 (the 'Forecast Period'), including their assessment of trading and associated cash flow forecasts and forecast liquidity.

In considering the appropriateness of adopting the going concern basis in preparing the financial statements the directors have assessed the potential cash generation of the Group and considered a range of downside scenarios. The scenarios were informed by a comprehensive review of the macroeconomic environment, including the impact of the current invasion of Ukraine, and the Group's experience of trading through the pandemic over the last 2 years. The assumptions to which the forecasts are most sensitive are the expected growth in sales and the continued freight cost pressures.

The Group's base case forecast assumes an increase in gross sales, an increase in stock purchases, and therefore reduction in lead times as high levels of product is delivered to the Group's warehouses; a stabilisation in elevated international freight cost levels; and margin benefits from pricing increases. Alternative scenarios considered include:

- a severe-but-plausible downside scenario representing a 23% reduction in forecast sales on the base case and a 3ppt downgrade of gross margin, with no offsetting mitigating cost reduction actions, at which point the Group would still continue to maintain liquidity at June 2023; and
- a reverse stress test scenario that models a gross sales decline of 50% year-on-year followed by 0% gross sales growth in 2023. Additionally, an immediate decline of 5.7ppt in gross margin from the base case is assumed, without cost mitigation actions. This stress-test is considered remote and mitigating actions including pricing adjustments and discounting; product mix changes and re-sourcing; and overhead and capital expenditure cost control would be taken before reaching this point.

Following the various scenarios and stress tests performed the Group has demonstrated that it would continue to have sufficient cash headroom and liquidity to continue trading throughout the period to June 2023. Consequently, the directors have concluded it is appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 December 2021.

2. Principal accounting policies

Accounting policies

The accounting policies adopted in the preparation of the financial information are consistent with those followed in the preparation of financial statements for the Made.com Limited Group for the twelve months ended 31 December 2020, as set out in note 2 of those statements, except for the new standards and amendments effective as of 1 January 2021, which have not had an impact on the Interim Financial Statements of the Group.

3. Segmental analysis

The Group's operating segments are reported based on the financial information provided to the Board of Directors. The Board is identified as the Chief Operating Decision Maker for the business and are responsible for making strategic decisions. For strategic management decision making

and reporting purposes, the Group is organised into business units based on location of customers. The Group is considered to have two reportable segments: UK operations and Continental Europe operations.
Revenues for both segments are generated from the online sale of furniture and homewares products. Each market is served by separate websites, and there are no inter-segment transactions. The Group operates a direct-to-consumer model and as such there is no reliance on a single customer or group of major customers.

The Board assesses segment performance based on a regional measure of adjusted EBITDA (before the allocation of central costs), which excludes the impact of exceptional costs and share based payment but includes an allocation of lease related expenses (depreciation and interest). Total assets and liabilities, as well as other specific disclosures in relation to segment assets and liabilities, are not disclosed as this information is not provided by segment to the Chief Operating Decision Maker on a regular basis.

The total of non-current assets other than financial instruments and deferred tax assets located in the UK is £36.3m (2020: £17.9m). The remaining £4.2m of non-current assets are located in other countries (2020: £6.6m), with £2.6m located in Germany (2020: £3.7m).

	UK		*Continental Europe*		*Total*	
	2021	*2020*	*2021*	*2020*	*2021*	*2020*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Revenue from customers in UK	192.3	128.0	–	–	192.3	128.0
Revenue from customers in Europe	–	–	179.1	118.5	179.1	118.5
Total segment revenue	192.3	128.0	179.1	118.5	371.4	246.5
Other revenue[1]					0.5	0.8
Total Revenue					371.9	247.3
Regional adjusted EBITDA[2]	14.3	16.7	2.1	1.0	16.4	17.7
Central administration costs					(30.7)	(22.8)
Segment loss Adjusted EBITDA					(14.3)	(5.1)
Share based payment related costs					(3.5)	(0.6)
Depreciation of property plant and equipment					(2.4)	(2.4)
Amortisation of intangible assets					(4.8)	(4.0)
Interest expense					(1.1)	(0.9)
Exceptional Items					(5.3)	(1.6)
Loss before tax					(31.4)	(14.6)

1 During the year ended 31 December 2021 the Group recognised £0.5m of other revenue relating to amounts receivable under the Research and Development Expenditure Credit (RDEC) scheme (2020: £0.8m).
2 Included within regional adjusted EBIDTA is £3.0 (2020: £2.5m) of lease depreciation allocated to UK operations and £1.3 (2020: £1.4m) of lease depreciation allocated to Continental Europe operations, as well as £0.4m (2020: £0.3m) of lease interest expense allocated to UK operations and £0.1 (2020: £0.2m) of lease interest expense allocated to Continental Europe operations.

4. Operating loss

Operating loss includes the following items, classified within distribution and administrative expenses:

	Notes	*2021* *£m*	*2020* *£m*
Depreciation of property, plant and equipment	9	2.4	2.4
Amortisation of intangible assets	10	4.8	4.0
Depreciation of right of use assets[1]	11	4.3	3.9
Minimum lease payments recognised as an operating lease expense		–	0.1
Net foreign exchange loss		2.0	0.5

1 £1.8m of depreciation of right of use assets on warehouse leases in classified within distribution expenses (2020: £1.3m). The remaining £2.5m of depreciation of right of use assets is classified within administrative expenses (2020: £2.6m).

5. Adjusted EBITDA

The following table sets out the reconciliation of Adjusted EBITDA to operating loss:

	Group *2021* *£m*	***Group*** *2020* *£m*
Loss before tax	(31.4)	(14.6)
Depreciation of property, plant and equipment	2.4	2.4
Amortisation of intangible assets	4.8	4.0
Depreciation of right of use assets	4.3	3.9
Finance costs	1.6	1.4

EBITDA	(18.3)	(2.9)
Adjustments for:		
Depreciation of right of use assets	(4.3)	(3.9)
Interest expense on lease liabilities	(0.5)	(0.5)
Share based payment related costs	3.5	0.6
Exceptional items		
Fundraising	5.3	0.5
Restructuring	–	0.9
Supply chain transformation	–	0.2
Adjusted EBITDA loss	(14.3)	(5.1)

Exceptional items
In the year ended 31 December 2021 costs of £5.3m relating to the IPO transaction have been incurred, including professional fees and one-off bonuses.

In the year ended 31 December 2020 £0.2m of additional costs related to the 2019 supply chain transformation activities have been recognised; £0.5m of costs have been incurred relating to fundraising activities; and £0.9m of costs have been incurred relating to restructuring activities.

6. Finance costs

	2021 *£m*	*2020* *£m*
Finance costs:		
Bank interest on interest-bearing loans and borrowings	(1.1)	(0.9)
Interest expense on lease liabilities	(0.5)	(0.5)
Total finance costs	(1.6)	(1.4)

7. Employee benefits expense

Total employee related costs incurred during the year include the cost of Directors.

	2021 *£m*	*2020* *£m*
Wages and salaries	23.3	20.8
Social security costs	2.8	2.6
Pension contributions	0.7	0.5
Share based payment related costs	3.5	0.6
Total employee benefits expense	30.3	24.5

Included with wages and salaries in the year ended 31 December 2020 is an amount of £0.4m relating to government grants received through Covid-19 specific local government assistance schemes including the Coronavirus Job Retention Scheme in the UK. There are no unfulfilled conditions or contingencies attached to these grants. No government grants were received in the year ended 31 December 2021.

Average monthly number of employees during the year was as follows:

	2021	*2020*
Administration	290	262
Marketing and products	323	306
Technical	60	61
	673	629

8. Income taxes

(a) Income tax recognised in the income statement:

	2021 *£m*	2020 *£m*
Current income tax:		
Foreign tax paid	0.2	0.1
Total current tax	0.2	0.1

Deferred tax:		
Relating to:		
Origination and reversal of temporary differences	–	(6.1)
Effect of changes in the tax rate	(3.8)	(0.6)
Total deferred tax	(3.8)	(6.7)
Total income tax credit reported in the income statement	(3.6)	(6.6)

	2021	*2020*
	£m	*£m*
Deferred tax expense/(credit)	1.2	(0.4)
Total income tax charged/(credited) to other comprehensive income	1.2	(0.4)

Following the Chancellor's budget announcement on 3 March 2021, the UK headline corporation tax rate is expected to increase on 1 April 2023 from 19% to 25%. Finance Bill 2021 was substantively enacted on 24 May 2021 and received Royal Assent on 10 June 2021. Consequently, deferred tax balances as at 31 December 2021 have been measured at 25%.

(b) Reconciliation of total tax expense

A reconciliation between tax expense and the accounting profit using the UK's domestic tax rate has been presented for the year ended 31 December 2021 as follows:

	2021	*2020*
	£m	*£m*
Loss before tax	(31.4)	(14.6)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(6.0)	(2.8)
Permanent differences	0.2	0.2
Non-deductible expenses	1.0	–
Share options exercised	(7.2)	(0.1)
Foreign tax credit	0.2	0.1
R&D tax credit	0.1	0.1
Deferred tax not recognised	11.9	–
Recognition of deferred tax on tax losses previously unrecognised	–	(3.1)
Tax rate changes	(3.8)	(1.0)
Total tax credit reported in the consolidated income statement	(3.6)	(6.6)

(c) Reconciliation of deferred tax assets

	2021	*2020*
	£m	*£m*
As at 1 January	(12.2)	(5.1)
Deferred tax credited to the income statement	(3.8)	(6.7)
Deferred tax charged/(credited) to other comprehensive income	1.2	(0.4)
As at 31 December	(14.8)	(12.2)

The deferred tax (asset)/liability balance relates to the following:

	2021	*2020*
	£m	*£m*
Capital allowances	1.1	0.8
Derivative instruments	(0.1)	(1.0)
Unused tax losses	(15.8)	(12.0)
	(14.8)	(12.2)

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is estimated to be probable. The Group has recognised a deferred tax asset of £14.8m at 31 December 2021 (2020: £12.2m) relating to unused tax losses, supported by the latest board approved 5 year plan that forecasts future taxable profits against which the deferred tax asset will be utilised over the next 3 years. The Group has elected not to recognise any deferred tax assets relating to employee share options. At 31 December 2021, the Group has £60.0m of unrecognized taxable losses (2020: £nil). The value of the deductible temporary difference on vested but unexercised options at 31 December 2021 is £13.6m (2020: £20.5m).

9. Property, plant and equipment

Group

	Assets under construction	*Fixtures & Fittings*	*Computer equipment*	*Office equipment*	*Total*
Cost:	£m	£m	£m	£m	£m
At 1 January 2020	–	7.7	1.6	0.5	9.8
Additions	–	0.5	0.2	–	0.7
At 31 December 2020	–	8.2	1.8	0.5	10.5
Additions	2.4	4.1	0.6	0.0	7.1
Disposals	–	(0.6)	–	–	(0.6)
At 31 December 2021	2.4	11.7	2.4	0.5	17.0
Depreciation:					
At 1 January 2020	–	3.4	1.0	0.3	4.7
Charge for the year	–	2.0	0.3	0.1	2.4
At 31 December 2020	–	5.4	1.3	0.4	7.1
Charge for the year	–	1.9	0.4	0.1	2.4
Disposals	–	(0.6)	–	–	(0.6)
At 31 December 2021	–	6.7	1.7	0.5	8.9
Net book value:					
At 31 December 2021	2.4	5.0	0.7	0.0	8.1
At 31 December 2020	–	2.8	0.5	0.1	3.4

Assets under construction of £2.4m (2020: £nil) were recognised in the year ended 31 December 2021 relating to warehouse expansion and showroom improvements.

10. Intangible assets

Group

	Domain name	*Website development costs*	*Trademarks and IP assets*	*Total*
	£m	*£m*	*£m*	*£m*
Cost:				
At 1 January 2020	0.1	16.9	0.4	17.4
Additions	–	4.9	0.1	5.0
At 31 December 2020	0.1	21.8	0.5	22.4
Additions	–	6.5	0.1	6.6
At 31 December 2021	0.1	28.3	0.6	29.0
Amortisation:				
At 1 January 2020	0.1	9.3	0.1	9.5
Charge for the year	–	3.9	0.1	4.0
At 31 December 2020	0.1	13.2	0.2	13.5
Charge for the year	–	4.7	0.1	4.8
At 31 December 2021	0.1	17.9	0.3	18.3
Net Book Value:				
At 31 December 2021	–	10.4	0.3	10.7
At 31 December 2010	–	8.6	0.3	8.9

11. Leases

The Group has entered into a number of lease contracts, as a lessee for properties including offices, showrooms and warehouses. These lease contracts generally have terms between 3 to 11 years. Lease contracts with terms of less than 12 months are classified as short term. The value of short term leases recognised as an expense in the income statement in the year ended 31 December 2021 was £nil (2020: £0.1m).

Set out below are the carrying amounts of the right-of-use assets relating to these lease contracts that have been recognised in the financial statements for the years ended 31 December 2021 and 31 December 2020, including the movements during the year:

Group	*Warehouses*	*Offices*	*Showrooms*	*Total*
	£m	£m	£m	£m
At 1 January 2020	5.3	3.5	6.2	15.0
Additions	0.2	0.6	–	0.8
Depreciation expense	(1.3)	(1.1)	(1.5)	(3.9)
Foreign exchange	–	0.1	0.3	0.4
At 1 January 2021	4.2	3.1	5.0	12.3
Additions	13.4	0.8	–	14.2
Depreciation expense	(1.8)	(1.2)	(1.3)	(4.3)
Foreign exchange	–	–	(0.4)	(0.4)
Remeasurement	–	–	(0.1)	(0.1)
At 31 December 2021	15.8	2.7	3.2	21.7

Set out below are the carrying amounts of the lease liabilities relating to these lease contracts that have been recognised in the financial statements for the years ended 31 December 2021 and 31 December 2020, including the movements during the year:

Group	*Warehouses*	*Offices*	*Showrooms*	*Total*
	£m	£m	£m	£m
At 1 January 2020	5.7	4.2	6.9	16.8
Additions	0.1	0.6	–	0.7
Lease payment	(1.1)	(1.2)	(1.8)	(4.1)
Interest expense	0.1	0.1	0.3	0.5
Foreign exchange	–	0.1	0.2	0.3
At 1 January 2021	4.8	3.8	5.6	14.2
Additions	13.2	0.7	-	13.9
Lease payment	(1.8)	(1.6)	(1.7)	(5.1)
Interest expense	0.3	0.1	0.1	0.5
Foreign exchange	–	(0.1)	(0.3)	(0.4)
Remeasurement	0.3	–	–	0.3
At 31 December 2021	16.8	2.9	3.7	23.4
At 31 December 2021				
Current	1.1	1.4	1.2	3.7
Non-Current	15.7	1.5	2.5	19.7
Total	16.8	2.9	3.7	23.4
At 31 December 2020				
Current	1.8	1.1	1.6	4.5
Non-Current	3.0	2.7	4.0	9.7
Total	4.8	3.8	5.6	14.2

In the year ended 31 December lease additions of £13.4m were recognised in relation to warehousing expansion in the UK, and £0.8m relating to studio space within the UK. The total amount paid for leases (including short term leases and lease start-up costs) in the year ended 31 December 2021 was £5.1m (2020: £4.2m). Several of the leases in the Group's portfolio include extension or termination options. Management applies judgement in assessing the likelihood of exercising any such options on a lease-by-lease basis. At 31 December 2021 the undiscounted potential future payments relating to periods beyond any break options that have been assumed is £12.6m (2020: £12.8m). Remeasurements applied in the year ended 31 December 2021 relate to rent concessions granted by landlords as a result of the Covid-19 pandemic and have been accounted for in accordance with the Covid-19 related practical expedient amendment to IFRS 16.

12. Inventories

Group

	2021	*2020*
	£m	*£m*
Finished goods	63.0	21.5

	63.0	21.5

The cost of inventories recognised as an expense are £193.9 (2020: £111.7m). There has been no material stock write offs in the period (2020: £nil). Included within the inventory balance reported at 31 December 2021 is a 'right to return' asset of £1.2m (2020: £0.7m) associated with the provision for future returns recognised within deferred revenue (note 17).

13. Trade and other receivables

	2021	*2020*
	£m	*£m*
Trade receivables	0.1	0.2
Other receivables	11.8	10.6
Amounts owed by subsidiary undertakings	–	–
Prepayments and accrued income	4.1	1.7
Tax debtor	0.5	0.7
	16.5	13.2

Included within Other Receivables is £11.3m of amounts due from payment providers which are expected to be settled within 5 working days (2020: £6.2m). Trade and other receivables are non-interest bearing and are generally on terms of 7 to 30 days. As at 31 December 2021, £nil of trade receivables were impaired and fully provided for (2020: £nil).

Amounts owed by subsidiary undertakings relate to amounts loaned by Made.com Group plc to its subsidiary undertaking, Made.com Design Limited and are non-interest bearing. Amounts owed by subsidiary undertakings are receivable on demand.

Trade receivables are denominated in the following currencies:

	2021	*2020*
	£m	*£m*
Pound Sterling	0.0	0.1
Euros	0.1	0.1
	0.1	0.2

The aging analysis of trade receivables is as follows:

	2021	*2020*
	£m	*£m*
Neither past due nor impaired	0.1	–
Past due but not impaired:		
0 – 30 days	–	0.1
30 – 60 days	–	–
Greater than 60 days	–	0.1
	0.1	0.2

The Group continually assesses the recoverability of trade receivables and the level of provisioning required.

14. Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks. Cash at banks earns interest at floating rates based on daily deposit rates. Cash at the end of the financial year as shown in the statement of cash flows is equal to the related items in the statement of financial position as follows:

	2021	*2020*
	£m	*£m*
Cash at banks and on hand	107.2	50.4

Cash is denominated in the following currencies:

	2021	*2020*
	£m	*£m*
GBP	104.9	37.3
EUR	2.1	10.3

Other foreign currencies	0.2	2.8
Total	107.2	50.4

15. Trade and other payables

	2021 *£m*	*2020* *£m*
Current		
Trade payables	38.4	17.5
Taxation and social security	14.5	10.7
Accruals	24.7	11.4
	77.6	39.6

Amounts included within taxation and social security represent current VAT amounts payable.

16. Provisions

Group

	£m
At 1 January 2021	1.3
Addition during the year	0.9
Utilised/released during the year	–
At 31 December 2021	2.2

Dilapidations provision

At 31 December 2021 the Group recognised provisions of £2.2m (2020 £1.3m) relating to contractual restoration obligations arising on lease contracts, known as Dilapidation Provisions. Additional dilapidation provisions have been taken up in the current year to recognise future obligations under the lease contracts for the Group's office, warehouse and showroom premises in the UK and Europe. The provisions are expected to be utilised within 2 to 11 years (2020: 2 to 8 years).

17. Deferred revenue

The Group begins to actively market and sell its products to customers when they are in the manufacturing and shipping phase. This can typically be up to 12 weeks prior to delivery to the customer, although recent short-term supply chain pressures have meant that this can be up to 18 weeks. Customers are entitled to cancel orders free of charge prior to delivery and can return them up to 30 days after delivery. Revenue is recognised at the point that the products are delivered to the customer. The lead time between the customer placing the sale order and the delivery of the order creates a deferred revenue contractual liability. Revenues of £48.5m (net of cancellations) were recognised in the year ended 31 December 2021 that were reported as deferred revenue at the beginning of the year (2020: £19.6m). The carrying balance of customer orders not yet fulfilled at 31 December 2021 is £55.9m (2020: £52.8m) which is expected to be recognised net of cancellations within 1 to 6 months of the year end (2020: 1 to 6 months), in line with prevailing lead times. Included within this balance is an amount of £2.6m relating to a provision for future returns (2020: £1.4m).

18. Earnings per share

Basic earnings per share is calculated by dividing the net loss for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period. As the financial statements have been presented as a continuation of the existing group, the number of shares taken as being in issue for both the current and preceding periods are deemed to be the number of ordinary shares issued by Made.com Group Plc to acquire Made.com Limited in the share for share exchange (see note 19). The weighted average number of shares is then adjusted to reflect changes in the number of ordinary shares issued in Made.com Limited that occurred during the previous period.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the period plus the weighted average number of shares that would be issued on conversion of any dilutive potential ordinary shares into ordinary shares. The outstanding share options are anti-dilutive for the periods presented.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2021	*2020*
Loss attributable to ordinary equity holders of the Company (£m)	(27.8)	(8.0)
Weighted average number of shares	350,673,282	305,622,888
Basic and diluted loss per share (pence per share)	(7.9)p	(2.6)p

There have been no other transactions involving actual ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of this financial information.

19. Issued share capital and reserves

Share Capital

Authorised, called up and fully paid share capital

	31 December 2021		*31 December 2020*[1]	
	Nominal value £0.0001		*Nominal value £0.001*	
	No. of shares	*£m*	*No.*	*£m*
Ordinary shares	390,139,698	–	7,257,838	–
Series A preference shares	–	–	3,683,855	–
Series B-1 preference shares	–	–	4,211,329	–
Series B-2 preference shares	–	–	1,299,720	–
Series C-1 preferences shares	–	–	3,865,979	–
Series C-2 preference shares	–	–	6,060,606	–
Series C-3 preference shares	–	–	673,651	–
Series C-4 preference shares	–	–	3,653,955	–
Growth shares	–	–	1,184,675	–
	390,139,698	–	31,891,608	–

1 The share capital presented at 31 December 2021 is Made.com Limited.

The movements in the share capital for the year ended 31 December 2021 were:

	No. of shares	*£m*
As at 1 January 2021	31,891,608	–
Warrant options exercised	43,500	–
Conversion of growth shares	(221,734)	–
Made.com Limited	(31,713,374)	–
Made.com Group Plc	31,712,373	–
Issued on incorporation of Made.com Group plc	1,001	–
Capital reorganisation (1:10 split of ordinary shares)	285,420,357	–
Shares issued upon IPO	50,000,000	–

Share options exercised	23,005,968	–
Preference share redeemed	(1)	–
As at 31 December 2021	390,139,698	–

On 20 April 2021, Made.com Group Plc was incorporated with an issued share capital of 1,000 ordinary shares with a nominal value of £0.001 and one redeemable preference share with a nominal value of £49,999.

On 10 June 2021, Made.com Limited issued 43,500 ordinary shares following the exercise of the warrant options by the option holders, with an exercise price of £0.001 per share.

On 21 June 2021, the Company issued 31,712,373 ordinary shares to the shareholders of Made.com Limited as consideration for the Company's acquisition of the entire shareholding of Made.com Limited via a share-for-share exchange. Under the terms of the exchange all ordinary shares, preference shares and growth shares in Made.com Limited were exchanged for ordinary shares in Made.com Group Plc. Under the terms of the reorganisation agreement governing the share-for-share exchange, 1,184,675 growth shares were acquired by the Company in exchange for the issue of 962,941 ordinary shares to the growth shareholders. The difference of 221,734 between the number of shares acquired and the number of shares issued reflects the application of the hurdle price for the deemed conversion of the growth shares, in accordance with the reorganisation agreement and the articles of association of Made.com Limited.

Additionally on 21 June 2021, once the share-for-share exchange was completed, the Company carried out a reorganisation of its share capital. Under the capital reorganisation each ordinary share with a nominal value of £0.001 was split into 10 ordinary shares with a nominal value of £0.0001 (a 1:10 split). This was done to facilitate the listing on the Premium Segment of the Official List of the Financial Conduct Authority and to trade on the London Stock Exchange Main Market for listed securities.
Upon listing, the Company raised £100m by issuing 50,000,000 new ordinary shares with a nominal value of £0.0001 and a share price of £2.00 as part of the initial public offering, with £5,000 being recognised in share capital and the remainder in share premium. Costs of £3.1m deemed to be directly attributable to the issuance of this share capital, including underwriting and professional fees, were also recognised in Share Premium in the year ended 31 December 2021.

In addition, 23,005,968 new shares have been issued relating to the exercise of employee share options and the redemption of the redeemable preference share during the year.

On 30 November 2021 Made.com Group Plc obtain high court approval to enact a capital reduction by cancelling the amount held in the Share Premium account to establish distributable reserves. As a result £105.0m was transferred out from Share Premium in to Retained Earnings on 15 December 2021.

Nature and purpose of reserves

Foreign currency translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Pounds Sterling are accounted for by entries made directly to the foreign currency translation reserve. Note that this reserve arises in the consolidated Group only, not in the Company.

Hedging reserve

The hedging reserve is used to recognise the unrealised gains and losses on cash flow hedges held by the Group that qualify for hedge accounting.

Merger reserve

Included within the Merger Reserve is an amount of £62.2m arising on the share-for-share acquisition of Made.com Limited by Made.com Group plc in June 2021, offset by an existing Merger Reserve of £(20.2)m held in Made.com Limited.

Reallocation of reserves

In the year ended 31 December 2020, an amount of £0.9m of costs previously recognised through the P&L has been reallocated from retained earnings to the Share Premium account to better reflect the nature of these costs.

Dividends
No dividends have been paid or proposed during the year ended 31 December 2021 (2020: nil)

20. Post balance sheet events
On 21 February 2022 we announced that Philippe Chainieux would step down from his role as CEO of the Group and its Board for family reasons. As a result, we welcomed our COO, Nicola Thompson, to the Board and she assumed the position of Interim CEO initially and subsequently was appointed to the CEO role on a permanent basis with full effect from 7 March 2022.
Full details of Philippe's termination arrangements may be found in the section 430(2B) statement on the Company's website, and will also be fully disclosed in next year's Remuneration Report. Details of the remuneration arrangements for Nicola may also be found in an announcement on the Company's website and will also be fully disclosed in next year's Remuneration Report.