Made.com Group Plc ("MADE" or "the Group")

Interim Results for the six months to 30 June 2022

A transformation plan for the Company underpinned by Strategic Review and Formal Sale Process

MADE, the leading digitally native lifestyle brand in home, today announces its interim results for the six months to 30 June 2022 and provides an update on actions taken to strengthen the business. Given the Group has seen a reduction in demand driven by the fast changing macro economic climate since Q2 2022 and the consequent financial impacts of an excess inventory position, the Board announced on 19 July that it was looking at all options to strengthen its balance sheet. On 23 September 2022, the Board announced that it had initiated a Strategic Review and Formal Sale Process ('Strategic Review') as the best route to maximise value for shareholders and to achieve its transformation plan and strategy given the requirement to strengthen the balance sheet within the short time frame required by the cashflow forecast of the Group.

Financial Results Overview

£'m	Six months to 30th June 2022	Six months to 30th June 2021	*Change*	Constant Currency Change
Gross Order Value (GOV)[1]	173.6	213.9	(18.8%)	(17.4%)
Revenue	178.2	171.0	4.2%	6.3%
Gross Margin	40.1%	48.7%	(8.6pp)	(9.5pp)
Adjusted EBITDA[2]	(31.5)	1.1	(32.6)	
Adjusted EBITDA Margin[2]	(17.7%)	0.6%	(18.3ppt)	
Loss before tax	(35.3)	(10.1)	(25.2)	
Cash	32.1	175.3	(143.2)	
Basic EPS	(12.9)p	(2.1)p	(10.8)p	

1. *Gross Order Value is MADE only, excluding Trouva. Refer to note below titled ''Alternative Performance Measures (APMs)'' defining alternative performance measures (APMs)*
2. *Numbers shown are reflective of Group results. Refer to note below titled ''Alternative Performance Measures (APMs)'' defining alternative performance measures (APMs)*

Financial Highlights

- Softening consumer confidence resulted in Gross Order Value (GOV) decline of -19% period-on-period and +55% compared to H1 2019
- Revenue of £178m, +4% period-on-period, as deferred revenue normalised through the period
- The Group took prompt action to clear excess stock through targeted discounting, reducing gross margin by 810bps. Stock levels have reduced from £63m as at 31 December 2021 to £44m at end of H1 2022 and are now closer aligned with forward demand with further, but more moderated, discounting through Q3
- Global freight inflationary pressures decreased gross margin by 730 bps versus H1 2021
- Robust existing customer order level, with repeat order mix increasing 5ppt to 48% and average order value (AOV) at £266, +9% period-on-period for MADE
- Adjusted EBITDA of (£31.5m), (vs. £1.1m in H1 2021) due to lower consumer demand resulting in costs related to handling and clearing excess stock levels, and freight cost inflation impacting £17m period-on-period
- Reported losses before tax were (£35.3m), compared to (£10.1m) for the same period in 2021
- Cash was £32.1m at the end of the period. Free cash flow of (£73.0m), compared to £30.4m in the first half of 2021, mainly due to the unwind of working capital.

Strategic and operational highlights

- The Group continues its focus on achieving profitability through the implementation of its planned transformation programme, MADE RE:DESIGNED. The first steps, under the RE:SIZE initiatives, have been taken to reduce warehouse and showroom space, with expected annualised cost savings of £7m. A restructuring of headcount commenced on September 15th, aiming to reduce annualised headcount related costs by £6m. Resizing the business is currently expected to incur £3.7m of non-recurring restructuring charges. We are aiming for the majority of the plan to be implemented by the end of 2022 and the financial benefit realised in 2023.

- On the 23rd of September, the Board announced that it had engaged with Financial Advisors to actively market the business for sale as a going concern to execute its revised strategy to maximise value for shareholders. The Board expects this process to lead to sufficient investment and access to funding to enable the Group to operate as a going concern.
- MADE has taken a number of steps since the start of Q2 2022 to adjust to the new level of demand. Stock levels have been reduced allowing a growing proportion of full price GOV. £58m of stock commitments have been rephased or cancelled with our suppliers. Capex was constrained, saving £3m and headcount freezes reduced our annual overhead cost by £3m.
- Despite the challenging backdrop, MADE has made solid progress on its strategy around Experience, Choice, Reach and Sustainability, during the first half of the year.
- The integration of Trouva, a leading online platform that offers a curated range of homewares and lifestyle products, is progressing well, with products from Trouva boutiques now available for MADE customers via a product bridge with the MADE website.
- Republic of Ireland was relaunched in the period as MADE's ninth market, with an encouraging early response from customers and with structurally attractive contribution margins from launch.
- MADE's unique designer eco-system continued to develop during the period, with 139 new collections launched into the furniture and lighting proposition and 46 new 'designer maker' brands launched into the curated homewares marketplace during the period.

Nicola Thompson, Chief Executive Officer, said:

"The first half of the year was a challenging time for the global economy and particularly for the retail sector. The Group has faced a significant reduction in demand which has been difficult for the business and its stakeholders. Although we took immediate action to adjust inventory levels and control costs and have launched a transformation plan that will make the business more agile and resilient, we believe that the decision we have taken to launch the Strategic Review and Formal Sale Process, is the best route to protect shareholder value. MADE is not alone in being hit by supply chain problems and the cost of living squeeze, but we are confident that MADE has a strong brand, an excellent product range and a large and loyal customer base across the UK and Europe."

Enquiries

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ABOUT MADE

The Group's principal business activities are carried out by 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 shopping experience. MADE provides a fresh and ever-changing range of products, with more than 10,000 active SKUs in the catalogue as at 30 June 2022.

Founded in 2010, MADE sells its products across the United Kingdom, Germany, Switzerland, Austria, France, Belgium, Spain, Republic of Ireland and the Netherlands via its e-commerce platform. The brand also has seven showrooms across Europe.

CAUTIONARY STATEMENT

Certain statements in this trading update 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.

CHIEF EXECUTIVE OFFICER REVIEW

The past six months have been a particularly challenging and volatile time for the global economy and in turn the retail industry. We, like many others, have had to adapt in order to navigate these times. As we set out in July, we've reacted to these challenges by robustly reducing our stock, actively managing our pricing and discounting strategy, closely monitoring our marketing spend, and we're addressing our operational costs through our transformation plan. The Group also concluded that costs must be reduced further and implemented a process to do this, including a strategic headcount review, whilst retaining appropriate skills and resources to be able to run the business effectively.

On 23 September, the Board announced that it had engaged with Financial Advisors to actively market the business for sale as a going concern to execute its revised strategy to maximise value for shareholders. The Board expects this process to lead to sufficient investment and access to funding to enable the Group to operate as a going concern.

Despite lower than expected consumer demand MADE has made positive progress on its strategy around Experience, Choice, Reach and Sustainability during the first half of this year. We have made good progress with the integration of Trouva, re-entered the Republic of Ireland and we've seen our existing customers' average order value (AOV) increased by 10% to £262 during the period.

MADE has a strong consumer brand and customer offering, supported by significant data insights and global relationships with excellent designers and suppliers. In the first half of the year we further developed MADE's unique designer ecosystem, 46 new 'designer maker' brands launched on our curated homewares marketplace and 139 new collections launched into our furniture and lighting offering. All of this positions us well to capture market share when the market stabilises.

The Board and I recognise that recent performance has been disappointing for all of the Group's stakeholders, reflecting a very challenging external environment as we executed on our strategy of improving lead times for our customers. Following the continued challenging trading environment through Q3 2022, we believe that the decision we have taken to launch the Strategic Review and Formal Sale Process, is the best route to maximise shareholder value.

In parallel with the Strategic Review and Formal Sale Process, in response to the continuing challenges of lower consumer demand and rising supply and freight cost headwinds, the Group is implementing a strategic transformation plan for its MADE business, 'MADE: RE:DESIGNED'. This plan is aimed at reshaping MADE's operating model to ensure the business is more agile and resilient and the Group therefore better positioned to perform well in these difficult market conditions. The transformation plan draws on the existing strategy which enabled MADE to drive rapid growth, higher margins, and greater efficiencies over the past three years. It also leverages MADE's operating model, with the aim to return to more attractive margins and capture market share once the current macroeconomic conditions improve. Overall, the continued execution of the transformation plan and its focus on profitability is key to the Strategic Review and Formal Sale Process launched on 23 September 2022.

- The first phase **RE:SIZE** involves reducing the fixed cost base of the business, reducing headcount, minimising MADE's footprint and reducing inventory. MADE has already implemented a number of these initiatives including significantly reducing the level of forward purchases of inventories, reducing capital expenditure, implementing a hiring freeze and laying the foundations for more European sourcing and a new marketplace non-stocked operating model. The Group has also launched a restructuring exercise to reduce headcount related costs by £6m/year and warehouse costs by £5m/year. We expect to complete implementation by the end of 2022.

- The second phase **RE:ENGINEER** will build on MADE's existing vertical integration strength to improve agility and resilience in the supply chain and operating model. This phase will focus on three main areas including the consolidation of the supply base, centralising sourcing management for Europe and the Far East and increasing the share of revenue that comes from non-stocked inventory. Combined these measures are expected to give lead time flexibility to the MADE business, improve gross margin by 200bps and achieve a £5m cash inflow from net working capital. The aim is for these measures to be implemented by the end of the first half of 2023.

- Finally, the third phase, **RE-ACCELERATE** is expected to focus on growth to further outperform the online homeware and furniture market once macroeconomic conditions improve. This phase would follow the successful implementation of phases one and two. It would consist of three key growth initiatives including re-investment in marketing, increasing MADE's geographic reach by entering additional European markets and the implementation of an international parcel business model to enter new markets in a cost-efficient way. Combined these actions are expected to deliver strong and profitable growth.

FINANCIAL REVIEW

The Group's financial position through the period was impacted by a decline in discretionary consumer spending and headwinds faced due to the de-globalisation and destabilisation of supply chains resulting in reduced reliability and increased costs.

	Six months to 30th June 2022	**Six months to 30th June 2021**	**Change**
Deferred revenue (£m)	26	67	(61%)
Net Revenue (£m)	178	171	4%
United Kingdom	*90*	*88*	2%
Continental Europe	*88*	*83*	6%
Gross margin	40.1%	48.7%	(8.6ppt)
Fulfilment costs (% revenue)	27.0%	19.8%	(7.2ppt)
Marketing costs (% of revenue)	17.2%	17.8%	0.6ppt
Overhead costs (% of revenue)	13.7%	10.4%	(3.3ppt)
Adjusted EBITDA (£m)(1)	(31.5)	1.1	(32.6)
Adjusted EBITDA margin (% of Net Revenue)(1)	(17.7%)	0.6%	(18.3ppt)
United Kingdom	*(4.6%)*	*12.2%*	(16.8ppt)
Continental Europe	*(10.2%)*	*4.8%*	(15.0ppt)
Capital Expenditure (£m)	5.6	3.4	65%
Net Working Capital (£m)	(24.4)	(98.8)	(76%)
Free Cash Flow (£m)(1)	(73.0)	30.4	(340%)

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

GOV growth was impacted by the downturn in consumer confidence since the start of Q2 leading to higher stock levels. Stock levels had been built for a higher level of GOV and aligned to the strategic objective of decreasing customer lead-times. The Group has focused on better aligning the stock position to demand for the MADE business through adjustments to buy levels and increased discounting. This has seen inventory levels reducing through the back end of the period. By September inventory levels were in line with the new lower level of demand.

Revenue through the period was ahead of GOV due to an unwind of the December 2021 closing position and shorter lead times.

Gross margin fell period-on-period as discount levels were increased during Q2 to help reduce stock levels and freight costs remained elevated. These effects were only partially offset by price changes made during H1, which are yet to fully flow through financial reporting due to the timing of revenue recognition. The benefit of H1 price changes will flow through in Q4.

MADE's cost base was impacted as fulfilment costs were elevated due to higher inventory levels and inflation. The marketing cost to acquire new customers also increased. Overheads and warehouse costs were higher than last year as the business built capacity for 2022 in anticipation of strong growth.

Adjusted EBITDA for the period was consequently (£31.5m) compared to £1.1m in H1 2021.

Losses incurred during the period, negative working capital movements and high stock levels led to a decline in cash of £75.1m in the period and a closing cash position of £32.1m.

Made.com Customer metrics and Gross Order Value (GOV)

Reduced consumer confidence affected GOV levels for MADE.com. GOV for the period was (19%) period-on-period, but +55% higher than the pre-pandemic levels in 2019.

Attracting new customers at a reasonable cost was more challenging during the period resulting in active customers reducing 5% compared to prior year. Existing customer order levels remained robust as demonstrated by a 5.4ppt increase in repeat order mix to 48%.

Despite the GOV mix of homewares product increasing period-on-period and increased levels of discounting to clear excess stock, average order value (AOV) increased by 9% to £266.

Made.com	**Six months to 30th June 2022**	**Six months to 30th June 2021**	**Change vs H1 2019**
Key performance measures			
GOV(£'m)	174	214	55%
United Kingdom	*88*	*113*	45%
Continental Europe	*86*	*101*	69%
LTM Active customers ('000)	1,170	1,226	71%
United Kingdom	*557*	*606*	53%
Continental Europe	*613*	*620*	91%
Orders ('000)	652	876	43%
United Kingdom	*320*	*453*	31%
Continental Europe	*332*	*423*	57%
Repeat order mix (%)	48%	43%	9.0ppt
United Kingdom	*55%*	*51%*	*9.2ppt*
Continental Europe	*41%*	*34%*	*10.1ppt*
Average order value (AOV, £)	266	244	9%
United Kingdom	*275*	*249*	*11%*
Continental Europe	*258*	*239*	*6%*
Homeware GOV mix (% of GOV)	30%	28%	7.8ppt
Marketing costs (% of GOV)	17.5%	14.3%	4.4ppt
United Kingdom	*13.3%*	*10.3%*	*3.2ppt*
Continental Europe	*21.7%*	*18.7%*	*6.5ppt*

Revenue and deferred revenue

Revenue growth was ahead of GOV at +4% period-on-period due to an unwind of high deferred revenue levels held at the end of 2021. Deferred revenue on the balance sheet was £26m compared to £56m at the end of 2021.

Gross Profit

Gross margins were adversely impacted by two key effects: 1. Additional discounting to support normalisation of high stock levels and 2. industry wide global freight costs remaining elevated. These effects were partly offset by price increases, which have been implemented in a way which continues to ensure MADE maintains its relative price positioning. The Group has had limited exposure to adverse FX spot markets during the period due to hedging contracts which continue to provide protection through the second half of the year.

MADE holds non-volume-based freight contracts which provide a cap to freight pricing. The spot market has continued to gradually decline through the period and into H2, which MADE has contractual flexibility to take advantage of.

As MADE reduced buy levels, pushed back commitments and increased discount levels, inventory holding has been reduced.

Operating expenditure & Adjusted EBITDA

	Six months to 30th June 2022	Six months to 30th June 2021
Fulfilment costs	(48.0)	(33.9)
Marketing costs	(30.6)	(30.5)
Overhead costs	(24.3)	(17.8)
Total Group costs	**(102.9)**	**(82.1)**
Distribution costs	(47.4)	(33.8)
Administrative costs	(58.7)	(58.5)
Depreciation and amortisation (Excl. right of use assets)	4.1	3.3
Interest expense on lease liabilities	(0.6)	(0.2)
Share based payment expense	(0.9)	1.7
Exceptional items	0.6	5.4
Total Group costs	**(102.9)**	**(82.1)**

Within fulfilment costs, additional logistics costs were incurred during the period relating to costs of storing and processing excess stock levels, inflationary pressures on fuel, and lower volumes impacting cost leverage of fixed cost elements of warehousing.

Marketing costs stepped up as a percentage of GOV following low levels experienced in the prior year during Covid lockdown periods. Worsening consumer confidence has impacted demand for discretionary big-ticket items, making new customer acquisition at financially attractive rates more challenging. Despite this, marketing efficiencies continue to show a good level of progress compared to pre-pandemic levels as repeat order levels continue to develop.

Overhead costs increased +37% period-on-period as MADE built for growth and increased headcount. Deleverage was experienced through the period due to declining revenue levels. The RE:SIZE cost actions will address all three cost lines.

Adjusted EBITDA for the period was consequently (£31.5m) compared to £1.1m in H1 2021.

Loss before tax

	Six months to 30th June 2022	Six months to 30th June 2021	Change
Loss before tax	**(35.3)**	**(10.1)**	**(25.2)**
Depreciation of property, plant and equipment	1.1	0.9	0.2
Amortisation of intangible assets	3.0	2.3	0.7
Depreciation of right of use assets	3.2	1.8	1.4
Net finance expense	0.6	1.1	(0.5)
EBITDA	**(27.4)**	**(4.0)**	**(23.4)**
Adjustments for:			
Depreciation of right of use assets	(3.2)	(1.8)	(1.4)
Interest expense on lease liabilities	(0.6)	(0.2)	(0.4)
Share based payment expense	(0.9)	1.7	(2.6)
Exceptional items	0.6	-	0.6
Fundraising	-	5.4	(5.4)
Adjusted EBITDA	**(31.5)**	**1.1**	**(32.6)**

Loss before tax increased (£25.2m) period-on-period to (£35.3m). Prior year included £5.4m of exceptional costs relating to our IPO.

Taxation

During the period the Group recognised a tax charge of £15.2m arising on the derecognition of deferred tax assets on unused tax losses, the utilisation of which is no longer considered to be highly probable. The carrying value of the deferred tax asset at 30 June 2022 was £nil (31 December 2021: £14.8m).

Earnings per share

Basic losses per share increased from (2.1)p at 30 June 2021 to (12.9)p at 30 June 2022.

Net Working Capital

The Group's Free Cash Flow is supported by a negative net working capital position impacted by stock, debtors, creditors, and deferred revenue. As at 30th June 2022 net working capital was (£24.4m), an increase of £74.4m when compared to (£98.8m) on 30th June 2021.

The main driver of the net working capital movement of £74.4m is the unwind of deferred revenue, which was at a significantly higher level on 30th June 2021 due to supply chain disruption experienced at the time. Trade and other payables have also fallen primarily as a result of the increased dispatches associated with the unwind in deferred revenue. Stock positions were initially built up in line with the Group strategy of shorter lead times and improved customer proposition and were adversely impacted by the drop in demand.

	30th June 2022	**30th June 2021**	**Change**
Inventories	43.6	34.7	8.9
Trade and other receivables	13.2	12.5	0.7
Rent deposits	0.5	0.5	-
Trade and other payables	(51.4)	(77..9)	26.5
Deferred revenue	(25.8)	(67.3)	41.5
Provisions	(4.5)	(1.3)	(3.2)
Net working capital	**(24.4)**	**(98.8)**	**74.4**

Cashflow

Net cash outflows through the period were (£75.1m), compared to an inflow of £134.9m in the prior year. The prior year inflow included £100m of gross proceeds raised from MADE's IPO. The cash outflow in 2022 was due to lower GOV and EBITDA, an unwind of deferred revenue, and trade creditors.

Capital expenditure during the period was £5.6m, a 53% period-on-period increase, driven by increased focus on intangible assets as the Group continued its programme of ongoing investments into MADE's technology platform, and completion of the infrastructure at MADE's large goods UK warehouse.

	Six months to 30th June 2022	**Six months to 30th June 2021**
Change in cash and cash equivalents	**(75.1)**	**134.9**
Less acquisition of subsidiary, net of cash acquired	2.7	
Less share issuance costs		2.0
Less proceeds from issuance of share equity and exercise of share options	(0.6)	(106.5)
Free cash flow	**(73.0)**	**30.4**

Outlook

As a consequence of the volatile trading environment and ongoing pressures on consumer in the UK and Europe around cost of living pressures, combined with the unexpected events of the past two weeks in the UK compounding the deterioration of trade and the current financial position of the Group impacting its trading stance, the continued uncertainty means that Board has concluded that it is appropriate to withdraw its full-year guidance.

PRINCIPAL RISKS AND UNCERTAINTIES

Approach to risk management

Risk management is an integrated part of the overall governance and management of the Group. The Audit and Risk Committee is ultimately responsible for risk management, with the day-to-day execution of risk management processes delegated to the Executive Leadership Team. Executive Leadership Team meetings are the main forum for strategic discussion and decision making regarding ongoing risk management. The following processes are in place to monitor and manage risk:

- board meetings cover regular reviews of longer-term risks, including scanning the horizon for any new and emerging risks
- strategic planning incorporates Board-led reviews of the market position, successes, lessons learned and development of the strategic plan in the context of the risk landscape
- management of operational risks is delegated to the Executive Leadership Team
- creation of specific project teams to assess and manage risks as/when they arise
- maintenance of a Corporate Risk Register and risk appetite which is reviewed by the Board, managed by the Executive Leadership Team and embedded into the business processes
- annual review of Corporate Risk Register

Principal risks

The Board considers principal risks to be the most significant risks faced by the business, including those that are the most material to performance and that could threaten the business model or future long-term viability.

The Strategic and Operational highlights section includes consideration of the risks that have materialised, including global supply chain disruptions (Risk 2) and shifts in market demand (Risk 6), the key uncertainties affecting the Group in the remaining six months of the year, and the mitigating actions being taken to address these. The Board recognised that the cumulative impact of these risks required the balance sheet to be strengthened. The Group has been working through the different options to achieve this and announced a Strategic review and Formal Sale Process on 23 September 2022.

The Board recognises the level of risk around the execution of the Strategic review and formal sale process and is meeting regularly to oversee the financial position of the Group and to deliver the best possible outcome of the Strategic Review. Given the volatility of trading and the wide range of possible outcomes, the Group withdrew formal financial market guidance on 23 September 2022, and these condensed consolidated financial statements recognise the material uncertainty that these risks present (see Note 2: Basis of preparation and changes to the Group's accounting policies, Going concern).

Details of the principal risks, other than those relating to the Strategic Review and Formal Sale Process, along with the risk impact assessment and examples of mitigating and risk management actions in place are described on pages 75 to 80 in the Group's Annual Report for the year ended 31 December 2021, which is available on the corporate website www.corporate.made.com.

These risks are:

Risk 1: Brand awareness and customer engagement

Risk 2: Global supply chain disruptions

Risk 3: Talent attraction and retention

Risk 4: Information and cyber security and dependency on IT systems

Risk 5: Disruption to warehousing network

Risk 6: Shift in market demand

Risk 7: Foreign exchange rate fluctuations

Risk 8: Regulatory developments in response to climate change and environmental sustainability

Emerging Risks

As part of the risk management process, the Board undertakes horizon scanning to identify any emerging risks. In the Group's 2021 Annual Report, emerging risks relating to geopolitical unrest and climate change were identified. The Board still considers these to be emerging risks.

ALTERNATIVE PERFORMANCE MEASURES (APMs)

The Group monitors several key metrics to track its 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 other similarly titled measures of performance of other companies.

The Group acquired Trouva on 6 May 2022 and believes that its contribution to the Group's gross order value and non-financial KPIs has been insignificant from the date of acquisition to the end of the first half of 2022. It therefore presents non-financial KPIs only for MADE. Financial KPIs, other than gross sales, are presented for the Group and include Trouva from its acquisition on 6 May 2022, other than where indicated.

To support understanding of APMs presented by the Group, definitions are presented below [1].

Alternative performance measure	Definition	Rationale and reconciliation
Gross Order Value (GOV)[2]	Sale order value at the point of transaction excluding applicable VAT. Applied to MADE only and therefore excludes any Trouva orders.	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 GOV 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 GOV mix	Percentage of product GOV relating to homeware products (lighting, textiles, home accessories, kitchen and dining accessories, outdoor and leisure). Calculation excludes shipping and other GOV	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 above in the Financial Review section for reconciliation to statutory measures
Marketing costs	All online and offline advertising expenditure, the cost of public relations, non-working media, inhouse 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 above in the Financial Review section 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 above in the Financial Review section 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 table above in the Financial Review section for reconciliation to statutory measures
Net Working Capital	Net working capital relates to the balance of reported inventories, trade and other receivables, rent deposits, trade and other payables, deferred revenue and provisions 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
Free cash flow	Free cash flow is defined as the change in cash and cash equivalents less cash received or utilised relating to fundraising, share equity issues or acquisitions of subsidiaries and associated costs	Free cash flow represents the cash generated after accounting for cash outflows to support operations and maintain capital assets See table above in the Financial Review section for reconciliation to statutory measures
Constant currency	Variance when restating 2021 GOV, revenue or gross margin at effective 2022 exchange rate. GOV 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

(1) The Group is no longer using net cash as an APM given it no longer has any interest bearing debt
(2) Following the acquisition of Trouva, the Group now uses GOV rather than the previously used Gross sales

Unaudited interim condensed consolidated financial statements
for the 6 months ended 30 June 2022
for Made.com Group Plc

Interim condensed consolidated income statement

for the 6 months ended 30 June 2022

	Notes	*Unaudited 30 June 2022 £m*	*Unaudited 30 June 2021 £m*
Revenue	3	178.2	171.0
Cost of sales		(106.8)	(87.7)
Gross profit		71.4	83.3
Distribution expenses		(47.4)	(33.8)
Administrative expenses		(58.7)	(58.5)
Operating loss		(34.7)	(9.0)
Finance costs		(0.6)	(1.1)
Loss before tax		(35.3)	(10.1)
Income tax (expense)/credit	9	(15.3)	3.7
Loss for the year attributed to equity holders of the Company		(50.6)	(6.4)
Loss per share (pence per share):			
Basic and diluted loss for the year attributable to ordinary equity holders of the Company	10	(12.9)p	(2.1)p[(1)]
Non-GAAP measures:			
Adjusted EBITDA (loss)/profit	5	(31.5)	1.1

(1) This figure has been re-stated from (2.0)p to correct an overstatement of the weighted average number of shares disclosed in the condensed consolidated interim financial statements for the 6 months ended 30 June 2021.

Interim condensed consolidated statement of comprehensive income

for the 6 months ended 30 June 2022

	Unaudited	*Unaudited*
	30 June 2022	*30 June 2021*
	£m	£m
Loss for the year	(50.6)	(6.4)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent years (net of tax):		
Unrealised gains on cash flow hedges	0.2	3.4
Net other comprehensive income to be reclassified to profit or loss in subsequent years	0.2	3.4
Other comprehensive income for the year, net of tax	0.2	3.4
Total comprehensive loss for the year, net of tax, attributable to equity holders of the Company	(50.4)	(3.0)

Interim condensed consolidated statement of financial position

as at 30 June 2022

	Notes	*Unaudited* *As at* 30 June 2022 *£m*	*Audited* *As at* *31 December 2021* *£m*
Non-current assets			
Intangible assets	6	12.0	10.7
Goodwill	14	4.4	–
Property, plant and equipment	6	10.6	8.1
Right of use assets	6	36.4	21.7
Deferred tax asset	9	–	14.8
Rent deposits		0.5	0.5
		63.9	55.8
Current assets			
Inventories		43.6	63.0
Trade and other receivables	7	13.2	16.5
Derivative asset	7	3.5	1.9
Cash	7	32.1	107.2
		92.4	188.6
Total assets		156.3	244.4
Current liabilities			
Trade and other payables	7	(51.4)	(77.6)
Derivative liability	7	(0.6)	(0.2)
Lease liabilities	7	(6.9)	(3.7)
Deferred revenue	8	(25.8)	(55.9)
Provisions		–	–
		(84.7)	(137.4)
Non-current liabilities			
Lease liabilities	7	(32.3)	(19.7)
Provisions		(4.5)	(2.2)
		(36.8)	(21.9)
Total liabilities		(121.5)	(159.3)
Net assets		34.8	85.1
Capital and reserves			
Share capital	11	0.0	0.0
Share premium	11	0.6	0.0
Foreign currency translation reserve		0.0	0.0
Hedging reserve		1.8	1.6
Other reserves		42.0	42.0
(Accumulated deficit)/Retained earnings		(9.6)	41.5
		34.8	85.1

Interim condensed consolidated statement of changes in equity

for the 6 months ended 30 June 2022

	Share capital	*Share premium*	*Foreign currency translation reserve*	*Hedging reserve*	*Other reserves*	*Accumulated deficit*	*Total*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*	*£m*
At 1 January 2021	0.0	62.2	0.0	(3.4)	(20.2)	(38.6)	0.0
Loss for the period	–	–	–	–	–	(6.4)	(6.4)
Other comprehensive income:							
Movements in cashflow hedges	–	–	–	4.1	–	–	4.1
Translation differences	–	–	–	–	–	–	–
Tax on other comprehensive income	–	–	–	(0.7)	–	–	(0.7)
Total comprehensive income/(loss) for the period	–	–	–	3.4	–	(6.4)	(3.0)
Share based payments	–	–	–	–	–	1.0	1.0
Share-for-share exchange	–	(62.2)	–	–	62.2	–	–
Share capital issued	0.0	96.9	–	–	–	–	96.9
Shares options exercised	–	6.5	–	–	–	–	6.5
At 30 June 2021 (unaudited)	0.0	103.4	0.0	0.0	42.0	(44.0)	101.4
At 1 January 2022	0.0	0.0	0.0	1.6	42.0	41.5	85.1
Loss for the period	–	–	–	–	–	(50.6)	(50.6)
Other comprehensive income:							
Movements in cashflow hedges	–	–	–	(0.2)	–	–	(0.2)
Translation differences	–	–	–	–	–	–	–
Tax on other comprehensive income	–	–	–	0.4	–	–	0.4
Total comprehensive loss for the period	–	–	–	0.2	–	(50.6)	(50.4)
Share based payments	–	–	–	–	–	(0.5)	(0.5)
Share capital issued	–	–	–	–	–	–	–
Shares options exercised	–	0.6	–	–	–	–	0.6
At 30 June 2022 (unaudited)	0.0	0.6	–	1.8	42.0	(9.6)	34.8

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

Interim condensed consolidated statement of cash flows

for the 6 months ended 30 June 2022

	Notes	Unaudited 30 June 2022 £m	Unaudited 30 June 2021 £m
Operating activities			
Loss before tax		(35.3)	(10.1)
Adjustments to reconcile loss before tax to net cash flows			
Depreciation of property, plant and equipment	4	1.1	0.9
Amortisation of intangible assets	4	3.0	2.3
Depreciation of right of use assets	4	3.2	1.8
Share-based payment (credit)/expense		(0.5)	1.0
Deferred realised foreign exchange gains		(0.3)	–
Finance costs		0.6	1.1
Working capital adjustments:			
(Increase)/decrease in trade receivables		0.0	0.1
Decrease/(increase) in inventories		18.7	(13.0)
Decrease in other receivables, prepayments and accrued income		3.7	0.6
(increase)/Decrease in trade payables, taxes and social security		(21.5)	14.1
(increase)/Decrease in accruals and deferred revenue		(36.9)	37.9
Increase in provisions		0.1	-
Cash flows from operating activities		(64.1)	36.7
Interest paid		–	(0.6)
Tax paid		(0.5)	–
Net cash (outflow)/inflow from operating activities		(64.6)	36.1
Investing activities			
Purchase of property, plant and equipment		(1.3)	(0.3)
Expenditure on intangible assets		(4.3)	(3.1)
Acquisition of a subsidiary, net of cash acquired		(2.7)	–
Lease start up costs paid		(0.4)	–
Net cash outflow used in investing activities		(8.7)	(3.4)
Financing activities			
Repayment of lease liabilities		(2.4)	(2.3)
Share issuance costs		–	(2.0)
Proceeds from IPO share issue		–	100.0
Proceeds from exercise of share options		0.6	6.5
Net cash (outflow)/inflow from financing activities		(1.8)	102.2
Net (decrease)/increase in cash		(75.1)	134.9
Cash at 1 January		107.2	50.4
Cash at 30 June		32.1	185.3

Notes to the interim condensed consolidated statements

for the 6 months ended 30 June 2022

1. General information

Made.com Group Plc (the 'Company') was incorporated in England and Wales on 20 April 2021. The Company is a public company limited by shares. The address of its registered office is 5 Singer Street London EC2A 4BQ. The Company owns 100% of the share capital of the Made.com Design Limited and its subsidiaries. Together they form the Made.com Group Plc group (the Group). The Group is engaged in the online retail of furnishings and homeware.

2. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

These interim condensed consolidated financial statements (Interim Financial Statements) of Made.com Group Plc comprises the results of the Group for the 6 months ended 30 June 2022. These Interim Financial Statements are unaudited but have been reviewed by the auditors and their report to the Company is set out below, and they were authorised for issue in accordance with a resolution of the Directors on 29 September 2022.

The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority". The annual financial statements of the Group will be prepared in accordance with UK adopted International Accounting Standards. The comparative figures do not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006 and should be read in conjunction with the financial statements prepared for the Made.com Group Plc for the twelve months ended 31 December 2021, which were prepared in accordance with UK adopted International Accounting Standards and are publicly available. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Accounting policies

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of consolidated financial statements for Made.com Group Plc for the twelve months ended 31 December 2021, as set out in note 2 of those statements, except for any new standards and amendments effective as of 1 January 2022, which have not had an impact on the Interim Financial Statements of the Group.

Critical accounting judgements and key sources of estimation and uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The key sources of estimation, uncertainty and judgement applied in the preparation of the Interim Financial Statements are consistent with those applied in the consolidated financial statements of the Made.com Group Plc for the year ended 31 December 2021, as disclosed in note 3 of those statements, with the exception of:

Impairment of assets

In accordance with IAS 36, the recoverable amount of the Group was determined based on the fair value less cost of disposal ('FVLCD') at the reporting date. As a single CGU listed group the market capitalisation provides the most appropriate external benchmark for the FVLCD of the group. The share price was 48.3p, which suggests a market capitalisation of £189.1m, indicating significant headroom. On 23 September 2022 the Made.com Group Plc share price dropped to 4.06p, following the announcement of the Board's decision to conduct a formal review of the various strategic options available to the Group to maximise value for shareholders (the 'Strategic Review'). The market capitalisation of the Group at this share price is £18m, which is below the net carrying value of the Group's non-current assets (including lease liabilities) of £24.7m at 30 June 2022. A full impairment review was conducted by the Board to support the net carrying value of the non-current assets at 30 June 2022. The circumstances that resulted in the reduction in the market capitalisation below £24.2m arose in the period post 30 June 2022, and management has applied judgement in concluding that these events do not constitute an adjusting post balance sheet event in line with IAS 10 and that that there was no impairment of the net carrying value of non-current assets at 30 June 2022.

Going concern

The Interim Financial Statements have been prepared on a going concern basis for the period through to December 2023. The Group reported a loss of £(50.6)m for the 6 months ended 30 June 2022 (2021: loss of £(6.4)m) and was in a net asset position of £34.8m as at 30 June 2022 (31 December 2021: net asset position £85.1m), with a net current asset position of £7.7m (31 December 2021: net current asset position of £51.2m). The Group had a cash balance of £32.1m at 30 June 2022. On 23 September 2022, the Group had a cash balance of £17.7m.

Since early 2020, the Group has been exposed to extraordinary market conditions due to the COVID-19 pandemic. During 2020 and 2021, the Group delivered ongoing strong sales growth. Following the successful IPO in June 2021, the Group increased investment in inventory with a view to improving customer conversion by offering shorter lead times. As stock levels increased through 2021, the Group expected to continue delivering strong growth in all its markets. Trading during the second quarter of 2022 has however been extremely volatile, against a backdrop of geopolitical instability and macro-economic uncertainty leading to worsening consumer confidence. Demand has continued to soften during Q3, with growing consumer concern about energy costs and inflation.

Profitability for the full year 2022 is expected to be adversely impacted by reductions in revenue, reduced gross margin and increases in non-recurring costs. This is linked to additional promotional and clearance activity to move excess inventory in the business and additional costs in the supply chain due to disruptions at ports and extra handling at warehouses.

To respond to the volatility in trade, since Q2 2022, MADE has taken several steps to manage its cost base and cash flow. These actions include significantly reducing the level of forward purchases of inventories, reducing capital expenditures, implementing a hiring freeze, removing planned spend from brand marketing activity, and laying the foundations for opening European sourcing and a new marketplace non-stocked operating model.

In July, reflecting the lower level and higher volatility of trading, the Board announced that it was assessing all options to strengthen its balance sheet, including a capital raise. It also concluded that costs must be reduced further and implemented a process to do this, including a strategic headcount review, whilst retaining appropriate skills and resources to be able to run the business effectively.

On the 23 September, the Board announced that it had engaged with Financial Advisors to actively market the business for sale as a going concern to execute its revised strategy to maximise value for shareholders. The Company expects this process to lead to sufficient investment and access to funding to enable the group to operate as a going concern.

In considering the process and ability of the Group to execute a sale of the business, the Board commissioned external financial advice. The Board reviewed the Group's short term cashflow and the different sensitivities around sales and costs. The Board also reviewed the proposed transaction timetable, the current levels of interest, and the likelihood of securing willing buyers, with sufficient resources, wanting to transact within that timetable. Based on these forecasts and plans, and on the advice received, the Board concluded that there was reasonable confidence that a sale could be concluded, within the short timeframe afforded by the current level of liquidity, to a buyer with sufficient financial resources to support the business through to December 2023.

In reaching this conclusion, the Board recognised that the sale process had only just recently started, so there was limited evidence from the process to date, and therefore, their conclusion was based on forecasts and plans prepared and informed by the advice received. The conclusion is also dependent on two events, which are outside the Group's control, and need to be achieved for the Group to continue as a going concern, both of which are considered to be material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern:

1 The first material uncertainty is whether the Group can sell Made.com Group PLC to a buyer with sufficient resources, and intention to fund the business, such that it is able to operate as a going concern through to at least December 2023, within the short timeframe afforded by the current level of liquidity.

2) The second material uncertainty is whether the Group has sufficient liquidity available, given the current trading conditions, driven by reduced consumer demand, to enable the business to trade and meet its liabilities as they fall due, until the sale referred to in 1) is completed.

Both material uncertainties are being managed closely, with the support of advisors, to enable the Board to achieve the best outcome and minimise the level of risk.

On this basis, the directors have a reasonable expectation that the Group will have adequate financial resources to continue its operations for the period to December 2023. Accordingly the Directors believe that it is appropriate to prepare the financial statements on a going concern basis. The condensed consolidated set of financial statements do not reflect any adjustments that would be required should the Group be unable to continue as a going concern.

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 payments 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.

		UK	*Continental Europe*			*Total*
	30 June 2022	*30 June 2021*	*30 June 2022*	*30 June 2021*	*30 June 2022*	*30 June 2021*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Revenue from customers in UK	89.2	88.0	–	–	89.2	88.0
Revenue from customers in Europe	–	–	88.0	82.8	88.0	82.8
Total segment revenue	89.2	88.0	88.0	82.8	177.2	170.8
Other revenue	1.0	0.2	–	–	1.0	0.2
Total Revenue	90.2	88.2	88.0	82.8	178.2	171.0
Regional adjusted EBITDA[1]	(4.2)	10.7	(9.0)	3.9	(13.2)	14.6
Central administration costs					(18.3)	(13.5)
Adjusted EBITDA					(31.5)	1.1
Share based payment related credit/(charge)					0.9	(1.7)
Depreciation of property plant and equipment					(1.1)	(0.9)
Amortisation of intangible assets					(3.0)	(2.3)
Interest expense					–	(0.9)
Exceptional Items (note 5)					(0.6)	(5.4)
Loss before tax					(35.3)	(10.1)

1. Included within regional adjusted EBITDA is £2.6m of depreciation of ROU assets allocated to UK operations (2021: £1.2m) and £0.6m of depreciation of ROU assets allocated to Continental Europe operations (2021: £0.6m), as well as £0.5m of unwinding of discount on lease liabilities allocated to UK operations (2021: £0.1m) and £0.1m of unwinding of discount on lease liabilities allocated to Continental Europe operations (2021: £0.1m).

The nature of the Group's business model is such that there will be some seasonality driving the demand profile linked to promotional activity. Historically there is one key promotion in the first quarter of the year and two in the second half of the year, falling into the third and fourth quarters. The Group's revenue has generally been higher in the second half of the year, although this pattern may differ as a result of external macro-economic factors.

4. Operating loss

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

	2022	*2021*
	£m	*£m*
Depreciation of property, plant and equipment	1.1	0.9
Amortisation of intangible assets	3.0	2.3
Depreciation of right of use assets[1]	3.2	1.8
Net foreign exchange loss	0.1	0.7

1 £1.9m of depreciation of right of use assets on warehouse leases is classified within distribution expenses (2021: £0.7m). The remaining £1.3m of depreciation of right of use assets is classified within administrative expenses (2021: £1.1m).

5. Adjusted EBITDA

Adjusted EBITDA is a non-IFRS measure. It is used to evaluate the Group's operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. The exclusion of certain expenses in calculating Adjusted EBITDA facilitates operating performance comparisons on period-to-period bases. Accordingly, Adjusted EBITDA is presented to provide additional information to assist readers to understand and evaluate the Group's operating performance.

EBITDA is defined as profit or loss before tax, interest, depreciation and amortisation. The Group defines Adjusted EBITDA as EBITDA adjusted to include 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; exclude the impact of any share based payment related expenses (including associated employment related taxes) to reflect the fact that this item is not directly correlated to underlying business performance; and exclude the impact of any items deemed to be exceptional in nature.

Exceptional items are defined as transactions that, in the opinion of the Directors, should be adjusted in order to provide a consistent and comparable view of the underlying business. Generally, this will include those items that are largely one-off or material in nature and which have been incurred outside of the normal business operations, including but not limited to restructuring and business transformation programmes and fund-raising activities.

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

	2022	*2021*
	£m	*£m*
Loss before tax	(35.3)	(10.1)
Depreciation of property, plant and equipment	1.1	0.9
Amortisation of intangible assets	3.0	2.3
Depreciation of right of use assets	3.2	1.8
Finance costs	0.6	1.1
EBITDA	(27.4)	(4.0)
Adjustments for:		
Depreciation of right of use assets	(3.2)	(1.8)
Interest expense on lease liabilities	(0.6)	(0.2)
Share based payment (credit/charge)	(0.9)	1.7
Exceptional items		
Transaction costs	0.6	-
Fundraising	–	5.4
Adjusted EBITDA	(31.5)	1.1

Exceptional items

In the 6 months ended 30 June 2022 legal and professional costs of £0.6m were incurred relating to the acquisition of subsidiary undertakings, Streethub Limited, further details of which can be found in note 14. In the 6 months ended 30 June 2021 costs of £5.4m relating to the IPO transaction were incurred, including professional fees and one-off bonuses.

6. Capital expenditure and commitments

During the 6 months ended 30 June 2022, the Group capitalised development costs of £4.3m (2021: £3.1m) and recorded additions to property, plant and equipment of £1.3m (2021: £0.3m). The Group recognised disposals of £0.3m property, plant and equipment during the period (2021: none). There was no profit or loss recognised on disposal.

The Group entered into 2 new leases during the 6 months ended 30 June 2022. On 1 February 2022 the Group recognised a right of use asset of £16.3m in relation to an additional warehouse in the UK, as part of the planned investment in warehouse expansion that started in 2021. On 1 May 2022, the Group recognised a right of use asset of £0.2m in relation to a new office in the UK, to replace an existing lease which expired in May 2022.

On 1 April 2022 the Group recognised an additional right of use asset of £1.7m arising from a lease term extension for showroom space in France. On 8 May 2022, the Group terminated a lease for office space in France. The carrying value of the right of use asset at the date of disposal was £0.1m.

There were no new leases entered into and no lease modifications during the period ended 30 June 2021.

As at 30 June 2022, the Group has capital commitments for expenditure on property, plant and equipment contracted, but not provided for, of £0.3m relating to warehouse leasehold improvements (2021: £3.8m).

7. Financial assets and financial liabilities

The carrying value of the Group's financial assets and liabilities at the period end was:

	Unaudited	*Audited*
	As at 30 June 2022	*As at 31 December 2021*
	£m	*£m*
Financial assets		
Assets held at amortised cost		
Cash	32.1	107.2
Trade receivables	0.1	0.1
Other receivables	7.7	12.3
Assets held at fair value		
Derivatives	3.5	1.9
Financial liabilities		
Liabilities held at amortised cost		
Trade payables	(33.0)	(52.9)
Lease liabilities	(39.2)	(23.4)
Liabilities held at fair value		
Derivatives	(0.6)	(0.2)

The fair value of the Group's financial assets and liabilities held at amortised cost approximates their carrying value.

The Group's lease liabilities are secured by letters of credit from our banking partners, who receive security from the Group either via cash collateralisation or a fixed and floating pledge over the Group's total underlying assets.

Derivative assets and liabilities held at fair value

The Group uses forward foreign exchange contracts to manage its transaction exposures incurred in USD and EUR. The foreign exchange contracts are designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to twelve months.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and forward rate curves of the underlying commodity. As at 30 June 2022, the marked-to-market value of derivative liability position is net of a credit valuation adjustment attributable to derivative counterparty default risk. Derivative contracts are categorised as level 2 within the fair value hierarchy.

The Group's foreign exchange exposure is underpinned by a fixed and floating pledge to the Group's banking partner Silicon Valley Bank, secured by the total value of underlying assets.

During the 6 months ended 30 June 2022, the Group transferred accumulated gains on USD cashflow hedges of £3.4m from equity to inventory (2021: £4.7m loss) and transferred accumulated gains on EUR cashflow hedges of £1.0m from equity to revenue (2021: £0.6m). During the 6 months ended 30 June 2022, the Group recognised a gain of £0.9m in the income statement relating to ineffective USD hedges (2021: £nil).

8. 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. In 2021 short-term supply chain pressures meant that this was increased 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 £47.6m (net of cancellations) were recognised in the 6 months ended 30 June 2022 that were reported as deferred revenue at the beginning of the year (6 months to 30 June 2021: £48.2m). The carrying balance of customer orders not yet fulfilled at 30 June 2022 is £25.8m (31 Dec 2021: £55.9m) which is expected to be recognised net of cancellations within 1 to 6 months of the period end (31 Dec 2021: 1 to 6 months), in line with the prevailing lead times. Included within this balance is an amount of £2.3m relating to a provision for future returns (31 Dec 2021: £2.6m).

An element of estimation is applied at the point of dispatch from the warehouse based on average delivery days to calculate the value of dispatched but undelivered revenue at the reporting date which is then recognised in deferred revenue. A 1-day change in the average delivery days assumption for 2-man carriers would have a £0.5m impact on revenue and £0.2m impact on cost of sales (net impact of £0.3m) on the reported loss before tax for the six months ended 30 June 2022.

9. Income taxes

(a) Income tax recognised in the income statement:

	2022	2021
	£m	*£m*
Current income tax:		
Foreign tax paid	0.1	0.1
Total current tax	0.1	0.1
Deferred tax:		
Relating to:		
Origination and reversal of temporary differences	–	–
Derecognition of unused tax losses	15.2	
Effect of changes in the tax rate	–	(3.8)
Total deferred tax	15.2	(3.8)
Total income tax charge/(credit) reported in the income statement	15.3	(3.7)

	2022	2021
	£m	*£m*
Deferred tax expense/(credit)	(0.4)	0.7
Total income tax charged/(credited) to other comprehensive income	(0.4)	0.7

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. Subsequent to this, on 23 September 2022, the Chancellor announced a reversal to the planned increase to 25% and confirmed that the corporation tax rate is to remain at 19%. This has not yet been substantively enacted as at the date of signing.

(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 30 June 2022 as follows:

	2022 £m	2021 £m
Loss before tax	(35.3)	(10.1)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(6.7)	(1.9)
Permanent differences	0.1	0.1
Non-deductible expenses	0.2	1.3
Share options exercised	(0.1)	(6.5)
Foreign tax credit	0.1	0.1
R&D tax credit	0.1	–
Deferred tax not recognised	6.4	7.0
Derecognition of deferred tax on tax losses previously recognised	15.2	–
Tax rate changes	–	(3.8)
Total tax charge/(credit) reported in the consolidated income statement	15.3	(3.7)

(c) Reconciliation of deferred tax assets

	2022 £m	2021 £m
As at 1 January	(14.8)	(12.2)
Deferred tax charged/(credited) to the income statement	15.2	(3.8)
Deferred tax charged/(credited) to other comprehensive income	(0.4)	0.7
As at 30 June	–	(15.3)

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

	2022 £m	2021 £m
Capital allowances	–	0.8
Derivative instruments	–	(0.3)
Unused tax losses	–	(15.8)
	–	(15.3)

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. At 31 December 2021, the Group had recognised a deferred tax asset of £14.8m relating to unused tax loss, which was supported by the prevailing board approved 5 year plan showing expected utilisation of this deferred tax asset within three years. Trading during the second quarter of 2022 has been extremely volatile, against a backdrop of geopolitical instability and macro-economic uncertainty leading to worsening consumer confidence. Given that there is a degree of uncertainty as to the timing of any improvement of external factors impacting trading the Group has derecognised the full value of the deferred tax asset at 30 June 2022 because the full utilisation is considered to be less than probable within the forecast period. The impact of this has been a £15.2m tax charge in the six months ended 30 June 2022 and a deferred tax asset of £nil at 30 June 2022 (2021: £15.3m). The Group has not recognised any deferred tax assets relating to employee share options. At 30 June 2022, the Group had £159.3m of unrecognised taxable losses (2021: £37.8). The value of the deductible temporary difference on vested but unexercised options at 30 June 2022 is £0.9m (2021: £12.4m).

10. 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.

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:

	2022	*2021*[1]
Loss attributable to ordinary equity holders of the Company (£m)	(50.6)	(6.4)
Weighted average number of shares	391,207,476	311,103,011[2]
Basic and diluted loss per share (pence per share)	(12.9)p	(2.1)p[2]

1. For the 6 months ended 31 June 2021, the number of shares taken as being in issue 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 in line with the requirements of continuation accounting.

2. This figure has been re-stated to correct a 15,769,116 overstatement of the weighted average number of shares disclosed in the condensed consolidated interim financial statements for the 6 months ended 30 June 2021.

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.

11. Issued share capital and reserves

Share Capital

Authorised, called up and fully paid share capital

	30 June 2022		*30 June 2021*	
	Nominal value £0.0001		*Nominal value £0.0001*	
	No. of shares	*£m*	*No. of shares*	*£m*
Ordinary shares	391,499,661	–	387,660,176	–
	391,499,661	–	387,660,176	–

The movements in the share capital for the six months ended 30 June 2022 were:

	No. of shares	*£m*
As at 1 January 2022	390,139,698	–
Share options exercised	1,359,963	–
New shares issued	–	–
As at 30 June 2022	391,499,661	–

Nature and purpose of reserves

Foreign currency translation reserve

Exchange differences arising on the translation from the functional currencies of the Group's foreign subsidiaries into Pounds Sterling are accumulated in 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.

Other reserves

Other reserves include the Merger Reserve and the Capital Redemption 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 amount of £(20.2)m arising on the transfer of Made.com Design Limited up to Made.com Group Plc during the liquidation of Made.com Limited in December 2021.

Included in the Capital Redemption Reserve is an amount of £49,999 relating to the redemption of the redeemable preference share in Made.com Group Plc in 2021 as part of the IPO.

Dividends

No dividends have been paid or proposed during the 6 months ended 30 June 2022 (2021: nil).

12. Share-based payments

Under the General Employee Share-option Plan (GESP), the Group, at its discretion, may grant share options over ordinary shares of the parent to employees and directors. The options are generally granted as equity-settled. The fair value of share options granted is estimated at the date of grant using an appropriate valuation model. The expense associated with issuing these options is pushed down from the ultimate parent company to the entity in which the employees are employed. The expense is recognised in profit or loss in the Company with a corresponding increase in capital contribution received from the parent.

The key inputs used to determine the fair value include the share price at the date of grant; any exercise price attached to the option; the vesting period of the award; an appropriate risk free rate; the impact of any dividend rights attached to the grant; and an expected share price volatility, estimated with reference to published volatility rates of publicly listed comparable companies.

Current period grants

2022 PSP

In the six months ended 30 June 2022, the Group issued 2 grants under the PSP scheme.

On 4 April 2022, 5,069,039 options over shares in Made.com Group Plc were issued to select members of senior management with an exercise price of £nil. A small number of these options (95,590) were granted as phantom options and will be accounted for as cash-settled. The remaining options (4,973,449) are accounted for as equity settled. Subject to the specific performance conditions, the options will vest on the third anniversary of the grant date. Of the total options granted, 1,156,702 are subject to a 2-year post-vesting hold period.

On 28 June 2022, an additional 1,861,696 options over shares in Made.com Group Plc were issued to select members of senior management who had joined the business post April 2022, with an exercise price of £nil. Subject to the specific performance conditions, the options will vest on the third anniversary of the grant date. Of the total options granted, 1,408,450 are subject to a 2-year post-vesting hold period.

Both grants are subject to the same performance conditions. Under the plan rules, continued employment over the vesting period is a requirement. In addition, the following performance conditions apply:

Performance condition	*% of grant applied to*	*Target*
Relative TSR – FTSE 250	12.5%	Awards will vest on a straight line basis from 25% to 100% if relative TSR growth is between 50% to 75%.
Relative TSR – Comparator group (E-commerce & Retail)	12.5%	Awards will vest on a straight line basis from 25% to 100% if relative TSR growth is between 50% to 75%.
GOV Growth	25%	Awards will vest on a straight line basis from 25% to 100% if CAGR GOV growth is between 25% to 32%
EPS	25%	Awards will vest on a straight line basis from 25% to 100% if EPS growth is between 8.1p to 9.9p
ESG: Sustainable timber sourcing	8.33%	Awards will vest on a straight line basis from 25% to 100% if sustainable timber sourcing is between 80% to 100%
ESG: Sustainable textile sourcing	8.33%	Awards will vest on a straight line basis from 25% to 100% if sustainable textile sourcing is between 80% to 100%
ESG: Product packaging	8.33%	Awards will vest on a straight line basis from 25% to 100% if between 80% to 100% of product packaging is sustainably sourced, and recycled or recyclable

The grants are subject to both market and non-market performance conditions. The fair values for the elements of the grants subject to market performance conditions have been determined using the Monte Carlo valuation method. The fair values for the elements of the grants subject to non-market performance conditions have been determined using the Black-Scholes model.

The fair values calculated and the associated inputs into the Black-Scholes and Monte Carlo models were:

		4 April 2022			28 June 2022	
	Monte Carlo TSR (FTSE 250)	*Monte Carlo TSR (Ec&R group)*	*Black Scholes*	*Monte Carlo TSR (FTSE 250)*	*Monte Carlo TSR (Ec&R group)*	*Black Scholes*
Fair value (£)	£0.23	£0.39	£0.71	£0.16	£0.27	£0.49
Share price at grant date (£)	£0.71	£0.71	£0.71	£0.49	£0.49	£0.49
Expected volatility (%)	46%	46%	46%	46%	46%	46%
Risk-free interest rate (%)	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%
Expected life of share options (periods)	3	3	3	3	3	3
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

A discount for lack of marketability of 15.16% has been calculated using the Ghaidarov model to reflect the impact on the fair value of the 2-year post-vesting hold period. This discount has been applied to the fair value of those options subject to this restriction.

2022 RSP Grant

On 28 June 2022, 2,576,372 options over shares in Made.com Group Plc were issued to select members of the Trouva senior management following the acquisition, with an exercise price of £nil. The options will vest in two tranches, subject to the performance conditions being met and continued employment. The first tranche will vest on the second anniversary of the grant date (28 June 2024) and the second tranche will vest on the third anniversary of the grant date (28 June 2025).

The following performance conditions apply and will be measured in advance of the vesting of the first tranche, with reference to the twelve months ended 31 December 2023:

Performance condition	*% of grant applied to*	*Target*
Gross sales of Trouva products	40%	Tranche 1 and Tranche 2 will vest on a straight line basis from 50% to 100% if relative gross sales of Trouva products is between £30m to £50m.
Trouva Adjusted EBITDA	40%	Tranche 1 and Tranche 2 will vest on a straight line basis from 50% to 100% if Trouva adjusted EBITDA is between £(2.5)m to £1.5m.
Trouva NPS	20%	Tranche 1 and Tranche 2 will vest on a straight line basis from 50% to 100% if Trouva NPS is between 55 to 65.

The fair value calculated for this award and the relevant inputs into the Black-Scholes models were:

Fair value (£)	£0.49
Share price at grant date (£)	£0.49
Expected volatility (%)	46%
Risk-free interest rate (%)	1.41%
Expected life of share options (years)	3
Dividend yield (%)	0.0%

2022 SIP award

On 24 June 2022, the Group granted 4,868,095 free share awards in Made.com Group Plc to all eligible employees under the Share Incentive Plan (SIP). Under the terms of the grant, all employees were granted 7,045 free share awards each. A small number of these awards (112,720) were granted as phantom options and will be accounted for as cash-settled. The remaining award (4,755,375) are accounted for as equity settled. The awards will vest on the third anniversary of the grant date. No performance conditions other than continued service are attached to the awards.

The fair value calculated for the equity-settled awards and the relevant inputs into the Black-Scholes models were:

Fair value (£)	£0.51
Share price at grant date (£)	£0.51
Expected volatility (%)	46%
Risk-free interest rate (%)	1.41%
Expected life of share options (years)	3
Dividend yield (%)	0.0%

Movements during the year

The following table shows the movement in the number of equity-settled share options outstanding and the weighted average exercise prices during in the 6 months ended 30 June 2022 and 2021:

Group		*2022*		*2021*
	Weighted Average exercise price	*Number of options*	*Weighted Average exercise price*	*Number of options*
	£		£	
Outstanding at 1 January	0.51	28,223,946	4.65	4,243,116
Granted	–	–	10.70	383,200
Exercised during the period	–	–	–	–
Lapsed and forfeited during the year	–	–	10.56	(33,600)
Outstanding at 21 June 2021 (pre-reorg)	0.51	28,223,946	5.11	4,592,716
Capital reorganisation	–	–	–	41,334,444
Outstanding at 21 June 2021 (post-reorg)	0.51	28,223,946	0.51	45,927,160
Granted (post-reorg)	–	14,166,892	–	3,001,000
Exercised (post-reorg)	0.45	(1,359,963)	0.32	(20,961,446)
Lapsed and forfeited (post reorg)	0.07	(3,075,911)	1.06	(24,000)
Outstanding at 30 June	0.36	37,954,964	0.56	27,942,714
Exercisable at 30 June	0.59	18,872,445	0.55	21,484,381

The weighted average share price at date of exercise for options exercised in the period ended 30 June 2022 was £0.95.

The number of options outstanding at the end of the respective accounting periods have the following terms and weighted average exercise prices:

Term of the option	*Weighted Average exercise price*	*No. options 30 June 2022*	*Weighted Average exercise price*	*No. options 30 June 2021*
8 May 2013 – 8 May 2023	£0.16	–	£0.16	–
13 May 2014 – 13 May 2024	£0.20	–	£0.20	–
18 September 2014 – 18 September 2024	£0.20	1,823,760	£0.20	2,027,714
7 November 2014 – 7 November 2024	£0.20	–	£0.20	–
19 September 2016 – 19 September 2026	£0.50	6,346,999	£0.50	8,418,668
1 August 2017 – 1 August 2027	£0.44	5,555,000	£0.44	5,625,000
4 September 2017 – 4 September 2027	£0.72	115,359	£0.57	1,000,000
26 February 2018 – 26 February 2028	£0.580	1,248,330	£0.58	1,305,001
4 July 2019 – 4 July 2029	£1.22	93,331	£1.22	93,331
10 June 2020 – 10 June 2030	£1.16	3,000,000	£1.16	3,000,000
1 January 2021 – 1 January 2031	£1.08	2,895,450	£1.05	3,472,000
22 June 2021 – 20 June 2031	£nil	1,407,081	£nil	3,001,000
12 July 2021 - 12 July 2031	£nil	1,718,497	–	–
4 April 2022 - 4 April 2025	£nil	4,557,714	–	–

24 June 2022 – 24 June 2025	£nil	4,755,375		
28 June 2022 - 28 June 2025	£nil	1,408,450	–	–
28 June 2022 - 4 April 2025	£nil	453,246	–	–
28 June 2022 - 28 June 2024	£nil	1,288,182	–	–
28 June 2022 - 28 June 2025	£nil	1,288,190	–	–
Total		**37,954,964**		**27,942,714**

13. Related party transactions

The Group's significant related parties are disclosed in the most recent audited consolidated financial statements of Made.com Group Plc for the year ended 31 December 2021. During the six months ended 30 June 2022, the following resignations and appointments were made to the Made.com Group Plc board:

Philippe Chainieux (resigned 21 February 2022)

Nicola Thompson (appointed 21 February 2022)

Bruno Crémel (resigned 31 March 2022)

Claire Valoti (appointed 13 May 2022)

Adrian Evans (resigned 27 June 2022)

Patrick Lewis (appointed 27 June 2022)

There were no other material changes to related parties in the period.

During the 6 months ended 30 June 2022 2,565,152 share options have been granted to directors and key management personnel under the PSP and SIP schemes (2021: 1,635,000 share options). In the 6 months ended 30 June 2021 amounts totalling £1.0m were paid to directors in the form of one-off bonuses related to the IPO. Other than share options and compensation paid to key management personnel, no material related party transactions have taken place in the 6 months to 30 June 2022.

14. Business combinations

On 6 May 2022, the Group acquired 100% of the issued share capital in Streethub Limited, a company incorporated in England and Wales. Streethub Limited together with its wholly owned subsidiaries is known as ''Trouva''. Trouva is the brand name of the marketplace that Streethub Limited operates, which provides a platform for independent boutiques and brands to offer a curated range of homewares, lifestyle and fashion products to consumers. The acquisition of Trouva allows the Group to accelerate the Group's strategic priorities around Homewares expansion, with a particular focus on Choice and Reach.

The results of Trouva have been fully consolidated into the interim Group results at 30 June 2022, from the date of its acquisition, using the acquisition method. As at 30 June 2022, the Group has not finalised the review of the fair values of the identifiable assets and liabilities acquired, including potential intangible assets other than goodwill. The numbers presented below are provisional, and any changes to these following the finalisation of the fair value exercise within the twelve months post-acquisition will result in an adjustment to goodwill.

The provisional fair value of the identifiable assets and liabilities of Trouva at the acquisition date were:

	£m
Property, plant and equipment	0.1
Trade and other receivables	0.2
Cash	0.6
Trade and other payables	(1.8)
Loans	(0.2)
Net identifiable liabilities acquired	(1.1)
Total purchase consideration paid	(3.3)

Provisional goodwill arising on acquisition	(4.4)

The provisional goodwill arising on the acquisition is primarily attributed to the synergies expected to be realised from combining the operational activities of Trouva with those of the Group.

The net cash flow on acquisition was:

	£m
Total purchase consideration paid (cash)	(3.3)
Cash acquired	0.6
Net cashflow on acquisition	**(2.7)**

Acquisition related costs of £0.6m were incurred by Made.com Design Limited and have been recognised in the income statement for the 6 months ended 30 June 2022. These costs have been presented as exceptional for the purposes of reporting Adjusted EBITDA (refer to note 5).

From the date of acquisition, Trouva has contributed revenue of £0.7m and has generated a net loss before tax of £(0.7)m, which is reported within the consolidated Group results. Had the acquisition taken place on 1 January 2022, Trouva would have contributed an additional £1.6m of revenue and an additional net loss before tax of £(1.5)m.

15. Post balance sheet events

In July 2022, reflecting the lower level and higher volatility of trading, the Board announced that it was considering a capital raising to strengthen its balance sheet. In August 2022, the Group commenced a transformation programme, MADE RE:DESIGNED, aiming to improve profitability. The first phase of MADE RE:DESIGNED, known as RE:SIZE, aims to reduce fixed costs to ensure that the business is the right size for the level of consumer demand. At the date of signing these accounts, the Group has already taken steps to reduce warehouse space and costs at the London warehousing facility. The financial impact is unknown at present. It is possible that accelerated depreciation of rights of use assets and termination penalty will arise in H2 2022. A head office restructuring was announced on September 15th, aiming to reduce overhead expenditure by £6m. Resizing the business is expected to incur £3.7m of non-recurring restructuring charges. The Group has taken steps to close its London showroom and China sourcing office. The expected restructuring costs are included in the £3.7m charges referred to above. It's anticipated that the majority of the plan will be implemented by the end of 2022.

As set out in the critical estimates and judgements, no impairment of non-current assets was recognised at 30 June as they were considered supportable based on the impairment test performed at that time. However, events since the balance sheet date indicate a decline in the fair value of the group and therefore it is possible that an impairment of certain assets will arise in H2 2022.

On the 23 September, the Board announced that it had engaged with Financial Advisors to actively market the business for sale as a going concern to execute its revised strategy to maximise value for shareholders. The Company expects this process to lead to sufficient investment and access to funding to enable the Group to operate as a going concern. The Board has appointed PricewaterhouseCoopers LLP ("PwC") as its Financial Advisors with regards to the Strategic Review and formal sale process. J.P. Morgan Cazenove is advising MADE in respect of the application of the Takeover Code.

Statement of Directors' Responsibilities

for the 6 months ended 30 June 2022

The directors confirm that the condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and that the Interim Management Report and condensed consolidated interim financial statements include a fair review of the information required by Disclosure Guidance and Transparency Rules 4.2.4, 4.2.7 and 4.2.8, namely:

– the condensed consolidated interim financial statements gives a true and fair view of the assets, liabilities, financial position, cash flows and profit or loss of the issuer, or undertakings included in the consolidation;

– an indication of important events that have occurred during the first 6 months of the financial year and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining 6 months of the financial year; and

– material related party transactions in the first 6 months of the financial year and any material changes in the related party transactions described in the last Annual Report.

The directors who served Made.com Group plc during the period are:

Susanne Given

Philippe Chainieux (resigned 21 February 2022)

Nicola Thompson (appointed 21 February 2022)

Adrian Evans (resigned 27 June 2022)

Patrick Lewis (appointed 27 June 2022)

Matthew Price

George McCulloch

Ning Li

Bruno Crémel (resigned 31 March 2022)

Claire Valoti (appointed 13 May 2022)

Gwyn Burr (resigned 19th August 2022)

BY ORDER OF THE BOARD

Nicola Thompson

Chief Executive Officer

29 September 2022

Independent review report to the members of Made.com Group Plc (the 'Company' or the 'Group')

for the 6 months ended 30 June 2022

Disclaimer of conclusion

We were engaged by the Company to review the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the Interim condensed consolidated income statement; Interim condensed consolidated statement of comprehensive income; Interim condensed consolidated statement of financial position; Interim condensed consolidated statement of changes in equity; Interim condensed consolidated statement of cash flows and Notes to the interim condensed consolidated financial statements. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

We do not express a conclusion on the accompanying condensed consolidated set of financial statements of the Group. Because of the significance of the matters described in the Basis for disclaimer of conclusion section of our report, we have not been able to complete our review on these condensed consolidated set of financial statements.

Basis for disclaimer of conclusion

As disclosed in note 2 to the condensed consolidated set of financial statements, the financial statements of the Group are prepared on the assumption that the Group will continue as a going concern.

Trading during the second and third quarters of 2022 has been extremely volatile, against a backdrop of geopolitical instability and macro-economic uncertainty leading to worsening consumer confidence. There is significant uncertainty in relation to the extent and period over which these developments will continue, but they will have a significant impact on the Group's financial position, future cashflows and results from operations.

Management have prepared a strategy, supported by their Financial Advisors, to support their assessment that the Group is a going concern, including consideration of the risks in achieving that strategy. To continue trading as a going concern and achieve the Group's longer-term strategy of sustainable profitability, the Board recognized the need for a Strategic Review and injection of new funding into the business. On 23 September 2022, the Board announced the intention to sell the business as a going concern and withdrew full year guidance for 2022.

There are two key assumptions supporting the Director's conclusion to prepare the financial statements on a going concern basis for the period through to December 2023, which the Director's identify as material uncertainties. These are:

1) whether the Group can sell Made.com Group PLC to a buyer with sufficient resources, and intention to fund the business, such that it is able to operate as a going concern through to at least December 2023, within the short timeframe afforded by the current level of liquidity; and
2) whether the Group has sufficient liquidity available, given the current trading conditions, driven by reduced consumer demand, to enable the business to trade and meet its liabilities as they fall due, until the sale referred to in 1) is completed.

The Board were aware of the need to secure additional funding for the business through a sale as they recognized that under all reasonable assumptions, without this funding the Group would not be a going concern.

A Financial Advisor was recently appointed to run the sale process, however, engagement with potential investors has only just begun. Consequently, we have not been able to complete our review, as we could not obtain sufficient appropriate evidence to support the key assumptions that 1) the Group can sell Made.com Group PLC to a buyer with sufficient resources, and intention to fund the business, such that it is able to operate as a going concern through to at least December 2023, within the short timeframe afforded by the current level of liquidity; and 2) whether the Group has sufficient liquidity available, given the current trading conditions, driven by reduced consumer demand, to enable the business to trade and meet its liabilities as they fall due, until the sale referred to in 1) is completed to provide a basis to issue a conclusion on these condensed consolidated set of financial statements.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the review of the financial information

Our responsibility is to review the group’s condensed set of financial statements in the half-yearly financial report in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council.

However, because of the significance of the matter described in the Basis for disclaimer of conclusion, we are not able to complete our review on these condensed consolidated set of financial statements.

Use of our report

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London
29 September 2022

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