

LIKEWISE GROUP PLC
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022



LIKEWISE GROUP PLC

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LIKEWISE GROUP PLC

COMPANY INFORMATION

The board of directors	P P S Bassi A J Brewer R Povey A J W Simpson M A Steventon
Company secretary	R Povey
Registered number	08010067
Registered office	Unit 4 Radial Park Radial Way Birmingham Business Park Solihull, Birmingham B37 7WN
Auditors	Crowe U.K.LLP Chartered Accountants & statutory auditor 55 Ludgate Hill London EC4M 7JW

LIKEWISE GROUP PLC

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Likewise is pleased to announce that total Sales Revenue for year ending 31 December 2022 was £123.6 million, an increase of 104.4% on the previous year. This was a combination of organic growth of 25.7% and the contribution of the two acquisitions during 2022, Valley Wholesale Carpets Limited ("Valley") and Delta Carpets Limited ("Delta").

Sales Revenue for the first four months of 2023 has shown a further increase of 17.8% over the corresponding period last year, reflecting strong performance against macro-economic headwinds.

Underlying Profit Before Tax for 2022 is £2.56 million an increase of 84.8% on the previous year. The Group has developed a strong Balance Sheet with Net Assets of £39.1 million including Freehold Property of £22.3 million as at 31 December 2022.

The Group is now clearly established as a leading company in the UK floor covering industry and is well on target to achieve its medium-term targets.

The organic growth of the Likewise Branded Businesses of 25.7% in 2022, followed by a further 23.5% in the first four months of 2023, has been achieved through a significant increase in market presence through substantial investment in Point of Sales Displays and Sampling, combined with the ongoing development of Sales Teams throughout the UK.

This has also culminated in the number of Active Customer Accounts increasing by 27.1%. Furthermore, the Business to Business Website is being utilised by customers placing orders at any time.

The acquisition of Valley in January 2022 was a very important step for the Group. Valley performed particularly well during the year and is an important contributor to profitability and cash flow. Ongoing investment in Erith, the extension to the Derby Distribution Centre and commencing operations from the previously unused Newport Distribution Centre, will all contribute to the ongoing development of Valley as the geographical reach extends to South Wales and the South West of England.

To support the Sales Development in the Likewise Branded Businesses there has been significant investment over the last two years in the distribution infrastructure. In January 2021, the Distribution Hub in Leeds was established to provide logistics support to all of Likewise Floors.

In January 2022, Likewise North East moved into larger premises in Newcastle. During H2 2021 the Group took possession of the Birmingham Distribution Hub which became fully operational, creating Likewise Midlands during 2022. In July 2022 Likewise South was established in Newbury.

Investment in the distribution infrastructure has continued into the current year as Likewise London and Floors by Lewis Abbott moved into a much improved facility in Sidcup in January 2023. Additionally, Likewise Scotland is moving into a new High Bay Distribution Hub during June 2023 which will significantly enlarge the capacity for both Scotland and England.

Focus continues to be on relocating A&A in Manchester. Whilst this has been ongoing for some time, we are optimistic of finding a suitable location for the business to relocate to. This is the final piece in this stage of the Group's Logistics development.

With the extensive investment above, the Group has created the logistics capability to double its current cutting capacity for Carpet, Residential Vinyl and Artificial Grass. This is consistent with the Group's aspirations to create a business well in excess of £200 million Sales Revenue.

As previously stated, Likewise has recently become a key funding partner of Carpet Recycling UK, reflecting the Group's contribution to the floor covering industry combined with the wider environmental responsibilities. The Group also is investing in initiatives to recycle Cardboard and Polythene in addition to 73% of the company's fleet of cars being Electric or Hybrid. The Group will continue to examine opportunities to improve its ESG credentials.

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CHAIRMAN'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Dividend

The Board proposes a Dividend payment of 0.2 pence per ordinary share. This is consistent with the previous 2022 Interim Dividend, which as previously announced, was reflective of the financial performance in 2021. Shareholders can also take advantage of the Dividend Reinvestment Plan ("DRIP") by registering their intentions with the Company's registrar by 16 June 2023.

The final dividend, if approved by shareholders at the AGM, will be paid on 7 July 2023 to shareholders on the register at the close of business on 2 June 2023, the ex-dividend date being 1 June 2023.

Outlook

The Group has established a comprehensive infrastructure over the last two years and, with the ongoing investment in Sales and Marketing, is well placed to continue to increase market share. This has been clearly evident since 2020 and continues into 2023.

The first four months of 2023 have been positive and the Board is confident that the experienced Management, combined with strong Sales Teams and all our Staff, will contribute to the ongoing development and success of the Group. Sales Revenue for the first four months of 2023 has shown a further increase of 17.8% over the corresponding period last year, and the Group remains in line with the current market consensus.



A J Brewer
Chief Executive

Date: 15 May 2023

LIKEWISE GROUP PLC

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their Strategic Report and the audited financial statements of the Group and Company for the year ended 31 December 2022.

Business overview

Likewise Group Plc is a distributor of floorcoverings and mattings and has the opportunity to become one of the UK's largest distributors in this sector, utilising the expertise and industry knowledge of the Board, Executive Board and Operational Management. Management believe this can be achieved through a mixture of organic growth, operational leverage and where appropriate, acquisitions.

The Group has grown rapidly in 2022 with the addition of the newly acquired Valley Wholesale Carpets completed in January 2022 and Delta Carpets in April 2022. The acquisition of Valley Wholesale Carpets was a particularly important strategic step for Likewise. Valley continues to operate from its sites in Erith, Derby and Newport.

The acquisition of Delta Carpets in April 2022 confirmed the Group's intention to bring bolt on opportunities into the infrastructure being established. Having transferred to the Leeds distribution hub, the Delta Carpets business is now fully integrated and successfully operating as a division of Likewise Floors.

The Group's Distribution Hubs in Glasgow, Leeds, Birmingham and Sudbury, Manchester Distribution Centre, plus Facilities in Newcastle, Newbury and Sidcup in addition to the Valley Network in Erith, Derby and Newport totalling 15 million cubic feet, will allow the Group to meet its medium term objectives.

The Group will continue to make further investment in organic growth through sales and marketing initiatives and development in specific geographic locations. Acquisition opportunities will be considered in the future if they are earnings enhancing and provide the appropriate strategic rationale.

Trading performance

The Directors are pleased to report the Group's revenue increased from £60.5m in 2021 to £123.6m for the year ended December 2022.

Following the restructure of the Group at the start of 2022, with the exception of Valley, all of the operating businesses trade as divisions of Likewise Floors Limited. These businesses continue to gain traction in their local markets.

Valley Wholesale Carpets Limited, acquired in January 2022, has performed to original expectations in an undoubtedly challenging market and we are therefore very pleased with the contribution from Valley to sales and profitability. The Valley logistics network, with its main distribution hub in Erith, is now enhanced by extra storage and cutting capacity in Derby, in addition to the previously unused centre in Newport commencing operations in November 2022.

Likewise Floors which now trades from the national distribution hub in Leeds is a critical part of the Group's logistics network and continues to be a key component in supplying the wider Group. Delta Carpets, acquired in April 2022 is now fully integrated into the Leeds hub and is able to call upon the benefits that come with being part of a larger business.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Likewise Midlands is now fully operational from the distribution hub in Birmingham. From this location the Group is able to supply both North and South, providing vital support to smaller logistics centres. The sales team operating from Birmingham continue to increase the Group's market presence by focusing on the key strengths of the Group, developing strong customer relationships and providing great products, service and value for our customers.

Likewise South which opened in Newbury in July 2022 continues to grow its presence in the south of England with future development already planned. Investment in initial start-up costs for the business amounts to £0.497m in the period.

Likewise London and Floors by Lewis Abbott has now relocated to a newly refurbished 12,000 square feet logistics centre in Sidcup. This will enable the business to provide an improved service to existing customers and to develop additional business with customers in the South East of England.

A & A in Manchester continues to trade from its original premises. The board is committed to sourcing a more suitable distribution centre to fit with the Group's medium term objectives and to support the increased potential of the A&A brand.

The new facility in Glasgow for Likewise Scotland will enhance the Group's presence in Scotland and with the committed capital investment, the operational capacity of the Group will be greatly enhanced. The business is expected to be fully operational from this location from June 2023.

Overall the Group continues to expand its presence in all areas, both with product and geographically. The board now consider that the logistics capability that has been created can support the Group's medium term aspirations to have a business with revenue in excess of £200 million.

Business strategy

It is the belief of the board that value can be generated for suppliers, customers and shareholders by creating a national supplier and distributor of UK floorcoverings.

As with the acquisition of Valley and Delta in 2022, where the board consider future acquisitions, they will focus around increasing the scale and operational reach of the Group into new regions and consolidate the Group's overall market position.

The Group has made significant progress in the last two years through investment in the infrastructure, with new operations being established in Leeds, Newcastle, Birmingham, Newbury and Sidcup. The new site in Glasgow, having been completed in November 2022 is currently being fitted out and is expected to be operational from June 2023. Negotiations for a new development to relocate A&A in Manchester are continuing and the board are hopeful of a resolution in the next few months.

In conjunction with the investment in logistics capacity the Group has also made significant progress in enlarging the sales team and increased point of sale displays to expand and create a much greater market presence. In addition to the normal level of cost for sampling, the Group has recorded exceptional stand, display and point of sale cost of £486,536 in the year to December 2022. As previously stated, the board and operational management are very focused on delivering the appropriate return on this investment to both secure additional profitability and importantly further investment to accelerate future growth.

Market and competition

The floorcovering market is made up of manufacturers, distributors, retailers and installers. It is the strategy of Likewise Group to become a national distributor in this market. The UK flooring market is worth c.£2 billion split between residential, commercial, public and industrial markets. It is the strategy of the Group to focus on the residential and commercial areas of the market.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

The Board consider the following as financial key performance indicators (KPIs) for the Group: revenue, adjusted profit before tax and operating cash flow. The Board members review these for each of the businesses on a monthly basis. Individual subsidiaries have additional key performance indicators specific to their operations. Sales and margin are also monitored against budget on a daily basis by the executive management team.

Key performance indicators were as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 (as restated**) £	Increase %
Revenue	123,642,673	60,490,559	104.4%
Adjusted profit before tax	2,558,742	1,384,625**	84.8%
Operating cash flow	(1,326,824)	(299,973)	(342.3%)

The above adjusted profit before tax figure is stated after adding back:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Acquisition fees & related costs	2,302,372	-
Loss from new operations*	497,968	724,474
Exceptional investment in point of sale	486,536	-
Amortisation of intangibles	366,507	287,428
Share based payments	319,678	149,210
AIM listing costs	-	352,142
Impact of IFRS 16**	-	213,765
Restructuring costs	-	98,253

*Losses from new operations relate to costs incurred in the initial start up phase of Likewise Midlands in 2021 and Likewise South in 2022 whilst the business is in its initial development phase to generate returns.

**In 2021, management considered the impact of the IFRS 16 reporting standard for leases as an adjustment required in determining their adjusted profit before tax figure as a key performance indicator of the business. Had the adjusted profit before tax figure been shown consistent with the 2021 disclosure, this would have led to a reported adjusted profit before tax of £3.1m.

The Board additionally monitors the square footage of available warehouse space as a non financial KPI. The warehouse capacity as at 31 December 2022 was 519,000 square feet* (2021 - 300,000 square feet).

* Includes new facilities in Glasgow and Sidcup.

The following tables show a reconciliation of the adjusted results.

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GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Adjusted results 2022

	Underlying perform- ance (adjusted) £	Acquis'n fees & related costs £	Loss from new operation (South) £	Invest- ment in point of sale £	Amort'n of intang- ibles £	Share related costs £	Reported £
Revenue	123,642,673						123,642,673
Cost of sales	(86,685,908)			(486,536)			(87,172,444)
Gross profit/(loss)	36,956,765			(486,536)			36,470,229
Admin costs	(16,329,465)	(1,455,992)	(497,968)		(366,507)	(319,678)	(18,969,610)
Distribution costs	(17,038,557)						(17,038,557)
Impairment losses on trade receivables	(238,201)						(238,201)
Profit/(loss) from operations	3,350,542	(1,455,992)	(497,968)	(486,536)	(366,507)	(319,678)	223,861
Finance income	5,043						5,043
Finance costs	(796,843)						(796,843)
Loss on revaluation	-	(846,380)					(846,380)
Profit/(loss) before tax	2,558,742	(2,302,372)	(497,968)	(486,536)	(366,507)	(319,678)	(1,414,319)
Taxation	578,015						578,015
Profit/(loss) for the year	3,136,757	(2,302,372)	(497,968)	(486,536)	(366,507)	(319,678)	(836,304)

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GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Adjusted results 2021

	Underlying performance (adjusted) (**as restated)	Amort'n of intangibles	Loss from new operations (Likewise Midlands)	Share related costs	Restruct- uring costs	Reported
	£	£	£	£	£	£
Revenue	60,490,559					60,490,559
Cost of sales	(42,350,337)					(42,350,337)
Gross profit	18,140,222					18,140,222
Other operating income	212,183					212,183
Admin costs	(9,522,970)	(287,428)	(651,595)	(501,352)	(98,253)	(11,061,598)
Distribution costs	(7,050,344)					(7,050,344)
Impairment losses on trade receivables	(42,241)					(42,241)
Profit/(loss) from operations	1,736,850	(287,428)	(651,595)	(501,352)	(98,253)	198,222
Finance income	173					173
Finance costs	(352,398)		(72,879)			(425,277)
Profit/(loss) before tax	1,384,625	(287,428)	(724,474)	(501,352)	(98,253)	(226,882)
Taxation	81,459					81,459
Profit/(loss) for the year	1,466,084	(287,428)	(724,474)	(501,352)	(98,253)	(145,423)

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Process for managing risk

The Board continually assesses and monitors the key risks in the business. Below describes the principal risks and uncertainties that could have a material impact on the Group's performance and prospects and the mitigating activities which are aimed at reducing the impact or likelihood of a major risk materialising. The Board does recognise, however, that it will not always be possible to eliminate risk.

Business Disruption

The Group's operations could be subject to disruption due to factors including incidents such as a major fire or failure of key suppliers. Incidents such as a fire at key premises or failure of key suppliers could result in the temporary cessation in activity or disruption of the Group's facilities impeding the Group's ability to deliver its products to its customers, adversely affecting its financial results. The Board looks to mitigate the failure of any key suppliers by having a wide supplier base with known alternatives as well as maintaining a sufficient level of stock within its UK operations. The Group has developed business continuity and disaster recovery plans. The COVID 19 pandemic has shown that with good communication with all business partners and the full application of emergency procedures, a level of business can be maintained. The Group also maintains insurance to cover business interruption and damage to property from such events.

As a distribution business, the impact of any changes in product preference and changing fashions in the marketplace is limited to the level of stock held at any one time. Changes in ranges offered to the wider customer base generally take place at the lowest level of stock holding. Any cost of discounting of stock that may be necessary is built into the general business model.

Economic Conditions

The Group is dependent on the level of activity in various markets and is therefore susceptible to any changes in economic conditions. Lower levels of activity in key markets in which the Group operates could reduce sales volumes adversely, thus affecting the Group's financial results. The Group monitors trends in the key industries and markets the Group operates in. As a distribution and selling business the Group is well placed to react to changes relatively quickly and implement changes to the business model and practices.

Fluctuations in Input Prices

Adverse fluctuations in raw material commodity prices could affect the profitability of the Group albeit such increases are likely to have an industry wide impact and as such would result in an increase in sales prices to end customers to negate this. A proportion of the Group's purchases are transacted in Euros and US Dollars and as such we are susceptible to foreign exchange risk on such purchases albeit in most instances the Group enters forward contracts to mitigate against any exposure.

In addition, rising freight costs recently experienced inevitably increase the costs of goods from overseas suppliers. Short term increases are negated by maintaining sufficient levels of stock on hand with longer term increases reflected in subsequent price increases passed on to customers.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Post balance sheet events

On 2 May 2023, the Company allotted 22,500 new £0.01 Ordinary Shares for consideration of £0.10 per share, totalling £2,250. These shares were issued under the Company's SAYE scheme.

On 8 July 2022, Likewise Group Plc declared an interim dividend of 0.2p per share. After the reporting date the Directors became aware that aggregate dividends totalling £487,590 paid in the period had been made otherwise than in accordance with the Companies Act 2006 as unaudited interim accounts had not been filed at Companies House prior to the dividend payment. A resolution has been proposed at the General Meeting to be held on 27 June 2023 to authorise the appropriation of distributable profits to the payment of the relevant dividends and waive the entitlement of the Company to pursue shareholders and Directors for repayment. This will constitute a related party transaction under IAS24 'Related party disclosures', the effect of which will be to return all parties, so far as possible, to the position they would have been in had the relevant dividends been made in full compliance with the Companies Act 2006.

Financial Results and Ordinary Dividend

The results of the Group are shown in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

On 22 February 2022, the Company reduced the share premium account by £22,000,000 and this balance was transferred to the distributable retained earnings of the Company.

An interim dividend of 0.2p per ordinary share was paid on 8 July 2022 to shareholders on the register as at 6 June 2022.

The directors propose to pay a final dividend of 0.2p per ordinary share in respect of the financial year ended 31 December 2022. This to be subject to shareholder approval at the forthcoming AGM.

If approved, the total dividend payable for 2022 will be 0.4p per ordinary share.

The final dividend, if approved by shareholders at the AGM will be paid on 7th July 2023 to shareholders on the register at the close of business on 2nd June 2023, the ex-dividend date being 1st June 2023.

The last day for investors to elect for the Dividend Re-Investment Plan (DRIP) will be 16th June 2023.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Directors' statement of compliance with duty to promote the success of the Group

A director of a company must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between members of the company.

The directors consider it crucial that the Group maintains a reputation for the highest standards of business conduct and are responsible for setting, reviewing and upholding the culture, values, standards, ethics and reputation of the Group to ensure obligations to key stakeholders are met. By using the core values of the business, we seek to sustain and develop strong, stable, profitable partnerships with all our customers, employees and suppliers by providing outstanding products.

During the year ended 31 December 2022, the directors consider that they have at all times acted in a way that would most likely promote the success of the Group and for the benefit of its members as a whole, and in making those decisions have had particular regard the points outlined above.

The engagement with key stakeholders is summarised as follows:

Our people

Our employees foster strong relationships with both customers and suppliers and are integral in delivering the Group's strategy. As such the Group is committed to attracting talent, developing individuals, and ensuring employees are rewarded for their contribution to the growth of the business. The Board ensure that information and decisions of interest or concern to employees are shared at all levels.

The Board is committed to improving the Group's focus on diversity and inclusion to ensure all employees are treated fairly. Furthermore, the Group is committed to recruiting, training and rewarding individuals based on merit and performance whilst providing opportunities for all our employees

Our shareholders

The shareholders of the business have helped us build the business to where we are today. As we continue on our growth trajectory the Group ensures shareholders are regularly updated on the latest developments. Announcements are shared on the Company's investor website.

Should shareholders have further questions, the AGM promotes the opportunity for questions to be put to the Board or alternatively they are welcome to contact the Board via the investor website to raise queries important to them.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Business relationships

Relationships with our customers are at the heart of what we do. The Group is committed to developing lasting relationships by providing great products, service and value for our customers.

With the help of our employees, customers have been visited regularly to drive the quality of our service offering whilst also providing the opportunity to obtain timely feedback on products, service and any changes in consumer trends that help us develop our business to continue to meet their expectations.

Strong relationships have also been developed with suppliers which continue to allow us to exceed customer expectations. Regular dialogue with suppliers provides mutually beneficial feedback on products whilst exploring new ranges that may be of interest to our customers.

Community and environment

We try to be a positive influence in the life of the communities in which we operate and strive to minimise our impact on the environment as much as possible.

This report was approved by the board and signed on its behalf.



R Povey
Chief Financial Officer

Date: 15 May 2023

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Introduction

The Board acknowledges the importance of good corporate governance and since flotation on AIM in August 2021 we have chosen to adopt the Quoted Companies Alliance Corporate Governance Code (QCA Code) which the Board believe is appropriate given the size, structure and stage of development of the Group.

The Directors outline how the principles of the code have been upheld since admission, as detailed below:

Principle 1: Establish a business strategy and business model which promotes long-term value for shareholders

The Group's business model and strategy is set out on the Group's website (www.likewiseplc.com). The continued increase in Group revenues through delivery of organic growth and consolidation of selective acquisition demonstrates the success of the model and long-term value creation for shareholders.

The Board meet regularly in order to discuss the success of the strategy as well as identify any risks and uncertainties that may impact the business and take mitigating actions where required to address those risks.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Board are committed to meeting the needs and expectations of its shareholders.

The Company holds regular meetings and dialogue with shareholders and ensure regular communications are held via investor roadshows, trading updates and via a Regulatory Information Service on all matters of a material substance and/or regulatory nature.

The Company's AGM also provides an opportunity for Shareholders to communicate with the Chairman and wider members of the Board. Shareholders are welcome to contact the Company via email or via contact details outlined on the Group's website. The Board values the opportunity to engage with shareholders and ensures all questions or queries raised are addressed.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group takes its corporate social responsibilities very seriously and is committed to operating as a responsible, sustainable business.

The Group will maintain effective working relationships across a wide range of stakeholders including Shareholders, employees, customers, suppliers and communities in which the Group operates, in order to achieve long term success.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Directors meet regularly to discuss opportunities and threats to the Group's strategy and undertake mitigating actions in order to manage these risks.

All proposals reviewed by the Board will include consideration of issues and risks of each proposal put forward. Where necessary, the Board will draw on experience of external consultants in order to effectively mitigate risks.

**CORPORATE GOVERNANCE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair:

Following admission the Board comprises the independent non-executive chairman, one non-executive director and two executive directors. Furthermore, following admission Mike Steventon was appointed as an additional non-executive director to the Group.

Biographies of the Directors are available for review on the Group's website.

Two separate boards have been established to deliver the Group's long-term strategy:

The PLC Board

The PLC Board are responsible for the execution of the strategy and ensuring the Group meets with the requirements of a listed business. The PLC Board consists of Paul Bassi (independent non-executive Chairman), Tony Brewer (Chief Executive Officer), Roy Povey (Chief Financial Officer), Andrew Simpson (non-executive director) and following his appointment in 2021, Mike Steventon (non-executive director). The PLC Board between them have extensive knowledge and a wealth of experience of listed companies and the UK floor coverings industry.

The Audit Committee and Remuneration Committee also support the PLC Board.

Executive Board

The Executive Board reports to the PLC Board and are responsible for the operational delivery of the business. They are in control of the day-to-day trading, sourcing and integration of new acquisitions and management.

Principle 6: Ensure that, between them, all Directors have necessary up to date experience, skills and capabilities

The skills and experience of the Directors are summarised in their biographies on the Group's website.

The Board believe they have an appropriate balance of diverse skills and experience in order to deliver on its core objectives. The Board is not dominated by any one individual and all Directors have the ability to challenge proposals put forward at each meeting, democratically. The Directors have received a briefing from the Company's Nominated Adviser in respect of continued compliance with AIM Rules and the Company's solicitors in respect of continued compliance with Market Abuse Regulations (MAR).

Principle 7: Evaluate board performance based on clear and relevant objectives seeking continuous improvement

The Directors will consider the effectiveness of the Board and the sub-committees formed, as well as the individual performance of each director. The Company intends to establish a Nomination Committee which will conduct regular assessments of the individual contributions of each member of the Board to ensure their contribution is relevant and effective.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Group has a responsibility towards its employees and other stakeholders. The Board promotes a culture of integrity, honesty, trust and respect and all employees of the Group are expected to operate in an ethical manner in all of their internal and external dealings.

The Group's policies promote this culture and include such matters as whistleblowing, social media, anti-bribery and corruption, communication and general conduct of employees.

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CORPORATE GOVERNANCE REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The PLC Board is responsible for its governance structures, performance and effectiveness. The Board retains ultimate responsibility for good governance and is responsible for monitoring the activities of the executive team. The Non-Executive Directors are responsible for bringing objective judgement to all Board decisions.

The addition of the executive board and the sub-committees also support the wider governance of the Group.

Principle 10: Communicate how the Company is governed and is performing by maintaining open dialogue with Shareholders and other relevant stakeholders

Details of how the Company is governed are disclosed on the Group's website by reference to how it has applied the QCA code. This information is reviewed annually in accordance with AIM rule 26.

The annual and half-year financial statements as well as the AGM are considered the primary mechanisms to engage directly with Shareholders, to provide information and receive feedback about the Group and its progress.

In addition, regular updates are made to the Company's website detailing information regarding the Group's activities and performance, including financial information in accordance with AIM Rule 26.

An email address is also maintained for all investor relations, info@likewiseplc.co.uk.

This report was approved and signed on behalf of the board by:



R Povey
Chief Financial Officer

Date: 15 May 2023

LIKEWISE GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the Group is the wholesale distribution of floorcoverings and associated products.

The Group is required by the Companies Act 2006 to prepare a Strategic Report that includes an overview of the business, a review of trading performance of the Group and its position as at the end of the financial year to 31 December 2022 and the principal risks faced by the Group. The Strategic Report can be found on pages 5 to 13.

Results and dividends

Revenue for the year amounted to £123,642,673 (2021 - £60,490,559). Loss before taxation was £1,414,319 (2021 - loss of £226,882) after recognition of exceptional expenses. Management have included a full reconciliation to the underlying adjusted profit before tax of £2,558,742 within the Strategic Report.

With the integration of Valley Wholesale Carpets and Delta Carpets in 2022, as well as the continued organic growth of the Likewise brand, the Group is well placed to continue increasing throughput through the distribution network, realise synergies from new acquisitions culminating in an increase in revenue and profitability in line with the Group's medium-term objectives.

On 8 July 2022, the Company paid an interim dividend of £487,590, being £0.002 per share, for the year to 31 December 2022 (2021 - £Nil).

The directors recommend a final dividend of £0.002 per share be paid. The final dividend will be paid, subject to shareholders' approval at the Annual General Meeting. This dividend has not been included as a liability in these financial statements.

If approved, the total dividend for 2022 will be £0.004 per ordinary share.

The final dividend, if approved by shareholders at the AGM will be paid on 7th July 2023 to shareholders on the register at the close of business on 2nd June 2023, the ex-dividend date being 1st June 2023.

The last day for investors to elect for the Dividend Re-Investment Plan (DRIP) will be 16th June 2023.

During the year the Board became aware of a technical issue in respect of an historic dividend paid by the Company. The Company has always filed its statutory annual accounts on time in accordance with the requirements of the Companies Act 2006 (the "Act"), and at all times had sufficient profits and other distributable reserves to justify the payment of dividends. However, the Company has not satisfied certain procedural requirements of the Act before paying an interim dividend in the year since the Company's IPO (the "Relevant Distribution"). These procedural requirements relate to the failure to file interim accounts at Companies House which justified the payment of an interim dividend before the circulation to members of the audited accounts of the Company in respect of the relevant financial year. The Company has been advised that, as a consequence of the above distribution being made otherwise than in accordance with the Act, it may have claims against past and present shareholders who were recipients of the Relevant Distribution and against those persons who were directors of the Company at the time of the Relevant Distribution. The Company wishes to put all potentially affected parties so far as possible in the position in which they were always intended to be had the Relevant Distribution been made in accordance with the procedural requirements of the Act. Accordingly, the Company intends to propose a resolution in this year's AGM which will, if passed, give the Board authority to enter into deeds of release to discharge these parties from any obligation to repay any amount to the Company in connection with the Relevant Distribution. The company has put in place new procedures relating to all distributions which will ensure that relevant legal requirements are complied with at all times. These procedures will be regularly assessed to ensure they remain appropriate.

LIKEWISE GROUP PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Directors' remuneration

The remuneration of all Directors for the financial year ended 31 December 2022 were as follows:

	Salary/fees* £	Benefits in kind £	Bonus** £	Total 2022 £	Total 2021* £
Executive					
Tony Brewer	170,000	18,780	300,000	488,780	142,144
Roy Povey	161,325	8,222	150,000	319,547	145,338
Non-Executive					
Paul Bassi	50,000	-	-	50,000	50,000
Andrew Simpson	36,000	-	-	36,000	33,000
Mike Steventon	45,000	-	-	45,000	11,250
Total	462,325	27,002	450,000	939,327	381,732

* All Executive Directors and Key Management Personnel operated with a reduced salary from April 2020 to May 2021 due to COVID-19.

** Bonus paid was in respect of the successful acquisition of Valley Wholesale Carpets (2004) Ltd as set out in the acquisition document.

Directors pension entitlements

One Director who held office during the year ended 31 December 2022 was a member of a money purchase scheme. The contributions paid by the Group in respect of this was £25,600 (2021 - £25,600).

Political contributions

The Group made no political donations during the year (2021 - Nil).

Financial risk management objectives and policies

The three key risks the Group monitors are interest rate risk, liquidity risk and credit risk.

The Board reviews and agrees policies for managing these risks and they are summarised below.

Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. The Group's borrowings consist of invoice discounting facilities and bank loans.

The interest rates charged are reviewed and re-negotiated periodically.

Liquidity risk

The repayment terms of the floating rate loans have been structured to be serviced from cash generated by operating activities. Short-term flexibility is achieved through invoice financing facilities.

Credit risk

The credit rating of significant customers is monitored regularly.

LIKEWISE GROUP PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Directors

The Directors who served during the year were as follows:

P P S Bassi
A J Brewer
R Povey
A J W Simpson
M A Steventon

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, Directors' Report and the consolidated financial statements, in accordance with applicable law.

Company law requires the Directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

Under company law the Directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the consolidated financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Branches of the company outside the UK

The Group has a subsidiary company, H&V BVBA in Belgium.

LIKEWISE GROUP PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Greenhouse gas emissions, energy consumption and energy efficiency action

The below outlines the UK energy usage of the Group. Energy consumed is as a result of gas, electricity purchased and fuel used in powering the Group's sales force and distribution fleet.

The methodology used in calculating the below figures follows the CHG Reporting Protocol and uses the 2022 Government emission conversion factors for greenhouse gas company reporting.

	2022	2021
UK energy use (kWh)	18,003,136	8,587,116
Associated Greenhouse gas emissions (Tonnes CO ₂ equivalent)	4,249	1,980
Intensity ratio: Tonnes CO ₂ e per £m of revenue	34.1	32.7

As the network grows the Group inevitably increases its energy usage, increasing the tonnes of CO₂ produced as a result. As new sites are launched there is a delay in the timing of revenues as the business develops and as such in the short-term tonnes per CO₂e per £m of revenue increases. As the Group's divisions reach maturity and revenue generation increases, the tonnes per CO₂e per £m of revenue is expected to decrease.

Energy efficiency action

The below summarises some of the key actions taken in 2022 in order to reduce the energy consumption of the Group:

- Continued investment in replacement fleet vehicles focusing on the phasing out of older vehicles and replacement with vehicles meeting the Euro 6 emissions requirements;
- Following initial trials of electric vehicles within the sales force fleet in Q4 2021, the Group has continued to offer electric and hybrid alternatives to company car users upon each scheduled renewal. Following the initial introduction of four fully electric vehicles in 2021, a further fifteen vehicles have been delivered with a total of nineteen on the road at the end of 2022. 73% of the company car fleet are now electric or hybrid models;
- Continued investment in new energy efficient facilities that offer more efficient lighting, heating and where possible investment in sites with official 'BREEAM' ratings for their efficiency and sustainability; and
- Continued recycling of packaging tubes that are collected by drivers and returned into the distribution network for re-use.

In recognition of our continued commitment to the environment, the Group also became a funding partner of Carpet Recycling UK, in order to be a key contributor to how the flooring industry can address their wider environmental responsibilities.

LIKEWISE GROUP PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of Crowe U.K. LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

This report was approved by the board and signed on its behalf.



R Povey
Chief Financial Officer

Date: 15 May 2023

LIKEWISE GROUP PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIKEWISE GROUP PLC

Opinion

We have audited the financial statements of Likewise Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise:

- the Group statement of profit or loss and other comprehensive income for the year ended 31 December 2022;
- the Group and Parent Company statements of financial position as at 31 December 2022;
- the Group and Parent Company statements of changes in equity for the year then ended;
- the Group and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIKEWISE GROUP PLC (CONTINUED)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's financial projections for the Group and Parent Company for a period of more than 12 months from the date of approval of the financial statements;
- Checking the numerical accuracy of management's financial projections;
- Challenging management on the assumptions underlying those projections and sensitised them to reduce anticipated net cash inflows from future trading activities;
- Considering the terms of the bank loan and trade finance facilities and the amount available for drawdown;
- Considering potential downside scenarios and the resultant impact on available funds;
- Obtained the latest financial results post year end 31 December 2022 to review how the Group and Parent Company are trending toward achieving the forecast;
- Performed sensitivity analysis on key inputs of the forecast by calculating the impact of various scenarios and considering the impact on the Group and Parent Company's ability to continue as a going concern in the event of not meeting the forecast; and
- Assessing the completeness and accuracy of the matters described in the going concern disclosure within the significant accounting policies as set out in note 3.1.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIKEWISE GROUP PLC (CONTINUED)

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £600,000 (2021: £360,000), based on 0.5% of revenues per year end management accounts. We reassessed materiality based on final figures and concluded that the initial materiality calculated remained appropriate. As the Group is a trading group, we determined that the use of a trading-based metric was the most appropriate to use for determining materiality.

Materiality for the Parent Company financial statements as a whole was set at £245,000 (2021: £195,000) based on 0.45% of total assets per year end management accounts.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. The performance materiality for the Group was £420,000 (2021: £252,000) and £171,000 (2021: £136,000) for the Parent Company.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the directors to report to them all identified errors in excess of £30,000 (2021: £18,500). Errors below that threshold would also be reported to them if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The Group has two principal operating locations in the UK, in West Yorkshire and Suffolk, which have local accounting functions that report to the central management team at the head office in Birmingham. Other than inventory counts of material locations, which were attended in person, our audit was conducted remotely. All Group companies were within the scope of our audit testing.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

LIKEWISE GROUP PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIKEWISE GROUP PLC (CONTINUED)

Key Audit Matter

How the scope of our audit addressed the key audit matter

Revenue recognition - see note 5

Revenue is recognised in accordance with the accounting policy set out in the financial statements. We focus on the risk of material misstatement in the recognition of revenue, as a result of both fraud and error, because revenue is material and is an important determinant of the Group's profitability, which has a consequent impact on its share price performance.

Our work focused on assessing that revenue accounting policies were compliant with IFRS and validating that revenue is recognised in accordance with the accounting policies and that cut off was correctly applied through testing. We validated a sample of revenue items to confirm revenue was being recognised in line with IFRS ensuring the goods were delivered within the period. We also assessed the adequacy of the Group's disclosures related to revenue.

Business combinations - see note 37

During the year, the Group completed acquisitions of Valley Wholesale Carpets Limited and Delta Carpets Limited.

The Group has determined these acquisitions to be business combinations, the accounting for which can be complex. For the acquisitions, the Group determined the amounts to be recognised for the fair value of both the consideration paid and the acquired assets and liabilities. This can involve significant estimates and judgements including, at the acquisition date, determining how the purchase price is to be allocated between acquired assets and liabilities and identified intangible assets, and leading to the resultant recognition of goodwill at their respective fair values.

There is a risk that inappropriate assumptions could result in material errors in the acquisition accounting.

The Group used projected financial information in the purchase price allocation (PPA) exercise. Management use their best knowledge to make estimates when utilising the Group's valuation methodologies. In order to determine the fair value of the separately identifiable intangible assets on a business combination, the valuation methodologies require input based on assumptions about the future and use discounted cash flows and cash flow forecasts.

Our procedures included:

- Assessing whether the acquisition during the year met the criteria of a business combination in accordance with IFRS 3: Business Combinations;
- Reviewing the purchase agreements in respect of the business combination to understand the nature and terms of the transaction and to agree the consideration paid;
- Validating whether the date of acquisition was correctly determined by scrutinising the key transaction documents to understand key terms and conditions;
- Assessing the fair value of assets and liabilities recorded in the purchase price allocation, by performing procedures including considering the completeness of assets and liabilities identified and the reasonableness of any underlying assumptions in their respective valuations and this would also include assessment on the reasonableness of the useful lives of the intangible assets and the consideration given;
- Assessing and challenging the valuation techniques, assumptions (including those relating to growth rates and discount rates), models and calculations used to determine the fair value of the separately identifiable intangible assets recognised on date of acquisition;
- Assessing the amount of goodwill recognised on the acquisition; and
- Assessing the disclosures in respect of the business combination.

Due to the Group's estimation process in the PPA exercise and the work effort from the audit team, business combinations is considered a key audit matter. We found that the acquisition accounting and disclosures had been prepared in accordance with IFRS. We concluded that the valuations underlying the acquisitions had been fairly prepared.

LIKEWISE GROUP PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIKEWISE GROUP PLC (CONTINUED)

Carrying value of inventory - see note 18

As at 31 December 2022 the value of inventory amounted to £18.39 million (2021: £10.26m), representing 19.0% (2021: 18.2%) of total assets.

Inventories were considered to be a key audit matter during the financial year;

due to the size of the balance and because the valuation of inventory held at the year end date involves judgement. There is a risk that inventory may not be adequately provided against and so not carried at the lower of cost or net realisable value.

Our audit procedures in this area included:

- Attending inventory counts at the Group's key operating locations to verify the existence and assess the condition of inventory held at year end;
- Attending material inventory counts at acquisition date for the business combinations entered into
- Assessing the compliance of the Group's accounting policies with IFRS;
- Assessing the inventory valuation processes and practices; and
- Validating the assessment made by management with respect to slow moving and obsolete stock.

Carrying value of goodwill and other intangible assets - see notes 15 & 16

The Group's intangible assets comprise of goodwill arising on acquisition of subsidiaries, customer relationships and brand assets.

When assessing the carrying value of goodwill and intangible assets, management makes judgements regarding the appropriate cash generating unit, strategy, future trading and profitability and the assumptions underlying these. We considered the risk that goodwill and other intangible assets could be impaired.

The carrying value of goodwill and other intangible assets at 31 December 2022 was £9.83 million (31 December 2021: £7.74 million).

We evaluated, in comparison to the requirements set out in IAS 36, management's assessment (using discounted cash flow models) as to whether goodwill and/or other intangible assets were impaired for each CGU. We challenged, reviewed and considered management's impairment and discounted cash flow models as appropriate and their key estimates, including the discount rate. We reviewed the appropriateness and consistency of the process for making such estimates. We obtained management's discounted cash flow models supporting the intangible asset carrying amount. We challenged the key assumptions to the model, including the forecast revenue and gross margin, growth rates and discount rates. We compared cash flow forecasts used in the impairment review to historical performance, and challenged where forecasts indicated performance that deviated significantly from historical performance, in the absence of significant changes in the business or market environment.

Discount rates and terminal growth rates were benchmarked to externally derived data and our knowledge of sector performance, to evaluate the reasonableness of these assumptions. A shadow calculation of the discount rate was undertaken by an auditor's expert. Sensitivity analysis was performed on the key assumptions such as growth, margin and discount rates to identify those assumptions to which that the goodwill or intangible asset valuation was highly sensitive.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

LIKEWISE GROUP PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIKEWISE GROUP PLC (CONTINUED)

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIKEWISE GROUP PLC (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and industry, discussions with management and the Board of directors we identified financial reporting standards and Companies Act 2006 as having a direct effect on the amounts and disclosures in the financial statements.

Our audit procedures included:

- enquiry of management about the Group's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review minutes of meetings of the Board of directors;
- enquiry of management about litigations and claims;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions, in particular those items included in the Key Audit Matters;
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of a selection of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
- review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

LIKEWISE GROUP PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIKEWISE GROUP PLC (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



John Charlton (Senior Statutory Auditor)

for and on behalf of

Crowe U.K.LLP

Statutory Auditor

London

Date: 15 May 2023

LIKEWISE GROUP PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Revenue	5	123,642,673	60,490,559
Cost of sales		(87,172,444)	(42,350,337)
Gross profit		36,470,229	18,140,222
Other operating income	6	-	212,183
Administrative expenses		(18,969,610)	(11,061,598)
Distribution expenses		(17,038,557)	(7,050,344)
Impairment losses on trade receivables		(238,201)	(42,241)
Profit from operations		223,861	198,222
Finance income		5,043	173
Finance expense		(796,843)	(425,277)
Loss on revaluation of consideration on acquisition		(846,380)	-
Loss before tax		(1,414,319)	(226,882)
Taxation	11	578,015	81,459
Loss for the year		(836,304)	(145,423)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Revaluation of land and buildings	14	309,957	1,802,257
Actuarial loss on defined benefit schemes	33	(5,000)	(20,000)
Deferred tax on revaluation	11	-	(471,901)
		304,957	1,310,356
Items that will or may be reclassified to profit or loss:			
Exchange gains/(losses) arising in relation to translation of foreign operations		16,138	(17,222)
Total comprehensive income		(515,209)	1,147,711

The notes on pages 43 to 108 form part of these financial statements.

The total basic loss per share attributable to the ordinary equity holders of the Company was 0.3p (2021 - loss of 0.1p). The total diluted loss per share attributable to the ordinary equity holders of the Company was 0.3p (2021 - loss of 0.1p).

LIKEWISE GROUP PLC
REGISTERED NUMBER: 08010067

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Assets			
Non-current assets			
Property, plant and equipment	14	47,300,221	19,718,721
Other intangible assets	15	4,208,884	3,520,997
Goodwill	16	5,624,284	4,216,728
Trade and other receivables	19	-	136,848
		57,133,389	27,593,294
Current assets			
Inventories	18	18,388,527	10,256,740
Trade and other receivables	19	15,573,303	9,775,075
Cash and cash equivalents	20	5,913,155	8,447,550
		39,874,985	28,479,365
Total assets		97,008,374	56,072,659

LIKEWISE GROUP PLC
REGISTERED NUMBER: 08010067

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Liabilities			
Non-current liabilities			
Trade and other liabilities	21	4,380,365	-
Loans and borrowings	22	20,222,050	12,129,444
Deferred tax liability	11	2,496,677	1,404,650
		<u>27,099,092</u>	<u>13,534,094</u>
Current liabilities			
Trade and other liabilities	21	22,970,426	15,802,034
Loans and borrowings	22	7,777,512	4,179,892
Provisions	25	50,075	202,676
		<u>30,798,013</u>	<u>20,184,602</u>
Total liabilities		<u>57,897,105</u>	<u>33,718,696</u>
Net assets		<u>39,111,269</u>	<u>22,353,963</u>
Share capital	28	2,438,360	1,923,742
Share premium	29	17,384,625	22,458,816
Share option reserve	34	628,454	308,776
Revaluation reserve		2,662,384	2,406,127
Foreign exchange reserve		(40,487)	(56,625)
Warrant reserve		128,170	128,170
Retained earnings		15,909,763	(4,815,043)
Total equity		<u>39,111,269</u>	<u>22,353,963</u>

The financial statements on pages 30 to 108 were approved and authorised for issue by the board of Directors and were signed on its behalf by:



R Povey

Director

Date: 15 May 2023

The notes on pages 43 to 108 form part of these financial statements.

LIKEWISE GROUP PLC
REGISTERED NUMBER: 08010067

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Assets			
Non-current assets			
Property, plant and equipment	14	5,487,385	28,804
Investments	17	42,119,270	11,738,831
Deferred tax assets	11	348,793	-
		<u>47,955,448</u>	<u>11,767,635</u>
Current assets			
Trade and other receivables	19	8,368,936	6,344,593
Cash and cash equivalents	20	689,259	7,077,876
		<u>9,058,195</u>	<u>13,422,469</u>
Total assets		<u>57,013,643</u>	<u>25,190,104</u>

LIKEWISE GROUP PLC
REGISTERED NUMBER: 08010067

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Liabilities			
Non-current liabilities			
Trade and other liabilities	21	3,984,750	-
Loans and borrowings	22	6,682,422	1,640,563
		<u>10,667,172</u>	<u>1,640,563</u>
Current liabilities			
Trade and other liabilities	21	11,195,573	2,032,564
Loans and borrowings	22	526,314	138,691
		<u>11,721,887</u>	<u>2,259,255</u>
Total liabilities		<u>22,389,059</u>	<u>3,899,818</u>
Net assets		<u>34,624,584</u>	<u>21,290,286</u>
Share capital	28	2,438,360	1,923,742
Share premium	29	17,384,625	22,458,816
Share option reserve		628,454	308,776
Foreign exchange reserve		(17,962)	(64,881)
Warrant reserve		128,170	128,170
Retained earnings		14,062,937	(3,464,337)
Total equity		<u>34,624,584</u>	<u>21,290,286</u>

The Company's loss for the year was £3,985,136 (2021 - £339,700).

The financial statements on pages 30 to 108 were approved and authorised for issue by the board of Directors and were signed on its behalf by:



R Povey

Director

Date: 15 May 2023

The notes on pages 43 to 108 form part of these financial statements.

LIKEWISE GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Share premium £	Share option reserve £	Revaluation reserve £	Foreign exchange reserve £	Warrant reserve £	Retained earnings £	Total attributable to equity holders of parent £	Total equity £
At 1 January 2022	1,923,742	22,458,816	308,776	2,406,127	(56,625)	128,170	(4,815,043)	22,353,963	22,353,963
Loss for the year	-	-	-	-	-	-	(836,304)	(836,304)	(836,304)
Other comprehensive income (see note 32)	-	-	-	256,257	16,138	-	48,700	321,095	321,095
Total comprehensive income for the year	-	-	-	256,257	16,138	-	(787,604)	(515,209)	(515,209)
Dividends	-	-	-	-	-	-	(487,590)	(487,590)	(487,590)
Issue of share capital	512,143	17,425,358	-	-	-	-	-	17,937,501	17,937,501
Shares options exercised	2,475	22,550	-	-	-	-	-	25,025	25,025
Transfer to retained earnings	-	-	-	-	-	-	22,000,000	22,000,000	22,000,000
Reduction in share premium	-	(22,000,000)	-	-	-	-	-	(22,000,000)	(22,000,000)
Share issue costs	-	(522,099)	-	-	-	-	-	(522,099)	(522,099)
Share options	-	-	319,678	-	-	-	-	319,678	319,678
Total contributions by and distributions to owners	514,618	(5,074,191)	319,678	-	-	-	21,512,410	17,272,515	17,272,515
At 31 December 2022	2,438,360	17,384,625	628,454	2,662,384	(40,487)	128,170	15,909,763	39,111,269	39,111,269

The notes on pages 43 to 108 form part of these financial statements.

LIKEWISE GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £	Share premium account £	Share option reserve £	Revaluation reserve £	Foreign exchange reserve £	Warrant reserve £	Retained earnings £	Total attributable to equity holders of parent £	Total equity £
At 1 January 2021	1,523,420	13,389,295	159,566	1,094,771	(39,403)	128,170	(4,668,620)	11,587,199	11,587,199
Loss for the year	-	-	-	-	-	-	(145,423)	(145,423)	(145,423)
Other comprehensive income (see note 32)	-	-	-	1,311,356	(17,222)	-	(1,000)	1,293,134	1,293,134
Total comprehensive income for the year	-	-	-	1,311,356	(17,222)	-	(146,423)	1,147,711	1,147,711
Issue of share capital	400,000	9,600,000	-	-	-	-	-	10,000,000	10,000,000
Share options exercised	322	2,898	-	-	-	-	-	3,220	3,220
Share issue costs	-	(533,377)	-	-	-	-	-	(533,377)	(533,377)
Share options	-	-	149,210	-	-	-	-	149,210	149,210
Total contributions by and distributions to owners	400,322	9,069,521	149,210	-	-	-	-	9,619,053	9,619,053
At 31 December 2021	1,923,742	22,458,816	308,776	2,406,127	(56,625)	128,170	(4,815,043)	22,353,963	22,353,963

The notes on pages 43 to 108 form part of these financial statements.

LIKEWISE GROUP PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Share premium £	Share option reserve £	Foreign exchange reserve £	Warrant reserve £	Retained earnings £	Total equity £
At 1 January 2022	1,923,742	22,458,816	308,776	(64,881)	128,170	(3,464,337)	21,290,286
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(3,985,136)	(3,985,136)
Translation in relation to foreign subsidiary	-	-	-	46,919	-	-	46,919
	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,919</u>	<u>-</u>	<u>(3,985,136)</u>	<u>(3,938,217)</u>
Total comprehensive income for the year							
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(487,590)	(487,590)
Issue of share capital	512,143	17,425,358	-	-	-	-	17,937,501
Shares options exercised	2,475	22,550	-	-	-	-	25,025
Transfer to retained earnings	-	-	-	-	-	22,000,000	22,000,000
Reduction in share premium	-	(22,000,000)	-	-	-	-	(22,000,000)
Share issue costs	-	(522,099)	-	-	-	-	(522,099)
Share options	-	-	319,678	-	-	-	319,678
	<u>514,618</u>	<u>(5,074,191)</u>	<u>319,678</u>	<u>-</u>	<u>-</u>	<u>21,512,410</u>	<u>17,272,515</u>
Total contributions by and distributions to owners							
At 31 December 2022	2,438,360	17,384,625	628,454	(17,962)	128,170	14,062,937	34,624,584

The notes on pages 43 to 108 form part of these financial statements.

LIKEWISE GROUP PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £	Share premium £	Share option reserve £	Foreign exchange reserve £	Warrant reserve £	Retained earnings £	Total equity £
At 1 January 2021	1,523,420	13,389,295	159,566	-	128,170	(3,124,637)	12,075,814
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(339,700)	(339,700)
Translation in relation to foreign subsidiary	-	-	-	(64,881)	-	-	(64,881)
Total comprehensive income for the year	-	-	-	(64,881)	-	(339,700)	(404,581)
Contributions by and distributions to owners							
Issue of share capital	400,000	9,600,000	-	-	-	-	10,000,000
Share options exercised	322	2,898	-	-	-	-	3,220
Share issue costs	-	(533,377)	-	-	-	-	(533,377)
Share options	-	-	149,210	-	-	-	149,210
Total contributions by and distributions to owners	400,322	9,069,521	149,210	-	-	-	9,619,053
At 31 December 2021	1,923,742	22,458,816	308,776	(64,881)	128,170	(3,464,337)	21,290,286

The notes on pages 43 to 108 form part of these financial statements.

LIKEWISE GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash flows from operating activities		
Loss for the year	(836,304)	(145,423)
Adjustments for		
Depreciation and amortisation	3,633,356	2,121,858
Impairment of property, plant and equipment	-	147,988
Revaluation of consideration	846,380	-
Taxation	(578,015)	(81,459)
Finance income	(5,043)	(173)
Finance costs	796,843	425,277
Gain on sale of property, plant and equipment	(35,193)	(22,846)
Pension contributions	(5,000)	(20,000)
AIM listing costs	-	352,142
Decrease in provisions	(152,601)	(180,046)
Share options issued	319,678	149,210
Net foreign exchange loss/(gain)	15,429	(15,575)
	3,999,530	2,730,953
Movements in working capital:		
Increase in trade and other receivables	(3,624,487)	(2,132,041)
Increase in inventories	(4,437,276)	(2,700,934)
Increase in trade and other payables	3,249,449	1,802,049
Cash used in operations	(812,784)	(299,973)
Corporation taxes paid	(514,040)	-
Net cash used in operating activities	(1,326,824)	(299,973)
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	37 (13,541,050)	-
Purchases of property, plant and equipment	(2,001,322)	(1,593,269)
Proceeds from disposal of property, plant and equipment	76,424	27,008
Deferred consideration paid	-	(1,480,000)
Interest received	5,043	173
Net cash used in investing activities	(15,460,905)	(3,046,088)

LIKEWISE GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash flows from financing activities		
Interest paid	(225,834)	(425,277)
Consideration for new shares	16,025,026	10,003,220
Costs of share issue and AIM listing	(522,099)	(885,519)
Repayment of lease liabilities	(2,448,536)	(886,625)
Increase in invoice discounting	2,029,473	1,266,279
Repayment of loans	(117,106)	(99,362)
Dividends paid to the holders of the parent	13 (487,590)	-
Net cash from financing activities	14,253,334	8,972,716
Net cash (decrease)/increase in cash and cash equivalents	(2,534,395)	5,626,655
Cash and cash equivalents at the beginning of year	8,447,550	2,820,895
Cash and cash equivalents at the end of the year	5,913,155	8,447,550

The notes on pages 43 to 108 form part of these financial statements.

Cash and cash equivalents at 31 December 2022 of £5,913,155 (2021 - £8,447,550) comprised of cash and cash equivalents of £5,913,155 (2021 - £8,447,550) less bank overdrafts of £Nil (2021 - £Nil).

LIKEWISE GROUP PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash flows from operating activities		
Loss for the year	(3,985,136)	(339,700)
Adjustments for		
Depreciation of property, plant and equipment	108,237	33,082
Impairment of property, plant and equipment	-	147,988
Impairment of investments in subsidiaries	-	891,770
Finance income	(383)	(169)
Finance costs	117,646	59,369
Share options issued	98,089	74,383
Revaluation of consideration	763,400	-
AIM listing costs	-	352,142
Net foreign exchange loss/(gain)	46,919	(64,881)
Taxation credit for year	11 (767,256)	-
	(3,618,484)	1,153,984
Movements in working capital:		
Increase in trade and other receivables	(2,024,343)	(894,827)
Increase/(decrease) in trade and other payables	8,581,472	(599,177)
(Decrease)/increase in provisions	(88,000)	88,000
Cash generated from/(used in) operations	2,850,645	(252,020)
Net cash from/(used in) operating activities	2,850,645	(252,020)
Cash flows from investing activities		
Purchases of property, plant and equipment	(120,095)	(16,689)
Proceeds from disposal of property, plant and equipment	106,400	-
Purchases of fixed asset investments	(24,000,000)	-
Deferred consideration paid	-	(1,480,000)
Interest received	383	169
Net cash used in investing activities	(24,013,312)	(1,496,520)

LIKEWISE GROUP PLC

COMPANY STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	£	£
Cash flows from financing activities		
Interest paid	(117,646)	<i>(59,369)</i>
Consideration for new shares	16,025,026	<i>10,003,220</i>
Costs of share issue and AIM listing	(522,099)	<i>(885,519)</i>
Repayment of lease liabilities	(6,535)	<i>(192,001)</i>
Repayment of loans	(117,106)	<i>(99,362)</i>
Dividends paid to the holders of the parent	(487,590)	<i>-</i>
	<hr/>	<hr/>
Net cash from financing activities	14,774,050	<i>8,766,969</i>
	<hr/>	<hr/>
Net cash (decrease)/increase in cash and cash equivalents	(6,388,617)	<i>7,018,429</i>
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of year	7,077,876	<i>59,447</i>
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	689,259	<i>7,077,876</i>
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 43 to 108 form part of these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

The Company is a public company limited by shares, registered in England and Wales and listed on the Alternative Investment Market (AIM). The registered company number is 08010067 and the address of the registered office is Unit 4 Radial Park, Radial Way, Birmingham Business Park, Solihull, England, B37 7WN.

The principal activity of the Group is the wholesale distribution of floorcoverings and associated products.

2. Basis of preparation

These financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company financial statements present information about the Company as a separate entity.

The financial information is presented in pounds sterling, which is the functional currency of the entity and rounded to the nearest £. The financial statements are prepared on the historical cost basis unless otherwise specified within these accounting policies.

Both the Company and consolidated financial statements have been prepared and approved by the Directors in accordance with UK adopted International Accounting Standards. On publishing the Company financial statements here together with the consolidated financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and statement of comprehensive income and related notes.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Accounting policies

3.1 Going concern

The consolidated financial statements for the Group have been prepared on a going concern basis.

In the prior year, the Company was admitted to the AIM stock exchange. Listing on AIM provided the Group with further funding with which to continue to invest in the organic growth of the Likewise business whilst also identifying new acquisition targets that would be earnings enhancing to the Group. The Company's admission to the AIM stock exchange also provides further awareness of the brand as well as accessibility to new institutional and private investors alike.

The Group continues to utilise invoice financing arrangements in some subsidiaries and has the option to draw on additional authorised facilities to support working capital requirements. The Group has operated within these facilities throughout the year and continues to do so in 2023. The directors are confident that the Group will be able to operate within the finance facilities available to us.

The Board have also undertaken assessments of going concern by building a cash flow model through to December 2024, based on 2022 actuals, 2023 budget and forecast performance for 2024. These cashflows indicate that the business has adequate resources to continue to operate for the foreseeable future and within the current financing arrangements in place.

Overall, given the strength of the Group's balance sheet, significant cash reserves on hand, availability of financing arrangements and the strong forecast performance of the Group, this provides the Directors with sufficient assurance on the Group's ability to continue as a going concern, and therefore adopt the going concern basis of accounting in preparing the financial statements.

3.2 Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities, has exposure, or rights, to variable returns and can use its power to affect those returns. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3.3 Impact of new international reporting standards

There were a number of narrow scope amendments to existing standards which were effective from 1 January 2022. None of these had an impact on the Group.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.4 Revenue

Revenue comprises sales of goods to customers outside the Group, less an appropriate deduction for discounts, and is stated at the fair value of the consideration net of value added tax and other sales taxes.

Revenue and receivables are recognised when performance obligations are satisfied and the goods are delivered to customers as this is the point in time that the consideration is unconditional, control of goods has passed and only the passage of time is required before the payment is due.

3.5 Finance income and costs

Interest income and expense is recognised using the effective interest method which calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant period.

3.6 Property, plant and equipment

Property, plant and equipment under the cost model are stated at historical cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the Income Statement in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment and is calculated as follows:

Freehold property - 2% straight line
Leasehold improvements - straight line over the term of the lease
Plant and machinery - 10% - 15% straight line
Motor vehicles - 20% - 50% straight line
Fixtures, fittings and computer equipment - 10% - 33% straight line

Depreciation is provided on cost less residual value. The residual value, depreciation methods and useful lives are annually reassessed.

Each asset's estimated useful life has been assessed with regard to its own physical life limitations and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all machinery and equipment, with annual reassessments for major items. Changes in estimates are accounted for prospectively.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.7 Revaluation of property

Individual properties are carried at current year value at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Consolidated Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in Other Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the Income Statement.

The difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings at the end of each reporting period. Any remaining revaluation surplus included in equity is transferred directly to retained earnings when the asset is disposed of.

3.8 Impairment of non-financial assets (excluding Goodwill)

At each reporting date, the directors review the carrying amounts of the Group's non current assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the directors estimate the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

An impairment loss is recognised as an expense immediately.

Where an impairment loss on non financial assets subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior periods. A reversal of an impairment loss is recognised in the Income Statement immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.9 Inventories

Inventory is valued at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Income Statement.

3.10 Cash at bank

Cash at bank comprise cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less from inception.

3.11 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. Financial assets and financial liabilities are measured subsequently as described below.

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

Derivatives, including forward foreign exchange contracts, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Income Statement in finance costs or income as appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.12 Financial assets

Trade and other receivables are recorded initially at transaction price and subsequently measured at amortised cost. This results in their recognition at nominal value less an allowance for any doubtful debts. This allowance for expected credit losses (ECL) may be established where evidence of credit deterioration is observed. In order to assess credit deterioration, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on its historical experience and informed credit assessment, that includes forward-looking information. An additional reserve is established, where required, when a loss is both probable and the amount is known.

ECLs are a probability-weighted estimate of lifetime credit losses. Under the ECL model, the Group calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that Group expects to receive) with a discount factor applied to such overdue amounts. The discount matrix ("ECL Matrix") below is applied to derive an ECL for overdue amounts:

Past due (days)	31-60	61-90	90-120	120-250	Over 250
Discount to Amounts Overdue	0%	0%	5%	50%	100%

The Group exercises its discretion in the application of discounts outside of the ECL Matrix based on extenuating circumstances that may apply from time to time to the Group's trade receivables (see note 19). An example of such an extenuating circumstance may occur when it is known that an overdue amount will be collected post a reporting or measurement date.

3.13 Financial liabilities

The Group's financial liabilities include trade and other payables and borrowings.

Interest bearing bank loans and overdrafts are initially recorded at fair value, which equals the proceeds received, net of direct interest costs. They are subsequently held at amortised cost. Finance charges, including premiums payable on settlement or redemption are accounted for using an effective interest rate method and are added to or deducted from the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. Generally, this results in their recognition at their nominal value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.14 Foreign currency

The presentation currency for the Group's historical financial information is pounds sterling.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Any gain or loss on translation of monetary foreign currency assets and liabilities arising from a movement in exchange rates subsequent to initial measurement is included as an exchange gain or loss in the Consolidated Statement of Profit or Loss.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rate. Income Statements and cash flows of such subsidiaries are translated into Sterling at the average rates of exchange. The adjustments to period end rates are taken to foreign exchange reserve in equity and reported in the Other Comprehensive Income.

3.15 Taxation

Current taxation

Current taxation is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the reporting date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. No deferred tax is recognised on initial recognition of goodwill or on investment in subsidiaries. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full, and are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Income Statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.16 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition related costs are expensed as incurred.

The excess of the consideration transferred and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the Income Statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the Income Statement.

3.17 Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill not attributed to a specific intangible asset is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. If the recoverable value of the cash generating unit is less than the carrying amount of goodwill, the impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.18 Intangible assets

Other intangible assets

Goodwill attributable to the brand name of acquired subsidiaries or customer base is initially recognised and measured as set out above. Licences are initially recognised at cost.

Amortisation is provided on all other intangible assets and is calculated as follows:

Brand name	10 - 15 years straight line
Customer base	10 - 15 years straight line

The useful lives of intangible assets are annually reassessed and all assets are reviewed for impairment at least annually. On disposal of a subsidiary, the attributable amount of intangible assets is included in the determination of the profit or loss on disposal.

3.19 Employment benefits

Provision is made in the financial statements for all employee benefits. Liabilities for wages and salaries, including non monetary benefits and annual leave obliged to be settled within 12 months of the reporting date, are recognised in accruals.

Contributions to defined contribution pension plans are charged to the Income Statement in the year to which the contributions relate.

Likewise Floors Limited, a subsidiary of the Group operates a defined benefit pension plan for certain employees.

The amount recognised in the Consolidated Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

Where the calculation results in a benefit to the Group, the asset recognised is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.20 Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

3.21 Borrowing costs

Borrowing costs are recognised in the Income Statement in the year in which they are incurred.

3.22 Share based payments

The fair value of equity instruments granted to employees is charged to the Statement of Comprehensive Income, with a corresponding increase in equity. The fair value of share options is measured at grant date using the Black-Scholes pricing model and spread over the period during which the employee becomes unconditionally entitled to the award. The charge is adjusted to reflect the number of shares or options that vest.

3.23 Invoice discounting

The Group has an invoice discounting arrangement. The amount owed by customers to the Group are included within trade receivables and the amount owed to the invoice discounting company is included within borrowings. The amount owed to the invoice discounting company represents the difference between the amounts advanced by the invoice discounting company and the invoices discounted. The interest element of the invoice discounting charges and other related costs are recognised as they accrue and are included in the Income Statement with other finance costs.

3.24 Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Chief Operating Decision Maker has been identified as the Board of Executive Directors, at which level strategic decisions are made.

Details of the Group's reporting segments are provided in note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Accounting policies (continued)

3.25 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants receivable from central government under the Coronavirus Job Retention Scheme are included within other operating income in the Consolidated Statement of Profit or Loss and are not offset against the related expenses.

3.26 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. Judgements and key sources of estimation uncertainty

The preparation of the financial statements, in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses during the period. These judgements, estimates and assumptions are continually evaluated by management and are based upon historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as follows:

Acquisition accounting balances

Assets and liabilities must be recognised at their fair value on acquisition. The identification and measurement of contingent liabilities and intangible assets are key areas of judgement. The Group's acquisition in the year along with any assumptions applied is detailed in note 37. As part of the acquisition the Group performed a purchase price allocation review and has assessed the fair value of the assets and liabilities acquired.

Contingent consideration is payable in respect of the acquisitions in the year and is calculated by reference to the Likewise Group Plc share price at the future determination date. The fair value of contingent consideration at the date of acquisition and subsequent remeasurement dates requires significant judgements and estimates and is sensitive to share price changes.

The Group recognises identifiable intangible assets acquired through business combinations, such as brands and customer relationships, at fair value on acquisition. Any excess paid over the value of net assets acquired is included as Goodwill in the balance sheet and is allocated to an appropriate business segment. Estimates are required to determine the purchase price allocation (PPA) between intangible assets and goodwill, with the fair value of intangibles sensitive to these estimates. The key estimates involved in establishing the fair values are the future cash flows forecast for the acquired entity, inputs into appropriate valuation models and expected useful life of the assets.

Forecast cash flows are based on management's best estimate of the expected levels of trade and profits following acquisition taking into account actual results around the time of acquisition with an inflationary 1-2% growth rate applied thereafter.

The fair value of brands is based on a relief from royalty method. The brand value is sensitive to royalty rate incorporated into the model. In the absence of accessible market data regarding similar acquisitions in the market the Group have assessed the royalty rate by analysis of the linear relationships between underlying profitability and royalty rates to determine an appropriate royalty rate for each acquisition. For acquisitions during the year, the Group applied a royalty rate of 1.8% based on this analysis.

Intangible assets are amortised over their expected useful life. The annual amortisation charge and carrying value of the asset is therefore sensitive to the estimated useful life. The useful life is based on the period over which management expects to benefit from the intangible assets, based on past experience and knowledge of the business acquired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. Judgements and key sources of estimation uncertainty (continued)

Defined benefit pension scheme

Assumptions for future inflation linked pension increases (where applicable) are based on the appropriate headline index, adjusted where necessary to reflect any caps or collars, bearing in mind the proximity of the future inflation assumption to those caps and collars and the expected variability of future inflation increases. All other assumptions have been set in accordance with the statement of funding principals. No allowances have been made for members transferring benefits out of the scheme in future. The assumptions selected and associated sensitivity analysis are disclosed in note 33.

Inventory valuation

This is provided for on the basis of the age of the items and dependent on the frequency of component use. The Group makes appropriate provision for slow-moving and discontinued inventory items although a significant shift in consumer market or customer demand may result in additional provision.

Valuation of land and buildings

The Group carries its land and buildings at fair value, with changes in fair value being recognised in Other Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the Income Statement. The Group engaged independent valuation specialists to determine fair value. Significant changes in the commercial property market may impact the valuation of the Group's property. See note 14 for further information.

Impairment of trade receivables

Trade and other receivables are recognised at nominal value less an allowance for doubtful debts. This allowance for expected credit losses (ECL) may be established where evidence of credit deterioration is observed. In order to assess credit deterioration, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on its historical experience and informed credit assessment, that includes forward-looking information. An additional reserve is established, where required, when a loss is both probable and the amount is known. See notes 3.12 and 19 for further information.

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

5. Segmental reporting

For the purposes of segmental reporting, the Group's Chief Operating Decision Maker (CODM) is considered to be the Executive Board of Directors. The Board has not identified any separate operating segments within the business. The Board reviews revenue and expenses for the business as a whole and makes decisions about resources and assesses performance based on this information.

Revenue arises entirely through the wholesale of goods. Segmental analysis is therefore not presented.

The Group is not reliant on any one customer and no customer exceeds 10% of total annual turnover.

The following is an analysis of the Group's revenue for the year from continuing operations:

	2022 £	2021 £
Sale of goods	123,642,673	60,490,559
	<u>123,642,673</u>	<u>60,490,559</u>

The Group generates revenue from both the UK and overseas as detailed below:

	2022 £	2021 £
United Kingdom	123,432,273	60,254,713
Rest of Europe	182,417	225,771
Rest of the world	27,983	10,075
	<u>123,642,673</u>	<u>60,490,559</u>

6. Other operating income

	2022 £	2021 £
Government grants receivable	-	212,183
	<u>-</u>	<u>212,183</u>

Government grants represent income receivable from central government under the Coronavirus Job Retention Scheme to cover some of the costs of employing certain members of staff placed on furlough leave in response to the COVID-19 pandemic.

LIKEWISE GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Operating profit

Operating profit is stated after charging:

	2022 £	2021 £
Depreciation of property, plant and equipment	1,217,258	551,124
Depreciation of right-of-use assets	2,049,591	1,283,306
Loss/(gain) on foreign exchange	31,229	(38,701)
Short term lease expense:		
- plant	174,539	127,620
- property	150,000	150,000
Amortisation of intangible assets	366,507	287,428
Share based payments	319,678	149,210
AIM listing costs	-	352,142
Restructuring costs	-	98,253
Impact of IFRS 16	-	213,765
Loss from new operations (Likewise Midlands)	-	724,474
Loss from new operations (Likewise South)	497,968	-
Exceptional investment in point of sale	486,536	-
Acquisition fees and related costs	1,455,992	-

In order to maximise the Group's presence in the market, accelerate further sales growth and increase market share, Likewise Floors, a subsidiary company, have accelerated investment and the roll out of various new point of sale initiatives including sample stands and lecterns including the design, development and launch of a new Likewise wall stand rolled out to customers in 2022. This development and launch cost is over and above the general marketing spend incurred and recognised within the statement of profit or loss, with this additional one-off spend recognised in 2022. The Group have incurred one-off costs of £486,536 in relation to this matter in the year and therefore in management's view, this warrants separate disclosure in order to provide a true and fair view of these financial statements for the reader.

Acquisition costs related to the acquisition of Valley Wholesale Carpets and Delta Carpets in the year.

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

8. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Group's auditors for the audit of the Group's financial statements	150,000	105,000
Fees payable to the Group's auditors:		
- work in respect of AIM listing - through profit and loss	-	95,050
- work in respect of AIM listing - through equity	-	24,950
- taxation advisory services	500	-
- work in respect of acquisition due diligence	62,000	-
	<u>62,000</u>	<u>-</u>

LIKEWISE GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Directors and employees

Group

	2022	2021
	£	£
Employee benefit expenses (including Directors) comprise:		
Wages and salaries	16,289,890	8,197,734
Social security costs	1,722,647	852,302
Pension costs	500,267	318,167
Compensation for loss of office	15,541	8,361
Share based payments	319,678	149,210
	18,848,023	9,525,774

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the Company listed on page 2, and other senior management.

	2022	2021
	£	£
Remuneration	1,703,375	731,028
Social security costs	214,322	98,675
Group pension contribution to defined contribution schemes	61,350	61,347
Share based payments	82,468	77,367
	2,061,515	968,417

As at 31 December 2022, 1,285,714 share options remained active under the Group's SAYE scheme. During the year no options were granted to key management personnel, no options lapsed and no options were exercised. These options are due to exercise between March and October 2024.

As at 31 December 2022, 5,900,000 share options remained active under the Group's EMI scheme. During the year no options were granted to key management personnel, no options lapsed and no options were exercised. These options are due to exercise in January 2024.

LIKEWISE GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Directors and employees (continued)

Group

The monthly average number of persons, including the Directors, employed by the Group during the year was as follows:

	2022 No.	<i>2021 No.</i>
Directors	5	<i>4</i>
Other employees	450	<i>254</i>
	455	<i>258</i>

	2022 £	<i>2021 £</i>
Remuneration of directors		
Remuneration	939,327	<i>298,732</i>
Social security costs	107,188	<i>40,037</i>
Group pension contribution to defined contribution schemes	25,600	<i>25,600</i>
Share based payments	14,418	<i>14,418</i>
	1,086,533	<i>378,787</i>

In addition, fees of £Nil (2021 - £83,000) were paid to non-executive Directors in the year.

The highest paid director received remuneration in the year of £488,780 (2021 - £145,338) and pension contributions were made of £Nil (2021 - £25,600).

	2022 No.	<i>2021 No.</i>
Directors accruing benefits under money purchase pension schemes	1	<i>1</i>
	1	<i>1</i>

2,700,000 share options were granted to directors during 2019 at an exercise price of £0.10 per share. There have been no options exercised or additional options granted since this time. These options are due to exercise between January and March 2024.

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Finance income and expense

Recognised in profit or loss

	2022 £	2021 £
Finance income		
Interest on:		
Bank deposits	-	4
Other interest receivable	5,043	169
Total finance income	5,043	173
Finance expense		
Bank loan interest payable	74,575	84,473
Interest on lease liabilities	571,009	317,913
Other interest payable	22,283	-
Invoice discounting facility interest payable	128,976	22,891
Total finance expense	796,843	425,277
Net finance expense recognised in profit or loss	(791,800)	(425,104)

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Taxation on ordinary activities

11.1 Income tax recognised in profit or loss

	2022 £	2021 £
Current tax		
Adjustments in respect of prior years	(70,812)	(313,724)
Total current tax	(70,812)	(313,724)
Deferred tax		
Origination and reversal of timing differences	(699,135)	232,265
Effect of change in tax rates	191,932	-
Total deferred tax	(507,203)	232,265
Total tax credit	(578,015)	(81,459)

The reasons for the difference between the actual tax credit for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	2022 £	2021 £
Loss for the year	(836,304)	(145,423)
Income tax credit	(578,015)	(81,459)
Loss before income taxes	(1,414,319)	(226,882)
Tax using the Company's domestic tax rate of 19% (2021:19%)	(268,721)	(43,108)
Fixed asset differences	391,971	(80,051)
Expenses not deductible for tax purposes	345,325	76,135
Adjustments to tax charge in respect of prior periods	(70,812)	(313,724)
Non-taxable consolidation adjustments	(2,619)	(132,366)
Remeasurement of deferred tax	(30,975)	221,009
Movement in deferred tax not recognised	(932,774)	208,715
Other differences leading to a decrease in the tax charge	(9,410)	(18,069)
Total tax credit	(578,015)	(81,459)

Changes in tax rates and factors affecting the future tax charges

At 31 December 2022, the Group has tax losses of £11,539,175 (2021 - £9,703,320) which are available for offset against future taxable profits.

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Taxation on ordinary activities (continued)

11.2 Deferred tax balances

Below is an analysis of deferred tax presented in the consolidated statement of financial position:

	2022 £	2021 £
Deferred tax liabilities	(2,496,677)	(1,404,650)

A deferred tax asset of £1,577,985 (2021 - £1,812,747) has not been recognised in the financial statements in relation to tax losses. In addition, a deferred tax asset of £Nil (2021 - £517,406) has not been recognised in the financial statements in relation to the future tax benefit on the future exercise of employee share options. A deferred tax asset has not been recognised in the year where it is uncertain that the asset will crystallise in the foreseeable future.

A deferred tax asset of £348,793 has been recognised for the Company as at 31 December 2022. This primarily related to losses carried forward which are expected to be utilised in future periods.

	Opening balance £	Recognised in profit or loss £	Acquisitions/ disposals £	Closing balance £
2022				
Fixed asset timing differences	(653,904)	(381,332)	(268,739)	(1,303,975)
Arising from business combinations	(880,249)	91,627	(263,599)	(1,052,221)
Capital gains	(502,946)	-	(1,066,892)	(1,569,838)
Short term timing differences	19,366	103,182	-	122,548
Losses and other deductions	613,083	693,726	-	1,306,809
	(1,404,650)	507,203	(1,599,230)	(2,496,677)

	Opening balance £	Recognised in profit or loss £	Recognised in other comprehensive income £	Closing balance £
2021				
Fixed asset timing differences	(218,940)	(434,964)	-	(653,904)
Arising from business combinations	(723,601)	(156,648)	-	(880,249)
Capital gains	(31,045)	-	(471,901)	(502,946)
Short term timing differences	15,851	3,515	-	19,366
Losses and other deductions	257,251	355,832	-	613,083
	(700,484)	(232,265)	(471,901)	(1,404,650)

LIKEWISE GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Earnings per share

(i) Basic and diluted loss per share

The total basic loss per share attributable to the ordinary equity holders of the Company was £0.003 (2021 - loss of £0.001). The total diluted loss per share attributable to the ordinary equity holders of the Company was £0.003 (2021 - loss of £0.001).

	2022 Pence	<i>2021</i> <i>Pence</i>
From continuing operations attributable to the ordinary equity holders of the Company	(0.3)	<i>(0.1)</i>
Total basic earnings per share attributable to the ordinary equity holders of the Company	(0.3)	<i>(0.1)</i>

(ii) Reconciliation of earnings used in calculating earnings per share

	2022 £	<i>2021</i> <i>£</i>
Loss attributable to the ordinary equity holders of the Company:		
Used in calculating basic and diluted earnings per share	(836,304)	<i>(145,423)</i>

(iii) Weighted average number of shares used as the denominator

	2022 Number	<i>2021</i> <i>Number</i>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	241,979,322	<i>167,273,981</i>
Adjustments for calculation of diluted earnings per share:		
Options	23,640,830	<i>18,945,648</i>
Warrants	2,800,000	<i>2,800,000</i>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	268,420,152	<i>189,019,629</i>

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Dividends

	2022 £	2021 £
Interim dividend of £0.002 paid per Ordinary Share in the year (2021 - £Nil).	487,590	-
	<u>487,590</u>	<u>-</u>

The directors are proposing a final dividend of £0.002 per share (2021 - £Nil). The dividend has not been accrued in the consolidated statement of financial position.

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Property, plant and equipment

Group

	Land and buildings - freehold and long leasehold £	Right of use assets - leasehold property £	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures, fittings & computer equipment £	Right of use assets - other £	Total £
Cost or valuation								
At 1 January 2021	4,050,000	4,680,269	114,498	612,130	613,334	1,128,456	1,781,612	12,980,299
Additions	-	4,888,501	184,221	876,927	49,545	482,576	2,390,834	8,872,604
Disposals	-	(451,832)	-	-	(3,943)	(2,250)	(301,449)	(759,474)
Transfers between classes	-	-	-	444,955	-	(444,955)	-	-
Revaluation / (impairment)	1,735,000	(140,249)	-	-	-	-	-	1,594,751
Foreign exchange movements	-	-	-	(5,276)	(1,140)	(2,420)	-	(8,836)
At 31 December 2021	5,785,000	8,976,689	298,719	1,928,736	657,796	1,161,407	3,870,997	22,679,344
Additions	517,757	8,172,355	18,692	1,543,168	202,306	983,331	2,577,922	14,015,531
Acquisition of subsidiary	15,966,907	-	-	102,981	810,247	42,071	-	16,922,206
Disposals	-	(434,574)	(10,219)	-	(105,735)	(40,469)	(301,273)	(892,270)
Foreign exchange movements	-	-	-	-	836	-	-	836
At 31 December 2022	22,269,664	16,714,470	307,192	3,574,885	1,565,450	2,146,340	6,147,646	52,725,647

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Property, plant and equipment (continued)

	Land and buildings - freehold and long leasehold £	Right of use assets - leasehold property £	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures, fittings & computer equipment £	Right of use assets - other £	Total £
Accumulated depreciation and impairment								
At 1 January 2021	-	781,258	1,458	110,409	256,098	166,656	407,821	1,723,700
Charge for the year	67,257	-	21,522	142,324	157,249	162,772	-	551,124
Charge for right-of-use assets	-	667,879	-	-	-	-	615,427	1,283,306
Disposals	-	(451,832)	-	-	(1,768)	(263)	(76,937)	(530,800)
Impairment charge	-	-	7,739	-	-	-	-	7,739
On revalued assets	(67,257)	-	-	-	-	-	-	(67,257)
Exchange adjustments	-	-	-	(3,998)	(1,140)	(2,051)	-	(7,189)
At 31 December 2021	-	997,305	30,719	248,735	410,439	327,114	946,311	2,960,623
Charge for the year	309,957	-	30,096	297,108	341,492	238,605	-	1,217,258
Charge for right-of-use assets	-	962,408	-	-	-	-	1,087,183	2,049,591
Transfers intra group	-	-	-	5,636	-	(5,636)	-	-
Disposals	-	(145,960)	(10,219)	-	(53,089)	(1,405)	(281,543)	(492,216)
On revalued assets	(309,957)	-	-	-	-	-	-	(309,957)
Exchange adjustments	-	-	-	(612)	836	(97)	-	127
At 31 December 2022	-	1,813,753	50,596	550,867	699,678	558,581	1,751,951	5,425,426

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Property, plant and equipment (continued)

Net book value

At 1 January 2021	4,050,000	3,899,011	113,040	501,721	357,236	961,800	1,373,791	11,256,599
At 31 December 2021	5,785,000	7,979,384	268,000	1,680,001	247,357	834,293	2,924,686	19,718,721
At 31 December 2022	<u>22,269,664</u>	<u>14,900,717</u>	<u>256,596</u>	<u>3,024,018</u>	<u>865,772</u>	<u>1,587,759</u>	<u>4,395,695</u>	<u>47,300,221</u>

If the freehold and long leasehold property had not been included at valuation, it would have been included under the historical cost convention as follows:

Cost of £19,584,664 (2021 - £3,100,000)
Depreciation of £449,285 (2021 - £193,028)
Net book value of £19,135,379 (2021 - £2,906,972)

LIKEWISE GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Property, plant and equipment (continued)

14.1. Assets held under leases

The net book value of owned and leased assets included as "Property, plant and equipment" in the Consolidated Statement of Financial Position is as follows:

	31 December 2022 £	<i>31 December 2021 £</i>
Property, plant and equipment owned	28,003,809	8,814,651
Right-of-use assets	19,296,412	10,904,070
	<u>47,300,221</u>	<u>19,718,721</u>

Information about right-of-use assets is summarised below:

Net book value

	31 December 2022 £	<i>31 December 2021 £</i>
Property	14,900,717	7,979,384
Motor vehicles & plant and machinery	4,395,695	2,924,686
	<u>19,296,412</u>	<u>10,904,070</u>

Depreciation charge for the year ended

	31 December 2022 £	<i>31 December 2021 £</i>
Property	962,408	667,879
Motor vehicles & plant and machinery	1,087,183	615,427
	<u>2,049,591</u>	<u>1,283,306</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Property, plant and equipment (continued)

14.2 Fair value measurement and Impairment

Fair value measurement

Included in land and buildings is land with a cost of £6,254,057 (2021 - £687,167) which is not depreciated.

The Group's freehold and long leasehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The Group acquired £4,872,179 freehold and £11,094,728 long leasehold land and buildings as part of the acquisition of the Valley Wholesale Carpets. These were valued at a total of £15,125,000 as at 29 October 2021 by Gerald Eve LLP, independent valuers not related to the Group. These were then revalued to a total of £15,966,907 by the directors at the date of acquisition based on further valuations obtained on 13 July 2022 by BNP Paribas Real Estate, independent valuers not related to the Group. The directors do not believe that this valuation at acquisition is materially different to the valuation at the year end for these properties.

In addition, the Group holds freehold property in its subsidiary William Armes Holdings Limited which was valued at £5,785,000 as at 30 March 2022 by Savills (UK) Limited, independent valuers not related to the Group. The directors do not believe that this valuation is materially different to the valuation at the year end for this property.

Gerald Eve, Savills (UK) Limited, BNP Paribas Real Estate are chartered surveyors and property consultants that have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation reports have been prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Valuation - Global Standards (incorporating the IVSC International Valuation Standards) issued November 2021 and effective from 31 January 2022 together, where applicable, with the UK National Supplement effective from 14 January 2019, together the "Red Book".

Property valuations are complex, require a degree of judgement and are based on data that may or may not be publicly available. Valuation of investment property and the respective inputs have been classified as level 3 inputs as defined by IFRS 13 Fair Value Measurement. Level 3 means that the valuation model cannot rely on inputs that are directly available from an active market; however there are related inputs from recent property sales that can be used as a basis.

The freehold property in Sudbury has been valued using the traditional "all risks" yield method of valuation, having regard to comparable evidence and current market sentiment. In establishing fair value, the most significant unobservable input is considered to be the appropriate yield to apply to the rental income. This is based on a number of factors including financial covenant strength of the tenant, location, marketability of the unit if it were to become vacant, quality of the property and its scope for potential alternative uses.

The yield applied in the valuation is 6.6%. Assuming all else stayed the same; a decrease of 1% in the yield would result in an increase in fair value of £1,032,000. An increase of 1% in the yield would result in a decrease in fair value of £760,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Property, plant and equipment (continued)

14.2 Fair value measurement and Impairment (continued)

The properties acquired as part of the acquisition of Valley Wholesale Carpets, consisting of two freehold units and a long-leasehold site have been valued using the market (comparative) method of valuation, multiplying the capital value per square foot by the size of the respective buildings. In determining the capital value, the valuers have utilised observable capital values from recent sales in similar locations, condition and size to the respective sites.

The revaluation of land and buildings for 2022 of £309,957 (2021 - £1,802,257) has been recognised within Other Comprehensive Income.

Impairment losses recognised in the year

During the prior year the Company moved the location of its head office to a new site. This resulted in an impairment of the leasehold right of use asset of £140,249.

Capital commitments

As at 31 December 2022, the Group had capital commitments totalling £1,090,204.

14.3 Assets pledged as security

There is a floating charge against the assets of the subsidiary Likewise Floors Limited, from NatWest Bank PLC.

There is a fixed charge over the freehold land and buildings held by the Group in respect of the bank loans in place for the Group.

Floating charges previously held against assets of William Armes Limited have been supported by cross guarantees from Likewise Group Plc following the transfer of trade and assets from William Armes Limited to Likewise Floors Limited. These charges are in respect of bank loans and invoice financing arrangements of the Group.

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Property, plant and equipment (continued)

Company

	Right of use assets - leasehold property £	Leasehold improvements £	Motor vehicles £	Fixtures, fittings & computer equipment £	Right of use assets - other £	Total £
Cost or valuation						
At 1 January 2021	206,671	10,219	-	25,610	-	242,500
Additions	-	-	-	16,689	-	16,689
Revaluation / (impairment)	(140,249)	-	-	-	-	(140,249)
At 31 December 2021	66,422	10,219	-	42,299	-	118,940
Additions	5,513,875	-	112,000	8,095	39,248	5,673,218
Disposals	(66,422)	(10,219)	(112,000)	-	-	(188,641)
At 31 December 2022	5,513,875	-	-	50,394	39,248	5,603,517

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Property, plant and equipment (continued)

	Right of use assets - leasehold property £	Leasehold improvements £	Motor vehicles £	Fixtures, fittings & computer equipment £	Right of use assets - other £	Total £
Accumulated depreciation and impairment						
At 1 January 2021	40,922	1,458	-	6,935	-	49,315
Charge for the year	-	1,022	-	6,560	-	7,582
Charge for right-of-use assets	25,500	-	-	-	-	25,500
Impairment charge	-	7,739	-	-	-	7,739
At 31 December 2021	66,422	10,219	-	13,495	-	90,136
Charge for the year	-	-	5,600	9,920	-	15,520
Charge for right-of-use assets	90,531	-	-	-	2,186	92,717
Disposals	(66,422)	(10,219)	(5,600)	-	-	(82,241)
At 31 December 2022	90,531	-	-	23,415	2,186	116,132
Net book value						
At 1 January 2021	165,749	8,761	-	18,675	-	193,185
At 31 December 2021	-	-	-	28,804	-	28,804
At 31 December 2022	5,423,344	-	-	26,979	37,062	5,487,385

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Property, plant and equipment (continued)

14.4. Assets held under leases

The net book value of owned and leased assets included as "Property, plant and equipment" in the Company Statement of Financial Position is as follows:

	31 December 2022 £	31 December 2021 £
Property, plant and equipment owned	26,979	28,804
Right-of-use assets	5,460,406	-
	<u>5,487,385</u>	<u>28,804</u>

Information about right-of-use assets is summarised below:

Net book value

	31 December 2022 £	31 December 2021 £
Property	5,423,344	-
Motor vehicles & plant and machinery	37,062	-
	<u>5,460,406</u>	<u>-</u>

During the prior year the Company moved the location of its head office to a new site. This resulted in an impairment of the leasehold right of use asset of £140,249 in the year ended 31 December 2021.

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. Intangible assets

Group

	Delta Carpets Customer base £	Likewise Floors Customer base £	Delta Carpets Brandname £	Likewise Floors Brandname £	Total £
Cost					
At 1 January 2021	-	2,122,349	-	2,189,075	4,311,424
At 31 December 2021	-	2,122,349	-	2,189,075	4,311,424
Additions on acquisition of subsidiary	513,684	-	540,710	-	1,054,394
At 31 December 2022	513,684	2,122,349	540,710	2,189,075	5,365,818
	Delta Carpets Customer base £	Likewise Floors Customer base £	Delta Carpets Brandname £	Likewise Floors Brandname £	Total £
Accumulated amortisation and impairment					
At 1 January 2021	-	247,607	-	255,392	502,999
Charge for the year	-	141,490	-	145,938	287,428
At 31 December 2021	-	389,097	-	401,330	790,427
Charge for the year	38,526	141,490	40,553	145,938	366,507
At 31 December 2022	38,526	530,587	40,553	547,268	1,156,934
Net book value					
At 1 January 2021	-	1,874,742	-	1,933,683	3,808,425
At 31 December 2021	-	1,733,252	-	1,787,745	3,520,997
At 31 December 2022	475,158	1,591,762	500,157	1,641,807	4,208,884

The Company held no other intangible assets in any period.

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Goodwill

Group

	2022 £	2021 £
Cost	5,624,284	4,216,728
	<u>5,624,284</u>	<u>4,216,728</u>
	2022 £	2021 £
Cost		
At 1 January	4,216,728	4,216,728
Additions on acquisition of subsidiaries (see note 37)	1,407,556	-
At 31 December	<u>5,624,284</u>	<u>4,216,728</u>
Accumulated impairment		
At 31 December	<u>-</u>	<u>-</u>

16.1 Allocation of goodwill to cash generating units

The carrying amount of goodwill has all been allocated to the Group's primary activity of wholesale distribution and has been allocated to trading brands as follows:

	2022 £	2021 £
Likewise Floors Limited	3,253,210	3,253,210
Lewis Abbott Limited	467,847	467,847
H&V Carpets BVBA	307,230	307,230
A. & A. Carpets Limited	188,441	188,441
Valley Wholesale Carpets Limited	234,864	-
Delta Carpets Limited	1,172,692	-
	<u>5,624,284</u>	<u>4,216,728</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Goodwill (continued)

16.1 Allocation of goodwill to cash generating units (continued)

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The goodwill is a reflection of the benefit the acquisitions of subsidiaries will have on the Group by offering greater geographic coverage and providing the opportunity to expand this further than is currently the case. The acquisitions will benefit from the collective marketing and the enhanced product range available to all Group companies. Ultimately this will enable the acquired businesses and the existing Group members to provide an improved customer service, across a wider geographic area, with a greater product portfolio designed to help the Group to continue its development.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used being a discount rate of 10% and original growth rate of 1%.

Likewise Floors Limited

The break even point of goodwill for Likewise Floors Limited is at a growth level of -1.90% with terminal growth factor of 2%.

Lewis Abbott Limited

The break even point of goodwill for Lewis Abbott Limited is at a growth level of -20% with terminal growth factor of 2%.

H&V Carpets BVBA

The break even point of goodwill for H&V Carpets BVBA is at a growth level of -26% with terminal growth factor of 2%.

A. & A. Carpets Limited

The break even point of goodwill for A. & A. Carpets Limited is at a growth level of -63% with terminal growth factor of 2%.

Valley Wholesale Carpets Limited

The break even point of goodwill for Valley Wholesale Carpets Limited is at a growth level of -84.92% with terminal growth factor of 1%.

Delta Carpets Limited

The break even point of goodwill for Delta Carpets Limited is at a growth level of -39.68% with terminal growth factor of 2%.

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

17. Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)	
			2022	2021
1) Likewise Floors Limited	Wholesale distribution of floor coverings and associated products	Great Britain	100	100
2) H&V Carpets BVBA	Wholesale distribution of floor coverings and associated products	Belgium	100	100
3) Valley Wholesale Carpets (2004) Limited	Holding company	Great Britain	100	-
4) Valley Wholesale Carpets Limited (100% subsidiary of Valley Wholesale Carpets (2004) Limited)	Wholesale distribution of floor coverings and associated products	Great Britain	100	-
5) Delta Carpets (Holdings) Limited (100% subsidiary of Likewise Floors Limited)	Holding company	Great Britain	100	-
6) Delta Carpets Limited (100% subsidiary of Delta Carpets (Holdings) Limited)	Dormant following transfer of trade and assets to Likewise Floors Limited	Great Britain	100	-
7) William Armes Holdings Limited	Holding company	Great Britain	100	100
8) William Armes Limited (100% subsidiary of William Armes Holdings Limited)	Dormant company	Great Britain	100	100
9) A&A Carpets Limited	Dormant company	Great Britain	100	100
10) Likewise Trading Limited	Holding company	Great Britain	100	100
11) Lewis Abbott Limited (100% subsidiary of Likewise Trading Limited)	Dormant company	Great Britain	100	100
12) Factory Flooring Outlet Ltd (100% subsidiary of Likewise Floors Limited)	Dormant company	Great Britain	100	100
13) Likewise Limited	Dormant company	Great Britain	100	100

Following acquisition, on 1 April 2022, the trade and assets of Delta Carpets Limited were transferred to Likewise Floors Limited.

The registered offices of H&V Carpets BVBA are Nijverheidsstraat 26, 8760 Meulebeke, Belgium. The registered offices of all other companies within the Group are Unit 4 Radial Park, Radial Way, Birmingham Business Park, Solihull, England, B37 7WN.

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Company - Shares in Group undertakings

	Note	2022 £	2021 £
At 1 January		11,738,831	12,555,774
Additions	37	30,158,850	-
Impairment following transfer of trade of subsidiaries		-	(891,770)
Share options		221,589	74,827
		42,119,270	11,738,831

On 14 January 2022, the Company acquired the entire issued share capital of Valley Wholesale Carpets (2004) Limited and its wholly owned subsidiary for consideration of £29,971,350 - see note 37 for further details.

On 1 April 2022, Likewise Floors Limited, a subsidiary of the Company, acquired the entire issued share capital of Delta Carpets (Holdings) Limited and its wholly owned subsidiary for consideration of £3,000,135. This consideration included 500,000 new £0.01 shares in Likewise Group Plc valued at £187,500 at the date of acquisition. This has been included in the additions figure above as a further investment in Likewise Floors Limited.

The Group considers impairment of its subsidiaries annually, this is assessed in the context of the Group's structure, and if appropriate an impairment provision is made.

18. Inventories

Group

	2022 £	2021 £
Finished goods and goods for resale	18,388,527	10,256,740
	18,388,527	10,256,740
	2022 £	2021 £
Amounts of inventories recognised as an expense during the year	87,172,444	42,350,337
Amounts of inventories impaired during the year	395,225	128,875

The Company did not hold any inventories in either the current or prior year.

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

19. Trade and other receivables

Group

	2022 £	2021 £
Trade receivables	12,007,770	7,639,636
Less: provision for impairment of trade receivables	(302,989)	(117,799)
Trade receivables - net	11,704,781	7,521,837
Prepayments and accrued income	1,586,490	893,103
Other receivables	2,282,032	1,496,983
Total trade and other receivables	15,573,303	9,911,923
Less: current portion - trade receivables	(11,704,781)	(7,521,837)
Less: current portion - prepayments and accrued income	(1,586,490)	(893,103)
Less: current portion - other receivables	(2,282,032)	(1,360,135)
Total current portion	(15,573,303)	(9,775,075)
Total non-current portion	-	136,848

Company

	2022 £	2021 £
Receivables from group undertakings	8,265,009	6,230,742
Total financial assets other than cash and cash equivalents classified as loans and receivables	8,265,009	6,230,742
Prepayments and accrued income	72,722	102,376
Other receivables	31,205	11,475
Total trade and other receivables	8,368,936	6,344,593
Less: current portion - prepayments and accrued income	(72,722)	(102,376)
Less: current portion - other receivables	(31,205)	(11,475)
Less: current portion - receivables from related parties	(8,265,009)	(6,230,742)
Total current portion	(8,368,936)	(6,344,593)
Total non-current portion	-	-

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

19. Trade and other receivables (continued)

All of the above amounts are financial assets of the Group and Parent Company except certain prepayments.

The Directors consider the carrying value of Group trade and other receivables is approximate to its fair value, after incorporating an impairment provision of £302,989 (2021 - £117,799).

Trade receivables comprise amounts due from customers for goods sold. The Group's normal trade credit terms range from 30 to 60 days and therefore all are classified as current. There are a limited number of customers who are granted extended credit terms but these are not considered material to the financial statements. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Consolidated Statement of Financial Position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

	Group 2022 £	Group 2021 £
Not more than 30 days	6,360,941	4,118,045
More than 30 days but not more than 60 days	3,638,050	2,323,728
More than 60 days but not more than 90 days	986,714	560,072
More than 90 days but not more than 120 days	135,723	176,091
More than 120 days	886,342	461,700
Loss allowance	(302,989)	(117,799)
	11,704,781	7,521,837

LIKEWISE GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The expected credit loss allowance is calculated using a weighted probability of loss based on age of the receivable:

	2022 £	<i>ECL</i>
More than 90 days but not more than 120 days - 5% (adjusted - see below)	135,723	6,786
More than 120 days - 50% (adjusted for payment plans - see below)	539,632	269,816
Additional loss allowance	-	26,387
	<u>675,355</u>	<u>302,989</u>

The debtors balance to which the ECL has been applied has been adjusted where there are specific payment plans in place.

	2021 £
Reconciliation of ECL allowance balance	
Balance at 1 January	117,799
ECL allowance charged to profit or loss	238,201
Other movements	(53,011)
	<u>302,989</u>

The carrying amounts of the trade receivables include receivables which are subject to a factoring agreement. Under this arrangement, the subsidiary trading companies have transferred the relevant receivables to the factor in exchange for cash and are prevented from selling or pledging the receivables. However, the subsidiaries retain the late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in its Consolidated Statement of Financial Position. The amount repayable under the factoring agreement is presented as secured borrowing. The Group considers the held to collect business model to remain appropriate for these receivables and hence continues measuring them at amortised cost.

The relevant carrying amounts are:

	2022 £	<i>2021</i> £
Factored receivables	5,851,797	4,295,893
Associated secured borrowings	<u>(4,389,016)</u>	<u>(2,359,543)</u>

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

20. Cash and cash equivalents

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Cash at bank and in hand	5,913,155	8,447,550	689,259	7,077,876
	<u>5,913,155</u>	<u>8,447,550</u>	<u>689,259</u>	<u>7,077,876</u>

21. Trade and other payables

Group

	2022 £	<i>2021 £</i>
Trade payables	18,106,217	13,315,768
Other payables	429,321	238,210
Accruals	1,727,216	1,398,933
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	<u>20,262,754</u>	<u>14,952,911</u>
Other payables - tax and social security payments	1,707,672	849,123
Deferred consideration on acquisition of subsidiaries	5,380,365	-
Total trade and other payables	<u>27,350,791</u>	<u>15,802,034</u>
Less: current portion - trade payables	(18,106,217)	(13,315,768)
Less: current portion - other payables	(2,136,993)	(1,087,333)
Less: current portion - accruals	(1,727,216)	(1,398,933)
Less: current portion - deferred consideration	(1,000,000)	-
Total current portion	<u>(22,970,426)</u>	<u>(15,802,034)</u>
Total non-current position	<u>4,380,365</u>	<u>-</u>

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

21. Trade and other payables (continued)

Company

	2022 £	2021 £
Trade payables	27,657	126,363
Payables to group undertakings	9,569,537	1,699,865
Other payables	1,350	7,875
Accruals	480,257	140,456
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	10,078,801	1,974,559
Other payables - tax and social security payments	116,772	58,005
Deferred consideration on acquisition of subsidiaries	4,984,750	-
Total trade and other payables	15,180,323	2,032,564
Less: current portion - trade payables	(27,657)	(126,363)
Less: current portion - payables to related parties	(9,569,537)	(1,699,865)
Less: current portion - other payables	(118,122)	(65,880)
Less: current portion - accruals	(480,257)	(140,456)
Less: current portion - deferred consideration	(1,000,000)	-
Total current portion	(11,195,573)	(2,032,564)
Total non-current position	3,984,750	-

Trade payables and accruals principally comprise amounts outstanding in relation to trade purchases and ongoing costs. Trade payables are unsecured and the Group has financial risk management procedures in place to ensure that all payables are paid within pre-agreed credit terms.

The Directors consider the carrying value of trade and other receivables is approximate to its fair value due to their short term nature.

Included within tax and social security payments for the Group is £Nil (2021 - £71,749) relating to VAT deferred under the government's COVID-19 VAT payment deferral scheme.

All of the above amounts are financial liabilities of the Group and Parent Company except social security and other taxes.

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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22. Loans and borrowings

Group

	2022 £	2021 £
Non-current		
Bank loans - secured	1,456,025	1,640,563
Lease liabilities	18,766,025	10,488,881
	<u>20,222,050</u>	<u>12,129,444</u>
Current		
Bank loans and invoice discounting facility	4,595,139	2,498,234
Lease liabilities	3,182,373	1,681,658
	<u>7,777,512</u>	<u>4,179,892</u>
Total loans and borrowings	<u><u>27,999,562</u></u>	<u><u>16,309,336</u></u>

LIKEWISE GROUP PLC

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22. Loans and borrowings (continued)

Company

	2022 £	2021 £
Non-current		
Bank loans - secured	1,456,025	1,640,563
Lease liabilities	5,226,397	-
	<u>6,682,422</u>	<u>1,640,563</u>
Current		
Bank loans - secured	206,123	138,691
Lease liabilities	320,191	-
	<u>526,314</u>	<u>138,691</u>
Total loans and borrowings	<u><u>7,208,736</u></u>	<u><u>1,779,254</u></u>

LIKEWISE GROUP PLC

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22. Loans and borrowings (continued)

The Directors consider that the carrying amount of the invoice discounting facility and bank loan approximates their fair value.

The invoice discounting facility is secured against the related trade debtor balances and by a floating charge over the assets of the Group. The invoice discounting facility is denominated in Sterling and Euro.

The invoice discounting facility is held for Likewise Floors Limited and has a fixed service charge of £18,000 per annum.

	2022 £	2021 £
Amounts repayable under bank loans - Group and Company		
Within one year	206,123	138,691
In the second to fifth year inclusive	706,822	597,494
Beyond five years	749,203	1,043,069
	<u>1,662,148</u>	<u>1,779,254</u>

During 2018 the Company obtained a bank loan of £2,280,000. Repayments commenced on 5th August 2018 and will continue until 5th January 2033. The loan is secured by a fixed and floating charge over the Group's assets. The loan carries interest at on a floating rate basis with interest at Bank of England rate plus a margin of 2.95%.

This loan is at a floating interest rate and exposes the Group to fair value interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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23. Leases

Group

(i) Leases as a lessee

The Group's leases include leases for buildings, plant and motor vehicles. The average lease term is 12 years for buildings and 4 years for other fixed assets.

A new leasehold distribution centre was established in July 2022 in Newbury in which the newly formed Likewise South division operates. The addition of this site led to an increase in lease liabilities of £0.9m at inception of the lease. Furthermore, new leases were entered into in Q4 2022, in relation to two new sites for Likewise Scotland and Likewise London respectively. Whilst leases were agreed in 2022, these new sites are to become operational in 2023. The new site in Scotland in particular significantly increases the footprint of the facility from the previous site to help improve logistics capacity in the North of England as well as fulfil further growth of this division. These new leases contributed additional lease liabilities of £5.5m at inception.

Various lease incentives of rent-free or reduced rent periods are included in the measurement of the right-of-use asset and lease liability at inception of the lease. These predominantly relate to the Group's property lease portfolio.

Lease liabilities are due as follows:

	2022 £	2021 £
Contractual undiscounted cash flows due		
Not later than one year	3,357,091	1,814,829
Between one year and five years	11,018,626	5,947,403
Later than five years	15,073,388	6,067,895
	<u>29,449,105</u>	<u>13,830,127</u>
Lease liabilities included in the Consolidated Statement of Financial Position at 31 December	<u>21,948,398</u>	<u>12,170,539</u>
Non-current	18,766,025	10,488,881
Current	<u>3,182,373</u>	<u>1,681,658</u>

The following amounts in respect of leases have been recognised in profit or loss:

	2022 £	2021 £
Interest expense on lease liabilities	571,009	317,913
Depreciation on lease liabilities	2,049,591	1,283,306
Impairment on lease liabilities	-	140,249
Profit on termination of lease liabilities	(34,535)	(80,847)
Expense relating to short-term leases	<u>324,539</u>	<u>277,620</u>

LIKEWISE GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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23. Leases (continued)

Company

(ii) Leases as a lessee

The Company's leases include leases for buildings and other assets. The average lease term is 15 years for buildings and 3 years for other fixed assets.

Lease liabilities are due as follows:

	2022 £	2021 £
Contractual undiscounted cash flows due		
Not later than one year	328,506	-
Between one year and five years	2,100,777	-
Later than five years	7,280,760	-
	9,710,043	-
Lease liabilities included in the Company Statement of Financial Position at 31 December	5,546,588	-
Non-current	5,226,397	-
Current	320,191	-

The following amounts in respect of leases have been recognised in profit or loss:

	2022 £	2021 £
Interest expense on lease liabilities	42,148	2,661
Depreciation on lease liabilities	92,717	25,500
Impairment of lease liabilities	-	140,249
Expense relating to short-term leases	25,704	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24. Financial instruments

Classification of financial instruments

The fair value hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The only financial instruments the Group holds which are measured at fair value through the Income Statement (as level 2 above) are forward currency contracts (see note 26) and deferred consideration in relation to shares issued on acquisition of subsidiaries (see note 37). The deferred consideration liability held at fair value at 31 December 2022 totalled £4,380,365. All other financial assets and liabilities are held at amortised cost.

The tables below set out the Group's accounting classification of each class of its financial assets and liabilities.

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Financial assets at amortised cost				
Trade receivables	11,704,781	7,521,837	-	-
Amounts owed by Group undertakings	-	-	8,265,009	6,230,742
Other receivables	2,282,032	1,496,983	31,205	11,475
Cash and cash equivalents	5,913,155	8,447,550	689,259	7,077,876
	19,899,968	17,466,370	8,985,473	13,320,093

All of the above financial assets' carrying values are approximate to their fair values, as at each reporting date disclosed.

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Non current financial liabilities				
Bank loans - amortised cost	1,456,025	1,640,563	1,456,025	1,640,563
Deferred consideration - held at fair value	4,380,365	-	3,984,750	-
	<u>5,836,390</u>	<u>1,640,563</u>	<u>5,440,775</u>	<u>1,640,563</u>
	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Current financial liabilities at amortised cost				
Trade payables	18,106,217	13,315,768	27,657	126,363
Amounts owed to Group undertakings	-	-	9,569,537	1,699,865
Deferred consideration on acquisition of subsidiaries	1,000,000	-	1,000,000	-
Other payables	429,321	238,210	1,350	7,875
Accruals	1,727,216	1,398,933	480,257	140,456
Invoice discounting facility	4,389,016	2,359,543	-	-
Bank loans - current	206,123	138,691	206,123	138,691
	<u>25,857,893</u>	<u>17,451,145</u>	<u>11,284,924</u>	<u>2,113,250</u>

All of the above financial liabilities' carrying values are considered by management to be approximate to their fair values, as at each reporting date disclosed.

25. Provisions

Group

	Dilapidation provision £	Onerous lease provision £	Total £
At 1 January 2022	114,676	88,000	202,676
Utilised during the year	(64,601)	(88,000)	(152,601)
At 31 December 2022	<u>50,075</u>	<u>-</u>	<u>50,075</u>
Due within one year or less	50,075	-	50,075
	<u>50,075</u>	<u>-</u>	<u>50,075</u>

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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25. Provisions (continued)

Company

	Onerous lease provision £
At 1 January 2022	88,000
Utilised during the year	(88,000)
At 31 December 2022	-

26. Financial instrument risk exposure and management

26.1 Financial risk management objectives

The Group's operations expose it to degrees of financial risk that include liquidity risk, credit risk, interest rate risk, and foreign currency risk.

This note describes the Group's objectives, policies and process for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented in the notes above.

26.2 Foreign currency risk

Most of the Group's transactions are carried out in GBP. Exposures to foreign currency exchange rates arise from the Group's overseas sales and purchases, which are denominated in a number of currencies, primarily EUR.

The Group assesses exposure and takes out forward currency contracts to mitigate this foreign exchange risk. As at the 31 December 2022, the value of forward contracts held by the subsidiary companies were as follows:

Likewise Floors Limited held forward Euro contracts totalling 1,191,033 Euros (2021 - 618,000 Euros) and forward USD contracts totalling \$299,300 (2021 - \$1,182,000).

These contracts crystallise between January and May 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

26. Financial instrument risk exposure and management (continued)

26.3 Interest rate risk

The Group has secured debt consisting of an invoice discounting facility and bank loan.

The interest on the bank loan and discounting facility are at floating rates, however interest rate risk is considered to be limited due to the low current interest rates and economic climate. The Directors have performed sensitivity analysis which shows the impact on cash flows for the coming year would be less than £0.4m even if interest rates were to rise by 5% which is considered by the Directors to be highly unlikely.

The Group's only other exposure to interest rate risk is the interest received on the cash held on deposit, which is immaterial.

26.4 Credit risk

The Group's credit risk is primarily attributable to its cash balances and trade receivables.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counter party or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The ageing profile of the trade receivables balance can be seen in note 19 above.

The Group's total credit risk amounts to the total of the sum of the receivables and cash and cash equivalents. At the 2022 reporting date this amounts to £19,899,968 (2021 - £17,466,370).

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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26. Financial instrument risk exposure and management (continued)

26.5 Liquidity risk

Liquidity and interest risk tables

Prudent liquidity risk management includes maintaining sufficient cash balances to ensure the Group can meet liabilities as they fall due, and ensuring adequate working capital using invoice discounting arrangements.

In managing liquidity risk, the main objective of the Group is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The tables below show the undiscounted cash flows on the Group's financial liabilities on the basis of their earliest possible contractual maturity.

	Carrying amount £	Total £	1 - 3 months £	3 - 12 months £	1 - 2 years £	2 - 5 years £	More than 5 years £
31 December 2022							
Trade payables	18,106,217	18,106,217	18,106,217	-	-	-	-
Other taxation and social security	1,707,672	1,707,672	1,707,672	-	-	-	-
Other payables	429,321	429,321	429,321	-	-	-	-
Accruals	1,727,216	1,727,216	1,727,216	-	-	-	-
Lease liabilities	21,948,398	29,449,105	855,576	2,501,515	3,490,139	7,528,487	15,073,388
Invoice discounting facility	4,389,016	4,389,016	4,389,016	-	-	-	-
Bank loans	1,662,148	2,293,057	53,013	159,037	212,050	636,150	1,232,807
Deferred consideration	5,380,365	5,380,565	1,000,000	-	4,380,565	-	-
	<u>55,350,353</u>	<u>63,482,169</u>	<u>28,268,031</u>	<u>2,660,552</u>	<u>8,082,754</u>	<u>8,164,637</u>	<u>16,306,195</u>

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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26. Financial instrument risk exposure and management (continued)

26.5 Liquidity risk (continued)

	Carrying amount £	Total £	1 - 3 months £	3 - 12 months £	1 - 2 years £	2 - 5 years £	More than 5 years £
31 December 2021							
Trade payables	13,315,768	13,315,768	13,315,768	-	-	-	-
Other taxation and social security	849,123	849,123	849,123	-	-	-	-
Other payables	238,210	238,210	238,210	-	-	-	-
Accruals	1,398,933	1,398,933	1,398,933	-	-	-	-
Lease liabilities	12,170,539	13,830,127	453,707	1,361,122	1,315,791	4,631,612	6,067,895
Invoice discounting facility	2,359,543	2,359,543	2,359,543	-	-	-	-
Bank loans	1,779,254	2,086,831	47,332	141,994	189,326	567,978	1,140,201
	<u>32,111,370</u>	<u>34,078,535</u>	<u>18,662,616</u>	<u>1,503,116</u>	<u>1,505,117</u>	<u>5,199,590</u>	<u>7,208,096</u>

LIKEWISE GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

27. Capital management

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and
- To provide long term returns to shareholders.

The Group defines and monitors capital on the basis of the carrying amount of equity plus its outstanding borrowings, less cash and cash equivalents as presented on the face of the Consolidated Statement of Financial Position as detailed below:

	2022 £	2021 £
Equity	39,111,269	22,353,963
Borrowings	27,999,562	16,309,336
Cash and cash equivalents	(5,913,155)	(8,447,550)
	<u>61,197,676</u>	<u>30,215,749</u>

The Board of Directors monitors the level of capital as compared to the Group's commitments and adjusts the level of capital as is determined to be necessary by issuing new shares or adjusting the level of debt. The Group is not subject to any externally imposed capital requirements.

28. Share capital

Consolidated and Company

Authorised

	2022 Number	2022 £
Shares treated as equity		
Ordinary shares of £0.01 each	243,835,980	2,438,360
	<u>243,835,980</u>	<u>2,438,360</u>

LIKEWISE GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

28. Share capital (continued)**Issued and fully paid**

	2022 Number	2022 £
Ordinary shares of £0.01 each		
At 1 January	192,374,194	1,923,742
Shares issued	51,461,786	514,618
At 31 December	243,835,980	2,438,360

The Company has one class of ordinary share which carry no right to fixed income.

On 11 January 2022, the Company allotted 40,000,000 new £0.01 Ordinary Shares for consideration of £0.35 per share, totalling £14,000,000.

On 11 January 2022, the Company also allotted a further 5,000,000 new £0.01 Ordinary Shares at par as part of the consideration for the acquisition of Valley Wholesale Carpets (2004) Limited - for more detail see note 37.

On 28 January 2022, the Company allotted 5,714,286 new £0.01 Ordinary Shares for consideration of £0.35 per share, totalling £2,000,000.

On 23 March 2022, the Company allotted 204,000 new £0.01 Ordinary Shares for consideration of £0.10 per share, totalling £20,400 and allotted a further 2,500 new £0.01 Ordinary Shares for consideration of £0.21 per share, totalling £525. These shares were issued under the Company's SAYE scheme.

On 4 April 2022, the Company allotted 500,000 new £0.01 Ordinary Shares where the share price was £0.375 per share as part of the consideration for the acquisition of Delta Carpets (Holdings) Limited by Likewise Floors Limited, a subsidiary company - for more detail see note 37.

On 6 September 2022, the Company allotted 41,000 new £0.01 Ordinary Shares for consideration of £0.10 per share totalling £4,100. These shares were issued under the Company's SAYE scheme.

LIKEWISE GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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29. Share premium

	2022 £	2021 £
Share premium at 1 January	22,458,816	13,389,295
Premium on shares issued in the year	17,447,908	9,602,898
Share issue costs	(522,099)	(533,377)
Reduction of share premium	(22,000,000)	-
Share premium at 31 December	<u>17,384,625</u>	<u>22,458,816</u>

On 22 February 2022, the Company reduced the share premium account by £22,000,000 and this balance was transferred to the distributable retained earnings of the Company.

See note 28 for details of shares issued in the year.

30. Reserves**Share capital**

This represents the nominal value of shares that have been issued.

Share premium

This reflects proceeds generated on issue of shares in excess of their nominal value and is a non-distributable reserve.

Revaluation reserve

This is used to record increases in the fair value of fixed assets and decreases to the extent that the decrease relates to a previous increase on the same asset. The revaluation reserve is a non-distributable reserve. The excess depreciation on revalued assets in comparison to historical cost depreciation is transferred from the revaluation reserve to retained earnings.

Foreign exchange reserve

This reflects the exchange differences on the translation of the foreign subsidiary.

Retained earnings

This includes all current and prior period gains and losses.

Share option reserve

This represents the cumulative fair value of options granted.

Warrant reserve

This represents the cumulative fair value of warrants granted.

LIKEWISE GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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31. Warrants over ordinary shares

On 9 January 2019, the Company issued warrants over 1,800,000 shares as part of the IPO at a price of £0.10 per share.

On 1 May 2019, the Company issued warrants over 1,000,000 shares as part of the acquisition of H&V Carpets BVBA at a price of £0.30 per share. The fair value of the warrants at the date of grant was considered to be £128,170.

Warrants are exercisable at any date in the ten years following the date of grant and none had been exercised as at 31 December 2022.

32. Analysis of amounts recognised in other comprehensive income

	Note	Revaluation reserve £	Foreign exchange reserve £	Retained earnings £
Year to 31 December 2022				
Property revaluation		309,957	-	-
Actuarial losses on pension	33	-	-	(5,000)
Translation in relation to foreign subsidiary		-	16,138	-
Transfer to/from retained earnings		(53,700)	-	53,700
		<u>256,257</u>	<u>16,138</u>	<u>48,700</u>

	Note	Revaluation reserve £	Foreign exchange reserve £	Retained earnings £
Year to 31 December 2021				
Property revaluation		1,330,356	-	-
Actuarial losses on pension	33	-	-	(20,000)
Translation in relation to foreign subsidiary		-	(17,222)	-
Transfer to/from retained earnings		(19,000)	-	19,000
		<u>1,311,356</u>	<u>(17,222)</u>	<u>(1,000)</u>

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33. Retirement plans

Defined contribution scheme

The Group operates a defined contribution pension scheme, the assets of which are held separately from those of the Group in an independently administered fund. Contributions made by the Group to the scheme during the year amounted to £500,267 (2021 - £298,167). The amount outstanding at the reporting date in respect of contributions to the scheme were £114,241 (2021 - £45,543).

(i) Defined benefit scheme characteristics and funding

Likewise Floors Limited, a subsidiary of the Group, operates a pension scheme providing benefits based on final pensionable pay. The Scheme is closed to new members and is closed to future accrual. For pensions earned after 5 April 1997 and for Guaranteed Minimum Pensions earned between 6 April 1998 and 5 April 1997, increases in payment will be in line with CPI rather than RPI. Revaluations of pensions in deferment are linked to RPI.

The assets of the Scheme are held separately from those of the Group in trustee-administered funds. The level of contributions is determined by a qualified actuary on the basis of triennial valuations. The latest full valuation was completed by an independent actuary on 28 March 2022.

The contribution paid for the year ended 31 December 2022 was £5,000 (2021 - £20,000). The Group expects to contribute £Nil to the scheme in the coming financial year.

Given that the defined benefit pension scheme is in surplus at 31 December 2022, there is expected to be no material impact on the Group's future cash flows.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(ii) Reconciliation of defined benefit obligation and fair value of scheme assets

All defined benefit schemes are exposed to materially the same risks and therefore the reconciliation below is presented in aggregate.

	Defined benefit obligation		Fair value of scheme assets		Effect of asset ceiling		Net defined scheme liability	
	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
Balance at 1 January	1,731,000	1,804,000	(1,928,000)	(1,846,000)	197,000	42,000	-	-
Interest cost	32,000	23,000	(32,000)	(23,000)	-	-	-	-
Included in profit or loss	1,763,000	1,827,000	(1,960,000)	(1,869,000)	197,000	42,000	-	-
Remeasurement loss								
Actuarial loss from:								
- Demographic assumptions	(402,000)	(4,000)	-	-	-	-	(402,000)	(4,000)
- Limited by asset ceiling	-	-	-	-	114,000	155,000	114,000	155,000
Return on plan assets (excluding interest)	-	-	293,000	(131,000)	-	-	293,000	(131,000)
Included in other comprehensive income	(402,000)	(4,000)	293,000	(131,000)	114,000	155,000	5,000	20,000
Employer contributions	-	-	(5,000)	(20,000)	-	-	(5,000)	(20,000)
Benefits paid	(95,000)	(92,000)	95,000	92,000	-	-	-	-
Other movements	(95,000)	(92,000)	90,000	72,000	-	-	(5,000)	(20,000)
Balance at 31 December	1,266,000	1,731,000	(1,577,000)	(1,928,000)	311,000	197,000		

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Composition of plan assets:

	2022 £	2021 £
Equities / Property	861,000	1,301,000
Cash	76,000	111,000
Bonds	640,000	516,000
Total plan assets	1,577,000	1,928,000

Actuarial assumption

The principal actuarial assumptions used in the determining calculating the present value of the defined benefit obligation (weighted average) include:

	2022	2021
Discount rate	4.80 %	1.90 %
Future salary increases	2.50 %	2.40 %
Inflation assumption (RPI)	3.30 %	3.20 %
Mortality rates - for male aged 65 now	1.00 %	1.00 %
Mortality rates - for female aged 65 now	1.00 %	1.00 %
Longevity at retirement age (current pensioners)		
- Males	86.2 years	86.1 years
- Females	88.5 years	88.5 years
Longevity at retirement age (future pensioners)		
- Males	87.2 years	87.1 years
- Females	89.7 years	89.6 years

Sensitivity analysis

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation was performed:

- A decrease in the interest rates of 0.5% would increase liabilities by 6.3%;
- A decrease in inflation of 0.5% would decrease the liabilities by 5.0%; and
- An increase in the long term rate of mortality improvement of 0.5% would increase the liabilities by 1.5%.

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34. Share-based payments

Equity settled share option plan

The Company has a Savings-Related Share Option Plan ("SAYE") for all employees of the Group. In accordance with the terms of the plan, as approved by shareholders, employees of the Group may be granted options to purchase ordinary shares. There are no performance criteria for the SAYE and options are issued to participants in accordance with HMRC rules. Vesting is conditional on continuity of service.

As at 31 December 2021, 7,245,648 share options remained active. During the current year 2,279,995 new options were issued and 1,137,313 options lapsed on employees leaving the Group. During the current year 247,500 options were exercised with an weighted average option price of £0.10 per share. The remaining contractual life of the remaining 8,140,830 options is approximately 2.25 years.

In addition, as at 31 December 2020, 11,700,000 share options remained active which were issued under Enterprise Management Incentives (EMIs). During the current year no new options were issued or exercised and 350,000 options lapsed on employees leaving the Group. The remaining contractual life of the remaining 11,350,000 options is approximately 2 years.

During the year, 4,250,000 new options were issued to management under a Company Share Option Plan (CSOP). 100,000 options lapsed in the year on employees leaving the Group. The remaining contractual life of the remaining 4,150,000 options is approximately 3.5 years.

Share options are valued using the Black-Scholes model. The inputs to the model are the option price and share price at date of grant, expected volatility (20%), expected dividend rate (0%) and risk free rate of return (4%). The model has been adjusted for expected behavioural considerations.

The cost of options is amortised to the Statement of Comprehensive Income over the service life of the option resulting in a charge of £319,678 for the year (2021 - £149,210).

35. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

A rent charge and early termination settlement of £78,179 (2021 - rent charge of £28,000) was paid in the year for leased office premises from a subsidiary of REI plc, a Company controlled by the Group's Non-Executive Chairman. Following the move of the Group's head office to the Radial Park facility, no further fees are payable in respect of the Group's previous head office.

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36. Changes in liabilities arising from financing activities

	Cash and cash equivalents £	Borrowing due within one year £	Borrowing due after one year £	Total £
Net debt at 31 December 2020	2,820,895	(2,224,566)	(6,749,655)	(6,153,326)
Cash flows	5,626,655	-	-	5,626,655
Repayment of bank loans	-	(39,743)	139,105	99,362
Increase in invoice discounting facility	-	(1,266,279)	-	(1,266,279)
New lease liabilities	-	(1,535,929)	(5,518,894)	(7,054,823)
Repayment of lease liabilities	-	886,625	-	886,625
Net debt at 31 December 2021	8,447,550	(4,179,892)	(12,129,444)	(7,861,786)
Net debt at 31 December 2021	8,447,550	(4,179,892)	(12,129,444)	(7,861,786)
Cash flows	(2,534,395)	-	-	(2,534,395)
Repayment of bank loans	-	(67,432)	184,538	117,106
Increase in invoice discounting facility	-	(2,029,473)	-	(2,029,473)
New / amended lease liabilities	-	(1,500,715)	(10,725,680)	(12,226,395)
Repayment of lease liabilities	-	-	2,448,536	2,448,536
Net debt at 31 December 2022	5,913,155	(7,777,512)	(20,222,050)	(22,086,407)

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37. Business combinations during the year

37.1 Subsidiaries acquired

On 14 January 2022, the Company acquired the entire issued share capital of Valley Wholesale Carpets (2004) Limited and its wholly owned subsidiary Valley Wholesale Carpets Limited. Consideration of £29,971,350 for the purchase was in the form of £14,000,000 cash, £10,000,000 cash extracted from the acquired company, £1,000,000 deferred cash consideration and the issue of 5,000,000 new shares of £0.01 each in Likewise Group Plc valued at £1,750,000 at the date of acquisition and which includes a guaranteed cash payment of the difference between £1 per share and the share price at 14 January 2024. The fair value of this arrangement as at the grant date, being £3,221,350, has been reflected in the purchase consideration outlined below as contingent consideration.

On 1 April 2022, Likewise Floors Limited, a subsidiary of the Company, acquired the entire issued share capital of Delta Carpets (Holdings) Limited and its wholly owned subsidiary Delta Carpets Limited. Consideration of £3,000,135 was paid in the form of £1,500,000 cash, £1,000,000 cash extracted from the acquired companies and 500,000 new £0.01 shares in Likewise Group Plc valued at £187,500 at the date of acquisition which includes a guaranteed cash payment of the difference between £1 per share and the share price at 1 April 2024. The fair value of this arrangement as at the grant date, being £312,635, has been reflected in the purchase consideration outlined below as contingent consideration.

Name	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %	Consideration transferred £
Valley Wholesale Carpets	Wholesale distribution of floor coverings and associated products	14/01/22	100	29,971,350
Delta Carpets	Wholesale distribution of floor coverings and associated products	01/04/22	100	3,000,135
				<u>32,971,485</u>

37.2 Consideration transferred

	Valley Wholesale Carpets £	Delta Carpets £
Cash	24,000,000	2,500,000
Deferred consideration	1,000,000	-
Issue of shares in Likewise Group Plc	1,750,000	187,500
Contingent consideration arrangement	3,221,350	312,635
	<u>29,971,350</u>	<u>3,000,135</u>

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37. Business combinations during the year (continued)

37.3 Assets acquired and liabilities recognised at the date of acquisition

	Valley Wholesale Carpets £	Delta Carpets £	Total £
Non-current assets			
Property, plant and equipment	16,792,652	129,554	16,922,206
Intangible assets	-	1,054,394	1,054,394
	<u>16,792,652</u>	<u>1,183,948</u>	<u>17,976,600</u>
Current assets			
Cash and cash equivalents	11,806,785	1,152,165	12,958,950
Trade and other receivables	1,608,512	492,986	2,101,498
Inventories	3,026,381	668,130	3,694,511
	<u>33,234,330</u>	<u>3,497,229</u>	<u>36,731,559</u>
Non-current liabilities			
Deferred tax liabilities	(1,318,590)	(280,640)	(1,599,230)
	<u>31,915,740</u>	<u>3,216,589</u>	<u>35,132,329</u>
Current liabilities			
Trade and other liabilities	(2,179,254)	(1,389,146)	(3,568,400)
	<u>29,736,486</u>	<u>1,827,443</u>	<u>31,563,929</u>

37.4 Goodwill arising on acquisition

	Valley Wholesale Carpets £	Delta Carpets £	Total £
Consideration transferred	29,971,350	3,000,135	32,971,485
Fair value of identifiable net assets acquired	(29,736,486)	(1,827,443)	(31,563,929)
Goodwill arising on acquisition	<u>234,864</u>	<u>1,172,692</u>	<u>1,407,556</u>

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37. Business combinations during the year (continued)

37.5 Net cash outflow on acquisition

	2022 £
Consideration paid in cash	26,500,000
Less: cash and cash equivalent balances acquired	(12,958,950)
	<u>13,541,050</u>

37.6 Impact of acquisition on the results of the Group

Likewise Group plc completed its acquisition of the entire share capital and 100% of the voting rights of Valley Wholesale Carpets (2004) Limited and its wholly owned subsidiary Valley Wholesale Carpets Limited on 14th January 2022.

Likewise Floors Limited, a wholly owned subsidiary of the Group, acquired the entire share capital and 100% of the voting rights of Delta Carpets Holdings Limited, and its wholly owned subsidiary Delta Carpets Limited on 1st April 2022.

The acquisition of Valley, increases the Group's overall market share whilst also increasing the Group's presence in the southeast of England, and the Midlands, offering many logistical advantages. The acquisition of Delta Carpets further develops the geographical presence and customer base of Likewise. Following the acquisition, the business was integrated into Likewise' nearby Distribution in Leeds utilising the Group's logistics network whilst enhancing the service to customers.

Valley Wholesale Carpets contributed £41.2m revenue and operating profit of £2.5m in the Group's annual financial statements in 2022. This acquisition took place on 14 January 2022 and in the absence of any financial statements being produced to this date, the year end accounts are considered sufficiently close to not have a material impact on the profit on operations.

Delta Carpets contributed £3.6m revenue and operating profit of £0.15m to the Group following acquisition on 1st April 2022. Had the acquisition taken place at the beginning of the financial year, it would have contributed £5.1m and £0.19m to revenue and operating profit respectively. Profitability is forecast to increase once synergies are realised following integration of the business into Likewise post-acquisition.

The contingent consideration payable in respect of the Valley and Delta acquisitions is calculated by reference to the Likewise share price at the future determination date. The fair value of contingent consideration at the date of acquisition and subsequent remeasurement dates requires significant judgements and estimates and is sensitive to share price changes.

Contingent consideration fair value is calculated using the Black-Scholes model. The inputs to the model are the strike price and share price at date of valuation and the date of expected payment, expected volatility (61%), expected dividend rate (0%) and risk free rate of return (1.7% at acquisition).

An increase or decrease in the share price by 5 pence would result in an increase or decrease in the contingent consideration liability of approximately £275,000.

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38. Post balance sheet events

On 2 May 2023, the Company allotted 22,500 new £0.01 Ordinary Shares for consideration of £0.10 per share, totalling £2,250. These shares were issued under the Company's SAYE scheme.

On 8 July 2022, Likewise Group Plc declared an interim dividend of 0.2p per share. After the reporting date the Directors became aware that aggregate dividends totalling £487,590 paid in the period had been made otherwise than in accordance with the Companies Act 2006 as unaudited interim accounts had not been filed at Companies House prior to the dividend payment. A resolution has been proposed at the General Meeting to be held on 27 June 2023 to authorise the appropriation of distributable profits to the payment of the relevant dividends and waive the entitlement of the Company to pursue shareholders and Directors for repayment. This will constitute a related party transaction under IAS24 'Related party disclosures', the effect of which will be to return all parties, so far as possible, to the position they would have been in had the relevant dividends been made in full compliance with the Companies Act 2006.