



NEW LOOK

NEW LOOK RETAIL HOLDINGS LIMITED 128640

ANNUAL
REPORT

2019/2020



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GROUP OVERVIEW

New Look is a leading value-fashion multichannel retailer in the United Kingdom (“UK”) and the Republic of Ireland (“ROI”) with an online business covering key international markets

We are No. 2 for overall Womenswear market share in the 18 to 24 and 18 to 44 age ranges¹

At 28 March 2020 we traded from 505 stores in the UK and ROI

Our online platform serves customers in 68 countries, with over 200 million visits per year

Financial restructuring completed on 3 May 2019, resulting in the acquisition of New Look Limited and its subsidiaries² and consolidation of trading results from this date

¹ Based on Kantar Worldpanel published data 52 weeks ended 3 May 2020 (Womenswear by value)

² Subsidiaries of New Look Limited include, New Look Retailers Limited, New Look Retailers (Ireland) Limited, New Look Retailers (CI) Limited, New Look Commerce (Shanghai) Co., Ltd., New Look (Singapore) PTE Ltd, New Look Germany GmbH, Geometry Properties Limited, Weymouth Gateway Property Management Limited, (Top Gun Realisations 95 Limited and Top Gun Realisations 96 Limited, both liquidated on 11 August 2020).



NON-EXECUTIVE CHAIRMAN'S STATEMENT



This report and its financial statements relate to the year ended 28 March 2020, and it was during Q4 that the advent of the Covid-19 pandemic began to have a material impact on our business. We have since been consumed by the effects that the pandemic is having on all our lives and the way we operate our business. The impact of Covid-19 has been significant and should not be under-estimated. Whilst we have thus far navigated through it, we have no experience of a similar situation and it is difficult to accurately forecast the longer-term impact that this pandemic will have on the retail market and our business. I would like to take this opportunity to thank all my New Look colleagues, the Board and our stakeholders for their support during this time.

Looking back at the period we are reporting on, the Company was incorporated on 27 March 2019 as part of a wider restructuring of the New Look group (previously New Look Retail Group Limited and its subsidiaries, "the old Group"). The financial restructuring completed on 3 May 2019 ("the 2019 Transaction"). As part of the 2019 Transaction, New Look Limited and its subsidiaries¹ were acquired by New Look Bonds Limited, a wholly owned subsidiary of the Company. Completion of the 2019 Transaction provided our people and suppliers with renewed confidence in our business. The right capital structure provided us with the financial flexibility to better attack our future amid challenging market conditions, before the onset of Covid-19.

In April 2019 we welcomed Nigel Oddy as Chief Operating Officer. Since then, he has been running the business operationally and over the last 20 months has made significant improvements to our buying, product, supply chain and omnichannel offer as we set out our future customer strategy to take New Look to the next stage of its journey. He was deservedly promoted to Chief Executive Officer on 1 January 2020 and joined the Board. At this point I assumed the role of Non-Executive Chairman.

I would like to formally welcome the new non-executive members of the Board. Richard Cotter, Colin Henry, Angela Luger and Robin Terrell, who joined New Look following completion of the 2019 Transaction and who have brought a wealth of retail experience, across stores and online. As a business we are already benefiting from their knowledge and a fresh perspective as we embark on the next stage of our journey. I am delighted that Paul Gilbert and Richard Collyer remain on the board and provide continuity, with their knowledge of New Look's recent performance, challenges and achievements. I would also like to welcome Stuart MacKenzie who joined us on 24 March 2020 as the new representative from Brait and Laurence Raven who joined us on 9 November 2020.

We were also able to further attract new talent into the business. Helen Connolly, Chief Commercial Officer, and Clare Dobbie, Chief Customer Officer, joined us in January 2020, to further support our transformation.

Since the end of the year we have further strengthened our capital structure and reduced our operating cost base, see note 36. This, combined with the significant progress made in delivering operational improvements, our customer strategy finalised and new hires made, gives me confidence in New Look's future under Nigel's leadership, as the retail landscape continues to change and as we await further clarity on the impact of Brexit.

Alistair McGeorge
Non-Executive Chairman

12 November 2020

¹Subsidiaries of New Look Limited include, New Look Retailers Limited, New Look Retailers (Ireland) Limited, New Look Retailers (CI) Limited, New Look Commerce (Shanghai) Co., Ltd, New Look (Singapore) PTE Ltd, New Look Germany GmbH, Geometry Properties Limited, Weymouth Gateway Property Management Limited, (Top Gun Realisations 95 Limited and Top Gun Realisations 96 Limited, both liquidated on 11 August 2020).



CHIEF EXECUTIVE OFFICER'S STATEMENT



New Look has been a key player in the retail market for over 50 years and I am delighted to have been appointed CEO at such a pivotal moment in the Group's development. The year hasn't come without its challenges, with the uncertainty around Brexit, an election in December 2019 and

the onset of Covid-19 in Q4. However, despite all of this, we have made headway during the year, improving our financial position and seeing an improving trend in trade quarter by quarter, before the onset of Covid-19.

Before reviewing FY20 and subsequent key events in further detail, I would like to take this opportunity to thank all my colleagues for their unwavering commitment, enthusiasm and hard work during what has been – and continues to be – an extremely challenging period as we all grapple with the effects that the Covid-19 pandemic is having on our lives and our business.

Achievements During FY20

Since joining the business in April 2019, we have focused on strengthening our operational foundations and investing in our people. We have taken decisive steps in a number of areas and during the year we finalised our customer strategy and delivered a vision and set of values that have been embraced by our people.

Today our customers want a brand that makes them feel good, happy and confident - just as they did when New Look was founded in 1969. They want to feel more ready for the day ahead and want a brand that is affordable, convenient and fun.

However, the difference today is that convenience and accessibility are increasingly important, if not an essential requirement for our customer.

Our vision is:

'To be the number 1 broad appeal fashion destination, loved by 25-45 year olds'

We recognise the importance of our customers, locality and accessibility. The product we sell will always be relevant to these customers. We will make every shopping experience a special and convenient one, whatever the channel our customer chooses.

Our strategy is being delivered under 3 key pillars:

Product Relevance
Customer Experience
Integrated Omnichannel

Delivery of our strategic pillars will be supported by the **Operational Excellence** we have in our well-established infrastructure, where we have seen the most improvement this year.

My colleagues are the heart of New Look and are the key to bringing this strategy to life. Since joining, I have visited over half of our stores across the UK and Ireland, and both the distribution centre in Lymedale and our support centre in Weymouth on a number of occasions. I have been overwhelmed by the passion and pride colleagues have for our brand and the dedication and resilience they continue to show in the most challenging retail environment we have ever seen.

I am confident that with a complete focus on who our customer is - understanding what she wants and offering her product that is relevant and good value - together, we will make New Look a key player in the fashion market once again. We will deliver the personality and fun that made New Look famous, we will deliver a service proposition that is convenient and second to none in the value fashion sector and will recognise the local requirements within the product proposition we offer.

Trading in FY20

The retail market continued to be challenging across the year. During the first half of FY20, trade was impacted by the low consumer confidence as customers continued to be cautious of non-essential purchases due to the uncertainties related to Brexit. Performance across July and August 2019 was more positive, supported by the warmer weather and improving product ranges, but this was more than offset by the unseasonably warm start to September, delaying the transition to Autumn/Winter.

During the third quarter, our stores outperformed the market and we gained market share, whilst our online business exceeded our expectations across Black Friday and Cyber Monday. Trading over the peak Christmas period was also strong and we carefully managed our promotional activity to strike a balance between driving footfall and maintaining a good margin. We continued to manage our promotional activity during the January sales, however footfall was heavily impacted by back to back storms, starting at the end of January, resulting in widespread disruption across the UK and ROI.

Covid-19

The outbreak of Covid-19 in January 2020 has significantly impacted the UK economy, our business and the businesses of our suppliers and partners. From early March we experienced declining footfall in stores and as this unprecedented global and national health pandemic spread, to keep customers and colleagues safe, we took the decision to temporarily close all stores in the ROI on 20 March 2020 and all stores in the UK on 21 March 2020. Following Government guidance, phased store re-openings began on 1 June 2020 and by the end of August 2020 all stores had re-opened. As the Government announces updates on lockdown measures, we continue to focus on the health, safety and wellbeing of customers and colleagues, and have and will temporarily close stores in line with the Government guidance.

During the closure of stores and Government enforced lockdowns, we continue to trade online, adapting the ways in which we work in our distribution centre to ensure the health and safety of our colleagues. Online sales in the first quarter of FY21 outperformed the same period in the prior year, driven by increased conversion rates, underlining our strong brand, broad appeal product offering and improved availability.

Given the omnichannel nature of the business, the impact of Covid-19 on our profitability has been significant and trading since stores have re-opened has been notably below previous years as consumers remain cautious in light of the continued uncertainty and disruptions surrounding Covid-19.

We took immediate and proactive action to preserve cash, including utilisation of the Government Job Retention Scheme, in order to protect our colleagues and safeguard the value of the business and we continue to do so. These measures ensured that New Look survived the initial lockdown period and, post-lockdown, could resume store trading without significant operational interruption. In addition, we explored available avenues to further bolster liquidity including Government loan schemes, however, none of those were available due to specific eligibility criteria required in order to access them.

Key Financial Events in FY21

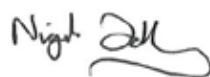
Given the significant impact Covid-19 has had on the retail industry, we felt it prudent to verify our strategy and updated our business plan with the support of independent consultants and financial advisors. We are committed to further building on, advancing and deepening the strong online performance demonstrated during lockdown, as well as developing the omnichannel and localness of New Look.

In order to achieve this and allow us to invest further into our brand saliency, we have taken action to reduce our fixed cost base, introduce more flexibility into the cost base and secure an injection of new capital.

Through discussions with our shareholders, bondholders, Revolving Credit Facility ("RCF") banks and the provider of the Operating Facility we agreed the terms of a comprehensive recapitalisation transaction on 13 August 2020 ("the 2020 Transaction") which completed on 9 November 2020. The 2020 Transaction has significantly reduced the debt and cash pay interest requirements of the Group, extended the maturity of key working capital facilities until earliest June 2023 and resulted in a new capital injection of £40.0 million to allow us to accelerate investment in our strategy.

On 15 September 2020, 81.6% of New Look Retailers Limited's creditors (by value) voted in favour of our proposed Company Voluntary Arrangement ("the 2020 CVA"). The approval of the 2020 CVA has reduced certain elements of our fixed cost base and moved the majority of our UK leases onto a turnover based model which aligns future performance and reflects the wider retail market.

Looking forward, we are well positioned to manage the changing landscape of the retail market. We have control over our cost base, the flexibility and supply chain speed to reduce the working capital requirement for our inventory and have further enhanced the talent within the business with new hires. Our exciting strategy has been agreed by the Board, and the approval of the 2020 CVA and completion of the 2020 Transaction gives us the funding, flexibility and further confidence in our ability to deliver the strategy in the coming years. However, whilst this provides us a more stable platform on which to face the Covid-19 pandemic, the potential for further disruption is difficult to predict and beyond our control.



Nigel Oddy
Chief Executive Officer

12 November 2020





STRATEGIC REPORT

The Directors present their strategic report on New Look Retail Holdings Limited (“the Company”) together with its subsidiaries (“the Group”) for the 52 weeks ended 28 March 2020.

YEAR IN REVIEW

The 2019 Transaction

The Company was incorporated on 27 March 2019 as part of a wider restructuring of the New Look group (previously New Look Retail Group Limited and its subsidiaries, "the old Group").

On 14 January 2019 an agreement 'in principle' was reached with certain of our key financial stakeholders in relation to the main terms of a debt for equity swap aimed at deleveraging and strengthening the Group's balance sheet.

The financial restructuring completed on 3 May 2019. As part of the transaction, New Look Limited and its subsidiaries¹ were acquired by New Look Bonds Limited, a wholly owned subsidiary of the Company. Since the date of acquisition, the results of the acquired subsidiaries have been included within the Group consolidation. As the Company was incorporated 27 March 2019 no comparative information is shown within this annual report.

Financial information for the old Group for prior periods is available at www.newlookgroup.com.

Strengthened operational foundations and investment in our people

Product, supply chain and sustainability

During the year we repositioned our Womenswear product offering, revisiting the mix of core colours, the shape, length and fit. Our aim is to provide our customer seasonal styles and trends, translated into wearable pieces at affordable prices and representing great value. In addition to Womenswear we continue our 915 range, aimed at 9 to 15-year olds, as well as a menswear offering online.

Since joining the business as Chief Commercial Officer, Helen Connolly, along with the team, have really accelerated improvement in our product offering and we are focused on strengthening the business in the five key categories we want to be famous for: Denim, Dresses, Going Out, Footwear and 915.

We have maintained our number 2 position in the 18-44 years UK Womenswear market².

Sustainability and social responsibility have always been at the forefront of our minds but as consumers become more demanding of businesses to be even better, we have further enhanced our focus on this area, both in the product and across the supply chain. In the year we launched our new sustainable identity concept "New Look KIND" to mark products that have better environmental sustainable attributes than their conventional counterparts and this currently accounts for 30% of our clothing range. In October 2019, we became the first global fashion retailer in the world to achieve both the Carbon Neutral Gold Standard and UN Climate Neutral Now Participation. See our Sustainability Report on page 26 for more information.

During the year we continued to work closely with our suppliers, improving our speed to market and minimising slippage. Our total average lead time for the year was 80 days, 8 days faster than the start of the year, with Womens clothing being 10 days faster and 915 and Brands improving 13 days. As ever, there is more we can do, but our tighter planning framework has resulted in markdown discount reducing over 2.5% pts and closing stock units over 10% lower than May 2019.

Omnichannel operations

Stores accounted for 77.7% of total sales in the year and are complemented by our online business, giving us competitive advantage over the "pure-plays" and helping us to be truly omnichannel. Our store estate is well established and this year we have invested in stores through our 'Revive' programme, with 51 stores taking part in the programme delivering a +6% like for like profit uplift. According to the British Retail Consortium ("BRC"), like for like sales in UK stores outperformed the market by 2.6% pts³.

It has been a challenging year for our online business, with like for like sales -10.8% pts compared to the market according to the BRC³ driven by traffic. We have suffered self-inflicted issues through decisions we have made but also suffered from decisions made by third parties, such as changes in algorithms which impacted our rankings on search sites. However, it is no excuse, and we have to react quicker in these situations. In the coming year we will invest in our platform to ensure our technology is up to date and since appointment as Chief Customer Officer in January, Clare Dobbie is already driving positive change in this area.

We are trading our stores and online as one business, e-commerce is simply our biggest store. Our pricing is aligned, and our marketing strategy now focuses on Brand, rather than separate store and online campaigns. Our focus is on leveraging our competitive advantage, from having both stores and online, to further drive traffic, units per transaction and conversion. Our store base allows us to be local and accessible, with our click and collect and order in store offerings satisfying the consumer's growing need for instant gratification.

We also continue to trade with selective key third party partners, providing a low risk model for entry into new markets, expanding our global reach and reaching new customers.

People

Our people are our biggest asset. During the year we developed our new leadership message and employee values in consultation with 100 of our leaders across the business. Our values underpin everything we do:

It Starts with Me, We are One, Customer Obsessed, Play to Win

We also implemented learning and development programmes, flexible benefits and working practices. We revisited our retail principles and empowered our store staff to make decisions and take action to ensure that each customer has a great and friendly experience in all our stores. Our customer call centre is now an in-house operation, enabling us to better engage with our customers and improve our responsiveness. This also allows us to use a consistent tone of voice, ensuring a friendly experience for both our store and online customers.

Cost savings

We have overachieved on our total planned cost savings, driving efficiencies and operating as one business. A great example of this is bringing our customer call centre in-house. Not only has this delivered a significant cost efficiency, it has allowed us to further improve on the customer experience. We have also focused our marketing on the brand, rather than stores and online separately, allowing us to drive further cost savings.

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²Based on Kantar Worldpanel published data 52 weeks ended 3 May 2020 (Womenswear by value).

³Measured by British Retail Consortium published data for the 47 weeks ended 28 March 2020 for Womens clothing, footwear and accessories.

OUR BUSINESS MODEL

Who we are and what we do

New Look is a leading omnichannel retailer operating in the value segment of the clothing, footwear and accessories market. We predominantly operate in the UK and ROI, with a presence in targeted international markets via our own website and certain 3rd party partnerships. We focus on delivering value for money and 'newness', wherever, whenever and however customers choose to engage with us. Our ranges comprise women's apparel, footwear and accessories, as well as menswear and teenwear – all distinguished by distinctive product handwriting. We cater for a broad spectrum of ages from early teens to 45 and over, with our target customer age being 25 to 45. Our commitment to inclusivity is evidenced in the comprehensive span of sizes we offer, ranging (in women's apparel) from UK 6 to UK 32.

Our integrated omnichannel model

At the end of FY20 our store estate comprised 477 stores in the UK and 28 stores in ROI and was complemented by our online platform, www.newlook.com, which serves customers in the UK and ROI, as well as 66 other countries. Growth in the UK apparel market is likely to be predominantly driven by online sales although customers are increasingly using a mix of digital and physical channels to browse, compare, buy, collect and if necessary, exchange or return purchases. Our physical stores remain our primary channel and main customer touchpoint, enabling customers not only to browse and buy – but additionally to place, collect, exchange or return online orders with genuine convenience.

We believe the extensive geographic reach of our UK and ROI estate will continue to give us a competitive advantage. Our ongoing investment is focused on maintaining full alignment between our in-store and online businesses and improving the customer experience. This includes our range of convenient, customer-focused low-cost delivery options, including click and collect and order in store, collect in store and innovative functionality such as photo search.

Our buying, merchandising and design teams

Our in-house design team look at a variety of design influences from catwalks to culture. Utilising supplier intel and trade analytics to develop the right new trends and broad appeal product for our customers.

Our buying teams source responsibly and find the most efficient routes to deliver margin and provide the business with the flexibility to trade in and out of the very best trends.

Our merchandisers make sure that our stock is in the right place, in the right volumes and at the right time, to maximise the sales opportunity.

We plan our sales, stocks and margins carefully to maximise the opportunity and minimise our risk, always with the customer at the heart of everything we do.

Our global supply chain

We don't directly operate the factories that manufacture our product ranges. Instead, our value-fashion model is predicated on maintaining a reliable and highly adaptive global supply chain designed to meet our goals in product development, manufacturing expertise and delivery timings. We've built and sustained strong, strategic relationships and currently work with 140 suppliers in 24 countries, with over 500 factories involved in production for us. Trading ethically and sustainably are at the heart of all that we do, inspiring and upholding high standards not only throughout our own business but across our supply chain.

Our infrastructure

Our directly operated, highly automated distribution centre at Lymedale, Stoke-on-Trent, has the capacity to process up to 180 million units annually and operates 24 hours a day, 363 days a year. This operation handles deliveries for our stores in the UK and Ireland, plus global fulfilment of all e-commerce and 3rd party e-commerce orders.

Our London support centre accommodates our Buying, Merchandising, Design, Multichannel, International Partnerships and Marketing teams, while our Weymouth support centre houses our IT, Finance, Audit, Procurement, Property and Human Resources teams.

Our social dialogue

New Look has a significant presence across leading social media platforms including Facebook, Instagram, Twitter, YouTube, Pinterest and most recently TikTok with a combined following of over 5 million people. Each channel delivers content focused on fashion inspiration and brand personality for all our customers. We continue to evolve our approach to influencer marketing, creating authentic and relatable conversations for our core customers. We are continuously adapting to the digital consumer and ensuring we are proactively engaging with our audiences and responding to social trends.

Our career opportunities

We are proud to offer exceptional career opportunities. We work hard to build a pipeline of future talent and support all our colleagues to have a fulfilling career with us. We are committed to rewarding our dedicated and passionate teams based on performance and role modelling our values.

Our values underpin everything we do - from the way we work, the decisions we take and the way we treat each other. They are: It Starts with Me, We are One, Customer Obsessed, and Play to Win.

We want our colleagues to have the support and opportunities they need to grow, progress and enjoy their career. Our development offering ranges from skills development, apprenticeships and NVQs through to professional qualifications and leadership development. We partner universities, colleges and schools to provide graduate and apprenticeship schemes. We also work closely with charitable organisations such as the Princes Trust to help disadvantaged young people gain the skills and experience they need to access career opportunities in fashion and retail.

OUR CUSTOMER STRATEGY

During the second half of the year, we developed and agreed our long-term customer strategy following a period of focus on turnaround and return to operational basics.

Following the outbreak of Covid-19, and as part of the 2020 transaction, we verified our customer strategy and updated our business plan with the support of independent consultants and our financial advisors. Through this review, the three pillars we identified to deliver our customer strategy remain the same but the impact of Covid-19 has accelerated the shift to online and as a result we must further build on, advance and deepen the strong online performance we demonstrated during lockdown, as well as developing the omnichannel and localness of New Look.

Our vision is:

‘To be the number 1 broad appeal fashion destination, loved by 25-45 year olds’

We recognise the importance of our customers, locality and accessibility. The product we sell will always be relevant to these customers. We will make every shopping experience a special and convenient one, whatever the channel our customer chooses.

We are on a mission to make broad appeal fashion inclusive, exciting and distinctive. We will provide guilt free fashion without the price tag, with respect for the communities involved in its creation and the planet we all share. We will deliver a happy shopping experience through our unique blend of localness and digital reach, for maximum convenience, creating a New Look we love as we do it.

We will deliver our vision through three key strategic pillars:

Product relevance

Customer experience

Integrated Omnichannel

The 2020 CVA and 2020 Transaction have strengthened our foundations and we believe we are well placed to start delivering our vision and strategy in the coming year.





FINANCIAL REVIEW

The year's results represent the performance of the Group and reflects 11 months of trading of New Look Limited and its subsidiaries since their acquisition on 3 May 2019. There are no comparative figures due to the Company being incorporated on 27 March 2019 and this group being established as part of the 2019 Transaction.

Our focus remains on UK & ROI Retail, E-commerce, Third Party E-commerce ("3PE") (including new third party concession arrangements) and Franchise.

During the year we have repositioned our Womenswear product offering, revisiting the mix of core colours, the shape, length and fit, with particular highlights seen in midi dresses and our 'Lift and Shape' jeans range. We are confident that our customers still desire the broad appeal offering they know and love and we have made great progress in returning this to our offering. However, we have experienced challenging levels of footfall and conversion as customers have been cautious of non-essential purchases throughout the year. Consumer confidence has remained low, although Brexit uncertainties were buoyed by the General Election in December which provided some confidence. Performance was also impacted by the unseasonable weather, with an unseasonably warm September delaying the mindset change to Autumn/Winter and back to back storms across the end of January and February which resulted in significant disruption to much of the UK and ROI. Finally, the outbreak of Covid-19 at the end of the year forced closure of all stores. Our cost saving delivery has underpinned this year's results as we continue to identify efficiencies across the business.

We took a number of decisions on our store portfolio during the year and closed 15 under-performing stores. To ensure our physical estate provides our customers with the accessibility they expect, we opened two new stores, whilst still considering the cost impact to the business. We will continue to monitor and assess the store portfolio under the 2020 CVA.

Covid-19

Covid-19 impacted the financial performance of the Group in FY20, with weakening footfall in early March and most notably with all stores temporarily closing in the final week of the year. It has already had a significant impact in FY21 and will continue to do so given the continual uncertainty. Ahead of store closures, we saw a further decline in footfall across the UK and ROI amidst the rapid spread of Covid-19 outside of China and into other European countries, with Government lockdowns being announced. We closed all ROI stores on 20 March 2020 and all UK stores on 21 March 2020 meaning no sales were made through our UK and ROI retail segment in the final week of the year. We utilised the Governments' furlough schemes for our retail staff resulting in reduced staff costs in this week. Uncertainty over lockdown and the duration of the situation caused additional consumer weakness and negatively impacted e-commerce and 3PE sales during the final few weeks of March.

We reacted quickly to the mounting situation and made a number of decisions during the financial period including delaying payments, which has resulted in a higher payables balance as at 28 March 2020, as well as stopping a large proportion of 'normal' spend and cancelling stock orders where possible.

We have recognised an exceptional cost due to the impact of Covid-19 representing an increase to inventory provisions (see note 10) which would otherwise distort EBITDA due to the irregular nature period on period. The impact of Covid-19 has also resulted in higher than expected impairment charges (see notes 14, 15 and 16).

Revenue

Total revenue was £912.8 million. Total gross sales were £930.3 million with an adjustment of £17.5 million to state concession income on a net basis for total revenue for statutory reporting purposes.

UK and ROI retail sales were £722.4 million. Whilst footfall and conversion have been challenging, reflecting low consumer confidence as customers continue to be cautious of non-essential purchases, average transaction value has performed well. Over the course of the year we have undertaken 51 revives which refurbished stores and generated uplifts in performance. Sales have been impacted by the reduction in our estate portfolio under the CVA approved on 21 March 2018 ("the 2018 CVA"), along with the decision to remove menswear from stores. The space previously occupied by menswear has been replaced with concession brands as we expand the options available to customers with products that complement our own ranges.

E-commerce sales were £142.1 million. Customer attitudes to e-commerce purchases reflect those across UK and ROI retail resulting in low traffic across the UK, French, German and Rest of World ("ROW") sites. This has been amplified by the impact of changes in search engine optimisation rankings. We did however experience a strong performance around Black Friday and Cyber Monday which drove an improved run rate in the third quarter. We continue to focus on maintaining alignment between our e-commerce offering and that given in stores to ensure customers receive the same prices and opportunities wherever they shop; in our stores, at newlook.com or via our mobile app. Our click and collect service along with our online return to store and order in store, deliver to store offerings help to drive footfall into our stores.

Sales with our 3PE partners were £63.9 million. Our 3PE partners have experienced similar challenges to us in the retail market due to the ongoing low consumer confidence, however they continue to grow through increasing their global presence. Our key internationally diverse partners (including ASOS and Zalando) give us a route into new territories and further extend our global reach. We also partnered with Next during the year, whereby New Look product is sold on the Next website, providing us with access to an additional customer base.

Franchise sales were £1.9 million. We continue to work with one franchise partner, providing a route to drive profitable international growth.

Stores and Space

We closed the year with 511 stores and a total space of 3,984,000 sq ft.

In the UK, we opened 2 stores and closed 15 under-performing stores. We continue to look for opportunities to re-enter desirable markets that we have exited as a result of the 2018 CVA. Under the 2020 CVA, our right to terminate a lease before a contractual lease break is now linked to pre-Covid-19 store performance and can only be exercised at the end of the three year 2020 CVA term, however rent on the majority of the UK stores is now on a turnover basis which aligns the rent payable to sales performance.

Despite the closures, we believe the extensive geographic reach of our remaining UK and ROI estate continue to give us a competitive advantage of localness. During the year we invested in refreshing 51 stores as part of our Revive programme which has received positive feedback from our customers and is already resulting in a like for like profit uplift.

Stores remain our primary customer touch-point within our omnichannel model, accounting for 77.7% of our total sales, and our investment strategy will continue to exploit this competitive advantage.

The total number of New Look franchise stores is six.

Gross Margin

Gross profit was £419.3 million and overall gross margin was 45.9%. Included within cost of sales is £3.2 million of exceptional costs relating to increased stock provisions as a result of Covid-19, see note 10 for details. Excluding the exceptional inventory provision, gross profit was £422.5 million with a gross margin of 46.3%.

During the first and second quarter we took a promotional stance in order to remain competitive and drive footfall and traffic in the demanding market, as well as maintain a clean stock position. We were able to offset some of this during the third quarter as we were more considered with our discounting which resulted in a stronger gross profit margin. The fourth quarter includes the clearance of product following the peak Christmas trading season with a naturally lower margin, coupled with the impact of back to back storms and the Covid-19 outbreak in March.

Included within cost of sales are costs relating to distribution of goods including overheads and staff costs as well as estates costs related to the distribution centre and depreciation and amortisation of assets held there. Gross margin for e-commerce includes higher packaging and fulfilment costs than retail store sales, and all 3PE sales are achieved at a lower gross margin. However, in comparison to stores, e-commerce benefits from lower administrative expenses and therefore contributes a higher profit margin.

Operating Loss

Operating loss was £338.3 million. During the period administrative costs were £757.6 million.

Our operational exceptional items (excluding exceptional items included in cost of sales) were £1.5 million due to costs incurred in the reorganisation and restructure of the Group including the acquisition of New Look Limited and its subsidiaries offset by gains from the sale of superfluous land and the release of provisions relating to the exit from international markets. See note 10 for details.

The charge for impairment losses was £356.2 million. The impact of Covid-19 on expected future cash flows and the challenging financial performance during the year represent a triggering event and therefore an impairment assessment of all assets held at a store level, including right-of-use assets, and brand and goodwill was undertaken to ensure that no assets were held above their carrying value. See notes 14, 15 and 16 for further details.

The credit relating to the movements in the fair value of financial instruments in the income statement was £4.9 million as a result of movements in foreign exchange rates and ineffectiveness of cash flow hedges predominantly due to changes to forecast cash flows as a result of reduced stock purchase requirements due to Covid-19.

Staff costs (excluding exceptional staff costs) were £128.3 million representing the cost of staff across stores and our two support centres. Staff costs are shown net of income expected to be received from the Government's furlough schemes.

Estate costs (including service charges, rates, utilities and repair costs and excluding rent which is accounted for under IFRS 16) were £89.9 million reflecting the cost of our store portfolio and support centres.

Marketing costs were £19.8 million focusing on efficient investment in both brand and digital marketing.

Depreciation and amortisation was £108.1 million due to depreciation of right-of-use assets under IFRS 16 and amortisation of the brand. Property, plant and equipment depreciation was £16.2 million, intangible asset amortisation was £26.2 million and right-of-use asset depreciation was £65.7 million.

Adjusted EBITDA

In addition to the information required by IFRS and to assist with the understanding of earnings trends, the Group has included within its financial statements a non-IFRS measure referred to as Adjusted EBITDA. Management consider that Adjusted EBITDA reflects the trading performance of the Group, excluding the impact of capital investment and rent due to IFRS 16. Adjusted EBITDA is operating profit before exceptional items, share based payment charge or credit, the movements in fair value of financial instruments, the impairment charge or write back of tangible and intangible assets, depreciation and amortisation. For a reconciliation of operating profit to Adjusted EBITDA, see page 51.

Adjusted EBITDA was £132.2 million, demonstrating the strength in our key focus areas of the business. This was supported by cost efficiencies delivered during the year. Adjusted EBITDA includes the impact of IFRS 16 as rent charges are replaced by depreciation and interest expense.

Finance Income and Expense

Net finance costs of £92.4 million include £50.5 million of interest and foreign exchange movements on the external debt and finance costs on lease liabilities of £41.9 million, see note 9.

As a result, pre-tax loss was £430.7 million.

Taxation

The income statement taxation credit for the period was £16.6 million.

There was no current tax charge in the year. This was offset by a £0.2 million tax credit relating to adjustments to acquisition balances, mainly driven by a payment for group relief outside the immediate New Look group.

There was a £17.5 million deferred tax credit in the year, primarily due to brand impairment.

This was offset by a deferred tax charge of £1.9 million due to the change in UK corporation tax rate and a deferred tax credit of £0.8 million relating to adjustments to acquisition balances mainly driven by capital allowance claims. Finance Bill 2020 holds the main rate of corporation tax at 19% for the financial years 2020 and 2021, reverting the prospective reduction to 17% from 1 April 2020 which had previously been introduced in Finance Act 2016. Under the 'Provisional Collection of Taxes Act 1968' mechanism this measure was substantively enacted on 17 March 2020 and the effect is included in these financial statements.

The effective tax rate in the year was 3.9%.

Property, Plant and Equipment

The net book value of property, plant and equipment was £29.1 million. Property, plant and equipment includes fixtures and fittings within our stores, London support centre and distribution centre along with the Weymouth office building and fixtures and fittings within the Weymouth support centre. The impact of Covid-19 on expected future cash flows and the trading performance during FY20 represents a triggering event and therefore an impairment assessment of all assets was undertaken to ensure that no assets were held above their carrying value. This resulted in an impairment charge of £27.2 million. See note 14 for further details.

Intangible Assets

The net book value of intangible assets was £159.1 million. Intangible assets includes goodwill, brands and software licences. The impact of Covid-19 on expected future cash flows and the trading performance during FY20 represents a triggering event and therefore an impairment assessment of all assets allocated to the UK and ROI segment along with brand and goodwill allocated to e-commerce, 3PE and franchise was undertaken to ensure that no assets were held above their carrying value. This resulted in an impairment charge of £200.8 million. See note 15 for further details.

Right-of-Use Assets

The net book value of right-of-use assets was £238.4 million which represents the value of our right to use assets over the remaining life of the lease. This includes leases on our stores, distribution centre and London support centre, equipment in the distribution centre and support centres and vehicles. The impact of Covid-19 on expected future cash flows and the trading performance during FY20 represents a triggering event and therefore an impairment assessment of all assets allocated to the UK and ROI segment was undertaken to ensure that no assets were held above their carrying value. This resulted in an impairment charge of £128.2 million. See note 16 for further details.

Trade and Other Receivables

Trade and other receivables were £40.6 million which included trade receivables of £22.8 million, primarily in relation to the 3PE business, along with £8.4 million of prepayments predominantly for estate and support centre costs.

Inventories

Inventories were £110.1 million representing our closing stock holding. This includes stock held within stores and at the distribution centre. During the period ended 28 March 2020, the Group recognised an exceptional inventory provision over and above usual levels of inventory provisions of £3.2 million as a direct result of Covid-19. See notes 10 and 17 for details.

Derivative Financial Instruments

Net derivative financial instruments were a £1.2 million asset. During the period, a £4.8 million credit in relation to ineffectiveness of cash flow hedges was recognised in the income statement predominantly due to changes to forecast cash flows as a result of reduced stock purchase requirements due to Covid-19. See notes 24 and 25 for further details.



Trade and Other Payables

Trade and other payables were £143.5 million which includes trade payables of £81.7 million and accruals of £36.1 million, reflecting costs incurred but not yet paid at year end. Also included are an interest accrual of £2.9 million reflecting the outstanding interest on the RCF and overdraft and £14.1 million deferred income on gift cards. As a result of Covid-19 certain payments were delayed which has resulted in a higher than usual trade payables balance as at 28 March 2020.

Lease Liabilities

Lease liabilities of £387.8 million reflect the present value of future lease payments on right-of-use assets, discounted using the incremental borrowing rate applicable for each lease.

Net Debt

Net debt, excluding lease liabilities, was £443.0 million.

Long term debt was £423.6 million which represents the £400 million GBP equivalent notes issued as part of the 2019 Transaction, plus £11.2 million capitalised PIK interest, £11.9 million accrued PIK interest and £1.5 million Euro notes revaluation losses. The Group also has a fully drawn £100.0 million RCF and has drawn £15.1 million under the overdraft. Cash and cash equivalents were £95.7 million.

As at 28 March 2020, our core operational bank provided £80.0 million of aggregate facilities, including £64.9 million of Operating (liquidity, trade and import) facilities and the £15.1 million overdraft. As at 28 March 2020, £10.0 million was available under these facilities.

Cash Generated From Operating Activities

Cash generated from operating activities was £111.3 million inflow. This reflects operating profit, excluding depreciation and amortisation, and movements in working capital detailed below.

The most significant components of our working capital are product inventories, trade and other payables and trade and other receivables.

Inventories cash inflow was £26.7 million due to the reduction in stock levels from the acquisition date, driven by a continued focus on tighter stock management.

Trade and other payables cash outflow was £42.6 million due to a reduction in accruals from the acquisition date due to the continued focus on cost efficiencies and reduced spending at the end of the period due to Covid-19.

Trade and other receivables cash inflow was £7.3 million due to a reduction in prepayments from the acquisition date and the timing of estate payments.

Cash Generated From Investing Activities

Cash generated from investing activities represents £70.8 million of cash acquired on the acquisition of New Look Limited and its subsidiaries offset by the cash consideration paid on acquisition of £114.7 million as part of the 2019 Transaction. It also includes capital expenditure of £21.4 million, including new stores, refurbishment of our existing stores including the Revive programme and investment in our online platforms and infrastructure.

During the year, proceeds from the sale of property, plant and equipment were £1.5 million from the sale of superfluous land, see note 10.

Cash Used in Financing Activities

Cash used in financing activities primarily reflects the interest paid on debt facilities, lease payments, as well as the proceeds from notes issued and transaction fees paid as part of the 2019 Transaction.

Net cash interest paid on external debt was £24.3 million on the notes and RCF partially offset by interest income on bank deposits.

Cash proceeds from the issuance of notes was £149.6 million.

Principal elements of lease payments were £46.0 million with an additional £41.5 million paid considered as interest on lease liabilities.

Outlook

Our short-term focus remains facing the current challenges regarding Covid-19. We are utilising the Government support available to us. In the UK, we are utilising the Job Retention Scheme which operates through to March 2021. In ROI we also received support through the Temporary Covid-19 Wage Subsidy Scheme which ended in August 2020 and are receiving support through the replacement initiative, the Employment Wage Subsidy Scheme which operates through to March 2021. We continue to work closely with suppliers on the impact of Covid-19 on our own business as well as theirs. We are taking the necessary actions to address performance issues and return the business to long term profitability.

While we expect recovery to take several months and for the market to become even more unpredictable, the 2020 CVA and 2020 Transaction have strengthened our foundations and we believe we are well placed to start delivering our vision and strategy **to be the number 1 broad appeal fashion destination, loved by 25-45 year olds.**

Although we remain cautious, and despite the difficulties in forecasting performance through the pandemic and beyond, we are confident in the strength and appeal of the New Look brand and our ability to navigate these unprecedented times.



PRINCIPAL RISKS AND UNCERTAINTIES

New Look considers effective risk management fundamental to achieving our business objectives, protecting our reputation and delivering added value to our stakeholders.

Approach to Risk Management

The Board is accountable for identifying the principal risks facing the Group, including those impacting business performance, customers, people, values, operations and ongoing viability.

On behalf of the Board, the Audit Committee reviews the effectiveness of the risk management process. However, on a day to day basis, senior management are responsible for providing leadership in the management of risk, integrating it into everything we do and the all-important decisions we make.

We have further developed the risk management cycle for managing its risks at all levels. The risk management cycle enables risks to be continually identified, analysed, managed and monitored, and reported. The process identifies the key risks, analyses the potential impact and likelihood of risks and responds to risks by considering existing controls and agreeing new control measures to manage the risk. The internal and external environment is monitored for potential changes to risks and ensures that controls continue to operate effectively. The risks and the effectiveness of management controls are reported to the Audit Committee. We get our assurance from the 'Three Lines of Defence' principle; management control, monitoring controls and independent assurance.

Principal Risks & Uncertainties

It is recognised that the Group at any point in time is exposed to a number of risks.

The following table details the most significant risks as identified by the Board together with the relevant key mitigating activities.

It should be noted that any system of risk management and internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Covid-19

As at the date of this report, the Covid-19 outbreak has been declared a public health emergency of international concern by the World Health Organization, causing huge impact on people's lives, families and communities. The Covid-19 outbreak gives rise to a new principal risk for the Group and also impacts a number of existing operating risks such as financial stability and the trading environment, treasury, liquidity and credit risk and supply chain management, which are detailed in the table below.

New Look has established various committees and working groups to monitor and manage the impact of the Covid-19 pandemic on the business, including the impact on our people; the impact to our supply chain and sourcing; the impact to trade and to manage the cash flow implications.

Brexit

As at the date of this report, the terms of the UK's departure from the EU (Brexit) remain uncertain. Brexit does not give rise to a new principal risk for the Group, however, it does have the potential to impact a number of existing operating risks such as talent management, supply chain management and additional costs relating to increased tariff and duties. These risks have been included within the following table.

New Look has established a cross-functional Brexit monitoring group, which meets regularly to consider and assess the potential risks to the Group and to propose mitigations. This group reports directly to the Board who review the results of the risk analysis and respond as appropriate.

Progress in the Brexit negotiations will continue to be monitored and the risks and uncertainties will be managed by the Brexit monitoring Group and the Board as appropriate.

Risk Type	Description of the Risk	Mitigation
Financial stability and trading environment	• Challenging operating environment impacting our financial performance, the UK womenswear market is declining and showing a growing expectation from customers of promotional and discounting activity. • Permanent shift in market from stores to online following Covid-19 could lead to a loss making and cash draining store portfolio. • Reduced retail market from ongoing Covid-19 disruption. • Failure to meet the general expectations of consumers in light of the changing retail environment. • Landlords as part of the 2020 CVA have the option to break lease agreements which may result in the loss of profitable stores. • Global Covid-19 pandemic forces closure of stores and cessation of online trading. • Inability of the Group to maintain the financial stability required to operate its business and deliver objectives. • Weak financial performance causing suppliers to request amendments to the terms of our agreements, which is adversely impacting our working capital and operating cash flow. • Global Covid-19 pandemic creating material uncertainty that may cast doubt on the Groups ability to continue as a going concern.	• Transformation plan has been under way with significant progress in many areas. • Significant operational efficiencies and cost savings identified and actioned, with ongoing review to identify further opportunity. • Ongoing dialogue with third party partners and suppliers to maintain commercial alignment and mitigation of cash flow risk. • Following approval of the 2020 CVA (see note 36), rents have moved to a turnover rent basis to reduce cost base and allow flexibility in costs. • Completion of the 2020 Transaction (see note 36) on 9 November 2020 has resulted in a materially deleveraged balance sheet and lower overall cash interest costs, improving financial stability. • Investment in Brand saliency and increased e-commerce traffic through increased marketing spend and increased capital spend to improve website.
Business transformation	• A failure to execute our business transformation activities with pace and agility could impede our ability to improve operational efficiency and competitiveness. Key projects and their risks: ◦ Product relevance with the risk of not sustaining the broad appeal of our brand and deliver compelling fashion at attractive prices, along with an inability to respond swiftly to changing customer preferences; ◦ Partnership and concessions with the associated risk of compromise of brand identity or loss of pricing control arising from 3PE platforms and increasing mix of e-commerce channels leading to lower gross margins; ◦ Integrated omnichannel with the associated risk of failure to meet customer expectations across all channels undermining our omnichannel proposition; and ◦ Customer experience with the risk of a lack of cohesion between channels compromising the consistency of customer experience. • The level of interdependency and volume of change create additional delivery risk. • Any delays in delivery of the transformation project, or a key component, could adversely impact the planned improvements in business performance.	• Established programme governance to track progress against the overall transformation plan, resourcing and capability, and to monitor critical interdependencies. • High levels of cross-functional engagement to ensure consistency and collaboration in setting and achieving objectives. • Re-established the focus on broad appeal and value fundamental to New Look's success as part of the turnaround plan. • Ongoing improvements to streamline and strengthen the buying process supported by effective target customer profiling to better inform buying decisions • Established symbiotic relationship between stores and e-commerce trading channels ensuring consistency and full alignment across all customer touchpoints. • In-house fulfilment operation maximising control, flexibility, efficiency and cost-containment with delivery and fulfilment costs closely monitored. • Effective use of data analytics and other research tools, plus close monitoring of customer feedback on social media platforms and other channels. • Formal agreements in place with all 3PE partners.
Treasury, liquidity and credit risks	• Inability to meet current and future financial liabilities. • Liquidity and the financing required for day-to-day operations could be constrained by our highly levered financial profile. • Exposure to the effect of fluctuations in foreign exchange. • Default by counterparties to financial transactions. • Sub investment grade credit ratings and insolvency flag due to CVA hindering our ability to obtain future credit and impacting credit insurance availability to our suppliers. • Agreement for Operating Facilities includes agreed step downs in committed levels of financing in June 2021 and December 2021.	• Centralised treasury function responsible for managing key financial risks, cash resources and the availability of liquidity and credit capacity. • Treasury Management Policy in place. • Rigorous budget-setting process, based on accurate, intelligent information. • Robust cash flow modelling along with continuous review of model assumptions. • Weekly treasury update to review cash flow. • Review of liquidity and credit capacity at scheduled board meetings. • Monthly Treasury Committee meetings to review key financial risks, consider any mitigating actions. • Delegated Levels of Authority approved by Board and published to ensure appropriate review and sign off of credit limits. • Regular engagement with stakeholders, explaining New Look's financial position and recovery progress. • Increased level of diligence and daily review across all payments/cash outflows during pandemic period, stopping all discretionary spend and engaging with operational and financial stakeholders to agree deferral of payments to protect liquidity. • Applications under Government schemes for corporate funding. • Support and advice provided by external financial advisors. • Completion of the 2020 Transaction (see note 36) on 9 November 2020 has resulted in a materially deleveraged balance sheet and lower overall cash interest costs, improving leverage. • Operating Facilities financing could be obtained on an uncommitted basis from another provider up to levels permitted in financing documents.

Risk Type	Description of the Risk	Mitigation
Supply chain management	• Lack or loss of speed and flexibility in the supply chain, leading to greater risk in buying decisions and potential loss of margin through higher markdowns. • Failure to accurately predict consumer demand leading to excesses or shortfalls in inventory levels. • Disruption to supply chain arising from strikes, civil unrest, political turmoil or natural disasters. • Over-reliance on key suppliers leading to a shortfall in inventory due to a supplier failure. • Significant reliance on international sources of production and sourcing from high risk territories. • Concerns over our financial strength resulting in suppliers discontinuing or seeking to renegotiate a New Look relationship, thus impacting the Group's liquidity and cash flow. • Inability to recover losses suffered as a result of counterparty's insolvency or bankruptcy. • Depending on the outcome of Brexit negotiations, there may be delays in the movement of inventory as a result of increased administration and delays with transportation and clearing customs. • Global Covid-19 pandemic and subsequent lockdowns and localised restrictions have and will affect our supply chain.	• A clearly defined Sourcing Strategy in place. • Strong, robust and supported sourcing team responsible for maintaining an efficient and effective supply chain. • A flexible supplier base ensuring greater Open-to-Buy flexibility and the ability to react more quickly to successful trends. • Suppliers treated as key business partners, working to shared objectives in lead times, quality control and employment practices. • Regular review of supply chain and routes maximising flexibility and sustaining fulfilment of product demand across all channels. • Identification of alternative suppliers where required and proactive management of terms discussion to mitigate cash impact. • Continuous dialogue ensuring suppliers' full awareness of New Look's recovery progress. • The developments in the Brexit process are continuously monitored by the cross functional Brexit monitoring group (see section on Brexit before table). • In response to the Covid-19 pandemic the supply chain was shut down on day 1, cancelling orders and agreeing payment deferment and selectively re-instated low risk product with suppliers. Flexibility has been retained to switch sourcing from different territories if country specific issues arise.
Cost inflation	• Escalation of supply chain costs rising from factors such as wage inflation, foreign exchange rate movements, changes to tariffs and duties or increases in raw material prices. • Escalation of internal wage costs rising from legislation (e.g. minimum wage) or general market inflationary pressures on our staff. • Increased fuel and energy costs, impacting on distribution centre or retail stores and support centre operational costs. • Depending on the outcome of Brexit negotiations, there may be increases in import tariffs or custom duties for the supply of stock from territories such as Turkey. • Global Covid-19 pandemic increases pressure to manage costs to align with changing customer behaviour. Increases in e-commerce driven by Covid-19 alongside potential labour shortfalls due to the restrictions leading to higher fulfilment costs in the distribution centre and the risk of not being able to fulfil orders or having to restrict the number of orders being placed. • Global Covid-19 pandemic has resulted in more home working and a reduced requirement for support centre space which may result in expenditure for unused space.	• External wage increases offset by improvements in productivity and identification of alternative suppliers where required • Geographical diversity of supply chain portfolio. • Continuous review of cost saving initiatives and efficiencies to offset internal inflation. • The developments in the Brexit process are continuously monitored by the cross functional Brexit monitoring group (see section on Brexit before table). • In response to the pandemic immediately reacted to Government initiatives such as the business rates holiday, tax and VAT payment deferrals. • Engaged with landlords to manage rent obligations and property costs, including approval of the 2020 CVA. • Utilisation of Government furlough schemes in UK and ROI and a review of organisational structures which resulted in a number of roles being made redundant.
Sustainability, ethical and quality	• Environmental, ethical or quality standards failure within the supply chain, leading to reputational damage. • Failure to comply with Modern Slavery legislation. • Global Covid-19 pandemic impacted the ability to conduct audits and increases the risk of non-compliance.	• Clearly defined Corporate Social Responsibility Policy in place. • Dedicated in-house CSR team. • Structured audit processes at factories throughout our supply chain, conducted by internal and external teams, plus support for suppliers working towards full compliance with our ethical aims. • Pro-active membership of the Ethical Trading Initiative. • Clear policies and procedures in place including relating to Modern Slavery. • Modern Slavery Statement published annually to set out compliance with legal requirements. • Factory audit program in place, with action plans agreed to address any shortcomings. • Cross Industry collaboration where appropriate on emerging issues.

Risk Type	Description of the Risk	Mitigation
Talent and culture	• Shortage of (or failure to recruit) top talent to run our day-to-day operations. • Failure to attract, develop and retain talented staff. • Lack of diverse cultural perspectives adversely impacting creativity and innovation. • Following Brexit, it may be more difficult for New Look to recruit EU nationals to work in the UK business resulting in lack of workforce or a more expensive model. • Global Covid-19 pandemic impacts the well-being and ways of working of our staff. In addition, the impact of the pandemic on retail may lead to flight risk of talent for transferable roles.	• Development of our own recruitment team combined with strong agency partnerships where required. • Regular reviews of management structure ensuring capability and succession. • Effective identification of emerging talent, and support for career development. • Regular, effective performance reviews, leadership assessments, training and development. • The Board ensures appropriate incentive plans are in place. • Improve working conditions including Smarter Working Initiative. • In October 2020 we created an agenda for Diversity and Inclusion, with a full programme of activity, sponsored from the top, to drive positive, long lasting cultural change. • The developments in the Brexit process are continuously monitored by the cross functional Brexit monitoring group (see section on Brexit before table). • Regular engagement surveys to get a view on engagement and culture across the business. • Creation of a well-being strategy (education on healthy eating, work life balance, exercise, financial wellbeing etc). • In response to Covid-19 we proactively engaged with the business so decisions impacting our people are considered in advance. Operational protocols, self-isolating, shielding, staff suggestions or concerns, furloughing of staff and the impact of changes to reward have all been considered along with the well-being of our staff.
Regulatory compliance	• Complexity of business structure means subject to equally complex legal/regulatory framework. • Breaches of regulations or legal requirements, leading to significant fines and reputational damage. • Compliance issues arising from numerous and potentially conflicting international legal standards, regulations and policies. • Changes in the regulatory landscape adversely affecting our financial condition and operations. • Failure to effectively manage product quality and safety. • Failure leading to prosecution, fines and reputational damage. • Global Covid-19 pandemic leading to increased regulation.	• Continuous monitoring of legal and regulatory developments by our legal team and monitoring of the risk register. • Oversight from established committees such as the Governance and Compliance Steering Group. • Key risks and regulatory developments presented to the audit committee twice each year. • Compulsory training for all staff covering key compliance areas. • Health & Safety inspection program in place. • FCA compliance monitoring program in place. • Compulsory Anti-bribery, Corruption and Fraud policy applicable to staff and suppliers, with annual training for all staff. • Corporate Gifts and Hospitality Registers in place. • Policy and training in place to prevent Corporate Facilitation of Tax Evasion. • Vendor onboarding checks completed. • Working groups established to ensure implementation of new legislation and monitor compliance; further review by our internal audit function. • Supplier Agreements cover the importance of product and service quality and safety and updated product recall processes and policies. • Data Protection Officer in place and GDPR continuous monitoring and review in place.
Covid-19	• The outbreak and global spread of the Covid-19 pandemic has had a significant, and may have a prolonged impact on global economic conditions, and may disrupt our supply chain (including our supplier base, specifically regarding labour shortage, raw material supply and potential cost inflation), increase employee absenteeism and adversely impact our operations. • Heightened risk of a Covid-19 outbreak in the distribution centre compared to offices and stores as they are unable to work from home and the necessity of their work to walk around and handle goods and packaging. • Governments and public bodies in affected countries have introduced temporary emergency public measures such as travel bans, quarantines and public lockdowns. Should these continue for an extended period of time, they would increase pressure on our supply chain and operations. • Potential significant health risk to employees and members of the public should our controls be insufficient or not implemented as intended. Could also result in negative public relations.	• The safety and wellbeing of our colleagues and customers has been and continues to be our overriding priority. Our Board are monitoring events closely evaluating the impacts and designing appropriate response strategies. • We are engaging with Government and local authorities to ensure we have the right support for our business and for our people. • We are engaging with our suppliers and working together to minimise the impact to our supply chain where possible. • Our teams are working tirelessly to implement specific actions to minimise disruption faced by our customers in these challenging times. Our business continuity and crisis management plans have been mobilised in all parts of the Group and additional measures have been implemented including changes to stores and distribution centre (including hours, additional security, hygiene and social distancing measures), and extending support to colleagues and customers at increased risk. • Continuous review of processes in place and any changes in Government guidance implemented. Staff training, briefings, ongoing audits and feedback in place to maintain standards.

Risk Type	Description of the Risk	Mitigation
Information security (including cyber)	• Risk of unauthorised data usage or malicious cyber-attack. • Systems failure compromising security or fulfilment of online transactions. • Risk of non-compliance with data protection regulations.	• Technical IT controls including configured firewall, network patching and antivirus software. • We have access to specialist technical incident response support on a 24/7 basis to assist if an issue arises. • Back-up procedures are in place to deal with any short-term or specific loss of data. • Provision of secure externally hosted data storage facilities. • Qualified IT Security Team in place. • IT Security Policies produced and published. • Mandatory 'Information Security around the workplace' training module completed by all staff annually. • We run regular phishing tests. Any issues are then dealt with according to the relevant HR policies.
Business continuity / IT disaster recovery	• Reliance on use of technology and third-party systems. • Reliance on single site distribution centre. • Failure to recover from a disaster scenario in a controlled and managed way affecting our business operations. • Older technology no longer under support.	• Business Impact Assessment updated and supported by Disaster Recovery Plans. Plans have been updated in light of Covid-19 lessons learned. • Business Continuity Incident Management Team Protocol in place. • Incident Management Plans in place for all key sites and regularly updated. • Successfully implemented home working for support centre staff benefitting from the recent investment in technology. • The main trading systems (the website and the till systems) have full DR in place. Other systems would be restored from backups onto alternative hardware. • A programme of risk and renewal activities is agreed at the beginning of the year to deal with those areas of the technology estate where replacement or upgrade is deemed most critical.

CORPORATE SOCIAL RESPONSIBILITY

“Kind is at the core of how we do things; for the planet and for the people. Kind means responsible raw materials; knowing where and how we produce; taking responsibility for our own operations and the goods we put into the market.”

Sue Fairley
Head of Sustainability

Sustainability at New Look

In 2019 we renamed our Corporate Social Responsibility department “Sustainability”. To us, sustainability encompasses the steps we take to improve the lives of the workers throughout our value chain in a way that protects the environment and promotes animal welfare.

As part of our newly defined sustainability strategy, we have committed to a set of challenging pledges covering four key areas of our business:

- Value chain;
- Sustainable sourcing;
- Circular economy; and
- Climate change

This effort is something that can’t be achieved in isolation, and effective and meaningful collaboration is essential. That’s why, in our strategy, we are working hard to increase the integration of sustainability across the business and partnering with key organisations to ensure we take the right approach.

Through key organisations and platforms, we team up and brainstorm with brands and Non-Governmental Organisations (“NGOs”) with like-minded values to come up with forward-thinking solutions that address the wellbeing of the workers and their communities.

We are longstanding members of the Ethical Trading Initiative (ETI) and adopted its Base Code as our Ethical Aims¹. Through our Ethical Aims, policies and standards we aim to drive continuous improvement and best practice throughout our supply chain to ultimately affect positive change upon the workers involved in the manufacturing of our products.

We also partner with the Sustainable Apparel Coalition in order to support and implement the Higg Index in all our operations. We have asked our suppliers to start using the Higg Facility Environmental Module; and we will now start to use the Brand and Retail Module. Hence, Higg Index will be the only tool we will be using to monitor the environmental performance of our direct and non-direct operations. With this decision we are hoping to contribute to the development of a common tool for the whole industry, which would benefit the entire supply chain.

Other organisations we are collaborating with are Better Cotton Initiative, Textile Exchange and One Carbon World.

Value chain

Our efforts to make a positive change in our supply chain need to be aligned with those of the private and public sector to drive a common agenda. In 2019 we joined the Better Retail Better World Initiative formed by the British Retail Consortium (“BRC”). This initiative is mobilising the retail industry to meet some of the biggest global challenges using the United Nations Sustainable Development Goals as a framework.

Involvement with our suppliers and employees is key. Led by the findings of visits and conversations with workers, suppliers, factory managers and other stakeholders we are focusing our strategy on three key aspects of our value chain:

- Transparency;
- Shared ownership; and
- Due diligence and remediation.

As part of our strategy, we have set ambitious targets:

- 100% of wet processing factories disclosed by 2020
- Development and implementation of an environmental scorecard by 2021
- 100% of suppliers to have a chemical management system in place by 2023
- Top 10% in the Fashion Transparency Index by 2023

Transparency

It takes a complex, truly global supply chain to manufacture and deliver the products our customers love. We source from over 500 factories (Tier 1) across 24 countries to manufacture our products.

Transparency is central to the implementation of our strategy. We cannot address risks that we are unaware of in the lower tiers of our supply chain and how they operate. Therefore, we are continuously working on understanding our supply chain.

We are committed to being more transparent and publish our complete factory list online and update it on a biannual basis. This includes worker category and gender split.

¹<https://www.newlookgroup.com/sites/default/files/attachments/pdf/new-look-our-ethical-aims-v1.pdf>



During the year, we also worked with Open Apparel Registry (“OAR”), an open-source, neutral and publicly accessible digital factory database, accessible to external stakeholders like customers, media, NGOs and trade unions, to ensure the published data is accurate. Our mapping efforts go beyond Tier 1. So far, we have mapped/identified 81% of our Tier 1+ and Tier 2 factories. We have mapped 87% of clothing, 98% of footwear and 58% of accessories Tier 1+ and Tier 2 sites.



We also became members of the Sustainable Apparel Coalition ("SAC") and started using the Higg Index Facility Environmental Module ("FEM") to disclose, analyse and improve all the production units in our value chain. Currently, 23% of our supply chain are a member of the platform. To discover more, please visit our website¹.

Shared ownership

Our relationship with suppliers is key to our business model and the implementation of our sustainability strategy. We get the best results when suppliers and factories understand our expectations, are engaged towards continuous improvement and are strategically important to us. This financial year we held three conferences for key suppliers, in China, Turkey and U.K., to provide an operational update and deliver our sustainability strategy.

One of our goals is to embed sustainability key performance indicators into our commercial teams to broaden the reach of our strategy. They play a key role in creating an enabling environment which can positively impact the quality of jobs for the people who manufacture our products.

Achieving a sustainable value chain requires a joint approach, where relevant actors work together and assume their respective responsibilities. We are committed, through both our programmes and partnerships, to continuing our work to improve working conditions in our supply chain. Some of our latest partnerships have been with:

- The Reassurance Network ("TRN"): to support us in the delivery of our strategy with on-the ground specialists in several of our sourcing countries;
- The UK Textiles Protocol: with the private and public sector in the UK with the goal to eradicate labour abuse;
- Anti-Slavery International: to support us in streamlining our modern slavery agenda; and
- The Vegan Society: to support us in the launch of our footwear and accessories vegan ranges.

Visit our website for more information on our key partnerships².

Due diligence and remediation

We define due diligence as the way we go about addressing the root cause of risks in our supply chain to promote positive and long-lasting change. As an initial risk assessment for Tier 1 factories we use social auditing. However, we have long believed in an approach that tackles key areas of our strategy that goes beyond audit. Having said that, in our third year of the audit programme, there's been a reduction in the number of high-risk factories from 37% to 9%, coupled with a 28% consolidation of our Tier 1 factory base.

In a global supply chain like ours, each country faces its own challenges, hence we have developed tailored programmes for each of the key countries we source from. China, Bangladesh, Turkey, Myanmar and the UK are some of the key countries we focus on. Details of the activities and country programmes can be found on our website³.

Health and safety remain a key area of focus for us and we are committed to improving the working conditions of garment workers in our supply chain. Our audit programme covers 100% of our Tier 1 factories. We use several approaches to monitor health and safety in our supply chain:

- The Accord in Bangladesh, where our factories have remediated 97% of initial findings;
- The Fast Forward programme in the UK;
- We partner with TRN to visit factories in Pakistan, China, Morocco and Moldova; and
- In Myanmar we have signed up three Tier 1 factories to the SMART Myanmar programme to deliver Human Resource Management and Social Compliance training.

The lack of effective worker representation is another key focus area for us. We recognise the importance of independent, democratic organisations of workers' now choosing to negotiate and achieve improvements. Giving workers a voice is crucial if we want to tackle the root cause of issues and achieve long term agreements. We advocate for workers' right to freedom of association through our work with Action Collaboration Transformation ("ACT"), the Bangladesh Accord and the Ethical Trading Initiative. On 13 November 2019, through ACT's negotiations with employers and trade unions, the Myanmar Freedom of Association Guideline was produced, aiming at helping secure constructive relations between employers and workers. In addition, 100% of our factories in Bangladesh now have freely elected workers' committees.

Nearly 60% of workers in our supply chain are women, yet female workers are often confined to certain types of roles and have fewer opportunities for promotion than men in the industry. Therefore, we advocate for gender empowerment through equality, where everyone is given the same opportunities, treatment and rewards.

Living wage is also a key focus area for us. We work with ACT and IndustriAll to improve wages in the industry by establishing industry collective bargaining in key garment and textile sourcing countries, supported by responsible purchasing practices. To deliver this, New Look signed a Memorandum of Understanding with IndustriALL Global Union. Through ACT we are evaluating our own purchasing practices through an internal benchmarking exercise in order to improve and streamline all aspects of production.

Sustainable sourcing

One of the key areas of our sustainability strategy is to reduce the environmental impact of our garment production. We have ambitious targets to improve the environmental impact of our products and to date we have made good progress:

100% sustainably sourced cotton by the end of 2021

Progress: our uptake of sustainable cotton is now at 34%

100% traceable and sustainable viscose by the end of 2023⁴

Progress: we now source our viscose from Lenzing and Birla. Our sustainable traceable viscose increased from 2.63% in AW19 to 18.99%

¹<https://www.newlookgroup.com/sustainability/value-chain/transparency>

²<https://www.newlookgroup.com/sustainability/value-chain/shared-ownership>

³<https://www.newlookgroup.com/sustainability/value-chain/due-diligence-remediation>

⁴Based on CanopyStyle and Changing Markets Foundation criteria



25% of polyester to be recycled by the end of 2020

Progress: Our recycled polyester has increased from 1.05% in AW19 to 9.22%

100% non-leather footwear and bags vegan friendly by the end of 2021

Progress: Our footwear and bag collections are now respectively 75% and 92% Vegan

We have aligned our pledges to some of the key industry initiatives and commitments. We signed the Sustainable Cotton Challenge and the Recycled Polyester Commitment of Textile Exchange, of whom we became partners in 2019. We are also collaborating with Canopy on its CanopyStyle initiative and have signed the Changing Markets Foundations' Roadmap for Sustainable Viscose. We continue to be members of the World Wide Fund for Nature ("WWF") Leather Buyers Platform and have partnered with a number of other organisations, including Better Cotton Initiative, Sustainable Apparel Coalition, and The Vegan Society to support us in achieving our goals. See our website for more information⁵.

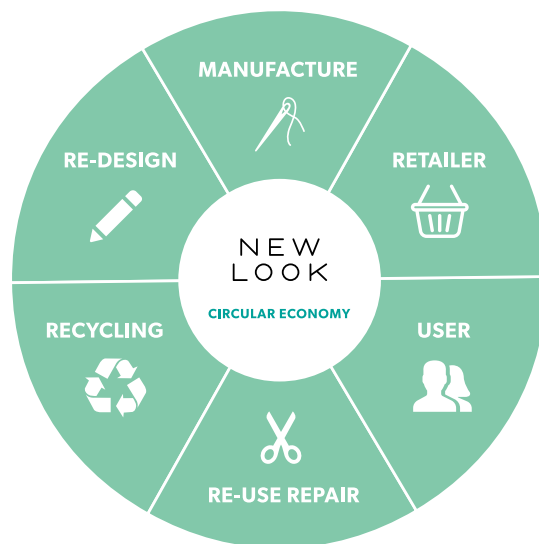
Many of our customers want to do the right thing if they are given the choice of a more sustainable alternative. However, sometimes the messaging and labelling around this topic can be overwhelming and complicated to understand. Therefore, as an integral part of our sustainable sourcing strategy, we have launched our new sustainable identity concept "New Look KIND" to mark products that have better environmental sustainable attributes than their conventional counterparts. Currently, New Look Kind products account for 30% of our clothing range.

When it comes to animal welfare, we have a dedicated policy setting the standards for the product we accept and product we don't. As a main requirement, we only accept animal-derived products that are a by-product of the meat industry and we also stand against animal testing. We were the first high street retailer to partner with The Vegan Society and in 2019 we launched a wide range of vegan friendly shoes and bags.

Circular economy

New Look has embraced the circular economy philosophy and we have made fantastic progress in implementing circular systems in pockets of the business. We continue to build on these as we continue our sustainability journey.

Circular economy represents a new system to design, make, and reuse products, moving away from the conventional 'Take-Make-Waste' cycle and creating products that can be produced, reused and recycled sustainably.



Our aim is to reduce our consumption through minimising packaging and improving processes within our operations to enable reuse and recycling. We made the below pledges and are pleased to report our progress so far:

⁵<https://www.newlookgroup.com/sustainability/responsible-sourcing>

Implement an apparel take-back scheme in 2019

Progress: we continue to partner with charity New Life and in FY20 we donated an estimated 224 tonnes of stock, which helped raise over £880,000. In 2019 we partnered with Hospice UK to implement a localised takeback scheme. Our stores have partnered with 261 hospices, unlike other retailers we have chosen not to put collection containers in our stores, but instead encourage customers to take donations directly to their local hospice, where they receive a voucher to use in store.

Zero Waste in Direct Operations¹ to Landfill by the end of 2020

Progress: our diversion from landfill rate from our stores last year was 93% and we are working with our waste management providers to increase this to 100%.

Closing the loop on packaging by the end of 2020

Progress: we have closed the loop on a large proportion of our plastic packaging used in our distribution centre and stores, whereby it is sent to a recycling centre and reused to make our online delivery bags, which are made with 30% of our own recycled material. Our hangers are made from 98% recycled material and our target for re-use in 2020 is 85%. Our next challenge is to implement similar systems with other key waste streams such as cardboard.

100% recycled plastic in our carrier bags by the end of 2022

Progress: Our carrier bags are made with 75% recycled content and are now manufactured within the UK.

Reducing the volume of carrier bags we put into the market by 25% by the end of 2021

Progress: we have seen a 15% reduction in carrier bags this year. We have increased the price of a carrier bag to 10p to encourage shoppers to bring their own.

Climate change

The effects of climate change are being seen and felt around the world, impacting all living things and ecosystems. As an environmentally conscious company, we are committed to ensuring we minimise our impact by using better processes, technologies and techniques to provide our customers with clothes they love without costing the planet. We made the below pledges and to date we have made substantial progress:

100% renewable energy in our direct operations by the end of 2019

Progress: 98% of our stores, offices and warehouse are run on fully renewable electricity and over half are using building management systems, improving our energy performance and reducing our carbon footprint.

Report scope 1&2 emissions² for FY20

Progress: In October 2019, we became the first global fashion retailer in the world to achieve both the Carbon Neutral Gold Standard and UN Climate Neutral Now Participation. The Carbon Neutral Gold Standard recognises that New Look has officially calculated and offset all Scope 1 & 2 direct emissions through verified schemes. The main bulk of this offsetting was done through the Guanare Forest Plantation Project, a reforestation project in South America.

Our emissions for FY20 are as follows:

Scope 1 emissions: 1,355 tCO₂e

Scope 2 emissions: 189 tCO₂e

We also began monitoring and reporting water usage in our direct operations, using an estimated 103,980 m³

Report scope 3 emissions by the end of 2021

Progress: We have set our scope 3 boundary to include water, waste, business travel and logistics for our first year of reporting. In addition, as part of our SAC membership, we are asking our suppliers to sign up to and report on the Higg Index, which includes water consumption at factory level. This data will help us to begin mapping our water consumption and implement best practice initiatives in wet processing facilities.

In addition to our direct operations, the rest of our supply chain has a big impact on the environment. As mentioned earlier in the report, we will be using the Higg Facility Environmental Module to start monitoring our impact from indirect operations.

Modern slavery

We recognise that modern slavery is a global issue and that no economy or industry is immune. Therefore, we are committed to doing all that we can to ensure that there is no modern slavery or human trafficking in our supply chain or any part of our business. We have a Modern Slavery Working Group and representatives from all areas of the business lead the work on this agenda. Through our partnership agreement with Anti-Slavery International, we streamlined our risk assessment and due diligence mechanisms for our Procurement and Goods Not For Resale teams.

For more details, please read our latest Modern Slavery Statement³, where you can find an update on the business; our supply chain model, policies and governance; how we prioritise and manage risks and implement a due diligence approach; and our progress, steps taken and approach to continuous improvement.

Charitable giving

Between October 2018 and October 2019, our employees and customers raised over £150,000 for our three corporate charity partners; Hospice UK, the retailTRUST and Teenage Cancer Trust. Fundraising activities included staff sample sales, sponsored sports events, contributions through payroll giving and team challenges. In August 2019 our Retail Director, Mark Axon, led the way with a 500-mile sponsored bike ride across Scotland, visiting all our stores along the way.

It's not only about raising money, we also support local good causes where we can – with colleagues volunteering their time or donating to food banks, homeless initiatives and schools. We expanded our recycling pilot project with Hospice UK, to incentivise our customers to take their pre-loved clothes to their local Hospice shop in return for a money off voucher.

We are now into the second year of our New Look Gives charity partnership - we believe that a long-term approach will have the most impact on our local communities and the causes that our New Look family cares about.

¹Direct operations – This includes the running of our stores, offices and warehouses.

²Scope 1 emissions – fuel combustion and owned fleet fuel consumption. Scope 2 emissions – emissions that result from the generation of electricity used by New Look. Scope 3 emissions – Indirect emissions that occur in New Looks value chain i.e. emissions as a result of transporting products to our warehouse

³<https://www.newlookgroup.com/sustainability/modern-slavery-statement-0>



DIRECTORS' REPORT

The Directors present their report and the audited, consolidated financial statements for the 52 weeks ended 28 March 2020.

Directors

The Directors, whose details are set out on page 38, are the current Directors of the Company.

During the year, the following persons were also Directors of the Company:

Warren Brockway, appointed 27 March 2019, resigned 3 May 2019.

John Gnodde, appointed 3 May 2019, resigned 1 March 2020.

Principal activities

The principal activity of the Group is multichannel retailing. A review of the Group's business is set out in the Strategic report as set out on pages 12 to 30. The Company acts as a holding company for the Group.

Future developments and business analysis

Future developments and an analysis of the development, performance and position of the Group's business are disclosed in the CEO's statement on pages 9 and 10 and the Strategic report.

Corporate governance

The Directors have considered The Companies (Miscellaneous Reporting) Regulations 2018 and have applied the Wates Corporate Governance Principles for Large Private Companies.

Principle 1 - Purpose and leadership

During the year, we refined and agreed the purpose, the vision and the strategic pillars of the Group as set out below:

Purpose: To inspire that New Look feeling

Vision: 'To be the number 1 broad appeal fashion destination, loved by 25-45 year olds'

Strategic pillars: Product Relevance, Customer Experience, Integrated Omnichannel

The purpose and vision have been integrated into the ongoing strategy and business model and were communicated to all employees via roadshows throughout the year. This included the unveiling of the new employee values:

- We are one;
- It starts with me;
- Play to win; and
- Customer obsessed.

Principle 2 – Board Composition

Information about our Board members is set out on page 38, and comprises the non-executive Chairman, two executive directors (the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO")), six non-executive directors, and one independent non-executive director. The non-executive directors bring experience

in online, marketing, merchandising, buying, brand development, supply chain and finance. We feel the size of our Board and the expertise and constructive challenge of our non-executive directors is suitable for the size and scope of our operations and enables effective decision making.

A majority of the Board are appointed by the Company's shareholders. The requirements as to board composition and appointment are set out in the Shareholders' Agreement and the Company's articles. At board meetings the non-executive directors ensure that the views of the shareholders are considered.

We understand the need to promote diversity at Board level that is in line with the protected characteristics within the Equality Act 2010, and we recognise that currently diversity within our Board composition is lacking. The search process undertaken for the non-executive directors considered diversity on the Board however the experience the appointed Non-Executive Directors bring is pivotal to the Group at this time. Although we are limited to two executive directors on the board due to the Shareholders' Agreement, we have appointed two female directors, the Chief Customer Officer and Chief Commercial Officer, to attend board meetings as invited attendees with no right to vote. A key area of focus for us is helping more women progress into more senior roles at New Look and 46% of our Operational Directors are female.

The board members have equal voting rights except the non-executive Chairman who has the casting vote. Directors have the ability to obtain independent advice at the Company's expense as well as having full access to the Company Secretary as required.

In accordance with best practice and as required under the Shareholders' Agreement, the Board has established an Audit Committee and a Remuneration Committee. The Audit Committee composition is dictated by the Shareholders' Agreement and amendments have been agreed by resolution of the Board. The Audit Committee comprises four non-executive directors and one executive director; the Remuneration Committee comprises three non-executive directors and one executive director. The Committees have specific duties which have been delegated to them by the Board; details of these duties are set out in the terms of reference of each Committee. We have also formed a number of operational level committees, such as a Treasury Committee, an Investment Committee and a Transformation Steering Group. The terms of reference for these committees are aligned with the Shareholders' Agreement, where relevant, and approved by the Board.

The Company has procedures in place for managing conflicts of interest. If a director becomes aware that they, or any of their connected parties, have an interest in an existing or proposed transaction, they have an obligation to notify the Board in writing, or at the next Board meeting. Internal controls are in place to ensure that related party transactions involving directors, or their connected parties, are conducted on an arm's length basis. Directors have a continuing duty to inform the Company of any changes to their interests.

Principle 3 – Director Responsibilities

As per the Shareholders' Agreement, certain matters are reserved for the Group's shareholders. Each shareholder reserved matter also requires approval from the Board. Separately there are matters reserved solely for the Board.

Items which require Board or shareholder approval include, but are not limited to: intra-group dividend payments; incurring any new borrowings over a certain amount; acquiring new or selling business lines that substantially affect EBITDA; placing any Group companies into liquidation proceedings; any Group capital variations; and also approval for any appointment or removal of any senior employee.

The Board meets at least eight times a year and the agenda is decided by the CEO and non-executive Chairman. As required under the Shareholders' Agreement, the board papers are circulated one week prior to each meeting and must include the latest financial information and a clear approval request for any Board reserved matter. Where urgent board meetings are required to consider matters, such as Covid-19, the papers are circulated as early as possible in advance.

A clear delegated level of authority (approved by the Board) exists within the Group authorising those below Statutory Director level to sign and commit expenditure.

Principle 4 – Opportunity and Risk

Opportunity

A Transformation programme is in place to improve our long-term operational efficiency and competitiveness with progress regularly monitored by the Transformation Steering Group.

Short term opportunities to improve performance are agreed in the weekly directors' meeting which are attended by the CEO, CFO, the Chief Customer Officer and Chief Commercial Officer, along with the other Operational Directors.

Risk

Effective risk management is fundamental to achieving our business objectives, protecting our reputation and delivering added value to our stakeholders. The Board has overall responsibility for the risk management framework. The Governance and Compliance Steering Group meets monthly to monitor the Corporate Risk Register and review all emerging compliance and risk issues. During the year the Audit Committee met twice, going forward the frequency of the Audit Committee meetings has been increased to three times per year. The Audit Committee reviews all audit and compliance outputs and monitors the effectiveness of the risk management arrangements. The Audit Committee provides an independent scrutiny and monitoring role to the Board. A risk based Internal Audit Plan is drafted on an annual basis and approved by the Audit Committee. The role of Internal Audit provides the Board and the Audit Committee with valuable assurance in relation to the management of risk across the organisation. Principal risks & uncertainties are detailed on pages 21 to 25.

During the year an external review of our Governance Framework was undertaken. Appropriate action plans are in place in response to the findings and we will review progress during the course of 2020/21. We plan to refresh this work and undertake a formal review on a periodic basis.

Principle 5 – Remuneration

The remuneration of senior employees, who receive a salary over £150,000, requires Remuneration Committee approval under the Shareholders' Agreement. Board approval is also needed to appoint or remove an executive or non-executive director of the group, or any employee with a salary of more than £200,000.

Remuneration is benchmarked against the retail industry to appropriately incentivise and recruit the right talent.

Principle 6 – Stakeholders

Good governance and effective communication are essential to deliver our purpose and to protect the Group's brand and reputation. Our relationships with all stakeholders including shareholders, customers, employees, suppliers and local communities are key.

The Board receives reports on customer feedback through Customer Satisfaction, Customer Care, Brand Health and Customer spend behaviour vs. the market. In addition, ad hoc customer insight is carried out to explore customer perceptions and feedback as needed (for example; concept testing, product reviews, customer mind-sets and attitudes). New Look Listens is our customer satisfaction programme that gathers feedback from our customers each month on their store and on-line experience and our Brand Health tracker hears views of price and product from our customers each month.

We get feedback from our employees twice a year through an engagement survey to gather feedback and highlight areas of development. It is acknowledged that culture underpins our transformation plan and we have appointed a culture and engagement manager to shape an engagement plan across the group. Improvements and enhancements are implemented by individual team managers, as well as company-wide action plans.

The Board have overseen a number of initiatives including developing the leadership message in consultation with 100 of our leaders across the business, implementing learning and development programmes, flexible benefits and working practices. The Directors update employees through a weekly communication and regular town hall updates, which take place at least on a quarterly basis. We have recently implemented a communication tool, Runway, to provide regular updates to all employees.

During the year we held supplier conferences in the UK, China and Turkey and introduced Nigel, our new Chief Operating Officer, who is now the CEO. The conferences gave a strategic update, including recent customer insights and called on suppliers to action and support our sustainability objectives. Suppliers also had an opportunity to have their questions on our business performance answered. Regular contact and communication with suppliers is pivotal to our supply relationships, whether we are the customer or the partner. This takes place at all levels of operations on a regular basis and includes visits to New Look and supplier premises, as well as manufacturing sites and where appropriate is supported by 3rd party partners and NGOs, for example, The Reassurance Network and Ethical Trade Initiative. Suppliers receive regular updates on performance, ours and theirs, and are in regular contact with Buying and Procurement teams, Sustainability and Supply base teams as well as business help desks to ensure access to remedy for any operational questions. Directors have an open door policy and will meet with suppliers to share business intelligence and address challenges together.

We also engage regularly with our 3PE partners.

Sustainability encompasses the steps we take to improve the lives of workers throughout our value chain in a way that protects the environment and promotes animal welfare. We have adopted the Ethical Trading Initiative ("ETI") base code to drive continuous improvement and best practice throughout our supply chain to ultimately affect positive change upon the workers involved in the manufacture of our products.

In 2019 we joined the Better Retail Better World Initiative formed by the British Retail Consortium ("BRC"). Led by the findings of our visits and conversations with workers, suppliers, factory managers and other stakeholders we are focusing our strategy on three key aspects

of our value change: transparency; shared ownership; and due diligence and remediation.

Since the beginning of 2019 we have been embracing the circular economy in all aspects of our business. The circular economy represents a new system to design, make and reuse products. Our aim is to reduce our consumption through minimising packaging and improving processes in our operations to reuse and recycling.

As an environmentally conscious company we are committed to ensuring that we are minimising our impact on climate change by using better processes, technologies and techniques to provide our customers with clothes they love without costing the planet.

Across our support centres we are committed to embedding sustainability within our culture and practices.

For more information see the Sustainability Report on page 26.

New Look Retail Holdings Limited is incorporated in Jersey under the Companies (Jersey) Law 1991 (as amended). The Companies (Jersey) Law 1991 does not include any provision equivalent to section 172 of the Companies Act 2006, and the Companies Act 2006 does not apply directly to New Look Retail Holdings Limited. As a consequence, New Look Retail Holdings Limited is not obliged to report on s172 compliance in the same manner as a company incorporated under the Companies Act 2006.

Employee policies

The Group's policies regarding employees are included in the Strategic report.

Financial instruments - risk management and objectives

Risk management objectives and policies related to financial instruments are disclosed in note 3 to the Group financial statements.

Land and buildings

The Directors believe there is no material difference between the market value and net book value of freehold land held by the Group.

Dividends

The Group paid dividends of £nil in the year. The Directors do not recommend the payment of a final dividend.

Payment of suppliers

The Group's creditor days as at 28 March 2020 were 55 days. Payment is made in accordance with contractual or other legal obligations or as otherwise agreed with the supplier.

Political donations

The Group made no political donations in the year.

Going concern

In determining the appropriate basis of preparation of the annual financial statements for the period ended 28 March 2020, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future and for at least 12 months from the approval of these financial statements.

The Directors have reviewed the projected results and the adequacy of its financial resources to continue in operational existence for the foreseeable future and to meet its obligations as they fall due. The Directors have also considered the risks to the Group's trading performance, as summarised in the 'Risks and Uncertainties' section on pages 21 to 25, as well as giving specific consideration

to impact of the current Covid-19 pandemic in the UK, and globally, on the Group's operations and performance.

Covid-19 Pandemic

The outbreak of Covid-19 in January 2020 has significantly impacted the UK economy, the Group's business and the businesses of the Group's suppliers and partners. The World Health Organisation declared the outbreak of Covid-19 a pandemic on 11 March 2020.

Details of the impact that Covid-19 has had on the Group are included in the CEO statement on page 9. Between March and June, the Government enforced a national lockdown which resulted in the closure of all stores. During this time revenue was only generated through online trading, which historically accounts for c. 22% of the Group's revenue. The Group took several actions to preserve cash during this period and continues to manage the cash position tightly. The Government launched a number of schemes to support businesses, and the Group has received support through the Job Retention Scheme, business rates holiday and the rates grants but was unable to access any loan facilities due to specific eligibility criteria required in order to access them.

Whilst the Government announced the easing of national lockdown measures in June, shorter periods of local lockdown measures have since occurred and national lockdowns have recently been enforced across Wales, England and ROI, for periods ranging from two to six weeks, resulting in the closure of stores. Government support in these countries has been extended to support businesses impacted by closures. There is uncertainty as to the impact Covid-19 could have in the future and certain aspects of the Group's cost base remain fixed. While the Government recently announced increased support during this time, there is no certainty that future Government schemes will be put in place to support business if the Covid-19 situation worsens nor can the Group guarantee that any such schemes would be available to it.

Trading Projections

With the support of independent consultants and financial advisors, the Group verified its strategy and updated the business plan in order to maximise future success. The Group has prepared a three-year business plan based on this strategy and considered the likely impact of Covid-19 on trading, based on information available at the time of preparation.

The trading projections, which reflect the benefits of the 2020 CVA (see below), are cautious in light of Brexit, Covid-19, the uncertainty of further economic challenges, the structural shift from offline to online, and the timing of an economic recovery that in part is dependent upon a vaccine being found. Through discussion with property advisors and in line with our experience from the 2018 CVA, where our store portfolio reduced from 569 (excluding 22 Menswear standalone stores closed for strategic reasons) stores to 475, our three-year business plan assumes a number of stores will be closed as Landlords exercise their CVA breaks during the term of the 2020 CVA. The base case projections assumed that sales during FY21 will be c. 40% lower than FY20 and for the remaining stores continuing to trade in FY22, sales will be c. 90% of sales achieved in FY20.

The Directors have run a number of sensitivity scenarios on the projections to understand the liquidity position of the Group of an impact of a decline in trade (for example due to lockdowns), closing more stores than planned or the impact of a slower recovery in sales. These have been considered together with any mitigating actions that management might take. Once stores re-open from the current enforced lockdowns, should store sales be more than 10% lower than projections over the next 14 months, with the associated

variable costs reducing accordingly, then management would need to consider taking mitigating action to manage cash flows across November 2021 as the projected cash balance will reduce to the minimum required operating level as determined by management. Mitigating actions that management might take include reducing projected capital expenditure, reducing discretionary spend or further third-party funding up to the levels permissible under the new financing documents, including for example third party receivables factoring to the extent available. It is management's view that these mitigating actions would be sufficient to support the management of cash flows across November 2021.

Whilst these sensitised scenarios give some comfort as to the headroom in the three-year business plan, they are nonetheless based on management assumptions, including the ability to implement mitigating actions, and do not provide certainty in achieving the projected results.

The 2020 Transaction

Given the severe impact Covid-19 has had on the financial position of the Group, in an already challenging retail market environment and the continuing uncertainty in future trading caused by the ongoing pandemic, the Group recently undertook an exercise to verify its strategy and financial resilience. This demonstrated a critical need to restructure the underlying cost base and recapitalise the balance sheet to provide a sound financial base to face the continuing trading uncertainties from Covid-19 and the general retail market challenges.

Therefore, during summer 2020, the Group held discussions with its shareholders, bondholders, RCF banks and the provider of the Operating Facility and agreed the terms of a comprehensive recapitalisation transaction which completed on 9 November 2020.

The transaction has resulted in a reduction in current debt from £556.8 million, as at 28 March 2020 to £111.0 million with a significant reduction in cash interest costs, down to c. £6.0 million per annum. The primary working capital facilities have both been extended, with the Operating Facilities extended to June 2023 and the RCF until June 2024. Lastly, £40.0 million of new capital was received to support investment in the three-year business plan.

2020 CVA

To help restructure the underlying cost base, the 2020 CVA was approved by creditors on 15 September 2020.

This has resulted in rent across 402 stores moving to a turnover basis, which changes a significant portion of the cost base from fixed to variable providing further flexibility. Rents on a further 69 stores will move to nil after an initial two month period at full contractual rent. Further, the approval of the 2020 CVA has improved the working capital position of the Group by writing down rent arrears across all applicable stores and moving rents to a monthly payment cycle.

The Directors believe the approval of the 2020 CVA and completion of the 2020 Transaction have provided the financial strength, funding and flexibility to allow us to execute our strategy and deliver the three-year business plan.

Notwithstanding this position and the trading and liquidity projections modelled by the Directors, recent upward trends in the infection rate and the corresponding measures taken by the Government to control the spread of the virus are clear indicators that until such time that a vaccine or treatment is identified, approved for use and widely available, the Group faces potential for further disruption which is difficult to predict and beyond the directors control. Whilst the sensitivity analysis performed considers short-term lockdowns or a slower than expected recovery in sales,

there are possible scenarios, including extended periods of local or national lockdowns that would have a continued impact on trading in stores. In such scenarios, it is possible that any mitigating actions and Government support may not be sufficient to ensure that the Group has sufficient cash to meet its obligations as they fall due. There is also a risk that lockdowns or infections could affect the ability of the Group's distribution centre to operate at normal capacity, which would lead to reduced sales.

After making appropriate enquiries and considering the uncertainties described above, the Directors consider that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements. However, because of the need to implement mitigating actions if sales are below projections, and the potential impact of further lockdowns, there is a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

Events after the reporting period

See note 36 for details of events after the reporting period.

Indemnity insurance

The Company maintains qualifying 3rd party indemnity provisions for its Directors and officers; this was in place for the year ended 28 March 2020 and up to the date of approval of the Directors' report.

Directors' statement as to the disclosure of information to auditors

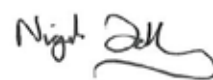
In respect of each Director who was a Director at the time when the report was approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware;
- each Director has taken all steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information, and to establish that the auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors.

By order of the Board,



Nigel Oddy
Chief Executive Officer

12 November 2020



DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Group financial statements for each financial period which give a true and fair view, in accordance with applicable Jersey law and International Financial Reporting Standards, of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing those 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with The Companies (Jersey) Law, 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

On behalf of the Board,



Nigel Oddy
Chief Executive Officer

12 November 2020

THE BOARD

Alistair McGeorge Non-Executive Chairman

Alistair was appointed to the Board of Directors as Executive Chairman on 3 May 2019. On 1 January 2020 Alistair assumed the role of Non-Executive Chairman following the appointment of Nigel as CEO. Alistair re-joined New Look as Executive Chairman in November 2017 and was pivotal in the Company's operational turnaround and completion of the restructuring transaction. Prior to rejoining New Look he was CEO of Matalan and CEO of Littlewoods as well as Managing Director at BIGW. Alistair previously spent two-and-a-half years as Executive Chairman of New Look from 2011, plus another eight months in a non-executive role until May 2014.

Nigel Oddy Chief Executive Officer

Nigel was appointed to the Board of Directors as Chief Executive Officer on 1 January 2020. Nigel joined New Look as Chief Operating Officer on 1 April 2019. Nigel was formerly Chief Executive Officer of The Range. Prior to that, he spent over ten years at House of Fraser, as Chief Executive Officer from 2015 to 2017 and Chief Operating Officer from 2010 to 2014.

Richard Collyer Chief Financial Officer

Richard was appointed to the Board of Directors as Chief Financial Officer on 27 March 2019. Richard first joined New Look in 2008 and has held a number of senior roles, including Group Finance Director. He was appointed as Chief Financial Officer in December 2016 and previously held this role on the old New Look Group board. Prior to joining New Look, he worked at PricewaterhouseCoopers in both Audit and Transactions.

Richard Cotter Non-Executive Director

Richard was appointed to the Board as Non-Executive Director on 3 May 2019. Richard chairs a number of private companies including American Golf, Grace Cole Ltd, Jollyes and Outdoor Holdings. His other recent Non-Executive work has included chairing Jack Wolfskin, a global apparel and equipment company. In his executive career, Richard was Chief Executive Officer of Snow and Rock Group from 2013 until 2015, having previously been with Pentland Group serving as Brand President and Global Chief Executive Officer of Berghaus and Managing Director of Brasher Boot Company. In his earlier career, he held senior executive roles in General Management, Buying and Sales with AGA Foodservice Group, Andrew Mitchell Group, Head Sports, Beales and House of Fraser.

Paul Gilbert Non-Executive Director

Paul was appointed to the Board of Directors as Non-Executive Director on 3 May 2019 having previously served as a Non-Executive Director of the old New Look Group board since May 2018. He is Senior Independent Non-Executive Director of The Gym Group plc and has previously held roles as Chief Financial Officer (CFO) and acting Chief Executive Officer at Matalan, CFO at TJ Hughes and CFO at National Car Parks.

Colin Henry Non-Executive Director

Colin was appointed to the Board as Non-Executive Director on 6 June 2019. Colin is a Senior Advisor to McKinsey & Co. in their Global Apparel, Fashion & Luxury practice. Previously he has been Chief Executive Officer of Jaeger. He has also held senior leadership roles in general management, merchandising, brand development, supply chain, product and design with Esprit, Nike, Umbro, Polo Ralph Lauren, Coats Viyella and Marks & Spencer. Colin was appointed Honorary Fellow of the Royal College of Art and Honorary Professor of the British School of Fashion.

Angela Luger Non-Executive Director

Angela was appointed to the Board as Non-Executive Director on 6 June 2019. Angela is a Board Member of Portmeirion, ScS and the Hiring Hub. She was Chief Executive Officer of N Brown Group plc from 2013 to 2018 and previously of The Original Factory Shop. During her earlier career, she held a variety of marketing, commercial, general management and other functional roles at Debenhams, Asda, Pedigree Masterfoods, Coca Cola and Cadbury. Angela has also been a Non-Executive Director of Manchester Airport Group and Dia Group.

Stuart MacKenzie Non-Executive Director

Stuart was appointed to the Board as Non-Executive Director on 24 March 2020. Stuart has been the Chief Executive Officer of Ethos Private Equity since 2014, having joined in 1998. He has had significant involvement in several large transactions, including Ethos Fund VI's acquisition of Waco. In addition, Stuart's roles at Ethos have included being responsible for the investment programme of the Technology Fund and leading the firm's investment process and talent management functions, which contributed to a broad and understanding of the firm's core operational processes. Prior to joining Ethos, Stuart spent two years at JP Morgan Chase Bank NA. Stuart holds a Bachelor of Commerce degree and a Bachelor of Accounting from the University of the Witwatersrand and is a member of SAICA.

Robin Terrell Non-Executive Director

Robin was appointed to the Board as Non-Executive Director on 6 June 2019. Robin is Chair of Wetsuit Outlet, Non-Executive Director and Audit Chair at William Hill and Jet2 plc. In his last executive role, Robin held a number of roles at Tesco including Chief Customer Officer and Interim UK Managing Director until 2016. Previously Robin has held General Management, Multichannel, Finance and Strategy roles with House of Fraser, John Lewis Partnership, Amazon (where he was UK Managing Director) and Dell. Robin qualified as an accountant with Coopers & Lybrand. His previous Non-Executive roles include Tesco Mobile, Lazada Group, Wilkinson and Monica Vinader.

Laurence Raven Non-Executive Director

Laurence was appointed to the Board as Non-Executive Director on 9 November 2020. Laurence is a Managing Director at Alcentra, having joined in 2008. Prior to joining Alcentra, Laurence worked for Merrill Lynch.



FINANCIAL STATEMENTS





INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW LOOK RETAIL HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, New Look Retail Holdings Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 28 March 2020 and of its loss and cash flows for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated balance sheet as at 28 March 2020; the Consolidated income statement and Consolidated statement of comprehensive income, the Non-GAAP information, the Consolidated statement of cash flows, and the Consolidated statement of changes in equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the group's ability to continue as a going concern. The need to implement mitigating actions if sales are below projections, and the potential impact of further or extended lockdowns as a result of the ongoing Covid-19 pandemic, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group were unable to continue as a going concern.

Explanation of material uncertainty

Management used forecast cash flows in assessing going concern which were based on the Board approved three year plan updated for the following items:

- Actual trading results to date;
- Expected future trading impacts arising from Covid-19;
- Benefits from the 2020 CVA and recapitalisation transaction; and
- Continuing retail sector trading challenges.

Management used this plan in its going concern assessment and also modelled possible downside scenarios to this base case.

Notwithstanding this position and the trading and liquidity projections modelled by the Directors, recent upward trends in the infection rate of Covid-19 and the corresponding measures taken by the Government to control the spread of the virus are clear indicators that until such time that a vaccine or treatment is identified, approved for use and widely available, the group faces potential for further disruption which is difficult to predict and beyond the Directors control. Whilst the sensitivity analysis performed considers short-term lockdowns or a slower than expected recovery in sales, there are possible scenarios, including extended periods of local or national lockdowns that would have a continued impact on trading in stores. In such scenarios, it is possible that any mitigating actions and Government support may not be sufficient to ensure that the group has sufficient cash to meet its obligations as they fall due. There is also a risk that lockdowns or infections could affect the ability of the group's distribution centre to operate at normal capacity, which would lead to reduced sales. The Directors have therefore determined there to be a material uncertainty in respect of going concern in light of the ongoing Covid-19 pandemic.

Audit procedures performed

In concluding that there is a material uncertainty, the following procedures were performed over the going concern model prepared by management:

- We agreed that the underlying forecasts used by management in the going concern model were consistent with those approved by the Board;
- We challenged the assumptions used by management within these forecasts including revenue growth and associated margin assumptions;
- We performed sensitivity analysis over the assumed revenue growth in case these assumptions are not achieved;
- We corroborated the terms of the 2020 CVA and recapitalisation transaction and the impact on the forecast cash flows to supporting documentation;
- We understood the revised terms of the group's debt facilities and reviewed correspondence with lenders regarding the future renewal of those facilities;
- We tested the calculations used within the model to check that they are mathematically accurate and that the corresponding inputs were appropriate; and
- We reviewed management's disclosure on going concern and confirmed that it is consistent with our knowledge obtained through the audit.

Our audit approach

Context

This is the first period of account for the group during which it acquired New Look Limited and its subsidiaries as part of a financial restructuring of the New Look group.

Overview



- Overall group materiality: £2.4m, based on approximately 0.3% of revenue.
- We performed an audit of the complete financial information of two full scope components being New Look Retailers Limited, the main trading entity of the group and New Look Financing plc, the main financing entity of the group and the audit of specific balances in two components.
- The full and specific scope components accounted for 95% of group revenue (the measure used to calculate materiality).
- In addition, we performed procedures over goodwill, intangible assets, taxation and testing of the consolidation at a group level.
- All entities in full and specific scope are managed from one central location in the UK. All audit work is undertaken by the UK engagement team.
- Going concern (see material uncertainty above)
- Fair value of assets and liabilities arising on the acquisition transaction
- Impairment of right of use assets in respect of stores and store fixtures and fittings
- Carrying value of inventory
- Impairment of goodwill and other intangibles
- Implementation of IFRS16 'Leases'
- Management's consideration of the potential impact of COVID-19

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, 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. In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Key audit matter

How our audit addressed the key audit matter

Fair value of assets and liabilities arising on the acquisition transaction

The acquisition of New Look Limited and its subsidiaries to form the group on 3 May 2019 was a one-off complex transaction owing to the elements of consideration and the fair value adjustments made on acquisition. The complexity of accounting for the acquisition heightens the risk of material error.

IFRS 3 ('Business Combinations') requires the assessment of the fair value of assets and liabilities acquired. The identification and valuation of these is subjective and highly judgemental therefore increasing the inherent risk of material misstatement. Management engaged an expert to assist in determining the fair value of assets, specifically property, leases and the brand acquired.

The group balance sheet at acquisition included £83.2 million of goodwill and £293.0 million of brands and other intangible assets which were recognised on acquisition as detailed in note 13.

We have assessed management's accounting treatment and disclosures against the requirements of IFRS 3 in accounting for the acquisition transaction and have not noted any material issues.

We engaged an auditor's expert to review the work performed by management's expert to identify and value the intangible assets resulting from the acquisition.

We assessed management's rationale for the recognition of fair value adjustments and considered other balance sheet items which could be fair valued on acquisition.

We tied the consideration amounts recorded to the supporting evidence and recalculated the goodwill arising on acquisition.

We obtained the reconciliations for key working capital accounts to agree amounts included in the acquisition balance sheet. We obtained supporting documentation for any unusual reconciling items identified.

We agreed the consolidation adjustments posted by management to supporting documentation and assessed for completeness.

Based on the procedures performed no material issues were identified.

Key audit matter**How our audit addressed the key audit matter****Impairment of right of use assets in respect of stores and store fixtures and fittings**

The group balance sheet includes £238.4 million right of use assets as disclosed in note 16 and £27.3 million store fixtures and fittings as disclosed in note 14.

IAS 36 ('Impairment of Assets') requires assets to be tested for impairment where there is an impairment indicator. The challenging trading performance and the impact of Covid-19 during the period are considered to be the main events triggering an impairment assessment, and therefore management has completed an impairment review across its entire store portfolio. Management has performed a value in use calculation to determine the recoverable value at an individual store level, as each store (including the associated right of use asset) is considered to be a cash generating unit ("CGU").

Prior to acquisition, while under the ownership of Top Gun Realisations 90 Limited (formerly New Look Retail Group Limited), a Company Voluntary Arrangement (CVA) proposed by New Look Retailers Limited was approved in 2018. The impacts of the 2018 CVA have been reflected in management's value in use calculations in assessing store impairments within the UK store portfolio.

The key assumptions applied by management in their asset impairment reviews are:

- country-specific discount rates;
- store costs including an allocation of central overheads;
- forecast future capital expenditure; and
- forecast trading performance by market segment and applicable growth rates.

If, based on management's view at the period end, there is an intention to exit the store, the right of use asset and store fixtures and fittings have been fully impaired.

As detailed in note 16, right of use asset impairments of £102.8 million have been recorded in the period.

As disclosed in note 14, store fixtures and fittings impairments of £9.6 million have been recorded in the period.

Carrying value of inventory

As shown in note 17 to the financial statements, the group held inventories of £110.1 million at the period end. As described in the Accounting Policies in note 2 to the financial statements, under IAS 2 ('Inventories'), inventories are valued at the lower of cost and net realisable value.

The challenging retail market and difficult trading conditions require the continued use of deeper mark down strategies to generate sales. This is reflected across the apparel retail market and combined with the fast moving fashion industry, this inherently means there is a risk of slow moving inventory being sold below cost or becoming obsolete. Covid-19 has brought additional uncertainty over future sales and hence heightens the risk that inventory may be sold below cost.

Management applies judgement in determining the appropriate provisions for inventory based upon a detailed analysis of slow moving inventory, obsolete inventory, and inventory being sold below cost. Management estimate the future selling price; if this is lower than the carrying value, inventory is written down to the net realisable value, which is the key assumption in the calculation. Additionally, as a direct result of Covid-19 and the impact on future expected selling price, management have recognised an additional provision of £3.2 million which has been recognised as exceptional, as detailed in note 10.

The assessment of inventory provisions requires significant judgement and, with challenging trading performance, the increase in inventory lines written off during the period and the impact of Covid-19, the risk around the valuation of inventory provisioning is a focus area of the audit.

We have considered the completeness of the review performed by management by comparing the number of stores included within management's impairment assessment to underlying records which are subject to audit.

We have challenged management's key assumptions and tested the impairment models and calculations by performing the following:

- testing the mechanical and mathematical accuracy of the impairment models;
- assessing the discount rates applied to the value in use calculation for each country by comparing the rates to our benchmarks of market data which were assessed in conjunction with our internal experts;
- comparing forecast growth rates by market segment to the Board approved three year plan and assessing long term growth rates for reasonableness against external industry data;
- testing the appropriateness of the key assumptions applied in the value in use computation, namely forecast sales and margin by reviewing past performance, the Board approved three year plan and our understanding of the group's strategic initiatives and the rationale for those future assumptions;
- assessing other key assumptions made in the models, including the value in use assessment period, future capital expenditure and whether group overheads have been appropriately allocated; and
- testing the accuracy of the underlying historical data used as the base period in the models on a sample basis.

We performed sensitivity analysis for key assumptions and reviewed the disclosures provided regarding the impairments of the right of use assets and store fixtures and fittings.

No material issues have been identified from our audit procedures performed over the charge for impairment of right of use assets and store fixtures and fittings.

We understood the methodology used to calculate the underlying inventory provisions and determined that it was consistent with that applied in the prior period and considered it remained an appropriate basis.

We tested the integrity of the provision model and the accuracy of key inputs to ensure that it utilised the underlying data correctly and calculated the provision amounts correctly.

For the element of inventory that has been subject to an additional provision in the period resulting from the impact of Covid-19, which has been classified as exceptional, we assessed the appropriateness of garment styles to be included or excluded from the additional provision, which was informed by post year-end sales price experience and reperformed the calculation. We challenged management on the rationale and appropriateness of the varying discount assumptions included in the calculation.

We reviewed subsequent sales to check the reasonableness of the judgements involved in the provisions applied to the period end inventory valuation and also considered the ageing of stock still on hand. We assessed the reasonableness of management's plan to sell the remaining inventory still on hand from 28 March 2020.

We performed sensitivity analysis for key assumptions and reviewed the relevant disclosures in the financial statements.

Nothing arose from our work to suggest that the inventory provisions recorded were materially misstated.

Key audit matter**How our audit addressed the key audit matter****Impairment of goodwill and other intangibles**

The group balance sheet includes £4.1 million goodwill, £114.2 million of brands and £40.8 million of software licenses as disclosed in note 15 to the financial statements. The goodwill and brands within the group arose on the business combination in the period. IAS 36 ('Impairment of Assets') requires goodwill to be tested annually for impairment and for definite lived intangible assets to be tested for impairment where there is an indicator of impairment.

Determining whether the carrying value of goodwill and brands are impaired requires management to make significant estimates in determining their fair value or value in use. These include: forecast cash flows, growth rates beyond the Board approved three year plan and pre-tax discount rates.

We focused on this area due to the continued difficult trading conditions during FY20 and the significant judgement in the assumptions surrounding future cash flows and the variability in their impact on the outcome to the impairment assessment. This is a highly judgemental area and where past performance has been adverse to forecasts this creates greater uncertainty. Additionally, Covid-19 has added to the uncertainty in the forecasts used in the impairment assessments.

As detailed in note 15 to the financial statements, goodwill impairments of £79.1 million and brand impairments of £114.9 million have been recorded in the period. Excess impairment charges of £44.5 million have been allocated to corporate assets across fixtures and equipment, software licences and right of use assets.

Implementation of IFRS 16 'Leases'

As described in the Accounting Policies in note 2.19 to the financial statements, the group leases various retail properties, equipment, vehicles and an office. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

As shown in note 16, lease liabilities of £387.8 million and right-of-use assets of £238.4 million (net of impairments described in the key audit matter set out above) were recognised as at 28 March 2020.

The scale of the lease portfolio increases the risk that incomplete or inaccurate lease data could result in a misstatement of lease balances.

In addition, measurement of leases under IFRS 16 required management to make certain judgements in respect of its leases in respect of:

- Determination of the lease term, where its lease contracts include extension or termination options;
- Determination of the rental payments expected beyond the period covered by the 2018 CVA rent; and
- Determination of the incremental borrowing rate ('IBR') which is the discount rate applied to its lease calculations.

Finally, there is also the risk of the incorrect calculation of lease accounting entries through modelling inaccuracies.

We have challenged management's key assumptions and tested the impairment models and calculations by performing the following:

- testing the mechanical and mathematical accuracy of the impairment models;
- assessing the discount rates applied to the value in use calculation for each country by comparing the rates to our benchmarks of market data which were assessed in conjunction with our internal experts;
- challenged the cash flow projections used within the model by reference to current levels of performance, historic forecasting accuracy and management's three year board approved plan with regard to potential impacts of Covid-19;
- assessed the long term growth rates for reasonableness against external industry data; and
- assessing other key assumptions made in the models, including the value in use assessment period, future capital expenditure and whether group overheads have been appropriately allocated.

We assessed the allocation of excess impairment charges to corporate assets, reviewed management's methodology for reasonableness and tested the accuracy of the calculations.

We reviewed whether disclosures are appropriately made in accordance with the applicable accounting framework. This includes the appropriateness of sensitivities applied by management to the impairment model and whether the scenarios represented likely alternative outcomes from changes in key assumptions.

Based on the procedures performed no material issues were identified.

We have evaluated the design of management's controls in respect of its implementation and subsequent accounting for leases in accordance with IFRS 16.

We assessed management's accounting policy for leases against the requirements of IFRS 16, and the appropriateness of any exemptions taken with particular focus on its approach to the measurement of lease terms.

We tested the completeness and accuracy of the data used by management in its lease accounting, corroborating key data inputs to the underlying lease documents.

Assisted by our valuation expert, we independently assessed management's methodology used to determine its lease discount rates.

We recalculated a sample of lease contracts to verify that the accounting entries had been appropriately determined by management. For a sample of any new or amended leases during the period, we assessed the judgements made by management in determining the appropriate accounting entries and tested key data inputs to the lease contracts. This included an assessment of the lease term and any judgements regarding extension or termination options.

We evaluated the disclosures made in the financial statements in respect of IFRS 16.

No material issues have been identified from the procedures performed.

Key audit matter**How our audit addressed the key audit matter****Management's consideration of the potential impact of Covid-19**

The Covid-19 pandemic has had a significant impact on the UK economy and on the recent trading performance of the group. Management developed a forecast model based on its best estimate of the impact of Covid-19 having regard to trading performance and Government support, as at the period end.

The model and related assumptions have been used by management in its assessment of the carrying value of a number of balance sheet assets at the reporting date. The most significant impact to the financial statements has been in respect of store asset impairment, goodwill and other intangible assets impairments and inventory provisioning. These are described in the respective key audit matters above. Further impairment provisions have been recorded in respect of the group's trade receivables.

Given the impact that Covid-19 has had on the outlook for New Look and the retail industry, on 9 November 2020 management completed a recapitalisation transaction as discussed on pages 95 to 96 which has significantly reduced the cash pay interest requirements of the group, extended the maturity of key working capital facilities and resulted in a new capital injection of £40.0 million.

This followed the approval of the September 2020 CVA which reduced certain elements of the group's fixed cost base and moved the majority of UK store leases to a turnover based model.

Management also considered the potential impact of Covid-19 in its assessment of going concern and determined there to be a material uncertainty, as explained in the Material uncertainty related to going concern section above.

Further details of the Director's assessments, including sensitivities applied, are included within the Strategic Report (page 16), Accounting policies (pages 55 to 56), and notes referenced above in the Consolidated Financial Statements (pages 73 to 79).

Our procedures in respect of the potential impact of the pandemic on store asset impairment, goodwill and other intangibles assets impairments, and inventory provisioning are set out in the respective key audit matters above.

We evaluated management's assessment of other accounting estimates within the accounts which could be impacted by the challenging economic environment resulting from Covid-19, including trade receivables provisioning. We are satisfied that management's measurement of such estimates was reasonable and that there were no other material impacts of Covid-19 on the financial statements.

Our procedures in relation to going concern are set out in the Material uncertainty related to going concern section above.

We considered the appropriateness of management's disclosures in its financial statements of the impact of Covid-19 and the increased uncertainty on its accounting estimates and found these to be adequate.

We considered whether changes to working practices brought about by Covid-19 have had an adverse impact on the effectiveness of management's business process and IT controls. Our audit work did not identify any evidence of material deterioration in the financial control environment.

We reviewed management's subsequent events disclosures and confirmed that it accurately described the facts of the 2020 CVA, the recapitalisation transaction, and the estimated impact on the financial statements going forward.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which it operates.

As described in the Strategic report the group is predominantly a multichannel retailer in the UK and ROI with an online business covering key international markets. To comply with local regulations the group has separate legal entities in a number of territories. The scope of our audit includes the main trading company located in the UK and debt holding companies which represent the principal business units within the group.

	Number	Revenue	Loss Before Taxation	Total Assets
Full scope^[1]	2	95%	88%	92%
Specific scope^[2]	2	0%	0%	1%
Full and specific scope coverage	4	95%	88%	93%
Remaining components^[3]	11	5%	12%	7%
Total components	15	100%	100%	100%

[1] Full scope components are New Look Retailers Limited and New Look Financing plc based on their size and risk characteristics. We performed an audit of the complete financial information of these full scope components. For the elimination adjustments and balances arising on consolidation posted in the group consolidation, we performed procedures including the testing of group tax journals, consolidation journals and intercompany eliminations.

[2] Specific scope components comprise one property trading company, and one holding company. We performed audit procedures on specific accounts within these components that we considered had the potential for the greatest impacts on significant accounts in the group financial statements because of the size of these accounts.

[3] These entities are subject to overall analytical review procedures to respond to any potential risks of material misstatement to the group financial statements. Although not relied upon for the purpose of this opinion, the majority of the remaining components have to prepare statutory accounts which are audited by PwC member firms.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	£2.4m.
How we determined it	Approximately 0.3% of revenue.
Rationale for benchmark applied	We believe that revenue provides the most consistent and stable basis for currently determining materiality. Continued mark down strategies and declining footfall in a challenging market have led to significant fluctuations in profit and EBITDA measures which do not reflect underlying changes in the size and nature of the business.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £0.2m and £2.3m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.1m as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

Responsibilities for the financial statements and the audit*Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' responsibilities for the financial statements set out on page 37, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting**Companies (Jersey) Law 1991 exception reporting**

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.



Julian Gray

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
Southampton

12 November 2020



NEW LOOK RETAIL HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT

	Note	For the financial period
		27 March 2019 - 28 March 2020
		£m
Revenue	5, 6	912.8
Cost of sales		(493.5)
Gross profit		419.3
Administrative expenses		(757.6)
Operating loss	7	(338.3)
Finance income	9	0.6
Finance expense	9	(93.0)
Loss before taxation		(430.7)
Taxation	11	16.6
Loss attributable to the owners of New Look Retail Holdings Limited		(414.1)

The notes on pages 55 to 96 are an integral part of these consolidated financial statements.

NEW LOOK RETAIL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the financial period
		27 March 2019 - 28 March 2020
		£m
Loss for the period		(414.1)
Other comprehensive income/(expense):		
Items that may be subsequently reclassified to profit or loss:		
Cash flow hedges	25	0.5
Exchange differences on translation of foreign operations	31	0.7
Tax effects	11	(0.1)
Other comprehensive income for the period, net of tax		1.1
Total comprehensive loss for the period		(413.0)

The income tax relating to each component of other comprehensive income is disclosed in note 11.

The notes on pages 55 to 96 are an integral part of these consolidated financial statements.

NON-GAAP INFORMATION

Adjusted EBITDA, a non-GAAP measure, (see note 2.22) is calculated as follows:

	Note	For the financial period
		27 March 2019 - 28 March 2020
		£m
Operating loss		(338.3)
Add back:		
Share based payment charge	29	-
Fair value movement of financial instruments	25	(4.9)
Impairment charge for tangible, intangible and right-of-use assets	5,14,15,16	356.2
Exceptional items	10	4.7
Depreciation	5,14,16	87.9
Amortisation	5,15	26.6
Adjusted EBITDA	5	132.2

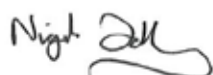
NEW LOOK RETAIL HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

		As at
		28 March 2020
	Note	£m
Non-current assets		
Property, plant and equipment	14	29.1
Intangible assets	15	159.1
Right-of-use assets	16	238.4
Other receivables	18	0.1
		426.7
Current assets		
Inventories	17	110.1
Trade and other receivables	18	40.5
Derivative financial instruments	19	2.6
Cash and cash equivalents	20,26	95.7
		248.9
Total assets		675.6
Current liabilities		
Trade and other payables	21	(143.5)
Lease liabilities	16	(64.0)
Current tax liabilities		(5.4)
Borrowings	22,26	(115.1)
Derivative financial instruments	23	(1.4)
Provisions	28	(2.0)
		(331.4)
Non-current liabilities		
Lease liabilities	16	(323.8)
Borrowings	22,26	(423.6)
		(747.4)
Total liabilities		(1,078.8)
Net liabilities		(403.2)
Equity attributable to the owners of New Look Retail Holdings Limited		
Share capital	30	-
Other reserves	31	10.9
Accumulated losses	31	(414.1)
Total equity		(403.2)

The notes on pages 55 to 96 are an integral part of these consolidated financial statements.

The financial statements on pages 50 to 96 were authorised for issue by the Board of Directors on 12 November 2020 and were signed on its behalf by:



Nigel Oddy
Chief Executive Officer

New Look Retail Holdings Limited
Company number: 128640

NEW LOOK RETAIL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owners of New Look Retail Holdings Limited				
		Share capital	Other reserves	Accumulated losses	Total equity
	Note	£'000	£'000	£'000	£'000
Comprehensive (expense)/income					
Loss for the financial period	31	-	-	(414.1)	(414.1)
Other comprehensive income and expense					
Exchange differences on translation of foreign companies	31	-	0.7	-	0.7
Movements in hedged financial instruments	25	-	0.5	-	0.5
Tax on items recognised directly in other comprehensive income	11	-	(0.1)	-	(0.1)
Total other comprehensive income		-	1.1	-	1.1
Total comprehensive profit/(loss)		-	1.1	(414.1)	(413.0)
Transactions with owners:					
Shares issued	30	-	-	-	-
Capital contribution	31	-	9.8	-	9.8
Total transactions with owners		-	9.8	-	9.8
Balance at 28 March 2020	30, 31	-	10.9	(414.1)	(403.2)

The notes on pages 55 to 96 are an integral part of these consolidated financial statements.

NEW LOOK RETAIL HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the financial period
		27 March 2019 - 28 March 2020
	Note	£m
Cash flows from operating activities		
Operating loss		(338.3)
Depreciation of property, plant and equipment	14	19.6
Impairment of property, plant and equipment	14	27.2
Amortisation of intangible assets	15	26.6
Impairment of intangible assets	15	200.8
Gain on disposal of property, plant and equipment	10	(1.0)
Depreciation of right-of-use assets	16	68.3
Impairment of right-of-use assets	16	128.2
Loss on disposal of right-of-use assets		0.9
Fair value gains on financial instruments	25	(4.9)
Foreign exchange losses on operating activities		0.1
Decrease in inventories		26.7
Decrease in trade and other receivables		7.3
Decrease in trade and other payables		(42.6)
Decrease in deferred income		(2.0)
Decrease in provisions		(5.5)
Income taxes paid		(0.1)
Net cash flow generated from operating activities		111.3
Cash flows from operating activities		
Purchase of property, plant and equipment		(12.3)
Purchase of intangible assets		(9.1)
Net proceeds from sale of property, plant and equipment		1.5
Acquisition of subsidiary	13	(43.9)
Net cash flow generated used in investing activities		(63.8)
Cash flows from operating activities		
Interest paid (excluding lease interest)		(24.9)
Interest received		0.6
Lease interest paid		(41.5)
Principal elements of lease payments		(46.0)
Proceeds from New Money Bonds	26	149.6
Cash received from capital contribution		9.8
Cash paid on hedge termination	25	(0.9)
Net cash flow generated from financing activities		46.7
Net increase in cash and cash equivalents		94.2
Opening cash and cash equivalents	26	-
Exchange gains on cash and cash equivalents	26	1.5
Closing cash and cash equivalents	20,26	95.7

The notes on pages 55 to 96 are an integral part of these consolidated financial statements.

NEW LOOK RETAIL HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. Authorisation of financial statements

The consolidated financial statements of the Group for the period from 27 March 2019 to 28 March 2020 were authorised for issue by the Board of Directors ("the Board") on 11 November 2020 and the balance sheet was signed on the Board's behalf by Nigel Oddy. New Look Retail Holdings Limited is a company limited by shares, incorporated and domiciled in Jersey whose registered address is 47 Esplanade, St Helier, Jersey, JE1 0BD. The Company's principal place of business is Mercery Road, Weymouth, Dorset, England, DT3 5HJ. The registered number of the company is 128640.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Group financial statements are set out below. These policies have been applied consistently to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The Group financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted for use in the European Union (IFRSs as adopted by the EU), International Financial Reporting Standards Interpretations Committee (IFRS IC) interpretations and those parts of the Companies (Jersey) Law 1991 applicable to companies reporting under IFRS.

The consolidated financial statements are presented in Pound Sterling ("Sterling") and all values are rounded to the nearest £0.1 million except where otherwise indicated.

The results are prepared under the historical cost convention, except for the revaluation of financial assets and financial liabilities (including derivatives) at fair value through the income statement and the revaluation of financial assets and liabilities (including derivatives) measured at fair value through other comprehensive income.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates which, by definition, will seldom equal the actual results. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.1.1 Going concern

In determining the appropriate basis of preparation of the annual financial statements for the period ended 28 March 2020, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future and for at least 12 months from the approval of these financial statements.

The Directors have reviewed the projected results and the adequacy of its financial resources to continue in operational existence for the foreseeable future and to meet its obligations as they fall due. The Directors have also considered the risks to the Group's trading performance, as summarised in the 'Risks and Uncertainties' section on pages 21 to 25, as well as giving specific consideration to impact of the current Covid-19 pandemic in the UK, and globally, on the Group's operations and performance.

Covid-19 Pandemic

The outbreak of Covid-19 in January 2020 has significantly impacted the UK economy, the Group's business and the businesses of the Group's suppliers and partners. The World Health Organisation declared the outbreak of Covid-19 a pandemic on 11 March 2020.

Details of the impact that Covid-19 has had on the Group are included in the CEO statement on page 9. Between March and June, the Government enforced a national lockdown which resulted in the closure of all stores. During this time revenue was only generated through online trading, which historically accounts for c. 22% of the Group's revenue. The Group took several actions to preserve cash during this period and continues to manage the cash position tightly. The Government launched a number of schemes to support businesses, and the Group has received support through the Job Retention Scheme, business rates holiday and the rates grants but was unable to access any loan facilities due to specific eligibility criteria required in order to access them.

Whilst the Government announced the easing of national lockdown measures in June, shorter periods of local lockdown measures have since occurred and national lockdowns have recently been enforced across Wales, England and ROI, for periods ranging from two to six weeks, resulting in the closure of stores. Government support in these countries has been extended to support businesses impacted by closures. There is uncertainty as to the impact Covid-19 could have in the future and certain aspects of the Group's cost base remain fixed. While the Government recently announced increased support during this time, there is no certainty that future Government schemes will be put in place to support business if the Covid-19 situation worsens nor can the Group guarantee that any such schemes would be available to it.

Trading Projections

With the support of independent consultants and financial advisors, the Group verified its strategy and updated the business plan in order to maximise future success. The Group has prepared a three-year business plan based on this strategy and considered the likely impact of Covid-19 on trading, based on information available at the time of preparation.

The trading projections, which reflect the benefits of the 2020 CVA (see below), are cautious in light of Brexit, Covid-19, the uncertainty of further economic challenges, the structural shift from offline to online, and the timing of an economic recovery that in part is dependent upon a vaccine being found. Through discussion with property advisors and in line with our experience from the 2018 CVA, where our store portfolio reduced from 569 (excluding 22 Menswear standalone stores closed for strategic reasons) stores to 475, our three-year business plan assumes a number of stores will be closed as Landlords exercise their CVA breaks during the term of the 2020 CVA. The base case projections assumed that sales during FY21 will be c. 40% lower than FY20 and for the remaining stores continuing to trade in FY22, sales will be c. 90% of sales achieved in FY20.

The Directors have run a number of sensitivity scenarios on the projections to understand the liquidity position of the Group of an impact of a decline in trade (for example due to lockdowns), closing more stores than planned or the impact of a slower recovery in sales. These have been considered together with any mitigating actions that management might take. Once stores re-open from the current enforced lockdowns, should store sales be more than 10% lower than projections over the next 14 months, with the associated variable costs reducing accordingly, then management would need to consider taking mitigating action to manage cash flows across November 2021 as the projected cash balance will reduce to the minimum required operating level as determined by management. Mitigating actions that management might take include reducing projected capital expenditure, reducing discretionary spend or further third-party funding up to the levels permissible under the new financing documents, including for example third party receivables factoring to the extent available. It is management's view that these mitigating actions would be sufficient to support the management of cash flows across November 2021.

Whilst these sensitised scenarios give some comfort as to the headroom in the three-year business plan, they are nonetheless based on management assumptions, including the ability to implement mitigating actions, and do not provide certainty in achieving the projected results.

The 2020 Transaction

Given the severe impact Covid-19 has had on the financial position of the Group, in an already challenging retail market environment and the continuing uncertainty in future trading caused by the ongoing pandemic, the Group recently undertook an exercise to verify its strategy and financial resilience. This demonstrated a critical need to restructure the underlying cost base and recapitalise the balance sheet to provide a sound financial base to face the continuing trading uncertainties from Covid-19 and the general retail market challenges.

Therefore, during summer 2020, the Group held discussions with its shareholders, bondholders, RCF banks and the provider of the Operating Facility and agreed the terms of a comprehensive recapitalisation transaction which completed on 9 November 2020.

The transaction has resulted in a reduction in current debt from £556.8 million, as at 28 March 2020 to £111.0 million with a significant reduction in cash interest costs, down to c. £6.0 million per annum. The primary working capital facilities have both been extended, with the Operating Facilities extended to June 2023 and the RCF until June 2024. Lastly, £40.0 million of new capital was received to support investment in the three-year business plan.

2. Summary of significant accounting policies (continued)**2.1.1 Going concern (continued)****2020 CVA**

To help restructure the underlying cost base, the 2020 CVA was approved by creditors on 15 September 2020.

This has resulted in rent across 402 stores moving to a turnover basis, which changes a significant portion of the cost base from fixed to variable providing further flexibility. Rents on a further 69 stores will move to nil after an initial two month period at full contractual rent. Further, the approval of the 2020 CVA has improved the working capital position of the Group by writing down rent arrears across all applicable stores and moving rents to a monthly payment cycle.

The Directors believe the approval of the 2020 CVA and completion of the 2020 Transaction have provided the financial strength, funding and flexibility to allow us to execute our strategy and deliver the three-year business plan.

Notwithstanding this position and the trading and liquidity projections modelled by the Directors, recent upward trends in the infection rate and the corresponding measures taken by the Government to control the spread of the virus are clear indicators that until such time that a vaccine or treatment is identified, approved for use and widely available, the Group faces potential for further disruption which is difficult to predict and beyond the directors control. Whilst the sensitivity analysis performed considers short-term lockdowns or a slower than expected recovery in sales, there are possible scenarios, including extended periods of local or national lockdowns that would have a continued impact on trading in stores. In such scenarios, it is possible that any mitigating actions and Government support may not be sufficient to ensure that the Group has sufficient cash to meet its obligations as they fall due. There is also a risk that lockdowns or infections could affect the ability of the Group's distribution centre to operate at normal capacity, which would lead to reduced sales.

After making appropriate enquiries and considering the uncertainties described above, the Directors consider that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements. However, because of the need to implement mitigating actions if sales are below projections, and the potential impact of further lockdowns, there is a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

2.1.2 Changes in accounting policy and disclosures

a) Standards, amendments and interpretations that were effective in the period and were adopted by the Group in preparing the financial statements

IFRS 16 'Leases' – effective for accounting periods beginning on or after 1 January 2019. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' on the balance sheet for virtually all lease contracts.

In applying IFRS 16, the Group has used the following practical expedients permitted by the standard:

- not applied the new guidance to leases of which the underlying asset is of low value (as defined in IFRS 16);
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- the accounting for leases with a remaining lease term of less than 12 months as short-term leases.

IFRS 9 'Financial instruments' – effective for accounting periods beginning on or after 1 January 2019. The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met – instead of at fair value through profit or loss.

IFRIC 23 'Uncertainty over income tax treatments' – effective for accounting periods beginning on or after 1 January 2019. The IFRIC clarifies how the recognition and measurement requirements of IAS 12 are applied where there is uncertainty over income tax treatments.

Annual improvements 2015-2017 cycle – effective for accounting periods beginning on or after 1 January 2019.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group. The Group is still considering the impact of these changes, but any impact is not expected to be material to the Group's financial statements, unless stated otherwise below. No other existing standards that are not effective are relevant to the Group's operations.

IFRS 3 'Business combinations' – effective for accounting periods beginning on or after 1 January 2020. The amendments improve the definition of a business and help to determine whether an acquisition made is of a business or a group of assets.

IAS 1 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' – effective for accounting periods beginning on or after 1 January 2020. The amendments clarify the definition of material and make IFRSs more consistent.

IFRS 9, IAS 39 and IFRS 7 'Financial instruments' – effective for accounting periods beginning on or after 1 January 2020. The amendments provide certain reliefs in connection with interest rate benchmark reform.

IAS 1 'Presentation of financial statements' – effective for accounting periods beginning on or after 1 January 2022. The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.

2.2 Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and its subsidiary undertakings.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. The results of subsidiaries disposed of are consolidated up to the date on which control transfers from the Group. When the Group ceases to have control, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

2.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue represent amounts received and receivable for goods and services provided to customers outside the Group, stated net of returns, staff discounts, and value added and other sales taxes. All revenue is recognised at a point in time unless otherwise stated.

The Group recognises revenue when the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below:

- Sales of goods and concession income are recognised when control passes which is deemed to be when goods are delivered and title passed;

- Store sales are recognised when goods are sold to the customer.
- E-commerce sales are recognised when goods are delivered to the customer.
- Revenue from 3rd party e-commerce sales are recognised on delivery of stock and based on the price specified in the contract net of volume based rebates.
- Franchise royalty income is recognised in accordance with the related underlying trading performance of the franchisee. Monthly income covering the supply of goods to the franchisee is included in the sale of goods.
- Payment of the transaction price is due immediately when the customer purchases goods in store or online and on standard payment terms for 3rd party e-commerce and Franchise partners.
- Rental income in respect of sub-leased stores is recognised on a straight-line basis over the period of the sub-lease.
- Revenue from concessions, being the commission received rather than the gross value achieved by the concessionaire on the sale, is shown on a net basis as the Group acts as an agent. Payment of the transaction price is due immediately when the customer purchases goods in store or online.

It is the Group's policy to sell its products to the end customer with a right of return. Therefore, a refund accrual (included in trade and other payables) and a right to the returned goods (included in inventories) are recognised for the products expected to be returned. Refund accruals are estimated based on accumulated experience as this method best predicts the amounts of variable consideration to which the Group will be entitled. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Gift card sales are deferred and subsequently recognised when redeemed by the customer or on expiry. The deferred income balance relating to gift cards is recognised as a contract liability. Contract liabilities are presented as deferred income as shown in note 21. An estimate of breakage is made on the sale of a gift card and recognised over the expected pattern of usage of gift cards.

2.4 Cost of sales

Cost of sales consists of expenses incurred in bringing products to a saleable position and condition. Such costs principally include purchasing of products from suppliers, packaging, freight and distribution costs. Depreciation and amortisation relating to assets at the distribution centre are presented within cost of sales.

In addition, cost of sales also includes volume based rebate income from suppliers. These rebates are recognised when contractually agreed volume thresholds are expected to be met. The amount of rebate recognised is the proportion of the total rebate due based on actual volumes achieved in the period.

Credit card charges are presented within administrative expenses.

2.5 Finance income and expense

Interest income and expense is accounted for on the accruals basis, by reference to the principal outstanding and the applicable effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

2.6 Exceptional items

Significant items of income and expense that are not considered in the ordinary course of business are disclosed in the adjusted EBITDA reconciliation on page 51 as exceptional items. The separate reporting of exceptional items helps provide an indication of the Group's underlying trading performance.

Items which may be classified as exceptional include:

Item	Distorting due to irregular nature year on year	Does not reflect operational activity of the Group	Does not reflect operational performance of continuing business
Costs of restructuring and reorganisation of the business		X	
Writing down inventories by material amounts to net realisable value as a result of Covid-19	X		
Costs incurred in relation to the exit of international businesses (including those within the Old Group for which the Group are liable)			X
Costs incurred as part of the review of business financing not eligible to be treated as debt issue costs		X	
Gains or losses resulting from the disposal of non-operating property, plant and equipment		X	

2.7 Foreign currencies

(a) Functional and presentational currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ("the functional currency"). The consolidated financial statements are presented in Sterling, which is the Group's presentational currency.

(b) Transactions and balances

Transactions in foreign currencies, which are those other than the functional currency of a subsidiary, are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. Resulting exchange gains or losses are recognised in the income statement in the same place as the underlying transaction except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within finance income and finance expense. Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the income statement within administrative expenses.

(c) Group consolidation

The results and financial position of foreign subsidiaries that have a functional currency different from the presentational currency are translated into Sterling as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign subsidiaries, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign subsidiary is disposed of, the associated exchange differences are reclassified to the income statement, as part of the gain or loss on disposal.

2.8 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

2. Summary of significant accounting policies (continued)**2.8 Property, plant and equipment (continued)**

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 Group and the cost of the item can be measured reliably. Subsequent costs are depreciated over the asset's remaining useful economic life. The carrying amount of a replaced part is derecognised. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided to write down the cost of property, plant and equipment to its estimated residual value over its remaining useful life on a straight-line basis. Freehold land is not depreciated.

Asset Category	Useful life
Freehold buildings	50 years
Fixtures and equipment	3 to 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's net carrying amount is written down immediately to its recoverable amount if the asset's net carrying amount is greater than its estimated recoverable amount, see note 2.10.

Gains and losses on disposals are determined by comparing the proceeds of disposal with the net carrying amount and are included in the income statement.

2.9 Intangible assets**(a) Goodwill**

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but tested for impairment annually, as described in note 2.10, or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

(b) Other intangible assets

Intangible assets acquired separately are capitalised at cost and those acquired as part of a business acquisition are capitalised at fair value as at the date of acquisition.

Internally generated intangible assets are capitalised when certain criteria are met in accordance with IAS 38, otherwise this expenditure is charged against income in the period in which it is incurred.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with a finite life are amortised on a straight-line basis through administrative expenses, based on the useful life shown below:

Category	Useful life
Brand	25 years
Software licences	1 to 5 years

Intangible assets with finite lives are assessed for impairment in accordance with note 2.10.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

2.10 Impairment of non-financial assets

Goodwill is not subject to amortisation but tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the net carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an

asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows, cash generating units (CGUs). Impairment is tested for groups of CGUs not larger than operating segments, in line with internal management reporting.

For non-financial assets other than goodwill, impairment losses are reviewed for possible reversal at each reporting date. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount.

2.11 Financial instruments**(a) Derivative financial instruments**

Derivative financial instruments ("derivatives") are used to manage risks arising from changes in foreign currency exchange rates relating to the purchase of overseas sourced products. In accordance with its treasury policy, the Group does not enter into derivatives for speculative purposes.

Derivatives falling under the classifications laid out in IFRS 9 are stated at fair value in the balance sheet.

The fair value of derivative contracts is their market value at the balance sheet date. Market values are calculated using mathematical models and are based on the duration of the derivative instrument together with quoted market data including interest rates, foreign exchange rates and market volatility at the balance sheet date.

(b) Hedge accounting

The Group applies IFRS 9 and for the purpose of hedge accounting designates derivatives as either:

- fair value hedges where they hedge the exposure to changes in the fair value of a recognised asset or liability; or;
- cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction.

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking the transaction. The Group also documents the assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an "economic relationship" between the hedged item and the hedging instrument;
- The effect of the credit risk does not "dominate the value changes" that result from the economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged items that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of the hedged item.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange contracts match the terms of highly probable forecast transactions. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange contracts are identical to the hedged risk components. To test hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in the fair value of the hedged items attributable to the hedged risks.

In these hedge relationships, the main source of ineffectiveness is a difference in the timing or change to the forecasted amount of the cash flows of the hedged items and the hedging instruments.

Changes in the fair value of derivatives which do not qualify for hedge accounting are recognised in the income statement as they arise.

All of the Group's derivatives are designated as cash flow hedges.

(c) Hedge accounting - cash flow hedges

The Group uses forward currency contracts, which are designated and qualify as cash flow hedges, to hedge its exposure to foreign currency risk in forecast transactions and firm commitments. The Group designates the change in fair value relating to both the spot and forward components as the hedging instrument. The effective portion of changes in fair value is recognised in other comprehensive income through the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement, in the same location as the changes in the cash flows of the hedged asset or liability that are attributable to the hedged risk. Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss.

When a cash flow hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the hedging reserve in equity is immediately reclassified to the income statement within fair value movements on financial instruments for the period.

(d) Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts. The unrealised gains and losses on embedded derivatives are taken directly to the income statement.

(e) Non-derivative financial instruments

All loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing. All deposits are initially recognised at cost.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Interest costs are expensed in the income statement so as to achieve a constant finance cost as a proportion of the related outstanding borrowings.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Under a factoring arrangement, the Group transferred certain receivables to the factoring party in exchange for cash equal to 90% of the receivable. The Group derecognised 90% of the receivable at the point it was factored as the credit risk and late payment risk were considered to have transferred to the factoring party. The credit risk and late payment risk of the remaining 10% of the receivable remained with the Group. This arrangement ceased during the period.

A loss allowance provision of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's net carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost. Trade payables include invoices for certain suppliers settled by the operating facilities provided by the Group's core operating bank. This includes products such as letters of credit, supplier invoice financing and other trade facilities which provide suppliers the ability to advance payment against invoices submitted. Supplier invoice

financing agreements are bilateral, between the bank and the supplier with the finance cost settled by the supplier.

2.12 Inventories

Inventories are valued at the lower of cost and net realisable value, using the weighted average cost basis.

Costs include the direct costs (measured at actual cost) incurred in bringing inventories to their current location and condition, plus an attributable proportion of distribution overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less further costs to be incurred to disposal.

Inventories include spare parts for machinery used in the Lymedale distribution centre.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and credit card receivables. Deposits held at call with banks and financial institutions and other short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value are also included. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Restricted cash comprises cash held by the Employee Benefit Trusts (EBTs) which can only be utilised for the benefit of the employees.

2.14 Taxation

The income tax expense or credit for the period is the tax payable or receivable on the current period's taxable income or loss based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws and rates related to the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

The Group establishes current tax assets and liabilities and provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or a non-business combination asset or liability;
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Finance Bill 2020 holds the main rate of corporation tax rate at 19% for the financial years 2020 and 2021, reverting the prospective reduction to 17% from 1 April 2020 which had previously been introduced in Finance Act 2016. Under the 'Provisional Collection of Taxes Act 1968' mechanism this measure was substantively enacted on 17 March 2020 and the effect is included in these financial statements. Deferred tax assets and liabilities are offset against each other when there is a legally enforceable right to offset current tax assets against current tax liabilities, when the deferred income taxes relate to income taxes levied by the same tax jurisdiction and when the Group intends to settle its current tax assets and liabilities on a net basis.

2. Summary of significant accounting policies (continued)**2.14 Taxation (continued)**

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.15 Employee benefit costs**(a) Pension obligations**

The Group accounts for pensions and other post-retirement benefits under IAS 19.

The Group contributes to defined contribution pension schemes for employees in the UK and ROI. The Group has no further payment obligations once contributions have been paid. Payments to defined contribution plans are recognised as an expense when the contributions fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

2.16 Share based payments

The Management Incentive Plan ("MIP") is accounted for as equity settled.

The cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an IFRS 2 compliant pricing model.

The Group revises its estimates of the number of options or shares that are expected to vest. The impact of the revision, if any, is recognised in the income statement with a corresponding adjustment to liabilities or reserves.

A provision is recognised for 'Good Leavers' based on the number of shares held and with reference to the market value at the measurement date.

2.17 Transactions with the EBTs

The EBT reserve represents a capital contribution of cash gifted from the old Group to the newly created EBT controlled by the Company, following the acquisition of New Look Limited and its subsidiaries in May 2019. The EBT reserve is shown within equity.

2.18 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties.

2.19 Leases

The Group leases various retail properties, equipment, vehicles and an office. Leases are recognised as a right-of-use asset and a corresponding

liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivables;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is the case for all leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term. The respective leased assets are included in the balance sheet based on their nature.

Payments associated with short-term leases, low-value leases and turnover rents are recognised on a straight-line basis as an operating expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and low-value leases are leases on assets with a value of less than \$5,000.

2.20 Share capital

Ordinary share capital is classified as equity. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

2.21 Segment reporting

Operating segments, by brand and geography, are determined in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

2.22 Adjusted EBITDA

In addition to the information required by IFRS and to assist with the understanding of earnings trends, the Group has included within its financial statements a non-IFRS measure referred to as adjusted EBITDA. Management consider that adjusted EBITDA reflects the trading performance of the Group's retail operations as it focuses on the ongoing trading activity of the Group by excluding one-off items, the impact of financing and capital expenditure and other specific non-trade related accounting adjustments. Adjusted EBITDA is operating profit/(loss) before exceptional items, share based payment charge or credit, the movements in fair value of financial instruments, the impairment charge or write back of tangible, intangible assets and right-of-use assets, depreciation and amortisation. Adjusted EBITDA is reconciled to operating profit on page 51.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends are only declared when the Directors are satisfied that the Company has sufficient distributable reserves to do so.

2.24 Government grants

A Government grant is not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to it, and that the grant 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. A Government grant that becomes 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 of the period in which it becomes receivable. Government grants are netted against the related expense.

3. Treasury and financial risk management

The Group's activities expose it to a variety of financial risks: liquidity risk, market risk (including foreign exchange rate risk and interest rate risk), credit risk and capital risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group operates a centralised treasury function which is responsible for managing the liquidity, foreign exchange, interest rate, credit and capital risks associated with the Group's activities. As part of its strategy for the management of those risks, the Group uses derivative financial instruments. In accordance with the Group's treasury policy, derivative instruments are not entered into for speculative purposes, see note 2.11.

The Group's principal financial instruments, other than derivatives, are cash and short term deposits, bank overdrafts, supplier trade facilities (including letters of credit, avalised bills and supplier invoice financing), revolving credit facility (RCF) and borrowings. The main purpose of these financial instruments is to fund the Group's operations, including servicing its borrowings. In addition, the Group has various other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations.

Liquidity risk

Liquidity risk is the risk that the Group cannot settle its liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market

positions in order to meet operational needs. Group treasury maintains availability under committed credit lines, where possible.

Management monitors rolling forecasts of the Group's liquidity position which at 28 March 2020 comprise £10.0 million available under the £64.9 million committed operating (liquidity, trade and import) facilities, a fully drawn overdraft of £15.1 million, a fully drawn RCF of £100.0 million and cash and short term deposits, see note 20.

Foreign exchange rate risk

Foreign exchange rate risk is the risk that the fair value of a financial commitment, recognised financial assets or financial liabilities will fluctuate due to changes in foreign currency exchange rates.

The Group operates internationally and is exposed to foreign exchange rate risk arising from various currency exposures, primarily with respect to the Euro and US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign subsidiaries.

The Group's principal foreign exchange rate exposures are as follows:

- Purchase of overseas sourced products. Group policy is to hedge a proportion of these exposures for up to 15 months ahead in order to limit the volatility in the ultimate Sterling cost. This hedging activity could involve the use of spot, forward and option contracts.
- Foreign currency denominated borrowings. The Group has fixed rate senior secured PIK notes denominated in Euros. All other Group borrowings are in Sterling.
- Foreign currency cash balances. During the period ended 28 March 2020, the Group had cash balances denominated in Euros, US dollars, Singapore dollars, Polish Zloty and Chinese Renminbi. These balances are revalued into Sterling equivalent balances at the prevailing spot foreign exchange rate at each reporting date.

To the extent that the translation of overseas assets is not offset by the effect of translating overseas liabilities, the effects are not currently hedged and are recognised within consolidated reserves.

During the period ended 28 March 2020, if Sterling had weakened by 5.0% against the Euro with all other variables held constant, post-tax loss for the period would have been £1.5 million higher, mainly as a result of the translation of the Euro denominated notes offset by the translation of Euro cash balances held. Post-tax increase in shareholder's deficit would have been £1.3 million higher due to the consolidation of net assets and liabilities of foreign subsidiaries with their functional currency as Euro.

During the period ended 28 March 2020, if Sterling had weakened by 5.0% against the US dollar with all other variables held constant, post-tax loss for the period would have been £5.7 million lower, mainly as a result of the movement in fair value of ineffective forward currency contracts. Post-tax increase in shareholder's deficit would have been £0.5 million lower as a result of the movement in fair value of effective forward currency contracts.

Interest rate risk

The Group's principal interest rate risk arises from floating rate borrowings. RCF borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group earns interest income on surplus liquidity at variable rates where the yield tracks in line with benchmark rates set by the Bank of England. This exposure is not deemed significant. Interest rate risks are presented by way of sensitivity analyses in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expense and other income components.

The interest rate sensitivity analyses are based on the following consideration:

- Currency derivatives are not exposed to interest rate risks and are therefore not included in the interest rate sensitivity calculations.

3. Treasury and financial risk management (continued)**Interest rate risk (continued)**

During the period ended 28 March 2020, if interest rates on cash and cash equivalent deposit balances had been 100 basis points higher with all other variables held constant, post-tax loss for the period would have been £0.6 million lower, mainly as a result of a higher interest income on floating rate deposits.

During the period ended 28 March 2020, if interest rates on floating rate borrowings had been 100 basis points higher with all other variables held constant, post-tax loss for the period would have been £0.7 million higher due to the higher interest payable on the fully drawn RCF.

Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. Credit risk is managed on a Group basis. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board.

The utilisation of credit limits is regularly monitored. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

The credit ratings of banks with which the Group has investments of cash surpluses, borrowings or derivative financial instruments are reviewed regularly by management. Each bank is assessed individually with reference to the credit it holds and deposit limits are set, which are approved by the Board and reconsidered if the Fitch, Moody or S&P credit rating falls below an 'A' rating. As at 28 March 2020, an aggregate of £2.4 million derivative financial instruments were in the money and placed with counter parties independently reviewed and within set approved limits and £0.6 million derivative financial instruments were out of the money and placed with an A rated counterparty.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Expected credit loss allowances are based on an individual assessment of each receivable, which is informed by past experience, and are recognised at amounts equal to the losses expected to result from all possible default events over the life of each receivable. The Group also considers the days past due, current and forward looking information to establish the loss allowance on each receivable. The closing loss allowances for trade receivables are disclosed within note 18.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a customer failing to engage in a repayment plan with the Group. Impairment losses on trade receivables are presented as net impairment losses within operating loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Capital risk management

The Group's principal objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for stakeholders. Capital under management by the Group includes the committed RCF, borrowings in the capital markets (senior secured PIK notes) along with its available cash and committed operating facilities. The Group aims to invest its available capital in accordance with approved limits on security, liquidity and counterparty risk in order to minimise idle balances and provides visibility and control of cash and investments. The Group must ensure sufficient capital resources are available for working capital requirements and meeting principal and interest payment obligations as they fall due, see further detail in note 2.1.1.

As at 28 March 2020, net debt, excluding lease liabilities, was £443.0 million, see note 26.

4. Critical accounting estimates, judgements and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates, judgements and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Group has considered the impact of Covid-19 on all the estimates, judgements and assumptions given the significant effect of the pandemic on the retail environment and macro economy. The ongoing uncertainties surrounding Covid-19 presents a higher risk to the inherent view that the accounting estimates made concerning the future will not equal the related actual results. The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

Significant estimates and assumptions**(a) Estimated impairment of assets with finite lives**

The Group tests whether tangible, intangible and right-of-use assets have suffered any impairment in accordance with the accounting policy in note 2.10. The recoverable amounts of cash-generating units have been determined based on the higher of value in use or fair value less costs to sell. These calculations require the use of significant estimates relating to forecast cash flows, growth rates beyond the Board approved three year plan and pre-tax discount rates as detailed in notes 14 and 15. The impact of Covid-19 has resulted in additional uncertainty regarding future cash flows which have been considered as part of the significant estimates involved in calculating the value in use of assets with finite lives.

(b) Inventory provisions

The Group estimates a slow moving inventory provision based on prior stock performance and current market conditions. The estimates regarding the net realisable value of stock are considered to be significant. An exceptional provision has been recognised during the financial period as a result of Covid-19 since the net realisable value of stock is expected to reduce to levels materially below normal trading circumstances.

(c) Estimated impairment of assets with indefinite lives

The Group tests whether goodwill has suffered any impairment in accordance with the accounting policy in note 2.10. The recoverable amounts of cash-generating units have been determined based on the higher of value in use or fair value less costs to sell. These calculations require the use of significant estimates relating to forecast cash flows, growth rates beyond the Board approved three year plan and pre-tax discount rates as detailed in note 15. The impact of Covid-19 has resulted in additional uncertainty regarding future cash flows which have been considered as part of the significant estimates involved in calculating the value in use of assets with indefinite lives.

Significant judgements**(d) Exceptional items**

The Group applies judgement in identifying the significant, non-recurring items of income and expense that are recognised as exceptional to help provide an indication of the Group's underlying business performance. See notes 2.6 and 10 for a description of exceptional items and the Group's assessment for identifying each item as exceptional.

(e) Incremental borrowing rate

The Group applies judgement in determining the incremental borrowing rate used to calculate the lease liability since the interest rate implicit in each lease cannot be readily determined. The incremental borrowing rate is calculated using the risk free borrowing rate of the domestic currency of the country in which the lease is located, over a similar lease term plus an appropriate credit margin. The credit margin is based on the balance sheet position of each entity within the Group and the interest rate applicable on the external debt. The incremental borrowing rate is set at the time of inception of the lease and updated quarterly for new leases in the following period.

(f) Post 2018 CVA rent

The Group applies judgement in determining the expected rent on stores that as at year end were still on 2018 CVA terms for calculation of right-of-use assets and lease liabilities. The Group have assumed that rent will remain at the 2018 CVA level at the end of the 2018 CVA.

(g) Lease term

The Group applies judgement in determining the reasonably certain end date of leases that contain break and/or extension options. The Group have assessed on a store by store level the expected lease end date based on current store performance and management intentions for maintaining or closing stores. The Group is potentially exposed to future cash flows not reflected in the measurement of the lease liabilities should management choose not to break or to extend the lease term which differs to the current judgments applied.

(h) Expected useful life of the brand

The Group applies judgement in determining the expected useful life of the brand. Management have determined the brand to have a 25 year life which represents management's best estimate of the period over which the brand will be utilised based on a prudent view following the previous 50 years of trading under the 'New Look' name and in light of the ongoing challenges in the retail sector.

(i) Going concern

The Directors apply judgement to assess whether it is appropriate for the Group to be reported as a going concern, by considering the business activities and the Group's principal risks and uncertainties. Details of the considerations made by the Directors as part of the assessment of going concern is included within the Directors Report (see page 34) and within the basis of preparation (see note 2.1.1).

(j) Recognition of deferred tax assets

The Group is subject to income taxes in numerous jurisdictions. At each financial period end, judgement is required in determining the Group provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain.

Corporate interest restriction rules mean that UK tax paying companies within the Group have suffered a disallowance of at least part of their tax-interest expense. This disallowed amount may be carried forward and deducted in a subsequent accounting period, this amount can be carried forward indefinitely as long as the company continues to trade.

Tax provisions are recognised for uncertain tax positions where the amount of tax payable on open tax positions remains to be agreed with relevant tax authorities. The Group provides for uncertain tax positions based on the best estimate of the most likely outcome in respect of the relevant issue. Where the final tax outcome on uncertain tax positions is different from the amounts that were initially recorded, the difference will impact the Group's current and deferred tax assets and liabilities in the period in which such determination is made, as presented in note 11.

Deferred tax assets and liabilities require judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised, taking into account the expected timing and level of future taxable profits of the Group. Deferred tax assets can be recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised in the Group. A deferred tax asset can be recognised up to the amount of a deferred tax liability of the type and availability that can be offset. If insufficient deferred tax liabilities exist then forecast future taxable profits must be assessed. The nature and extent of evidence which supports the conclusion that it is probable that future taxable profit will be available must be assessed thoroughly. All evidence should be considered when assessing if it is probable that future taxable profits will be available, both negative and positive. Sufficient positive evidence should outweigh existing negative evidence and the probability must pass the "more likely than not" threshold (i.e. > 50%).

5. Segment information

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

The Board considers the business from a New Look brand perspective based on the strategic focus of the Group. Management considers the performance of UK and ROI retail (including Singapore which supports the UK and ROI business), E-commerce, 3rd party e-commerce and Franchise.

The results of the French, German and Rest of World websites are included within the e-commerce segment. Whilst it is possible to identify the sales for these sites separately, costs are not allocated to each individual site as they are all reported within the e-commerce segment.

The reportable segments derive their revenue primarily from the sale of retail goods and gross concession sales. The UK and ROI retail segment includes rental income and store card income.

The Board assesses the performance of the operating segments based on revenue grossed up to include the sales of store concessions ('segmental gross transactional value') and on a measure of adjusted EBITDA, see definitions in note 2.22. Interest income and expenditure are not allocated to segments, as this type of activity is managed by the central treasury function, which manages the cash position of the Group. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

5. Segment information (continued)

The segment information provided to the Board is as follows:

	For the financial period
	27 March 2019 - 28 March 2020
	£m
External revenue	
– UK and ROI Retail	722.4
– E-commerce ⁽¹⁾	142.1
– 3rd party e-commerce	63.9
– Franchise	1.9
Segmental gross value	930.3
Adjustment to state concession income on a net basis for statutory reporting purposes	(17.5)
Total external revenue	912.8

(1) E-commerce sales include £9.4 million for the French, German and Rest of the World websites made in Euros.

The revenue from external parties reported to the Board is measured in a manner consistent with that in the income statement except for the gross up of store concessions sales.

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Adjusted EBITDA	
– UK and ROI Retail	103.3
– E-commerce	18.6
– 3rd party e-commerce	10.0
– Franchise	0.3
Total adjusted EBITDA	132.2

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Capital expenditure	
– UK and ROI Retail	15.3
– E-commerce	7.8
– 3rd party e-commerce	0.2
– Franchise	-
Total capital expenditure	23.3

Additions to right-of-use assets of £32.1 million are also allocated to UK and ROI retail.

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Depreciation and amortisation	
– UK and ROI Retail	102.4
– E-commerce	10.5
– 3rd party e-commerce	1.5
– Franchise	0.1
Total depreciation and amortisation	114.5

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Impairment	
– UK and ROI Retail	312.3
– E-commerce	43.6
– 3rd party e-commerce	-
– Franchise	0.3
Total impairment	356.2

Analysis of the Group's external revenues (by customer location) and non-current assets (excluding investments, deferred tax assets and other financial assets) by geographical location are detailed below:

	For the financial period
	27 March 2019 - 28 March 2020
	£m
External revenue	
United Kingdom	824.7
Republic of Ireland	48.2
France	2.5
Germany	31.1
Rest of Europe	3.0
Middle East	1.2
Rest of World	2.1
Total external revenue	912.8

	As at
	28 March 2020
	£m
Non-current assets	
United Kingdom	383.2
Republic of Ireland	43.5
Total non-current assets	426.7

6. Revenue

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Sale of goods	898.7
Rental income	0.4
Store card income	0.1
Concession income (net)	13.6
Total external revenue	912.8

Included within rental income is contingent rent of £0.2 million.

7. Operating loss

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Operating loss is stated after charging/(crediting):	
Cost of inventories recognised as an expense through cost of sales	416.9
Write down of inventories to net realisable value through cost of sales	13.3
Distribution centre costs	24.6
Staff costs	147.9
Temporary and contract staff costs	6.4
Marketing costs	19.8
Auditors' remuneration:	
Fees payable to the company's auditors for the audit of the Group and parent company	0.6
Fees payable to the company's auditors and its associates for other services:	
– The audit of the company's subsidiaries pursuant to legislation	0.3
– Tax compliance services	0.1
– Tax advisory services	0.1
– All other services	0.1
Rent on short term leases	7.2
Estate costs (excluding rent)	94.3
Gain on disposal of intangible assets and property, plant and equipment	(1.0)
Net foreign exchange differences	(0.6)
Depreciation of property, plant and equipment	19.6
Impairment loss of property, plant and equipment	27.2
Amortisation of intangible assets	26.6
Impairment loss of intangible assets	200.8
Depreciation of right-of-use assets	68.3
Impairment loss of right-of-use assets	128.2
Fair value movement of financial instruments	(4.9)

Included in auditors' remuneration are out of pocket expenses paid to Group auditors.

8a. Staff costs

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Wages and salaries	135.7
Social security costs	9.3
Other pension costs (note 32)	2.9
	147.9

In addition to the above, costs relating to temporary and contract staff total £6.4 million.

The average monthly number of employees of the Group (including Directors) during the period was:

	For the financial period
	27 March 2019 - 28 March 2020
	Number
Administration and distribution	2,268
Retailing	10,584
	12,852

Compensation for key management personnel

The compensation for key management personnel, including the Executive Directors, was as follows:

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Short term employee benefits	2.3
Termination benefits	0.1
Share based payment charge	-
	2.4

Key management are considered to be the Executive Directors plus five operational directors and the Company Secretary.

As at 28 March 2020 there were no amounts in respect of bonuses due to be paid in the next financial period to key management personnel, including Directors.

Retirement benefits are accruing to two members of key management at the end of the period. Directors' remuneration is detailed in note 8b.

8b. Directors' remuneration**(a) Aggregate emoluments**

The Directors' emoluments table below includes aggregate emoluments of all Executive and Non-Executive Directors of New Look Retail Holdings Limited who provided qualifying services during the financial period ended 28 March 2020.

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Aggregate emoluments in respect of qualifying services	1.3
Compensation for loss of office	-
Group contributions paid in respect of pension schemes	-

Three Directors were granted share options in the period, none exercised options.

No retirement benefits are accruing to any Directors at the end of the period.

During the financial period, nine Directors received emoluments in respect of qualifying services.

(b) Directors' details**Directors**

A McGeorge, N Oddy, R Collyer, R Cotter, P Gilbert, C Henry, A Luger, S MacKenzie and R Terrell were Directors as at 28 March 2020. W Brockway resigned on 3 May 2019 and J Gnodde resigned on 1 March 2020.

In the financial period ended 28 March 2020, each of the following were Executive Directors: A McGeorge, N Oddy and R Collyer. On 1 January 2020, A McGeorge became a Non-Executive Director.

For details of transactions with the Directors, see note 33.

Highest paid Director

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Aggregate emoluments in respect of qualifying services	0.6

9. Finance income and expense

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Finance income	
Interest on bank deposits	0.6
Total finance income	0.6
Finance expense	
Interest on notes, RCF and overdrafts	(49.4)
Interest on lease liabilities	(41.9)
Interest on tax provision	(0.2)
Exchange rate loss on revaluation of Euro notes	(1.5)
Total finance expense	(93.0)

10. Exceptional items

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Exceptional items	
2019 Transaction	2.7
International closure	(1.2)
Group reorganisation and restructure	1.0
Gain on sale of land	(1.0)
Covid-19 inventory provision	3.2
Total exceptional items	4.7

2019 Transaction

Prior to the acquisition of New Look Limited and its subsidiaries, the Old Group announced a planned restructuring transaction aimed at deleveraging and strengthening the balance sheet. During the period ended 28 March 2020, the Group incurred exceptional costs of £2.7 million related to professional advisory fees in respect of finalising the transaction. The restructuring completed on 3 May 2019.

International closure

During the period ended 28 March 2020, the Group recognised an exceptional gain of £1.2 million in relation to the release of provisions acquired on 3 May 2019 for costs that the Group could be liable for as a result of the exit from international markets as a result of actual costs being lower than anticipated.

Group reorganisation and restructure

During the period ended 28 March 2020, the Board and senior management undertook a review of end to end processes within the support functions in light of the international closure and the 2019 Transaction. The Group incurred £1.0 million of consulting fees and redundancy costs in the period as a result of the review. The review was completed in the period.

Gain on sale of land

During the period ended 28 March 2020, the Group recognised a gain on disposal of £1.0 million in relation to the sale of superfluous land at Souter Way, Weymouth.

Covid-19 inventory provision

During the period ended 28 March 2020, the Group incurred £3.2 million of exceptional costs due to the impact of Covid-19. This represents £3.2 million of additional stock provision as a result of selling existing stock at below cost directly due to the impact of the Covid-19 pandemic on the retail market. This exceptional charge is recognised within cost of sales.

11. Taxation

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Current tax:	
UK corporation tax on profits for the period	-
Adjustments in respect of acquisition balances	(0.2)
Total current tax	(0.2)
Deferred tax:	
Origination and reversal of temporary differences	(17.5)
Impact of change in corporation tax rate	1.9
Adjustment in respect of acquisition balances	(0.8)
Total deferred tax	(16.4)
Total income tax credit	(16.6)

11. Taxation (continued)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits and losses of the consolidated subsidiaries as follows:

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Loss before taxation	(430.7)
Tax credit on loss at standard rate of 19%	(81.8)
Reasons affecting charge for the period:	
Depreciation on non-qualifying assets	1.0
Expenses not deductible for tax purposes	0.4
Impairment of goodwill not deductible	15.0
Increase in deferred tax assets not recognised	47.9
Impact of change in corporation tax rate	1.9
Adjustment to current tax charge in respect of acquisition balances	(0.2)
Adjustment to deferred tax credit in respect of acquisition balances	(0.8)
Total income tax credit	(16.6)

The adjustment to current tax charge in respect of acquisition balances is primarily driven by a payment for group relief outside the immediate New Look group. The adjustment to deferred tax charge is driven by adjustments to acquisition balances mainly driven by capital allowance claims.

In the 2020 Budget it was confirmed that the corporation tax rate remains at 19% for the financial year beginning 1st April 2020. This maintains the rate at 19%, rather than reducing it to 17% as previously advised. The rate will also be set at 19% for the financial year beginning 1st April 2021. Closing deferred tax balances have therefore been valued at 19%.

In addition to the amount charged to the consolidated income statement, tax movements recognised directly in other comprehensive income were as follows:

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Deferred tax:	
Foreign exchange movements in translation reserve	-
Tax on cash flow hedges	0.1
Tax charge on items recognised in other comprehensive income	0.1

Deferred income tax

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 taxes relate to the same tax authority and when management believe these will be settled on a net basis. All deferred tax assets and liabilities have been offset.

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Deferred tax asset to be recovered within 12 months	1.6
Deferred tax asset to be recovered after more than 12 months	25.3
	26.9
Deferred tax liability falling due within 12 months	(1.6)
Deferred tax liability falling due after more than 12 months	(25.3)
	(26.9)

The movement in the period is as follows:

	Depreciation in excess of capital allowances	Brand	Other temporary differences	Losses	Total
	£m	£m	£m	£m	£m
At 27 March 2019	-	-	-	-	-
Acquisition of New Look Limited	22.5	(40.1)	(7.3)	8.6	(16.3)
(Charged)/credited to income statement	(6.1)	23.1	3.1	(1.8)	18.3
Change in corporation tax rate	2.6	(4.7)	(0.8)	1.0	(1.9)
Recognised in other comprehensive income	-	-	(0.1)	-	(0.1)
At 28 March 2020	19.0	(21.7)	(5.1)	7.8	-

There are deferred tax assets in respect of UK capital losses of £1.7 million, disallowed UK tax interest expense of £6.6 million, UK trading losses of £24.5 million, international trading losses of £0.7 million, international right-of-use assets of £1.2 million and capital allowances of £14.9 million that have not been recognised. There is considered to be increased uncertainty around future forecasting as a result of Covid-19 given the ongoing restrictions and decisions around local and national lockdowns, resulting in uncertainty as to whether there will be sufficient taxable profits in the future against which the assets could be utilised.

The variance in the accounts base in relation to right-of-use assets between the Group and subsidiaries is the main item included in other temporary differences.

No liability has been recognised in respect of temporary differences associated with investments in subsidiaries and branches, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with these investments, for which a deferred tax liability has not been recognised, is £0.3 million.

12. Dividends

No dividends have been paid or proposed during the period ended 28 March 2020.

Up to the date of signing the financial statements, the Directors did not propose a dividend in respect of the financial period ended 28 March 2020.

13. Business combinations

The Company was incorporated on 27 March 2019. On the same date, New Look Investment Limited was incorporated as a wholly owned subsidiary of the Company, New Look Bonds Limited was incorporated as a wholly owned subsidiary of New Look Investment Limited and New Look Financing plc was incorporated on 28 March 2019 as a wholly owned subsidiary of New Look Bonds Limited. On 3 May 2019, New Look Bonds Limited acquired New Look Limited and its subsidiaries from Top Gun Realisations Limited (formerly New Look Finance Limited) and from that date were included in the consolidated New Look Retail Holdings Limited Group. New Look Bonds Limited acquired 100% of the share capital of New Look Limited. New Look Limited and its subsidiaries comprise the trading New Look group, an omnichannel retailer operating in the value segment of the clothing, footwear and accessories market in the UK and ROI. The purchase formed part of the wider 2019 Transaction, comprising a debt for equity swap and new capital injection.

Purchase consideration

	£m
Share consideration	-
Re-instated Senior Secured Notes ("SSNs")	249.4
Proceeds from New Money Bonds	114.7
Total purchase consideration	364.1

The fair value assets and liabilities of New Look Limited and its subsidiaries as at the date of acquisition, 3 May 2019, were as follows:

	As at 3 May 2019 £m
Property, plant and equipment	63.4
Intangible assets – software licences	55.3
Intangible assets - brand	237.7
Right-of-use assets	409.8
Non-current receivables and prepayments	0.1
Inventories	136.7
Trade receivables	15.8
Prepayments	22.5
Other receivables	9.7
Cash and cash equivalents	70.8
Trade and other payables	(190.4)
Lease liabilities	(406.5)
Borrowings	(115.0)
Derivative financial instruments	(5.1)
Provisions	(7.6)
Deferred income tax liabilities	(16.3)
Net identifiable assets of the Group at acquisition	280.9
 Add: Goodwill	 83.2
Net assets acquired	364.1

Cash flows used in investing activities for acquisition of subsidiary as presented in the statement of cash flows:

	£m
Cash and cash equivalents of New Look Limited and its subsidiaries	70.8
Less: proceeds from New Money Bonds	(114.7)
Acquisition of subsidiary	(43.9)

The gross value of prepayments were £0.3 million lower than the fair value at acquisition. Included within trade receivables is loss allowance provision of £394.4 million.

No contingent liabilities were acquired, see note 35 for details.

The goodwill is attributable to the workforce and contribution of sales, marketing, distribution and retail functions to future cash flows. It will not be deductible for tax purposes.

The Group incurred acquisition costs of £0.2 million shown within administrative expenses.

Revenue and profit contribution

New Look Limited and its subsidiaries contributed revenues of £912.8 million and net loss after tax of £143.3 million to the Group for the period from 3 May 2019 to 28 March 2020.

If the acquisition had occurred on 27 March 2019, the consolidated revenue and net loss after tax for the 52 weeks ended 28 March 2020 contributed by New Look Limited and its subsidiaries would have been £1,011.4 million and £149.2 million respectively. Excluding the costs of the acquisition of £0.8 million, net loss after tax would have been £148.4 million. These amounts have been calculated using the results of New Look Limited and its subsidiaries. There were no differences in accounting policies requiring adjustment.

14. Property, plant and equipment

	Freehold land and buildings	Fixtures and equipment	Total
	£m	£m	£m
Cost			
At 27 March 2019	-	-	-
Acquisition of New Look Limited and its subsidiaries	8.0	55.4	63.4
Additions	-	13.0	13.0
Disposals	(0.7)	(1.0)	(1.7)
At 28 March 2020	7.3	67.4	74.7
Accumulated depreciation			
At 27 March 2019	-	-	-
Depreciation charge	(0.4)	(19.2)	(19.6)
Impairment charge	(5.3)	(21.9)	(27.2)
Disposals	0.2	1.0	1.2
At 28 March 2020	(5.5)	(40.1)	(45.6)
Net Book Value			
At 28 March 2020	1.8	27.3	29.1
At 27 March 2019	-	-	-

Freehold land of £0.1 million is not depreciated.

Depreciation of £3.4 million is shown within cost of sales and £16.2 million is shown within administrative expenses in the income statement.

Included within fixtures and equipment are assets in the course of construction of £2.7 million, which are not depreciated.

At 28 March 2020, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £1.7 million, inclusive of the cost of bringing newly committed properties to a usable condition.

Property, plant and equipment with a carrying amount of £26.1 million are pledged as security for the RCF, see note 27.

The impact of Covid-19 on expected future cash flows and the trading performance for the period ended 28 March 2020 represents the main event triggering impairment assessments.

Impairment assessment of assets held at store level

The lowest CGUs within the Group are individual stores. For the purpose of impairment assessment, the value in use of the relevant CGUs has been calculated using the cash flow performance from the current period adjusted for the next three years based on the Board approved three year plan. The third year projected cashflows have then been extrapolated over the remaining term of each store lease using a growth rate of 1.5% per annum. This growth rate is based on published estimates of the long-term growth in Gross Domestic Product in the respective CGUs and inflation.

The Board approved three year plan includes a number of assumptions regarding the expected trading decline in FY21 as a result of Covid-19 and the subsequent trading recoveries in FY22 and FY23. These assumptions include estimated gross profit projections and CGU specific costs. All assumptions for stores have been made on a market segment split (brand flag, retail park, city, large town, small town, local) since the plans are built from sales forecasts at this level. Management have used significant estimates in respect of future forecasting which has inherent limitations. There is considered to be increased uncertainty around future forecasting as a result of Covid-19 given the ongoing restrictions and decisions around local and national lockdowns.

Management have also made assumptions around the remaining lease terms for stores where the contractual lease has expired but the Group remains in occupation, these are based on historic experience and management's intentions for the lease term under the 2020 CVA.

The resulting cash flows are discounted using a pre-tax discount rate of 17.72% for UK and 15.89% for ROI and compared with the carrying value of property, plant and equipment, intangibles and right-of-use assets allocated to stores.

A total impairment charge of £112.4 million has been recognised across property, plant and equipment, intangible assets and right-of-use assets where the impairment assessment was completed at store level. This includes a £9.6 million impairment charge incurred on fixtures and equipment which represents fixtures and fittings within stores such as tills, mannequins and clothing fitments. The impairment charge is recognised within administrative expenses in the income statement.

14. Property, plant and equipment (continued)

The following sensitivities have been applied to the calculation of impairments on assets assessed at store level:

- If the applicable budget growth rate for the period following the Board approved three year plan was nil;
- If gross profit for the next three years was 5.0% lower compared to management's estimates;
- If gross profit for the next three years was 5.0% higher compared to management's estimates; and
- If the applicable pre-tax discount rate was 1.0% higher compared to management's estimates.

These sensitivities have the following impact to the impairments of assets assessed at store level:

	Current impairment	Increase/(decrease) in impairment £m			
		Nil growth rate	5% lower gross profit	5% higher gross profit	1.0% higher discount rate
Fixtures and equipment	9.6	0.2	2.1	(1.7)	0.3
Software licences	-	-	-	-	-
Right-of-use assets	102.8	2.2	22.8	(16.8)	3.8
Total	112.4	2.4	24.9	(18.5)	4.1

Impairment assessment of corporate assets

A £5.3 million impairment charge has been incurred within administrative expenses in the income statement on freehold land and buildings. Freehold land and buildings represent the owned land and office building of the Weymouth support centre. The value in use of the land and buildings has been based on a 3rd party valuation.

An additional impairment charge of £44.5 million was recognised within administrative expenses in the income statement on property, plant and equipment, intangible assets and right-of-use assets that are considered to be corporate assets allocated to the UK and ROI retail segment. See note 15 for details. The additional impairment also includes a £12.3 million impairment charge incurred on fixtures and equipment, predominantly related to assets held in the support centres and distribution centre. This additional impairment has been recognised as part of the impairment assessment of UK and ROI retail goodwill and brand.

The sensitivities above have the following impact to the impairments of corporate assets allocated to the UK and ROI retail segment:

	Current impairment	Increase/(decrease) in impairment £m			
		Nil growth rate	5% lower gross profit	5% higher gross profit	1.0% higher discount rate
Fixtures and equipment	12.3	0.4	2.5	(3.5)	0.6
Software licences	6.8	0.2	1.4	(1.9)	0.4
Right-of-use assets	25.4	0.7	5.1	(7.2)	1.3
Total	44.5	1.3	9.0	(12.6)	2.3

15. Intangible assets

	Goodwill	Brands	Software licences	Total
	£m	£m	£m	£m
Cost				
At 27 March 2019	-	-	-	-
Acquisition of New Look Limited and its subsidiaries	83.2	237.7	55.3	376.2
Additions	-	-	10.3	10.3
Disposals	-	-	-	-
At 28 March 2020	83.2	237.7	65.6	386.5
Accumulated amortisation and impairment				
At 27 March 2019	-	-	-	-
Amortisation charge	-	(8.6)	(18.0)	(26.6)
Impairment charge	(79.1)	(114.9)	(6.8)	(200.8)
Disposals	-	-	-	-
At 28 March 2020	(79.1)	(123.5)	(24.8)	(227.4)
Net book value				
At 28 March 2020	4.1	114.2	40.8	159.1
At 27 March 2019	-	-	-	-

Amortisation of £0.4 million is shown within cost of sales and £26.2 million is shown within administrative expenses in the income statement.

Included within software licences are material intangible assets primarily related to launching the Group's Hybris online platform for UK and international websites and the Group's retail stock management programme with a combined carrying amount of £27.1 million. The average remaining life of these assets is 25 months.

As at 28 March 2020, the Group had entered into contractual commitments for the acquisition of software amounting to £0.9 million.

Intangible assets with a carrying amount of £40.7 million are pledged as security for the RCF, see note 27.

The impact of Covid-19 on expected future cash flows and the trading performance for the period ended 28 March 2020 represents the main event triggering impairments.

Impairment assessment of assets held at store level

The lowest CGUs within the Group are individual stores. Software licences have been allocated between these CGUs for the purpose of impairment review. Goodwill arising from business combinations and brands, are all allocated to the operating segments – UK and ROI retail, E-commerce, 3rd party e-commerce and Franchise.

For the purpose of impairment assessment of software licences, the value in use of the relevant CGUs has been calculated using the cash flow performance from the current period as detailed within note 14. No impairment charge was incurred on software licences where the impairment assessment was completed at store level. For sensitivities to these impairments, see note 14.

Impairment assessment of UK and ROI retail goodwill, brand and corporate assets

Given the significant impact of Covid-19 on the bricks and mortar retail market and the short term nature of managements' three year plan, for the purpose of impairment assessment of the UK and ROI retail goodwill and brand, the value in use calculation has been calculated as detailed in note 14, using individual stores as the lowest CGUs.

The total value in use of all store CGUs has been compared against the remaining value of the store assets after impairment to establish a remaining value in use to be allocated to goodwill, brand and corporate assets allocated to the UK and ROI retail segment. Impairment is first allocated to goodwill with excess impairment allocated across brand and corporate assets on a pro rata basis. An impairment charge of £6.8 million was recognised within administrative expenses in the income statement on intangible assets that are considered to be corporate assets allocated to the UK and ROI retail segment, predominantly related to assets held in the support centres and distribution centre. See note 14 for sensitivities to the corporate assets impairments.

15. Intangible assets (continued)

	Goodwill £m	Brand £m
UK and ROI retail		
Acquisition of New Look Limited and its subsidiaries	35.5	143.0
Amortisation	-	(5.2)
Impairment	(35.5)	(114.6)
Net book value as at 28 March 2020	-	23.2

The following sensitivities have been applied to the calculation of impairments on UK and ROI goodwill and brand:

- If the applicable budget growth rate for the period following the Board approved three year plan was nil;
- If gross profit for the next three years was 5.0% lower compared to management's estimates;
- If gross profit for the next three years was 5.0% higher compared to management's estimates; and
- If the applicable pre-tax discount rate was 1.0% higher compared to management's estimates.

These sensitivities have the following impact to the impairments of UK and ROI goodwill and brand:

	Current impairment	Increase/(decrease) in impairment £m			
		Nil growth rate	5% lower gross profit	5% higher gross profit	1.0% higher discount rate
Goodwill	35.5	-	-	-	-
Brand	114.6	3.3	23.2	(32.7)	6.0
Total	150.1	3.3	23.2	(32.7)	6.0

Impairment assessment of E-commerce, 3rd party e-commerce and Franchise goodwill and brands

For the purpose of impairment assessment of goodwill and brands of the E-commerce, 3rd party e-commerce and Franchise CGUs, the value in use of each CGU has been calculated using the cash flow performance from the Board approved three year plan. The Board approved three year plan includes a number of assumptions regarding the expected trading decline in FY21 as a result of Covid-19 and the subsequent trading recoveries in FY22 and FY23. These assumptions include estimated gross profit projections and CGU specific costs. There is considered to be increased uncertainty around future forecasting as a result of Covid-19 given the ongoing restrictions and decisions around local and national lockdowns. The cashflows have been extrapolated to perpetuity for goodwill and brands using a growth rate of 1.5% for 3rd party e-commerce and Franchise, and 2.0% for E-commerce. These growth rates are based on published estimates of the long-term growth in Gross Domestic Product in the respective CGUs and inflation along with relevant market data.

The resulting cash flows are discounted using a pre-tax discount rate of 16.12% for E-commerce, 15.73% for 3rd party e-commerce and 15.83% for Franchise.

	Goodwill £m	Brand £m
E-commerce		
Acquisition of New Look Limited and its subsidiaries	47.7	52.0
Amortisation	-	(1.9)
Impairment	(43.6)	-
Net book value as at 28 March 2020	4.1	50.1

	Goodwill £m	Brand £m
3rd party e-commerce		
Acquisition of New Look Limited and its subsidiaries	-	41.0
Amortisation	-	(1.4)
Impairment	-	-
Net book value as at 28 March 2020	-	39.6

	Goodwill	Brand
Franchise	£m	£m
Acquisition of New Look Limited and its subsidiaries	-	1.7
Amortisation	-	(0.1)
Impairment	-	(0.3)
Net book value as at 28 March 2020	-	1.3

Across all segments, a £79.1 million impairment charge was incurred on goodwill and a £114.9 million impairment charge was incurred on brands. The impairment charges are recognised within administrative expenses in the income statement. Covid-19 has negatively impacted on future expected cashflows, resulting in a lower value in use, particularly within UK and ROI retail. This is as a result of store closures as part of the Government enforced national lockdown, between end of March 2020 and end of June 2020, as well as the expected reduced levels in footfall and lower consumer confidence driven by the ongoing uncertainty surrounding Covid-19 including localised lockdowns. Impairment losses on goodwill are not reversed but the Directors will assess brands' values for impairment reversals in the next financial period following the mitigating actions to the balance sheet detailed in note 36.

The following sensitivities have been applied to the calculation of impairments on E-commerce, 3rd party e-commerce and Franchise goodwill and brands:

- If the applicable budget growth rate applied to perpetuity beyond the Board approved three year plan was 1.0% lower compared to management's estimates;
- If gross profit for the next three years was 5.0% lower compared to management's estimates;
- If gross profit for the next three years was 5.0% higher compared to management's estimates; and
- If the applicable pre-tax discount rate was 1.0% higher compared to management's estimates.

These sensitivities have the following impact to the impairments of E-commerce, 3rd party e-commerce and Franchise goodwill and brands:

		Increase/(decrease) in impairment £m			
	Current impairment	Nil growth rate	5% lower gross profit	5% higher gross profit	1.0% higher discount rate
E-commerce					
Goodwill	43.6	4.1	4.1	(43.6)	4.1
Brand	-	2.0	44.4	-	3.5
3rd party e-commerce					
Brand	-	-	-	-	-
Franchise					
Brand	0.3	0.1	0.2	(0.2)	0.1
Total	43.9	6.2	48.7	(43.8)	7.7

16. Leases

The balance sheet shows the following amounts relating to leases.

	As at
	28 March 2020
Right-of-use assets	£m
Buildings	238.1
Equipment	0.1
Vehicles	0.2
	238.4

Additions to right-of-use assets on acquisition of New Look Limited and its subsidiaries	409.8
Additions to right-of-use assets	32.1

Additions to right-of-use assets include new leases and modifications to existing lease agreements.

	As at
	28 March 2020
Lease liabilities	£m
Current	(64.0)
Non-current	(323.8)
	(387.8)

A maturity analysis of the lease liabilities based on the remaining period at the balance sheet date to the contractual maturity date is presented in note 24.

The income statement shows the following amounts relating to leases.

	For the financial period
	27 March 2019 - 28 March 2020
Depreciation on right-of-use assets	£m
Buildings	67.8
Equipment	0.2
Vehicles	0.3
	68.3

Depreciation of £2.6 million is shown within cost of sales and £65.7 million is shown within administrative expenses in the income statement.

A £102.8 million impairment charge was incurred on right-of-use assets where the impairment assessment was completed at store level. The impact of Covid-19 on future expected cash flows and the trading performance for the period ended 28 March 2020 represents the main event triggering impairments. The lowest CGUs within the Group are individual stores. For the purpose of impairment assessment of right-of-use assets, the value in use of the relevant CGUs has been calculated using the cash flow performance from the current period as detailed within note 14. The magnitude of right-of-use assets is expected to significantly reduce following the mitigating actions to the balance sheet, notably the 2020 CVA, as detailed in note 36.

For sensitivities to the impairment charge on right-of-use assets, see note 14.

An additional impairment charge of £25.4 million was recognised within administrative expenses in the income statement on right-of-use assets that are considered to be corporate assets allocated to the UK and ROI retail segment predominantly related to assets held in the support centres and distribution centre. See note 14 for details and sensitivities.

Right-of-use assets with a carrying amount of £147.9 million are pledged as security for the RCF, see note 27.

	For the financial period
	27 March 2019 - 28 March 2020
	£m
Finance costs on leases	41.9
Expense on short term leases	7.2
Expense on variable leases	0.1
Rental income on sub lease of right-of-use assets	(0.2)

Future minimum rentals payable under non-cancellable short-term leases where the Group is the lessee:

	As at
	28 March 2020
	£m
Not later than one year	1.0

17. Inventories

	As at
	28 March 2020
	£m
Raw materials and work in progress	2.2
Finished goods	106.1
Spare parts	1.8
	110.1

Inventories with a value of £3.5 million are carried at net realisable value, this being lower than cost. Cost of inventories recognised as an expense and any write downs of inventories are disclosed in note 7 and note 10.

The judgments involved in calculating the provision for inventories are the estimated utilisation of raw materials and work in progress and the net realisable value of finished goods. The net realisable value achieved on the sale of a provided item may vary to the net realisable value used in calculating the provision. If the net realisable value achieved on the sale of items reduced by 25%, the inventory provision would increase £2.0 million. If the net realisable value achieved on the sale of items increased by 25%, the inventory provision would decrease £1.9 million.

The Group have recognised an exceptional provision of £3.2 million as a direct result of Covid-19 and the impact on future expected selling prices, see note 10. Following the decision to close all stores and the Government enforced lockdown, stores remained closed for substantially all of the Spring/Summer trading season. Since stores contribute over 75% of sales, quantities of stock held at year end were unable to be traded through this channel in the manner previously intended. There is considered to be increased uncertainty around future forecasting as a result of Covid-19 given the ongoing restrictions and decisions around local and national lockdowns, see note 4.

Inventories with a carrying amount of £107.2 million are pledged as security for the RCF, see note 27.

18. Trade and other receivables

	As at 28 March 2020
	£m
Current	
Trade receivables	22.8
Other receivables	6.7
Prepayments	8.4
Accrued income	2.6
	40.5
Non-current	
Other receivables	0.1
	0.1

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	As at 28 March 2020
	£m
Sterling	36.7
Euro	0.3
US dollar	3.5
Renminbi	0.1
	40.6

As at 28 March 2020, trade and other receivables of £20.2 million were fully performing.

As at 28 March 2020, trade and other receivables of £9.4 million were past due but no expected credit loss recognised.

The ageing analysis of these is as follows:

	As at 28 March 2020
	£m
Up to 2 months	5.6
2 to 6 months	1.6
6 to 12 months	0.1
Greater than 12 months	2.1
	9.4

Included within the trade and other receivables balance is a loss allowance provision of £392.4 million. The ageing of these receivables is as follows:

	As at 28 March 2020
	£m
Up to 2 months	-
2 to 6 months	0.3
6 to 12 months	0.3
Greater than 12 months	391.8
	392.4

Movements on the Group loss allowance provision for trade and other receivables are as follows:

	As at 28 March 2020 Lifetime ECL
	£m
On acquisition	394.4
Change in allowance for expected credit losses	(1.0)
Receivables written off during the period	(0.8)
Foreign exchange movement on provision for debts in foreign currencies	(0.2)
	392.4

The acquired loss allowance provision represents £386.6 million of amounts due from New Look Retail Group Limited and its subsidiaries provided for as part of the restructuring transaction following a change in the New Look group structure and £7.8 million of amounts due from third parties provided against at acquisition.

The creation and release of the loss allowance provision for impaired receivables has been included in administrative expenses. Amounts charged to the loss allowance provision are generally written off when there is no expectation of recovering additional cash. Subsequent recoveries of amounts previously written off are credited against administrative expenses.

Impairments were recognised in respect of certain receivables which the Group do not consider to be recoverable based on the credit risk and days past due of these receivables.

The Group's maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

The Group also considered the impact of Covid-19 on the recoverability of outstanding receivable balances at 28 March 2020. The impact of Covid-19 on the loss allowance provision was not material, predominantly due to the fact that the majority of the trade receivables balance at 28 March 2020 was with 3rd party e-commerce partners who have been able to continue to trade online.

Prepayments, accrued income and other receivables do not contain impaired assets.

Trade and other receivables with a carrying amount of £25.8 million are pledged as security for the RCF, see note 27.

19. Derivative financial instrument assets

	As at 28 March 2020
	£m
Current assets	
Foreign currency contracts – cash flow hedges	2.6
	2.6

Foreign currency contracts comprise forward contracts which are used to hedge exchange risk arising from the Group's overseas purchases. The instruments purchased are denominated in US dollars.

The foreign currency contracts are detailed within notes 24 and 25.

20. Cash and cash equivalents

	As at 28 March 2020
	£m
Cash at bank and in hand	18.3
Short-term deposits	67.7
Restricted cash	9.7
	95.7

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods between one day and three months depending on the cash requirements of the Group and earn interest at market short term deposit rates.

Restricted cash comprises £9.7 million held by the EBTs which can only be utilised for the benefit of employees.

Cash and cash equivalents with a carrying amount of £74.4 million are pledged as security for the RCF, see note 27.

21. Trade and other payables

	As at 28 March 2020
	£m
Current	
Trade payables	(81.7)
Other taxation and social security	(5.8)
Other payables	(2.6)
Accruals	(36.1)
Interest accrual	(2.9)
Deferred income – gift cards	(14.1)
Deferred income – other	(0.3)
	(143.5)

All items within trade and other payables are non-interest bearing. Standard terms for trade payables are settlement on either 60 or 75 day terms, unless otherwise specifically agreed. Included in accruals is £10.5 million relating to inventory.

The Group's core operating bank provide £80.0 million aggregate facilities. As at 28 March 2020, £15.1 million was drawn under the bank overdraft and £64.9 million was available as operating facilities to the Group's suppliers. These operating facilities include products such as letters of credit, supplier invoice financing and other trade facilities which provide suppliers the ability to advance payment against invoices submitted and are included within trade payables until payment is made by the Group to the bank. Supplier invoice financing agreements are bilateral, between the bank and the supplier with the finance cost settled by the supplier. As at 28 March 2020, letters of credit of £44.9 million, supplier invoice financing of £9.8 million and £0.2 million of other trade facilities were outstanding under these arrangements.

22. Borrowings

	As at 28 March 2020
	£m
Current	
RCF	(100.0)
Bank overdraft	(15.1)
	(115.1)
Non-current	
Senior secured PIK notes	(423.6)

Further disclosure in respect of borrowings is provided in note 27.

23. Derivative financial instrument liabilities

	As at 28 March 2020
	£m
Current liabilities	
Foreign currency contracts – cash flow hedges	(0.8)
Embedded foreign exchange derivatives at fair value through income statement	(0.6)
	(1.4)

Foreign currency contracts comprise forward contracts which are used to hedge exchange risk arising from the Group's overseas purchases. The instruments purchased are denominated in US dollars.

The foreign currency contracts are detailed within notes 24 and 25.

Embedded foreign exchange derivatives arise within outstanding purchase orders, which are in currencies other than the functional currencies of the contracting parties.

24. Financial instruments

Fair values

The carrying values of each category of the Group's financial assets and liabilities in the balance sheet, excluding short term receivables and payables, are as follows:

	As at 28 March 2020
	£m
<i>Financial assets</i>	
Cash and short term deposits	95.7
Foreign currency contracts – cash flow hedges	2.6
<i>Financial liabilities</i>	
Senior secured PIK notes	(423.6)
RCF	(100.0)
Foreign currency contracts – cash flow hedges	(0.8)
Bank overdraft	(15.1)
Embedded foreign exchange derivatives at fair value through income statement	(0.6)

24. Financial instruments (continued)**Fair values (continued)**

Using market prices, as at 28 March 2020, the fair value of the senior secured PIK notes was approximately £190.1 million lower than the carrying value. The fair value is calculated using market values, hence is categorised as level 1 per the definition in the category section below.

The fair values of derivatives have been calculated by discounting the expected future cash flows at prevailing interest rates and are based on market prices at the balance sheet date, hence is categorised as level 2 per the definition in the category section below.

The Directors consider that the carrying amounts of all other financial instruments is equal to or approximate to their fair value.

The total notional amount of outstanding foreign currency which the Group was committed at the balance sheet date is as follows:

	As at 28 March 2020
	£m
Notional amount of outstanding foreign currency contracts	166.8

The foreign currency contracts have expiry terms of between 1 and 9 months and have been converted from the US dollar notional amounts using the closing US dollar rate of 1.241.

The possible source of hedge ineffectiveness that could affect the hedging relationships during this term is a difference in the timing or change to the forecasted amount of the cash flows of the hedged items and the hedging instruments.

Category

The accounting policies for financial instruments have been applied to the line items below:

	Assets at fair value through income statement	Assets at amortised cost	Derivatives used for hedging	Total
	£m	£m	£m	£m
Assets per balance sheet				
At 28 March 2020				
Derivative financial instruments	-	-	2.6	2.6
Trade and other receivables (excluding prepayments)	-	32.2	-	32.2
Cash and short term deposits	-	95.7	-	95.7
	-	127.9	2.6	130.5

	Liabilities at fair value through income statement	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
	£m	£m	£m	£m
Liabilities per balance sheet				
At 28 March 2020				
Borrowings	-	-	(538.7)	(538.7)
Derivative financial instruments	(0.6)	(0.8)	-	(1.4)
Trade and other payables (excluding deferred income)	-	-	(129.1)	(129.1)
Lease liabilities	-	-	(387.8)	(387.8)
	(0.6)	(0.8)	(1,055.6)	(1,057.0)

The following table presents the Group's assets and liabilities that are measured at fair value at 28 March 2020:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Foreign currency contracts – cash flow hedges	-	2.6	-	2.6
Total assets	-	2.6	-	2.6
Liabilities				
Embedded foreign exchange derivatives at fair value through income statement	-	(0.6)	-	(0.6)
Foreign currency contracts – cash flow hedges	-	(0.8)	-	(0.8)
Total liabilities	-	(1.4)	-	(1.4)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of forward foreign currency contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value. The fair value of currency swaps is calculated as the present value of the future cash flows based on observable yield curves and forward exchange rates at the balance sheet date.

Credit quality

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The Group determines whether the credit risk of trade receivables has increased significantly since initial recognition based on the days past due of the receivable (over 120 days based on experience) and historical information on default.

	As at 28 March 2020 £m
Trade receivables	
Counterparties without external credit rating:	
Group 1	0.3
Group 2	-
Group 3	22.5
Total trade receivables	22.8

Group 1 – new customers (less than 6 months)

Group 2 – existing customers (more than 6 months) with no defaults in the past

Group 3 – existing customers (more than 6 months) with some defaults in the past

Accrued income and other receivables are considered to have low credit risk due to the nature of the receivables and based on historical information about counterparty default rates.

The Group limits its exposure to financial institutions by setting credit limits based on their credit ratings and generally only dealing with counterparties with a Fitch's credit rating of at least 'A'. Group treasury monitors counterparty credit ratings closely, reviewing limits and balances immediately following counterparty downgrades. At 28 March 2020, the Group had £95.5 million of cash and cash equivalents held with institutions rated 'A' or above and £0.2 million held with institutions rated BBB or unrated, with a combined credit limit of £535.0 million.

The Group limits its exposure with its counterparties to derivative financial instruments by generally dealing with counterparties with a Fitch credit rating of 'A-' or above. Where counterparties are private institutions and ratings are not available Group treasury monitors the credit quality through regular review of available financial information. At 28 March 2020, the Group had net derivative financial liabilities of £0.6 million with counterparties rated 'A' or above, £0.2 million held with unrated institutions and derivative financial assets of £2.6 million held with unrated institutions.

24. Financial instruments (continued)**Category (continued)****Maturity**

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<1 year	1-2 years	2-5 years	5+ years
At 28 March 2020	£m	£m	£m	£m
Borrowings	(115.1)	-	(709.0)	-
Trade and other payables (excluding deferred income)	(129.1)	-	-	-
Lease liabilities	(104.1)	(90.8)	(200.7)	(220.1)

As at 28 March 2020, the fully drawn RCF termination date was 25 June 2021, however the initial term of utilisation under the RCF agreement was 6 months with a non-cash rollover to new loans for the full notional value for a one month term thereafter without creating an acceleration or event of default under the RCF agreement. The current terms of utilisation are 6 months with maturities due in May 2020.

The bank overdraft is part of the committed operating facilities provided by the Group's core operational bank with a termination date as at 28 March 2020 of 30 June 2020.

The maturity date of the RCF and committed operating facilities were extended as part of the 2020 Transaction, see note 36.

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	<1 year	1-2 years	2-5 years	5+ years
At 28 March 2020	£m	£m	£m	£m
Forward foreign currency contracts – cash flow hedges				
Outflow	165.0	-	-	-
Inflow	166.5	-	-	-

Embedded foreign exchange derivatives

At 28 March 2020, the Group had embedded foreign exchange derivatives comprising outstanding purchase orders which are in currencies other than the functional currencies of the contracting parties. Exceptions to this are where a non-functional currency is commonly used in the country of a contracting party. The fair values of the embedded derivatives under IFRS 9 are as follows:

	As at 28 March 2020
	£m
Fair value of embedded foreign exchange derivative assets	-
Fair value of embedded foreign exchange derivative liabilities	(0.6)

25. Hedging activities

Foreign currency contracts

The Group uses derivatives in order to manage foreign currency exchange risk arising on expected future purchases of overseas sourced products. These derivatives comprise forward currency contracts, the terms of which have been negotiated to match the terms of the expected purchases.

The fair values of derivatives are as follows:

	As at 28 March 2020
	£m
Fair value of hedging instruments, qualifying for hedge accounting	0.1

Movement in fair values

	Foreign currency contracts £m	Embedded derivatives £m	Total £m
Fair value on acquisition	(5.1)	-	(5.1)
Fair value gain/(loss) through income statement – operating	5.5	(0.6)	4.9
Fair value gain to reserves	0.5	-	0.5
Cash paid on hedge termination	0.9	-	0.9
Fair value at 28 March 2020	1.8	(0.6)	1.2

The income statement includes £5.5 million of gains resulting from ineffectiveness of foreign currency contracts and £0.6 million of losses resulting from the fair value movement of embedded derivatives.

The net fair value gain to reserves on foreign currency contracts comprises a net £2.9 million loss on foreign currency contracts recognised in equity during the period and the recycling out of equity of a £3.4 million loss relating to hedges taken out pre-acquisition which were settled and included in administrative expenses during the financial period.

During the year, £0.9 million of cash was paid in respect of foreign currency contracts, accounted for as cash flow hedges, where the forecast transaction was no longer expected to occur.

The embedded derivatives are referred to within note 24.

The impact of the hedging instruments on the balance sheet is as follows:

	Notional amount £m	Carrying amount £m	Line item in the balance sheet	Changes in fair value used for measuring ineffectiveness in the period £m
At 28 March 2020				
Foreign exchange contracts	68.5	2.6	Assets – derivative financial instruments	2.6
Foreign exchange contracts	98.3	(0.8)	Liabilities – derivative financial instruments	(0.8)

The impact of the hedged items on the balance sheet is as follows:

	Changes in fair value used for measuring ineffectiveness in the period £m	Closing cash flow hedging reserve £m
At 28 March 2020		
Highly probable forecast stock purchases	3.0	0.5

25. Hedging activities (continued)

The effect of the cash flow hedges in the income statement or other comprehensive income is as follows:

	Ineffectiveness recognised in the income statement	Recycled to cost of inventories
At 28 March 2020	£m	£m
Highly probable forecast stock purchases	4.8	3.2

26. Analysis of net debt

	On acquisition	Cash flow	Non-cash changes	28 March 2020
	£m	£m	£m	£m
Cash and cash equivalents	70.8	23.4	1.5	95.7
Senior secured PIK notes	-	(149.6)	(274.0)	(423.6)
RCF	(100.0)	-	-	(100.0)
Bank overdraft	(15.0)	(0.1)	-	(15.1)
Total net debt excluding leases	(44.2)	(126.3)	(272.5)	(443.0)
Lease liabilities	(406.5)	87.5	(68.8)	(387.8)
Total net debt including leases	(450.7)	(38.8)	(341.3)	(830.8)

Included in senior secured PIK notes non-cash changes are £249.4 million re-instated £250 million sterling equivalent GBP and EUR senior secured PIK notes, £11.2 million capitalised PIK interest, £11.9 million accrued PIK interest and £1.5 million of revaluation losses on the Euro senior secured PIK notes. Cash flows of £149.6 million reflect the proceeds from the issuance of £150.0 million sterling equivalent GBP and EUR senior secured PIK notes (New Money Bonds).

Included in lease liability non-cash changes are £41.9 million interest, £2.0 million revaluation loss on Euro leases on consolidation and £24.9 million relating to additional and modified leases.

27. Interest rate risk and liquidity risk

On 3 May 2019, New Look Financing plc (the Issuer) issued 12% senior secured PIK notes, made up of two tranches denominated in Sterling and Euro. Both the Sterling and Euro notes are at a fixed coupon rate of 12%, paid semi-annually in January and July. The fixed coupon rate is both cash and PIK, split 8% and 4% respectively. The Issuer, at its discretion, can elect to toggle all or part of the cash interest to PIK plus a 2% p.a. premium pro-rata for the amount of cash interest toggled. In order to elect to toggle cash interest, the Issuer must provide a PIK election notice to the Notes Trustee no less than 10 business days prior to the interest payment date.

Notional debt on issue:	Rate	Fixed rate	Cash margin	PIK margin	Value	Maturity
		%	%	%		
GBP senior secured PIK notes	Fixed	12.0	8.0	4.0	£363,769,260	3 May 2024
EUR senior secured PIK notes	Fixed	12.0	8.0	4.0	€41,101,209	3 May 2024

The EUR/GBP rate applied on issuance was 0.8815.

Prior to 3 November 2019, the Issuer had the option to redeem in full, using cash proceeds of Indebtedness at 100% of the principal and accrued and unpaid interest up to but not including the redemption date.

The GBP senior secured PIK notes had a first call date of 3 May 2020 and up to this date the notes could have been redeemed at par plus a make-whole premium of the greater of 1.0% of principal and, to the extent positive, the excess of the present value at redemption date plus all required interest payments using a discount rate equal to the applicable Gilt rate plus 50 basis points. After 3 May 2020 and up to 3 May 2021 the redemption price is 106.0% of principal, up to 3 May 2022 at 103.0% and thereafter repayable at par.

The Euro senior secured PIK notes had a first call date of 3 May 2020 and up to this date the notes could have been redeemed at par plus a make-whole premium of the greater of 1.0% of principal and, to the extent positive, the excess of the present value at redemption date plus all the required interest payments using a discount rate equal to the applicable Bund rate plus 50 basis points. After 3 May 2020 and up to 3 May 2021 the redemption price is 106.0% of principal, up to 3 May 2022 at 103.0% and thereafter repayable at par.

The Group's notional debt as at 28 March 2020 is as follows:

	Rate	Fixed rate	Cash margin	PIK margin	Value	Maturity
		%	%	%		
GBP senior secured PIK notes	Fixed	12.0	8.0	4.0	£373,954,800	3 May 2024
EUR senior secured PIK notes	Fixed	12.0	8.0	4.0	€42,252,043	3 May 2024
GBP RCF	Floating	—	3.25	—	£100,000,000	25 June 2021

The following table sets out the carrying amount, by contractual maturity, of the Group's financial instruments that are exposed to interest rate risk:

Floating rate

Period ended 28 March 2020

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	£m	£m	£m	£m	£m	£m	£m
Cash assets	95.7	-	-	-	-	-	95.7
RCF	(100.0)	-	-	-	-	-	(100.0)
Bank overdraft	(15.1)	-	-	-	-	-	(15.1)
	(19.4)	-	-	-	-	-	(19.4)

Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are at fixed rates and therefore not exposed to interest rate risk:

Fixed rate

Period ended 28 March 2020

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	£m	£m	£m	£m	£m	£m	£m
GBP senior secured PIK notes	-	-	-	-	(384.7)	-	(384.7)
EUR senior secured PIK notes	-	-	-	-	(38.9)	-	(38.9)
	-	-	-	-	(423.6)	-	(423.6)

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

The closing balance of the Euro notes were converted at a rate of 1.1183.

Borrowing facilities

As at 28 March 2020, the £100.0 million RCF and £15.1 million overdraft facility had been fully utilised. The Group has no undrawn committed facilities available.

Certain Group subsidiaries are party to a cross guarantee and hence have pledged certain assets as security for the RCF. The pledge consists of floating and fixed charges over the assets of the chargers as executed on 3 May 2019. Assets pledged under the debenture include freehold and leasehold property, all other property, buildings and fixtures, all trading receivables and other receivables, cash, investments, shares and related rights.

All facilities incur commitment fees at market rates and provide funding at floating rates.

The Group's management of interest rate risk, credit and market risk is explained in note 3.

28. Provisions

	Dilapidations provisions	CVA provisions	International exit provisions	Group reorganisation provisions	Total
	£m	£m	£m	£m	£m
At 27 March 2019	-	-	-	-	-
Acquisition of New Look Limited	(0.4)	(1.3)	(4.8)	(1.1)	(7.6)
Arising during the period	(0.1)	(0.4)	(0.3)	(0.4)	(1.2)
Utilised	0.1	0.4	2.0	1.5	4.0
Reversal of unused amounts	0.2	0.2	2.5	-	2.9
Exchange movement	-	-	(0.1)	-	(0.1)
At 28 March 2020	(0.2)	(1.1)	(0.7)	-	(2.0)

	As at
	28 March 2020
	£m
Current	(2.0)
Non-current	-
	(2.0)

Dilapidations provisions

The dilapidations provision of £0.2 million is expected to be utilised over one to 12 months.

CVA provisions

During the period ended 24 March 2018, the Old Group announced the approval of a Company Voluntary Arrangement ("CVA") aimed at right-sizing the number of stores and addressing the over-rented position of the UK store portfolio, identifying 60 UK stores for potential closure, together with a further 6 sites which were sub-let to third parties. At acquisition of New Look Limited, the Group acquired a £1.3 million provision for the exit costs associated with the remaining expected store closures and the compromised lease fund offered to landlords as part of the CVA proposal. As at 28 March 2020, the Group recognised a £1.1 million provision. This is expected to be utilised over one to 12 months.

International exit provisions

During the period ended 30 March 2019, the Old Group announced a review of the International businesses. At acquisition of New Look Limited, the Group acquired a £4.8 million provision for certain exit costs associated with exiting China, Belgium, France and Poland. See note 10 for further details. As at 28 March 2020, the Group recognised a £0.7 million provision. This is expected to be utilised over one to 12 months.

Group reorganisation provisions

During the period ended 30 March 2019, the Old Group Board and senior management undertook a review of end to end processes within the support functions in light of the international review and restructuring transaction. At acquisition of New Look Limited, the Group acquired a £1.1 million provision for exit costs as a result of the review. This was fully utilised during the period.

29. Share based payments**Management Incentive Plan (MIP)**

In December 2019, key personnel in the Group were offered the right to participate in the MIP scheme and purchase the beneficial interest in shares of New Look Retail Holdings Limited.

Employees purchased an interest in both B shares and C shares. On exit, the B shares vest in full and the C shares will vest in full if the exit occurs above a certain threshold.

On leaving, the value of the shares is based on the vesting profile agreed at the time of grant. For two employees, 25% of shares vested on issue, with the remaining 75% vesting straight line over a six year period from 3 May 2019. For one employee, 100% of the shares vest straight line over a six year period from 3 May 2019.

As a good leaver, employees will receive market value for vested shares and the lower of cost and market value for unvested shares, whereas bad leavers receive the lower of cost and market value on both vested and unvested shares. No leaver will obtain benefit from their shares until an exit event occurs.

Details of the MIP scheme shares outstanding during the period are as follows:

B shares

	28 March 2020
	Number of share options
	000s
Outstanding at the beginning of the period	—
Granted in the period	71,017
Forfeited in the period	—
Expired in the period	—
Outstanding at the end of the period	71,017
Exercisable at the end of the period	—
Weighted average remaining contractual life (months)	37 months
Weighted average share price at the date of exercise (pence)	0.00
Weighted average exercise price (pence)	0.00
Market value at period end (pence)	0.00
Highest market value (pence)	0.00
Lowest market value (pence)	0.00

C shares

	28 March 2020
	Number of share options
	000s
Outstanding at the beginning of the period	—
Granted in the period	49,712
Forfeited in the period	—
Expired in the period	—
Outstanding at the end of the period	49,712
Exercisable at the end of the period	—
Weighted average remaining contractual life (months)	37 months
Weighted average share price at the date of exercise (pence)	0.00
Weighted average exercise price (pence)	0.21
Market value at period end (pence)	0.00
Highest market value (pence)	0.00
Lowest market value (pence)	0.00

29. Share based payments (continued)

The weighted average fair value of the shares granted under the MIP scheme was calculated at the date of grant using the Black-Scholes option pricing model. The following table lists the inputs to the model as at the date of grant and used for the period ended 28 March 2020:

	B shares	C shares
Weighted average fair value (pence)	0.00	0.00
Weighted average share price (pence)	0.00	0.00
Exercise price (pence)	0.00	0.21
Expected volatility (%)	21.58 to 54.83	21.58 to 54.83
Expected life of option (years)	3.38	3.38
Dividend yield (%)	0.00	0.00
Risk-free interest rate (%)	0.58	0.58
Leaver rate (%)	0.00	0.00

Expected share price volatility is determined through the assessment of the historical volatility of a comparable group of companies over a period consistent with the expected life of the award. It is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the options is based on the expected date of an exit event.

The resulting equity settled charge of £nil was recognised in the income statement for the period ended 28 March 2020.

Effect on financial statements

The effect of accounting for share based payments, in accordance with IFRS 2, on the Group's loss before taxation for the period was £nil.

30. Share capital

	Share capital £m	Total £m
At 27 March 2019 and 28 March 2020	-	-

The A shares in the Company entitle holders (other than employees) to receive notice, attend, speak and vote at general meetings. The A shares also have a right to receive a dividend.

The B and C shares in the Company do not entitle holders to receive notice, attend, speak or vote at general meetings. The B shares also have a right to receive a dividend. The C shares do not have a right to receive a dividend other than where a dividend is declared in connection with or following an asset sale.

The total number of allotted, called up and fully paid shares are as follows:

	A shares m	B shares m	C shares m	Total m
At 27 March 2019	-	-	-	-
Share issue 3 May 2019	2,698.7	-	-	2,698.7
Share issue 12 December 2019	-	71.0	49.7	120.7
At 28 March 2020	2,698.7	71.0	49.7	2,819.4

All shares have a nil par value.

31. Reconciliation of movements in reserves

	EBTs reserve	Hedging reserve	Translation reserve	Accumulated losses	Total
	£m	£m	£m	£m	£m
At 27 March 2019	-	-	-	-	-
Total comprehensive income/(expense) for the period	-	0.4	0.7	(414.1)	(413.0)
Cash received from EBT	9.8	-	-	-	9.8
At 28 March 2020	9.8	0.4	0.7	(414.1)	(403.2)

EBT reserve

The EBT reserve represents a capital contribution of cash gifted from the old Group to the newly created EBT under the Company, following the acquisition of New Look Limited and its subsidiaries in May 2019.

Hedging reserve

The hedging reserve reflects the changes in fair value of effective hedging instruments on forward exchange contracts which are carried forward to match the maturity of the future cash flows.

Translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

32. Retirement benefit schemes

The Group contributes to defined contribution pension schemes for employees in the UK and ROI. At 28 March 2020, £0.5 million was outstanding in respect of contributions payable to personal pension schemes. The Group pension cost recognised in the income statement was £2.9 million.

33. Related party transactions**Transactions with Directors, key management personnel and private equity investors**

Transactions regarding Directors' and key management personnel share interests are disclosed in note 8.

No other transactions that require disclosure under IAS 24 have occurred during the current financial period.

34. Investments in subsidiaries

All subsidiary companies in which New Look Retail Holdings Limited or its subsidiaries hold 100% of the ordinary shares and voting rights are listed below. These companies, all of which are private companies limited by shares, are consolidated into the financial results of the Group.

Subsidiary	Nature	Registered address
New Look Investment Limited ⁽¹⁾	Holding	47 Esplanade, St Helier, Jersey, JE1 0BD
New Look Bonds Limited	Holding	47 Esplanade, St Helier, Jersey, JE1 0BD
New Look Financing Plc	Financing	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Retailers Limited	Trading	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Geometry Properties Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Top Gun Realisations 95 Limited	Dormant	Hill House, 1 Little New Street, London EC4A 3TR
Top Gun Realisations 96 Limited	Dormant	Hill House, 1 Little New Street, London EC4A 3TR
New Look Retailers (CI) Limited	Trading	1st & 2nd floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW
New Look (Singapore) PTE Limited	Holding	80 Robinson Road, #02-00, Singapore 068898
New Look Retailers (Ireland) Limited	Trading	3 Burlington Road, Dublin 4, Republic of Ireland
New Look Germany GmbH	Dormant	Ulmenstraße 37-39, 60325 Frankfurt am Main, Germany
New Look Commerce (Shanghai) Co., Limited	Dormant	Room 710, No. 150 Zun Yi Road, Office Tower C, The Place, Changning District, Shanghai, China
Top Gun Realisations 70 Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Weymouth Gateway Property Management Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ

⁽¹⁾ New Look Investment Limited shareholding held directly whilst all others held indirectly through wholly owned subsidiaries.

During the financial period ended 28 March 2020, Top Gun Realisations 95 Limited, Top Gun Realisations 96 Limited and New Look Germany GmbH were placed into liquidation as they were surplus to requirements. On 11 August 2020, Top Gun Realisations 95 Limited and Top Gun Realisations 96 Limited were dissolved.

35. Contingent liabilities

The Group has on occasion been required to take legal action to defend itself against proceedings brought by other parties. Provisions have been made for the expected costs associated with such matters, based on known factors and taking into account professional advice received which represent management's best estimate of the likely outcome. The timing of utilisation of these provisions is uncertain pending the outcome of various court proceedings, ongoing investigations and negotiations. However, no provision is made for proceedings which have been or might be brought by other parties unless management, taking into account professional advice received, assesses that it is more likely than not that such proceedings may be successful. Contingent liabilities associated with such proceedings have been identified but the Board are of the opinion that any associated claims that might be brought can be resisted successfully and therefore the possibility of any outflow in settlement is assessed as remote.

36. Events after the reporting period

Given the significant impact Covid-19 has had on the retail industry, the Group has taken action to reduce the fixed cost base, introduce more flexibility into the cost base and secure an injection of new capital.

Through discussions with the Group's shareholders, bondholders, RCF banks and the provider of the Operating Facility the Group agreed the terms of a comprehensive recapitalisation transaction on 13 August 2020 ("the 2020 Transaction") which completed on 9 November 2020. The 2020 Transaction has significantly reduced the debt and cash pay interest requirements of the Group, extended the maturity of key working capital facilities until earliest June 2023 and resulted in a new capital injection of £40.0 million.

On 15 September 2020, 81.6% of New Look Retailers Limited's ("NLRL") creditors (by value) voted in favour of the proposed Company Voluntary Arrangement ("the 2020 CVA") of NLRL. The approval of the 2020 CVA will reduce certain elements of the fixed cost base and move the majority of UK leases onto a turnover based model.

The 2020 CVA

The overall objective of the 2020 CVA is to restore the Group's viability through a combination of:

- changing the rent payment dates in leases of category A leases to monthly;
- compromising rent arrears across category B and category C leases;
- moving to monthly payment cycles (unless already on monthly) across all category B, category C and category D leases;
- moving to a turnover based market rent model for category B and category D leases;
- moving to nil rent and service charge after two months for category C leases (to the extent not already nil rent and service charge);
- compromising obligations under authorised guarantee agreements and similar guarantees and indemnities from which NLRL derives no benefit;
- compromising historic dilapidations which are commercially onerous;
- compromising certain non-critical liabilities which are commercially onerous and from which NLRL obtains no benefit; and
- compromising the rates liabilities.

The proposal classified stores into one of twelve categories. The B category has nine subcategories, with each one having a different turnover percentage. The following table summarises the main changes for leases in categories A to C:

	Category A	Category B (split into B1 - B9)	Category C
CVA Term	36 months	36 months	36 months
Payment cycle for rent, service charge and insurance	Monthly	Monthly	Monthly
Rent concession	n/a	Turnover rent with base rent in years 2 and 3 of 85% of the previous year's total rent paid	Contractual rent for two months then reduced to zero
Rent Arrears	Paid in full	Compromised in full	Compromised in full
Service Charge and Insurance Arrears	Paid in full	Paid in full	Paid in full
Future Service Charge	Paid in full	Paid in full	Paid in full for two months
Future Insurance	Paid in full	Paid in full	Paid in full whilst in occupation
Rent at end of Rent Concession Period	No change	Revert to higher of CVA Turnover Rent and Market Rent	Zero
Termination Right Landlord	As set out in the relevant Lease	Within first 150 days on 60 days' notice; at the end of month 17, month 29 and month 36 on 60 days' notice	Any time during the CVA period on 60 days' notice (to expire within the CVA term)
New Look Termination rights	As set out in the relevant Lease	Termination on last day of CVA term on at least 60 days' prior written notice if (a) net sales are less than 85% of net sales for the 52 weeks ending 22 February 2020; or (b) market rent after the CVA term is not a turnover rent	Any time during the CVA period on 60 days' notice (to expire within the CVA term)
Dilapidations	No change	Compromised to 2% if the relevant lease is terminated by the relevant Landlord during the CVA term	Compromised to 2% if the relevant Lease is terminated by the relevant Landlord during the CVA period

Leases in category D are agreements for leases where the lease has not yet commenced.

The move to a turnover rent basis will have a material impact on the right of use asset and lease liability under IFRS 16 for all category B and C stores in all future financial periods throughout the term of the CVA.

Category B Leases

There is no minimum rent clause in year one. As a result, from the CVA effective date, the lease liability will be remeasured to an amount equal to three months' contractual rent payable at the end of the CVA term, plus an assumption for rent payable for the period of the lease falling outside the CVA term. This follows the provision that the CVA cannot leave a creditor worse off than if the company was wound down. The analysis performed at the time of the CVA was that in a wind down scenario these landlords would likely receive three months' rent. The right of use asset will be remeasured accordingly. It is possible, that the right of use asset value for a store reduces to nil as a result of this adjustment due to the netting impact of a lease incentive and accumulated depreciation to date.

We estimate the impact to the lease liability will be a reduction of between £180.0 million to £230.0 million, the reduction to the right of use asset will be equal to the reduction of the lease liability to the extent there is value in the asset. Any additional reduction to the lease liability over and above the value of the right of use asset will be recognised as a credit to the income statement, which we anticipate will be the case if the reduction to the lease liability is at the higher end of the range.

The rent payable in excess of this assumption will be accounted for as variable lease payments under IFRS 16.

On the second anniversary of the CVA effective date, the lease liability will be remeasured reflecting the minimum rent clause which applies to year two of the CVA under which the minimum rent payable will be 85% of the rent payable in year one and in year three the minimum rent will be 85% of the rent received in year two. An assumption will be made for rent payable for the period of the lease falling outside the CVA term.

The right of use asset will be remeasured for an equal amount.

The impact of this on the right of use asset and lease liability cannot be reliably estimated given the reliance on future trading.

On the third anniversary of the CVA, the lease liability will be remeasured reflecting the minimum rent clause which applies to year three of the CVA under which the minimum rent payable will be 85% of the rent payable in year two. An assumption will be made for rent payable for the period of the lease falling outside the CVA term.

The right of use asset will be remeasured for an equal amount.

The impact of this on the right of use asset and lease liability cannot be reliably estimated given the reliance on future trading.

Category C Leases

The lease liability will be remeasured to reflect the two months' contractual rent payable and then nil for the remaining lease life. The right of use asset will be remeasured accordingly. It is possible, that the right of use asset value for a store reduces to nil as a result of this adjustment due to the netting impact of a lease incentive and accumulated depreciation to date.

We estimate the impact to the lease liability will be a reduction of between £35.0 million to £45.0 million, the right of use asset will be reduced to £nil and a credit will be recognised in the income statement of between £25.0 million to £40.0 million.

The 2020 Transaction

On 13 August 2020, New Look Retail Holdings Limited and its subsidiaries reached an agreement with certain of its key financial stakeholders in relation to the amendment and extension of the RCF and Operating Facilities and the main terms of a debt for equity swap aimed at deleveraging and strengthening the balance sheet. The transaction completed on 9 November 2020.

The following table shows the impact of the transaction on the Group's debt (sterling equivalent):

	As at 28 March 2020	As at 9 November 2020
	£m	£m
Revolving credit facility	100.0	-
Term loan	-	101.0
Overdraft	15.1	10.0
Notes	423.6	82.0

36. Events after the reporting period (continued)**The 2020 transaction (continued)**

The main terms of the transaction were as follows:

RCF amendment and extension

To further support the Group's liquidity, the fully drawn £100.0 million RCF was converted to a Term Loan with a maturity date of 30 June 2024. A 1.0% arrangement fee was capitalised on day one and added to the principal amount on the closing of the transaction. Interest is payable semi-annually, at the interbank benchmark rate plus margin, which is dependent on the leverage ratio:

Leverage Ratio	Facility Margin
>2.00:1	6.0%
≤2.00:1	5.0%

Operating Facilities amendment and extension

To further support the Group's liquidity, the £65.0 million Operating Facilities were increased to a total commitment of £70.0 million, with a maturity date of 30 June 2023. A 1.0% arrangement fee is payable on full and final repayment of the Operating Facilities. On 30 June 2021, the total commitment under the Operating Facilities will reduce to £60.0 million and on 31 December 2021, the total commitment will reduce to £50.0 million. Interest is payable of benchmark rate plus a margin in the range of 1.50%-3.50%. Until 31 December 2021, £10.0m of the Operating Facilities will rank priority super senior.

The Term Loan and the remaining Operating Facilities will continue to rank super senior, with certain of the Groups subsidiaries providing security under an English law debenture. The amended terms of the Term Loan and Operating Facilities contain certain covenant measures including a minimum liquidity test commencing on completion of the transaction, a minimum capital expenditure requirement commencing in FY22 and a minimum EBITDA measure commencing in the third quarter of FY22.

New money term loan

To further support the Group's liquidity, following the impact of Covid-19, and provide for future investment, £42.0 million of new money ("New Money Term Loan" or "NMTL") was issued on the closing date of the transaction at an original issue discount ("OID") of 5%, resulting in a £40.0 million cash injection. The NMTL is subordinated to Term Loan and Operating Facilities and sits outside of the restricted group under the Senior Facility Agreements. It is secured by a floating charge over the shares of New Look Corporate Limited. The NMTL proceeds were used to settle associated transaction costs and provide additional liquidity to the Group. Interest on the NMTL is 16.5% payment-in-kind ("PIK") capitalised semi-annually beginning May 2021. The NMTL has a seven year term from the date of closing of the transaction. Providers of the NMTL received 80% voting equity interest in the Group post-transaction.

Re-instated shareholder loan

The SSNs were exchanged into a £40.0 million shareholder loan. The shareholder loan is subordinated to the Term Loan and Operating Facilities and sits outside of the restricted group under the Senior Finance Agreements and is secured by a floating charge over the shares in New Look Corporate Limited. The shareholder loan is non-interest bearing and has a nine year term from the date of closing of the transaction. Holders of the existing SSNs received 20% non-voting equity interest in the Group post-transaction.

In order to complete the transaction and allow for the issuance of the NMTL and shareholder loan, New Look Corporate Limited was incorporated on 30 September 2020 as a wholly owned subsidiary of the Company.

On 9 November 2020, the transaction was completed as a result of the following steps:

- New Look Corporate Limited acquired New Look Investment Limited and its subsidiaries¹ (the assets and liabilities acquired at book value) from New Look Retail Holdings Limited;
- The £40.0 million NMTL proceeds were funded to New Look Corporate Limited;
- £40.0 million NMTL proceeds were contributed down the Group to New Look Retailers Limited, who in turn used the funds to settle transaction costs with the residual cash being utilised operationally;
- £40.0 million shareholder loan was issued by New Look Corporate Limited; and
- Equity in New Look Retail Holdings Limited was allocated.

¹ Subsidiaries of New Look Investment Limited include, New Look Bonds Limited, New Look Financing plc, New Look Limited, New Look Retailers Limited, New Look Retailers (Ireland) Limited, New Look Retailers (CI) Limited, New Look Commerce (Shanghai) CO., Ltd, New Look Singapore PTE Limited, New Look Germany GmbH, Geometry Properties Limited, Weymouth Gateway Property Management Limited and Top Gun Realisations 70 Limited.

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FORWARD-LOOKING STATEMENTS

This annual report contains 'forward-looking statements' within the meaning of the securities laws of certain jurisdictions, including statements under the captions 'Overview', 'Strategic report', our 'Business model', 'Year in review', 'Financial review', 'Risks & uncertainties' and in other sections of this annual report. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words 'believes', 'could', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'continue', 'ongoing', 'potential', 'predict', 'project', 'target', 'seek', 'should' or 'would' or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this annual report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industry in which we operate.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industry in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this annual report.

These risks and others described under 'Risks & Uncertainties' are not exhaustive. Other sections of this annual report describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the industry in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as of the date of this annual report and we do not intend, and do not assume any obligation, to update forward-looking statements set forth in this annual report. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this annual report. As a result, you should not place undue reliance on these forward-looking statements.

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