NEW LOOK

New Look Annual Report & Accounts 2021/22

Contents

Group Highlights

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

Delivering against our purpose:

To inspire that New Look feeling

Operational and financial progress across the Group; achieved against a consumer backdrop which remained impacted by COVID-19, inflationary pressures and the war in Ukraine.

Financial highlights

Total revenue increased by 54.9% to £839.6 million (2021: £542.2 million) driven by reopening of stores

Gross margin was 43.1% (2021: 36.4%) due to a higher mix of retail sales in the current year

Adjusted EBITDA[1] improved to £25.2 million (2021: £34.5 million loss) showing our strengthened profitability

Statutory loss before tax was £25.5 million (2021: £108.0 million profit – driven by significant impairment reversals in the prior year of £134.5 million)

Net debt, excluding lease liabilities[2], as at 26 March 2022 was £85.2 million (27 March 2021: £72.3 million)

Operational highlights

Strength of multichannel operating model ensured we were well-placed to respond to changing consumer spending patterns

No. 2 for overall Womenswear market share in the 18 to 44 age range[3]

During the year, our online platform served customers in 53 countries, with over 230 million site visits (up from 225 million)

All stores reopened by 17 May 2021 following periods of enforced closure due to COVID-19; encouraging trading underpinned by our broad appeal fashion proposition

Strength of product offer underlined by maintaining of No 1 market share position in women's dresses and denim[3]

Launched strategic concession partnership with ASDA in the year; performing well and in-line with expectations

Continued focus on affordable fashion ensures we have the right proposition for the current economic environment

1. "Adjusted EBITDA", a non-IFRS measure, is calculated as "adjusted EBITDA including IFRS 16", adding back contractual rent charges, lease incentives and initial direct costs previously recognised in operating profit pre-IFRS 16 and excluding gains/losses on disposal/modifications of leases. "Adjusted EBITDA including IFRS 16" is calculated as operating profit/(loss) before exceptional items, the movements in fair value of financial instruments, the impairment charge or write back of tangible and intangible assets, the charge related to SaaS arrangements, depreciation and amortisation. A reconciliation of operating profit/(loss) to "adjusted EBITDA including IFRS 16" and "adjusted EBITDA" can be found on page 48

2. Net debt, excluding lease liabilities, a non-IFRS measure, is calculated as net debt less lease liabilities as per note 25.

3. Based on Kantar Worldpanel published data 24 weeks ended 3 April 2022.

Non-Executive Chairman's Statement

The right approach within a volatile market

I was delighted to join New Look at the end of September 2021, and during my time here, I have been hugely impressed with the talent, drive and enthusiasm of colleagues right across the business.

Prior to my arrival, the business had resiliently weathered the storm of pandemic related challenges through FY21, comprehensively de-leveraging the balance sheet and implementing a second CVA, whilst protecting liquidity and business value – a truly commendable effort by the whole New Look team.

The challenges facing the industry during the year have been well-flagged. New Look is not immune to these pressures, with inflation, supply chain challenges and ongoing COVID-19 restrictions all having an impact on the business – especially in the run up to Q3 which is our Golden Quarter.

Given this backdrop, it is all the more commendable that management and the wider New Look team has brought about an upturn in underlying profitability and sales, while continuing to maintain – and even grow – market share in our key womenswear lines.

New Look is a business that lives to inspire its customers, maintaining an unwavering focus on combining the latest in fashion at the best possible price. The brand is a mainstay of British high streets across the nation, part of our compelling omnichannel offer. While inflationary pressures continue to persist, and disposable incomes are squeezed, we are committed to staying true to our values, giving our customers fashionable items that make them feel good, at affordable prices.

We have proven during FY22 that we can adapt swiftly and effectively to the ever-changing retail landscape and we will continue to do so.

Despite the multitude of macro-economic headwinds that we and the retail industry continue to face, I firmly believe, as I did when I joined nine months ago, that New Look is well placed to capitalise on its omnichannel model and loyal customer base to deliver long term and sustainable growth evidenced through strong trading results in Q1 2022.

We have a great brand, great product and great people and I'd like to thank them and Alistair McGeorge, my predecessor, for all their hard work and guidance through such a challenging period. I would also like to thank Nigel Oddy for steering the business over the last 3 years and for his invaluable contribution to returning New Look to profitability. I look forward to working with Helen Connolly and the team over the coming year to drive the business forward in what I hope will ultimately transpire in less turbulent and more peaceful times.

Mike Coupe
Non-Executive Chairman
24 August 2022

Chief Executive Officer's Statement

Continued recovery in sales and performance – strong platform for growth

Firstly, I want to thank each and every New Looker across the business for their optimism and support during FY22. While I am new to the role of CEO, I am not new to the business, and I know first-hand that the performance in this financial year is testament to the strength of my colleagues, and their teamwork, resilience, energy and commitment.

The past financial year continued to bring uncertainty to the whole retail landscape, with the entire industry having to swiftly adapt to the challenges of lockdowns, embedding social distancing measures and navigating supply chain issues.

Nonetheless - over the last twelve months we continued to deliver on our purpose: 'To inspire that New Look feeling' and we remained focused on our five key strategic pillars: Feel Good Fashion, Easy & Inspiring Experience, A Brand that Uplifts & Unites, Kind to Our Core, Fit for Change.

It is because of this that New Look ended the financial year in a robust position. We have grown our market share finishing the year as No. 2 in total womenswear for 18-44 year olds (by value)[4]. We maintained the No.1 position in dresses and denim affirming that our customers love our brand and our product. Clearly, this is extremely encouraging as it demonstrates the strength of our offer in a deeply competitive market.

Another key highlight from the year was the publication of our new sustainability strategy as part of our Kind to Our Core Initiative. The commitments build on New Look's long standing track record of sustainability, including committing to Science-Based targets (SBTi) to become climate positive by 2040.

Looking ahead to FY23, we have reached a pivotal moment for New Look. We have a strong foundation for future growth, and I am looking forward to working with the whole New Look team – from our stores to our DC and support centres – to leverage this platform and provide our customers with high quality, great value product. On behalf of the Board, I would like to thank Alistair McGeorge, who stepped down as Non-Executive Chairman in September 2021, after four years in the role. His vision, operational experience and wise counsel was invaluable to the business and helped put New Look on a secure footing for future growth. We were delighted to welcome Mike Coupe to the business as Alistair's successor and we are benefitting from his wealth of retail experience. I would also like to thank my predecessor, Nigel Oddy, for his contributions to New Look and for steering the business successfully throughout the pandemic.

Finally, I would like to thank my colleagues once more for their invaluable contribution to the business, our customers who continue to believe in us, and all our suppliers and commercial partners for their continuous support over the past year. New Look is an iconic British brand and as we continue into the next financial year, I am confident that we are well positioned to deliver long-term, sustainable growth.

Helen Connolly
Chief Executive Officer
24 August 2022

4. Based on Kantar Worldpanel published data 24 weeks ended 3 April 2022

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 26 March 2022 (comparatives for the 52 weeks ended 27 March 2021).

Year in review

COVID-19 continued to impact when, where and how we could trade and its disruption was felt across our whole global supply chain. As the number of vaccinated individuals increased and national/international restrictions eased to varying degrees, covid became part of the 'new normal'. In addition, the impact of fewer shipping lines, the shortage of shipping containers, blockages and delays at ports and the incident in the Suez Canal, all had an impact. We pride ourselves on the speed of our supply chain, our tight planning framework and stock model and long-standing supplier relationships; our flexible supply chain has been the foundation of our product successes. However, this year it has been increasingly difficult to ensure that we have the right stock, in the right place, at the right time. This remained our focus throughout the year and it was only in late October/early November 2021 that we experienced delays of key autumn/winter product, low availability and an impact on customer conversion.

The delays to intake in late October coincided with peak trading during Cyber Weekend and a shortage and high turnover of skilled warehouse agency resource, coupled with shortages of lorry and courier drivers, impacted operational efficiency.

Despite stores reopening, our promotional strategy remained customer-focused, limiting channel markdowns and proactively tackling areas of overstock or underperformance, which enabled us to grow product margin. We saw a shift out of casual and loungewear into the more traditional seasonal ranges including jeans and dresses, with New Look online reaching No.1 for dresses in the 18-44 womenswear market[5].

We maintained focus on the sustainability of our offering, continuing to deliver on our ambitious pledges and striving to make improvements across our supply base. Most importantly, a key priority was to ensure that the workers in our suppliers' factories continue to have a safe working environment. In January 2022, we released our Sustainability Strategy Refresh report which is available to download at www.newlookgroup.com.

Our total womenswear market share[5] grew to 5.0% from 3.8% for the 24 weeks ended 3 April 2022[6]. In our target customer range of 18-44 year olds, we increased our share to 7.7% (+1.5 bps) and hold the No. 2 position. For several months in the year we took the No.1 spot affirming that our strategy is working and that our customers love our brand and our product.

Our online market share grew[5] to 6.3%, up from 5.7% for the 24 weeks ended 3 April 2022. Offline our market share increased[5] to 9.2%, up from 7.4% for the 24 weeks ended 3 April 2022. We acknowledge that because of COVID-19 and the ongoing inflationary pressures, the overall market has contracted.

We also grew our market share across our core categories[5], with women's dresses up 0.8 %pts, women's denim up 1.7 %pts and women's footwear up 1.5 %pts.

E-commerce

In recent years we have seen an increasing shift in the consumer mindset, moving away from traditional bricks-and-mortar shopping in favour of online. COVID-19 accelerated this shift last year and we were able to maintain the momentum to grow e-commerce further this year. Progression of the online delivery proposition evolved to a post-pandemic view from a COVID-19 focused behaviour, which grew customer experience and satisfaction scores despite the re-opening of stores.

E-commerce trade demand KPI's growth from FY20[7]:

Traffic	▲	+12.9% FY20 - FY22
Conversion	▲	+23.6% FY20 - FY22
Demand sales[8]	▲	+55.5% FY20 - FY22

Our marketing strategy continues to balance strong efficiency with a focus on customer acquisition, which has supported growth in both our app and CRM performance. We were forced to be nimble and agile with our marketing during the pandemic and we have continued this trend through FY22 including relationships with key celebrity influencers and embracing our own fashionistas through our in-house 'New Lookers'.

Whilst demand sales have increased, we have seen returns rates revert to historical levels seen pre-pandemic which has impacted overall sales. We continue to closely monitor returns trends and impact through category mix. Given lower levels of returns seen during FY21 due to COVID-19, we consider FY20 to be more comparable, with a sales growth of +60.1% from FY20 to FY22.

Our Click & Collect offering provides customers with a flexible delivery option while driving footfall into stores. As stores reopened we were able to reintroduce this offering and have seen an increase in Click & Collect as a mix of online order types, improving from 17% at the beginning of the year to 31% in March 2022.

At a time when e-commerce demand levels were at its peak, the distribution centre's operations were under immense pressure. Staffing levels required close management as above average numbers and turnover of agency workers impacted operational efficiencies. As a result, this hampered our ability to invest and grow volume efficiently. As these difficulties are identified and resolved, we look to mitigate the recurrence of them in FY23.

5. Based on Kantar Worldpanel published data 24 weeks ended 3 April 2022

6. 24 weeks ended 3 April 2022 data set used instead of 52 weeks due to impact of COVID-19

7. Comparison to FY20 due to the impact of COVID-19 to FY21

8. Demand sales - gross order value before returns

Retail Stores

FY22 started with the reopening of our stores after the third national lockdown, with the UK opening phased throughout April and ROI in May. Since then, even with the emergence of new COVID-19 variants, no stores were required to close under lockdown restrictions.

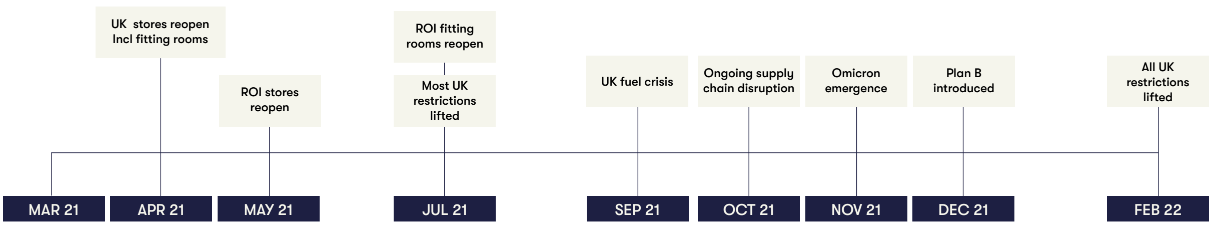
Although lockdowns didn't occur after May 2021, there were still restrictions in place to ensure our customers had a safe (and enjoyable) shopping experience. Ensuring colleagues felt safe at work was of highest priority. We could offer our customers access to fitting rooms as normal under controlled circumstances, being sure to avoid lengthy queues and congestion in the store.

The restrictions and new COVID-19 variants extended the impact to consumers' willingness to visit and shop instore, resulting in fluctuations to footfall and conversion as consumer confidence varied significantly across all regions and throughout the year.

On a two year like-for-like basis sales[9] were -18.0% reflecting the various market and internal factors. Across the year customers became more willing to shop in-store with footfall improving over time as we moved out of lockdowns and the regional restrictions. We also saw a bigger initial impact to footfall in our larger and destination stores as customers stayed closer to home until their confidence returned in travelling for business and leisure. Those customers who did travel to a store rather than going online did so with the intention of buying which resulted in a higher conversion rate on a two year like-for-like.

During late October and early November we experienced the most significant impact on our warehouse operations as the perfect storm of supply chain delays and peak online demand due to our Cyber Weekend activity restricted our ability to get product to stores, which impacted conversion in these months. The emergence of Omicron through December impacted our peak trading period as footfall dipped following the introduction of the governments' Plan B across the UK.

Once stores had reopened, we rolled out our 'You Are the Difference' programme, focusing on customer service in stores and ensuring all retail colleagues had the necessary tools to deliver great service. While this is not a new concept at New Look, customer feedback is more valuable than ever to ensure the service we deliver and their expectations are aligned. The Voice of the Customer feedback programme was launched to ensure that store and support centre teams understand and can deliver the omnichannel experience our customer expects.



9. Like-for-like Sales - is the gross transactional value from LFL operations in any given period compared with the same period in the previous financial period and is normally shown as a percentage change between two periods

Operational Excellence

Our people are our biggest asset. Our key values are:

It Starts with Me,

We are One,

Customer Obsessed,

Play to Win

We continue to focus on engagement and regular communication with our colleagues, especially as we embrace hybrid and flexible working post-pandemic. We continue our holistic approach to wellbeing addressing physical, financial and mental health.

As part of our Equity, Diversity & Inclusion ("ED&I") strategy we created the role of Head of People Experience and Inclusion. We have clear inclusion ambitions that we are dedicated to delivering. We encourage a wide range of projects, initiatives and campaigns to help our colleagues feel comfortable and support causes they care about. Our partnership with Retail Week's 'Be Inspired' programme helps drive inclusivity and supports colleagues' career aspirations, while our work with The Prince's Trust supports more young people starting a career in retail. We value a diverse workforce that inspires all our colleagues to realise their potential.

Our online performance management tool encourages ongoing discussion and targeted support for career development, while our Values and Behaviours Guide helps colleagues live and breathe our values. We recognise that the adoption of smarter working practices, which were critical during lockdown, gives colleagues more flexibility and we continue to utilise these practices during business as usual. This has enabled us to break down location barriers when recruiting for new traditionally office-based roles which has supported us in recruiting and retaining top talent.

Our retail and e-commerce teams have worked tirelessly to drive sales and encourage customers back to New Look time and time again. In a year of highs and lows, they have shown resilience and ambition to provide the service our customers know and expect.

Our property team negotiated us through the first anniversary of the CVA, having key discussions with our landlords. Together with our legal team, they reached full and final settlement on the CVA challenge which provided more certainty to our store teams.

Our finance and IT teams completed an end-to-end implementation of a new finance system, supporting the wider business to provide an efficient and unified transition.

Our distribution centre teams continued to adapt to fluctuating stock and processing volumes, whether due to increased e-commerce volumes, the re-opening of stores, or delays in the global supply chain. This resulted in peak levels of inbound, outbound and online fulfilment during a period of skilled agency staff shortages.

We continued to manage and preserve cash, protecting and safeguarding the value of the business. This ensures that New Look continues to weather the impact of covid and the additional macro and industry challenges that we faced during the year and which are likely to continue into FY23.

Teams from across the business have adapted processes and ways of working, often at short notice, in response to the ongoing required changes following the completion of the UK's exit from the EU.

Our Business Model

Who we are and what we do

At New Look, we believe that fashion should make you feel seen, feel confident and feel good. This is what unites us, our drive to 'inspire that New Look feeling'. Leading the way in the broad appeal fashion market, we're now making our omnichannel shopping experience more seamless than ever. We're most well-known in the UK and ROI but have a growing presence in targeted international markets via our own website, app and 3PE partnerships. During the year we launched a partnership with ASDA supermarket. It's a fast pace at New Look, but among all the trend drops, influencer edits and sustainable choices, our customers are at the heart of it all *#CustomerObsessed*. We're all about making feel-good fashion and good times accessible to all. We're proudly diverse, from our inclusive size range to our target customer age of 18-44, and most importantly, we're proving that value for money doesn't mean sacrificing on style, choice or fit. We're committed to being kinder to our people and our planet. Always underpinned by our Kind to Our Core promise, we're making more considered choices wherever we can, as demonstrated by our ever-growing Kind range. Today, we carry apparel, footwear and accessories for all genders, as well as a dedicated teen line, maternity, tall, curve and petite range.

Our integrated omnichannel model

Our own website, www.newlook.com, and our app serve customers in the UK and ROI, as well as 51 other countries worldwide. Our store estate comprises 406 stores in the UK, 1 store in Isle of Man, 1 store in Guernsey, 1 store in Jersey and 26 stores in ROI and we are in 18 ASDA supermarkets across the UK. We also have strategic third-party partnerships to support our international reach.

Growth in the UK apparel market will be driven by online sales, a trend which has been accelerated due to COVID-19. Our ongoing investment is focused on continuously improving the customer experience and becoming a truly omnichannel, digitally led business. Our store footprint continues to play a critical part in this. We believe the combination of our online platform and extensive geographic reach of our UK and ROI estate will continue to give us a competitive advantage, giving our customers unparalleled access to our product in the most local and convenient way possible *#PlaytoWin*.

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 most relevant trends and broad appeal product for our customers.

Our buying teams source responsibly, finding 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, stock 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 that meets our goals in product development, manufacturing expertise and delivery timings. We've built and sustained strong, strategic relationships and we have a global value chain of 125 suppliers and a network of over 494 factories across 21 countries, involving approximately 200,000 workers. Trading ethically and sustainably is at the heart of all that we do, inspiring and upholding high standards not only throughout our own business, but across our entire supply chain.

Our infrastructure

Our directly operated distribution centre at Lymedale, Stoke-on-Trent, has the capacity to process up to 180 million units annually and operates 24 hours a day, 360 days a year. This operation handles deliveries for our stores in the UK and ROI, plus global fulfilment of all e-commerce and 3PE 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, Customer Service, Property and Human Resources teams.

Our social dialogue

We have a significant presence across leading social media platforms including Facebook, Instagram, Twitter, YouTube, Pinterest and TikTok with a combined following of over 6 million people. Each channel delivers content focused on fashion inspiration and brand personality for women, men and teens. We continue to evolve our approach to influencer marketing, creating authentic and relatable conversations for our core customers. In the past year, we invested in relationships with key celebrity influencers in the UK, leveraging a combined audience of c24m followers and will continue to select those who resonate with the New Look brand and product. We are continuously adapting to the digital consumer and ensuring we are proactively engaging with our audience and responding to social trends. This year we launched our 'New Lookers', comprising colleagues from across the business creating and sharing content on Instagram as New Look ambassadors.

Our 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 development offering ranges from skills development, apprenticeships and NVQs through to professional qualifications and leadership development. We successfully reaccredited with CIMA and ACCA, supporting our finance colleagues' professional development. We partner with universities, colleges and schools to provide graduate and apprenticeship schemes.

Our learning & development offering is available to all colleagues, whatever their role in our business. Our online learning platform gives access to thousands of learning resources (such as animated videos, bitesize learning and workshops) to help them develop their career at New Look. This includes our performance management tool which allows colleagues to keep an ongoing record of their achievements, feedback, objectives and KPIs to ensure they are regularly tracking and discussing their performance.

Our omnichannel strategy

Since verifying our strategy and updating our business plan with the support of independent consultants and our financial advisors after the COVID-19 outbreak, the Transformation Programme (which will deliver on our 5 strategic pillars) has been fully mobilised.

What and where we sell our product builds on earlier broad appeal fashion and omnichannel plans and has been updated to reflect the lasting impacts of COVID-19. Insight shows our stores will continue to be a critical channel for our customers, but an increasing number of transactions will be omnichannel through an easy and inspiring shopping experience. Our mobile app will be at the heart of a unique blend of local and digital for maximum convenience.

Our transformation plans are underpinned by three of our key strategic pillars; how we show up as a “Brand that Uplifts and Unites” for our customer, our continued commitment to our environmental and social responsibilities through our “Kind to Our Core” agenda and preparing the organisation to be “Fit for Change”.

Dedicated programme teams have been assembled, bringing together experience from within the business and external support to focus on delivering the transformation changes. Key foundational investments in the omnichannel journey starting in 2021 are on track to complete in the coming year and unlock step changes in our customer experience. Early project go-lives are driving top line sales, new channels and efficiencies in the cost base.

These foundations and capabilities are being established to build on real customer-facing changes from our omnichannel roadmap. Changes to how we deliver transformation allow us much more agility in adapting our plans to best fit customer needs in the ever-changing retail environment.

Our purpose is:

‘To inspire that New Look feeling’

We are delivering our strategy through five key strategic pillars:

Feel Good Fashion

Easy & Inspiring Experience

A Brand that Uplifts & Unites

Kind to Our Core

Fit for Change

Financial Review

The year's results represent the performance of the Group for the 52 week period ended 26 March 2022. The comparative figures reflect the 52 week period ended 27 March 2021.

COVID-19 has again had a significant impact on our financial performance as the market continues to recover. By 26 April 2021, all UK stores had reopened and ROI stores reopened on 17 May 2021. On 30 September 2021, the UK Governments' Coronavirus Job Retention Schemes (furlough) came to an end and coupled with the fuel crisis and dramatic increases in energy prices, significant pressure was placed on our customers' disposable income.

At the end of November 2021, the first cases of the Omicron variant of COVID-19 were reported. The rapid spread of this new variant during December caused the Government to review its guidelines for social distancing, social events, international travel and working from home, which led to two year like-for-like declines in footfall across the store estate during our peak trading season. Delays in the global supply chain resulted in the distribution centre having to operate at peak levels of inbound, outbound and online fulfilment while relying on agency staff due to a shortage of skilled labour, impacting operational efficiencies.

We utilised the Governments' Coronavirus Job Retention Schemes across UK, ROI and Channel Islands up to September 2021 where available, receiving £1.9 million (2021: £41.8 million). We continued to utilise all other available Government support and received £3.5 million (2021: £7.2 million) from the Government's business support schemes and benefited by £19.6 million (2021: £48.7 million) in business rates relief.

In September we reached the first anniversary of the 2020 CVA which fixed an element of our rental expense on all B stores[10]. During the year we closed 42 stores in the UK and 1 store in ROI, mostly driven by landlords enforcing their right to exit in month 17 of the CVA. In March 2022 we reached full and final settlement with the landlords who were taking their appeal of the CVA challenge to the Court of Appeal.

Revenue

Total revenue increased by £297.4 million to £839.6 million (2021: £542.2 million). Total gross sales increased by £321.0 million to £874.8 million (2021: £553.8 million) with an adjustment of £35.2 million (2021: £11.6 million) to state concession income on a net basis for total revenue for statutory reporting purposes. Gross sales enable the Group to monitor total sales made through stores and online before netting concession income.

Our customers' disposable income has been squeezed due to inflationary pressures which continued to impact their propensity to update their wardrobes after Christmas. However, in spite of these pressures and low consumer confidence, we have seen a gradual recovery in trading following the end of covid related lockdowns by May 2021 and again when restrictions were lifted at the end of January 2022.

10. Per store categories as defined by the 2020 CVA. B stores represent the majority of UK stores and the B category has nine subcategories, with each one having a different turnover percentage. For further explanation, see page 16 of the Annual Report 2020/21.

UK and ROI retail sales increased £343.9 million to £601.2 million (2021: £257.3 million) driven by stores reopening following COVID-19 government enforced lockdowns. Our sites in small towns, retail parks and local locations continued to outperform large town, city and brand flagship locations, reflecting the strength of our localness as customers avoided more congested, indoor locations for shopping. Footfall across the high street has remained challenging throughout the year, particularly during peak trading as the Omicron variant spread and the government's updated guidance led to Christmas parties and other seasonal activities being cancelled and an inherent nervousness that families wouldn't be able to gather for celebrations for a second year. The transition to spring/summer product with improved weather in March has encouraged customers back into store.

E-commerce sales decreased by £13.2 million to £227.5 million (2021: £240.7 million). We continued to see demand growth throughout the year, driven by increases in traffic despite stores reopening however this has been offset by a return to historical levels of returns. As we've seen improvement in UK and ROI retail sales towards the end of the year, e-commerce traffic has been more challenging.

Sales with our 3PE partners decreased £9.6 million to £45.6 million (2021: £55.2 million). Key partners reduced their order volumes as a result of the global pandemic and challenges faced with cross border trading post Brexit. Uncertainties around trading post Brexit remain and are appropriately considered as we continue our international expansion plan.

Franchise sales decreased £0.1 million to £0.5 million (2021: £0.6 million). We continue to work with one franchise partner.

Stores And Space

Across the Group, our total number of stores decreased to 440 (2021: 472 stores), with total space reducing to 3,523,000 sq ft (2021: 3,754,000 sq ft).

In the UK, we opened 11 stores and closed 42 stores, predominantly due to the 2020 CVA. Under the 2020 CVA, our right to terminate a lease before a contractual lease break for B and C stores[11] is now linked to pre-COVID-19 store performance and can only be exercised at the end of the three-year 2020 CVA term (September 2023). In ROI, we closed one store.

Our investment strategy focuses on enhancing our omnichannel model and we believe the extensive geographic reach of our remaining UK and ROI estate continues to give us a competitive advantage of localness.

The total number of New Look franchise stores is five (2021: five).

11 Per store categories as defined by the 2020 CVA. B stores represent the majority of UK stores and the B category has nine subcategories, with each one having a different turnover percentage. C stores are UK stores for which nil rent is paid. For further explanation, see page 16 of the Annual Report 2020/21.

Gross Margin

Gross profit increased by £164.2 million to £361.5 million (2021: £197.3 million), with the resulting gross profit margin increasing to 43.1% (2021: 36.4%).

Gross margin increased due to a higher mix of retail sales in the current year, which attract a higher margin and lower distribution costs when compared to e-commerce sales.

Gross margin was however impacted by delays in intake during the year due to the ongoing supply chain issues including shortages of lorry and courier drivers. This coupled with the Suez Canal blockage meant we didn't always have stock available when we wanted it, leading to unplanned discounting to clear through stock when it did arrive. Margin was further impacted by the increase in freight costs seen in the year.

In order to maintain a clean stock position following the emergence of Omicron and related COVID-19 restrictions, we brought forward our usual winter sale to pre-Christmas in an attempt to stimulate footfall and clear autumn/winter products. While this impacted margin, it ensured we entered the new calendar year without an overhang of unseasonal stock.

Included within cost of sales are costs relating to distribution of goods, including overheads and staff costs. Also included are 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 Profit

Operating profit decreased £175.5 million to £1.7 million from £177.2 million, driven by significant impairment reversals and gains from lease modifications in the prior year. Excluding impairment reversals and gains from lease modifications in both periods, operating loss has improved to a £1.5 million loss from a £91.1 million loss.

Other income of £3.5 million (2021: £7.2 million) represents grants received from the Government's business support schemes during the period as a result of COVID-19.

The charge for impairments was £0.6 million (2021: £134.5 million impairment credit). Challenges in current year trading and the continued impact on expected future cash flows represents a triggering event and therefore, an impairment assessment of all assets held at a store level, including right-of-use assets, was undertaken to ensure that no assets were held above their carrying value. See notes 13, 14 and 15 for further details.

During the period, the Group recognised a £3.8 million gain (2021: £133.8 million gain) on disposal and modification of right-of-use assets. £4.7 million of this relates to disposals and modifications as a result of the CVA and ROI lease negotiations and has been included within exceptional items.

During the period, administrative costs increased to £366.5 million (2021: £295.6 million). The following information provides detail on administrative expenses. The differences between the below and items presented in note 7 are costs included within cost of sales.

Our operational exceptional items (excluding exceptional items included in cost of sales and gains on disposal and modification of leases) decreased by £16.1 million to £1.4 million expense (2021: £17.5 million expense) due to costs incurred in the prior year relating to the refinancing transaction that completed in 2020 and 2020 CVA. See note 10 for details.

The credit relating to the movements in the fair value of financial instruments in the income statement was £2.4 million (2021: £5.1 million charge) as a result of movements in foreign exchange rates.

Staff costs (excluding exceptional staff costs) increased by £44.1 million to £123.5 million (2021: £79.4 million) primarily due to utilisation of the Government's Coronavirus Job Retention Schemes which ended in September 2021.

Estate costs (including service charges, rates, utilities and repair costs and excluding rent which is accounted for under IFRS 16) increased by £28.0 million to £66.2 million (2021: £38.2 million) primarily as a result of the higher benefit from the business rates holiday granted by the Government on retail space during the prior year. Estates costs reflects the cost of our store portfolio and support centres.

Marketing costs increased by £7.2 million to £41.7 million (2021: £34.5 million) because of a focus on increasing brand saliency, driving footfall into stores following the periods of closure and further increasing online traffic and customer acquisition. For this, we engaged with celebrity personalities and influencers to leverage their extensive social media followings.

Depreciation and amortisation decreased by £4.5 million to £55.4 million (2021: £59.9 million) due to the reduction to right-of-use assets in the prior year following the 2020 CVA, offset by the impact of impairment reversals in the prior year. Property, plant and equipment depreciation was £11.0 million (2021: £9.6 million), intangible asset amortisation was £27.2 million (2021: £22.5 million) and right-of-use asset depreciation was £17.2 million (2021: £27.8 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. Adjusted EBITDA is operating profit before exceptional items, the movements in fair value of financial instruments, the impairment charge or write back of tangible, intangible and right-of-use assets, the charge related to software as a service ("SaaS") arrangements[12], depreciation and amortisation, adding back contractual rent charges, lease incentives and initial direct costs previously recognised in operating profit and excluding gains/losses on disposal/modifications of leases. For a reconciliation of operating profit to adjusted EBITDA, see page 48.

Adjusted EBITDA increased by £59.7 million to £25.2 million profit (2021: £34.5 million loss). Adjusted EBITDA including IFRS 16 increased by £54.8 million to £59.1 million (2021: £4.3 million) which includes the impact of IFRS 16 as base rent charges are replaced by depreciation and interest expense.

12. Definition of adjusted EBITDA amended to include charges related to SaaS arrangements following the increase in cloud computing arrangements and the IFRS Interpretations Committee's agenda decision in respect of accounting for configuration and customisation costs in SaaS arrangements. The adjustment for SaaS costs provides a comparable view of the expenses in the income statement since such costs would previously have been capitalised and amortised.

Finance Income And Expense

Net finance costs decreased by £42.0 million to £27.2 million (2021: £69.2 million) due to a reduction in lease related finance expenses following lease modifications as a result of the 2020 CVA and a reduction in interest on external debt following the completion of the refinancing transaction in 2020. Included in net finance costs are £16.4 million (2021: £42.8 million) of interest on the external debt and tax provisions, and finance costs on lease liabilities of £10.8 million (2021: £24.7 million), see note 9.

Pre-tax result decreased by £133.5 million to a loss of £25.5 million (2021: £108.0 million profit).

Taxation

The income statement taxation credit for the period was £1.1 million (2021: £0.1 million credit).

There was £nil current tax charge (2021: £0.3 million charge) in the year and a £0.3 million tax credit (2021: £0.1 million tax credit) relating to a tax repayment driven by the availability of loss carry back.

There was a £0.8 million deferred tax credit (2021: £0.3 million deferred tax credit) in the year, as a result of the mark to market valuation of FX contracts included in the hedging reserve.

The Finance bill 2021/22 increased the corporation tax rate to 25% for the financial year beginning 1st April 2023. This measure was substantively enacted on 24 May 2021 and the effect is reflected in these financial statements.

The effective tax rate in the year is 4.3% (2021: -0.1%).

Property, Plant And Equipment

The net book value of property, plant and equipment decreased to £25.9 million (2021: £31.9 million) as depreciation exceeded additions in the year. Property, plant and equipment includes fixtures and fittings within our stores, London Support Centre and Distribution Centre along with the Weymouth office building. See note 13 for further details.

Intangible Assets

The net book value of intangible assets decreased to £244.3 million (2021: £252.9 million) as amortisation exceeded additions in the year. Intangible assets include goodwill, brands and software licences. See note 14 for further details.

Right-Of-Use Assets

The net book value of right-of-use assets increased to £87.7 million (2021: £68.9 million). Right-of-use assets include leases on our stores, distribution centre and London office, equipment in the distribution centre and support centres and vehicles. The first anniversary of the 2020 CVA changed UK stores to a fixed rent with turnover element for the second year of the CVA, from a turnover only basis for the first year which resulted in significant lease modifications recognised, increasing the right-of-use assets. See note 15 for further details.

Inventories

Inventories increased £17.0 million to £128.0 million (2021: £111.0 million) due to stores reopening. We maintained a strong focus on stock management during the year and cleared through obsolete stock caused by COVID-19. Inventories include stock held within stores and at the distribution centre.

Trade And Other Receivables

Trade and other receivables decreased to £25.5 million (2021: £33.3 million) which included trade receivables of £12.5 million (2021: £17.9 million), primarily in relation to the 3PE business, £9.6 million (2021: £6.6 million) of prepayments predominantly for estate and head office costs and £0.7 million accrued income (2021: £5.2 million) with the prior year balance relating to amounts outstanding under the government Coronavirus Job Retention Scheme.

Derivative Financial Instruments

Net derivative financial instruments increased to a £3.9 million asset (2021: £2.0 million liability). During the period, £2.7 million of gains (2021: £5.8 million losses) resulting from ineffectiveness of cash flow hedges was recognised in the income statement. See notes 23 and 24 for further details.

Trade And Other Payables

Trade and other payables increased to £181.5 million (2021: £162.0 million). Other tax and social security increased by £14.7 million primarily as a result of an agreement with HMRC to extend deferral of balances as at 26 March 2022. Other payables decreased £7.0 million primarily due to the settlement of outstanding estate costs following the conclusion of the CVA challenge.

Lease Liabilities

Lease liabilities increased by £10.4 million to £105.2 million (2021: £94.8 million) primarily as a result of the first anniversary of the 2020 CVA with UK stores moving to a fixed rent with turnover element compared to a turnover rent model only thereby increasing fixed lease payments and decreasing variable lease payments which are not part of the lease liability. Lease liabilities 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[13], was £85.2 million (2021: £72.3 million).

As at 26 March 2022, long term debt was £160.7 million which represents £101.6 million term loan, £50.7 million new money term loan ("NMTL") including interest and £8.4 million shareholder loan ("SHL"), see note 25.

As at 27 March 2021, long term debt was £150.8 million which represents £101.2 million term loan, £42.7 million NMTL including interest and £6.9 million SHL, see note 25.

As at 26 March 2022, the Group has fully drawn £10.0 million (2021: £10.0 million) under the overdraft. Cash and cash equivalents were £85.5 million (2021: £88.5 million).

As at 26 March 2022, our core operating bank provided £50.0 million (2021: £70.0 million) of aggregate facilities, including £40.0 million (2021: £60.0 million) of Operating (liquidity, trade and import) facilities and the £10.0 million (2021: £10.0 million) overdraft. As at 26 March 2022, £0.9 million (2021: £25.2 million) was available under these facilities.

13 Net debt, excluding lease liabilities, a non-IFRS measure, is calculated as net debt less lease liabilities as per note 25

Net Cash Generated From Operating Activities

Net cash generated from operating activities was £64.0 million (2021: £4.1 million cash). This reflects operating profit, excluding depreciation and amortisation and impairment reversals/charges, 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 outflow was £17.1 million (2021: £1.0 million outflow). We increased our stock purchases in the year due to stores reopening, however we continue to maintain a strong focus on stock management.

Trade and other payables cash inflow was £15.7 million (2021: £21.1 million inflow) due to the reduction in cash flows for tax and social security due to agreed deferrals.

Trade and other receivables cash inflow was £7.8 million (2021: £7.5 million inflow) due to a reduction in year end trade receivables following a reduction in 3PE sales during the year.

Net Cash Used In Investing Activities

Net cash used in investing activities increased to £25.5 million (2021: £10.3 million) due to higher capital investment across stores and our online platforms and infrastructure, supporting our transformation programme.

Net Cash Used In Financing Activities

Net cash used in financing activities primarily reflects the interest paid on debt facilities and lease payments.

Net cash flows used in financing activities increased to £41.3 million (2021: £0.3 million cash inflow).

Net cash interest paid on external debt was £6.4 million (2021: £3.9 million) predominantly reflecting interest paid on the term loan.

In the prior year, cash proceeds from the issuance of the NMTL was £40.0 million.

Principal elements of lease payments were £24.6 million (2021: £10.7 million) with an additional £10.3 million (2021: £20.0 million) paid considered as interest on lease liabilities.

Outlook

Our short-term focus remains on successfully navigating the ongoing macro-economic challenges. The year was dominated by recovery from the pandemic, protecting business value and dealing with the new challenges raised during FY22. While our focus was on addressing supply chain issues and the impacts of the Omicron variant on peak trading, we were pleased to drive improved profitability as well as growing our market share. We are conscious that FY23 will be another challenging year due to the inflationary pressures facing consumers, but we have confidence in our omnichannel strategy to deliver broad appeal fashion at affordable prices to our customers. We have made solid progress and continue to drive efficiencies in our operating model, invest in new growth opportunities and deliver long term business profitability.

Although we remain cautious, and despite the difficulties in forecasting performance as we tackle an unpredictable trading environment, we are highly confident in the strength and appeal of the New Look brand and our ability ‘to inspire that New Look feeling’.

Risks and Uncertainties

Our Approach to Risk

We recognise that an effective risk management process supports our organisation in making informed decisions to deliver our strategic objectives within the Board's agreed risk appetite. This year we have reviewed and refined the risk management processes, embedding a structured approach for risk management across the organisation.

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

On behalf of the Board, the Audit Committee review the effectiveness of the risk management process, whilst 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 decisions we make.

We have adopted a risk management cycle to:

- Identify the key risks;
- Analyse the potential impact and likelihood;
- Manage the risk through new and existing control measures; and
- Monitor the internal and external environment for potential changes and monitor the effectiveness of controls, which enables regular reporting to senior management and the Audit Committee.

We obtain our assurance from the 'Three Lines of Defence' principle; management control, monitoring controls and independent assurance.

Principal Risks and Uncertainties

We manage a wide range of internal and external risks. Any risk management process is designed to mitigate rather than eliminate risk and can only provide reasonable and not absolute assurance against material misstatement or loss.

As well as the treasury and financial risks identified in note 3, the following are the principal risks and uncertainties the Group faces:

The COVID-19 outbreak has continued to impact a number of existing operating risks such as financial stability and the trading environment, treasury, liquidity and credit risk and supply chain management.

The terms of the UK's exit from the EU have now been agreed and the impact has been incorporated into existing operating risks such as talent management, supply chain management and additional costs relating to increased tariffs and duties.

Business Transformation

Risk Movement

Stable

Risk Owner

Chief Executive Officer

What is the Risk?

Failure to execute our business transformation activities with pace and agility could impede our ability to improve operational efficiency and competitiveness.

How do we manage the risk?

External party engaged to support the creation of a Transformation Plan alongside the strategy work, working with an internal cross functional team.

Maintain the focus on broad appeal and value, considered fundamental to New Look's success as part of the Transformation Plan.

Formal agreements in place with all 3PE partners.

Established programme governance to track progress against the overall Transformation Plan, resourcing and capability, and to monitor critical interdependencies.

Established symbiotic relationship between stores and e-commerce trading channels ensuring consistency and full alignment across all customer touchpoints.

Customer

Risk Movement

Increasing

Risk Owner

Chief Customer Officer

What is the Risk?

Failure to acquire and retain customers because of a deterioration of brand saliency due to lack of online and social media presence and a diminishing and uncompelling presence on the high street, compounded by a lack of cohesion across all channels undermining our omnichannel proposition.

How do we manage the risk?

Deliver to the customer a connected and threaded experience across store, social, app and online.

Marketing investment across a full range of performance, media & social channels.

CRM platform to deliver relevant communication to the customer.

Effective use of data analytics and other research tools to identify pain points and opportunities relating to customer experience.

Customer insight data is used to regularly benchmark performance and drive improvement.

Our Customer Care Team has been brought back in-house to ensure consistency across the customer experience.

Financial Stability and Trading Environment

Risk Movement

Increasing

Risk Owner

Chief Financial Officer

What is the Risk?

Inability to meet financial liabilities as they fall due and ability to support the operation of the business is dependent on having sufficient liquidity over the short, medium and long term.

We are operating in a challenging retail environment; the UK womenswear market is declining and showing a growing expectation from customers of promotional and discounting activity, which impacts profitability. A permanent shift in consumer behaviour from shopping in store to online could lead to a loss making and cash draining store portfolio. This is compounded by the risk of losing profitable stores because of the CVA and cost inflation, most notably the impact of rising energy costs on the retail stores and distribution centre.

Fluctuations in the foreign currency market may result in significant increases in cost as a significant proportion of product is sourced in US dollars.

How do we manage the risk?

Centralised treasury function responsible for managing key financial risks, cash resources and the availability of liquidity and credit capacity, supported by;

- Treasury Committee
- Treasury Management Policy
- Rigorous budget-setting process, based on accurate, intelligent information
- Robust cash flow modelling along with continuous review of model assumptions
- Weekly update on latest cash flow and cash forecasts to the Board
- Foreign currency hedging policy in place

Managing relationships with all financial stakeholders i.e. banks and shareholders, including the comprehensive reduction in borrowings.

Ongoing dialogue with third party partners and suppliers to maintain commercial alignment and mitigation of cash flow risk.

Significant operational efficiencies and mitigation actions identified and actioned, with ongoing review to identify further opportunity.

Move to turnover rent on majority of our UK stores through 2020 CVA and negotiations with our ROI landlords has provided flexibility in cost base and alignment to store performance.

Supply Chain

Risk Movement

Stable

Risk Owner

Chief Commercial Officer

What is the Risk?

Reliance on our supplier base to deliver competitive products on time and of the right quality is essential. Loss of speed and flexibility in the supply chain, leading to greater risk in buying decisions and potential loss of margin through higher markdowns or shortfalls in inventory levels.

Over-reliance on key suppliers and international sources of production leading to a shortfall in inventory due to a supplier failure or global events.

Disruption to the supply chain arising from strikes, civil unrest, the UK's exit from the EU, political turmoil or natural disasters. This includes the impact of climate change on suppliers, across all tiers, from growing conditions impacting price and availability to severe flooding of factories in some territories.

COVID-19 has had a significant and prolonged impact on global economic conditions, including the capacity and cost in the freight market.

How do we manage the risk?

A clearly defined Sourcing Strategy in place which covers;

- Increasing transparency and open costings
- Managing shifts in supply based on shifting costs, materials, freight and product mix
- Identifying opportunities for optimum sourcing mixes
- Projected volumes and commitments to suppliers
- Contractual provisions

Dedicated 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.

Regular review of supply chain and routes maximising flexibility and sustaining fulfilment of product demand across all channels.

Utilising both Textiles 2030 and the BRC Climate Roadmap initiatives to support us with both data gathering and carbon reduction actions across all tiers. See Sustainability Report, page 28.

Talent and Culture

Risk Movement

Stable

Risk Owner

People Director

What is the Risk?

Failure to recruit and retain top talent to run our day-to-day operations and deliver strategy.

Failure to recruit and retain a diverse workforce.

How do we manage the risk?

Investment in our in-house recruitment team and strong agency partnerships to maximise our ability to reach top talent.

Regular reviews of management structure ensuring capability and succession.

Effective identification of emerging talent, and more targeted support for career development.

Regular, effective performance reviews, leadership assessments, training and development.

Bi-annual engagement surveys to understand levels of engagement and development of strategic employee engagement plan based on feedback and data.

Frequent reinforcement of company values and update to company-wide behavioural framework.

Enhance existing programme & initiatives to address physical, mental and financial wellbeing of colleagues.

Widening the remit of our wellbeing strategy to include active listening and upskilling our managers, specifically around mental health.

Creation of new ED&I roadmap and project plan including appointment of a Head of People Experience and Inclusion.

Distribution Centre and Logistics

Risk Movement

Stable

Risk Owner

Chief Commercial Officer

What is the Risk?

Our single site distribution centre (DC) and logistics operations provide fundamental support to the running of the business. Risks include business interruption due to physical damage, access restrictions, breakdowns, capacity and resourcing shortages, IT systems failure, inefficient and slow processes and third-party failures. Increasing choice in the products New Look sells has been central to the development of our omnichannel proposition but growth in product lines, along with an accelerated shift from retail to e-commerce presents our warehouse operation with significant challenges.

How do we manage the risk?

Planning processes are in place to ensure there is sufficient DC handling capacity for expected future business volumes over the short and longer term.

DC handling, inbound logistics and delivery costs are continually monitored to ensure goods are delivered to our retail stores and e-commerce customers in a timely and cost-efficient manner.

Our DC Leadership Team meets regularly to assess the opportunities and risks in our DC and logistics network.

Business continuity plans are in place to mitigate the impact of business interruption.

The Board has approved and keeps under regular review an extensive DC investment programme to accommodate further e-commerce growth.

Corporate Compliance and Responsibility

Risk Movement

Stable

Risk Owner

Chief Executive Officer

What is the Risk?

Failure to deliver against our legal, regulatory, environmental, social and governance commitments would undermine our reputation as a responsible retailer, may result in legal exposure or regulatory sanctions, and could negatively impact our ability to operate and/or remain relevant to our customers.

The expectations of our customers and other stakeholders are increasingly demanding. The environmental and social impact of our business and the sustainability of clothing are all increasingly relevant.

Breaches of regulations or legal requirements, leading to significant fines and reputational damage.

How do we manage the risk?

Continuous monitoring of legal and regulatory developments by our legal team and Data Protection Officer and monitoring of the risk register.

Oversight from established committees such as the Governance and Compliance Steering Group and the Environmental, Social and Governance Steering Group.

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 and cross Industry collaboration where appropriate on emerging issues. See Sustainability Report, page 28.

Key risks and regulatory developments presented to the Audit Committee three times each year.

Compulsory training (e.g. Health & Safety, Anti-Bribery, Corruption & Fraud, Data Protection) for all colleagues.

Information Security (including Cyber) and Business Continuity

Risk Movement

Stable

Risk Owner

Chief Technology Officer

Chief Financial Officer

What is the Risk?

The continued availability and integrity of our IT systems is critical to successful trading.

Failure to securely manage IT systems, infrastructure and data. A data protection failure would lead to prosecution, fines and reputational damage.

The threat of unauthorised or malicious attack is an on-going and constantly evolving risk.

Risk that systems stop working and we are unable to fix as they are no longer under vendor support.

How do we manage the risk?

Technical IT controls including configured firewall, network patching and antivirus software.

Provision of secure externally hosted data storage facilities.

Back-up procedures are in place to deal with any short-term or specific loss of data.

We have access to specialist technical incident response support on a 24/7 basis to assist if an issue arises.

Mandatory 'Information Security around the workplace' training module completed by all colleagues annually.

Business Impact Assessment updated and supported by Disaster Recovery Plans. Business Continuity Incident Management Team Protocol in place. Incident Management Plans in place for all key sites and regularly updated.

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.

Risk is stable, neither increasing or decreasing

Risk is increasing at the time of reporting

Risk is decreasing at the time of reporting

"Kindness is in our jeans"

Sustainability

Sustainability at New Look

How and where we make our product matters. The people behind our products matter. Knowing exactly where our fabrics come from matters. We want to tread as lightly as possible on our planet, which is why we're constantly finding ways to lessen the environmental and social impact of our brand.

Sustainability is not a new concept to New Look and while we're proud of the achievements we've made so far, we aren't stopping there. Our planet is constantly evolving, and in turn, our sustainable, ethical practices should too. It's never been more important for fashion brands to be accountable and act in a responsible and transparent way. Kind to Our Core is how we express our sustainability ambitions across the whole business and it serves as one of the core pillars of our transformation strategy.

In January 2022, we launched our Sustainability Strategy Refresh, an ambitious, forward-facing approach which will be driving progress, offering transparency and comparability of performance. It focuses on addressing the most substantial issues for New Look and our stakeholders.

Our updated sustainability strategy is formed around four pillars:

- Responsible Business;
- Responsible & Circular Product;
- Inclusive Culture;
- Positive Local Impact.

Responsible Business is our core pillar; the engine that drives our brand forward. Positive Local Impact is our overriding focus and informs all we do. Responsible & Circular Product drives our commitment to reduce social and environmental impact whilst playing our part in wider industry transformational change. Finally, Inclusive Culture ensures we embrace diversity and deliver a warm, welcoming experience to all.

In line with creating more comparable data, New Look will be reporting all its sustainability data within the Sustainability Accounting Standards Board ("SASB") framework. Detailed information and latest figures from our last financial year can be found in our Sustainability Strategy Refresh 2022 at www.newlookgroup.com/esg-sustainability/sustainability-strategy-report.

Through key organisations and platforms, we collaborate with brands and Non-Governmental Organisations ("NGOs") that share our values. Together, we ideate forward-thinking solutions and the necessary steps to protect the environment, the wellbeing of workers and their communities.

We are longstanding members of the Ethical Trading Initiative ("ETI") and adopted its Base Code as our Ethical Standards. We also partner with the Sustainable Apparel Coalition to support and implement the Higg Index across all our operations. Other key collaboration partners supporting our strategy delivery are Action Collaboration Transformation ("ACT") on Living Wages, the International Accord, Fast Forward, Better Cotton Initiative, Textile Exchange and One Carbon World.

COP26

November 2021 saw the launch of COP26 in Glasgow and an opportunity to ensure our forward strategy aligns with UK and global targets. Accelerating our efforts and collaborating as an industry are key to delivering on wider climate change commitments.

We have made bold commitments in our Sustainability Strategy and have committed to science-based targets to achieve our goal of becoming climate positive by 2040. This will involve all aspects of our business and business partners pulling in the same direction on reducing greenhouse gas emissions, and New Look being able to measure the impacts of initiatives.

In January 2022 we published our Sustainability Strategy Refresh, in which we committed to be climate positive by 2040. Transparency is a key tool to enable this and support the wider improvement of both social and environmental performance of our direct and indirect operations. Our Board have taken the lead on this challenge, and we are engaging all our colleagues as well as our partners in our supply chain.

We have also committed to aligning with Task Force on Climate-Related Financial Disclosures ("TCFD") ahead of this being a regulatory requirement for the group and in 2023 we will engage third party expertise to support our scenario analysis. Whilst many of the elements expected through TCFD reporting are included within our sustainability reporting, we acknowledge the value of using the TCFD lens to analyse potential risk to our business. We are therefore committed to aligning with the TCFD reporting and in 2023 will engage third party expertise to support scenario analysis.

The analysis will cover the potential impacts of both physical risks, such as droughts or hurricanes, and transition risks, such as carbon pricing, regulatory requirements and impacts on New Look's reputation. All analysis will be based on internationally recognised data.

After initial advice, our scenario planning is set to include:

- A focus on both our own operations (stores, support centres and distribution centres), and our principal manufacturing sites.
- 'Low', 'moderate' and 'high' carbon price scenarios - as we anticipate local and global implementation of nationally determined contributions under the Paris Agreement.
- 'Low', 'moderate' and 'high' physical risk scenarios, based on limiting global warming to 1.5°C[14], > 2°C and > 4° compared to pre-industrial levels.

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 no modern slavery or human trafficking is present 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. This group regularly links with the ESG Steering Group which reports to the Board to share updated information.

For more details, please read our Modern Slavery Statement[15], 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.

Streamlined Energy and Carbon Reporting ("SECR")

Last year marked our first year of reporting Scope 3, which included the best available data in waste, water, business travel, inbound logistics and outbound logistics. This year we have also included product level calculations using the Textiles 2030 Footprint Tool. We will be using this year's calculations as a baseline to set Science Based Targets and will be working to create a roadmap to decarbonise in line with the targets we set.

Scope 1	Unit	FY20	FY21	FY22
Company vehicles	Tonnes CO2e	197	81	182
F-gas	Tonnes CO2e	761	301	791
Operational diesel	Tonnes CO2e	8	11	24
Gas	Tonnes CO2e	389	272	496
Scope 2	**Unit**	**FY20**	**FY21**	**FY22**
Renewable Electricity consumption	KwH	101,411,834	50,859,491	80,953,929
Electricity Consumption	KwH	738,449	413,544	561,250
Electricity (Location Based)	Tonnes CO2e	26,110	11,954	17,308
Electricity (Market Based)	Tonnes CO2e	146	82	111
Scope 3	**Unit**		**FY21**	**FY22**
Electricity WTT Generation	Tonnes CO2e		1,649	4,507
Electricity Transition & Distribution	Tonnes CO2e		1,028	1,532
Water	Tonnes CO2e		58	23
Waste	Tonnes CO2e		112	288
Inbound logistics	Tonnes CO2e		13,094	13,984
Outbound logistics	Tonnes CO2e		4,575	7,351
Staff travel	Tonnes CO2e		39	5,135
Purchased goods and services	Tonnes CO2e		256,935	75,460
Clothing	Tonnes CO2e		n/a	445,975

All data has been externally assured by One Carbon World

Scope 1		FY20	FY21	FY22
Intensity - t CO2e per 1,000 sqft	Electricity	2.70	1.57	2.28
Intensity - t CO2e per 1,000 sqft	Gas	0.19	0.22	0.30
Consumption kWh	Scope 1 & 2	87.8 million	50.3 million	84.3 million

The methodology used to calculate scope 1 & 2 emissions has been based on operational control, accounting for full estate, including landlord buildings. Scope 1 and 2 data has been produced using a hierarchical priority system for data, preferring half hourly (HH) data, billing data and finally, budget data for gaps in invoicing. Transport data is reported on a quarterly basis and details each company cars mileage. Scope 3 data has been gathered through invoicing and data from suppliers with the exceptions of clothing products which has been calculated using Textile 2030s Footprint Tool and purchased goods and services which used an economic model applying carbon conversion factors to spend in the year categorised through expense codes. Defra 2021 conversion factors have been used to convert data to kWh as well as CO2e figures.

14. We will set our Science Based Targets in line with 1.5°C by FY23

15. Details on our corporate site at www.newlookgroup.com

Our Scope 1 & 2 emissions have increased compared to last year which is the result of lockdown measures being lifted and therefore limited store and office closures after the first few weeks of the financial year. Compared to 19/20 full year, there has also been a slight increase in emissions which is attributed to scope 1 emission, gas, f-gas and diesel usage. However, we have seen a significant reduction in electricity usage from 19/20 to 21/22 by -20%. This reduction is a result of half hourly data being received through sub-meters installed in previous years, enabling New Look to continue to review and proactively monitor energy consumption at all stores across the estate to minimise energy consumption throughout the year. One of the key focuses is to engage with store teams and educate them on the best way to control equipment within their stores and to ensure that they are carrying out effective closedown procedures every day. The worst performers are highlighted on a weekly report which is reviewed in detail, enabling us to target where the biggest savings can be made. In stores where faulty equipment has been identified the relevant contractor is sent to resolve the issue in a timely and cost-effective manner. For those stores where it has been identified as a behavioural issue, e.g. new members of staff are unsure on correct closedown procedures or where there may be human error, for instance forgetting to check certain areas before leaving at the end of each day, we liaise with store management and Regional Business Managers to ensure the correct training is received to resolve the issue going forwards.

Other energy efficiency action in the last year includes transitioning 5 stores to LED lighting, as well as 2 out of 10 new stores that opened in the year being fitted with LED lighting. In addition, 15% of our Distribution Centre lighting was also moved to LED.

Within our own offices we regularly update BMS (Building Management System) controls to ensure air conditioning is functioning where needed and appropriate, ensuring that when the building is empty e.g. over weekends and bank holidays that any unnecessary consumption is avoided where possible. Furthermore, this is reflected in our stores, particularly at Christmas and Easter, where we dedicate a lot of time and effort into ensuring that the BMS settings (where applicable) are updated to reflect any amended trade times, e.g. late night trading in the run up to peak where lighting and AC are required to be on for longer, but also to ensure that everything is switched off when the stores are closed for bank holidays.

Our Scope 3 data is now more robust as we have reported on clothing cradle to grave emissions outside of the financial spend analysis giving us greater detail on actual emissions. As expected, scope 3 emissions have increased as more of our business was operational during the year. Clothing makes up over 85% of our scope 3 emissions and therefore continues to be the focus of New Looks efforts for decarbonisation. In addition, inbound and outbound logistics remain within our top 5 highest emitting activities.

As detailed within our Sustainability Strategy Refresh, we have committed to Science Based Targets and will engage with industry consultants to create a roadmap to reach our climate positive by 2040 target. We will continue to engage with Textiles 2030 and the BRC Climate Roadmap initiatives to support us with both data gathering and carbon reduction actions.

Charitable giving

We remain committed to our Charity Partners and recognise the challenges and demands faced by them during the pandemic. Between October 2020 and October 2021 our employees and customers raised more than £321,000 for our 3 corporate charity partners: Hospice UK, the retail TRUST and Teenage Cancer Trust. In addition, and in support of our wide-reaching Sustainability Strategy, we have shifted our stance on our charitable giving during the year and this has energised engagement of our teams in their fundraising and awareness raising efforts.

From January 2022 we identified 3 national charities (detailed below) and 26 local partnerships to support, as well as continuing to support others through our operational activities, supporting the health and wellbeing of our internal teams, and facilitating volunteering that encourages our colleagues to share their skills and knowledge with charities that align to our Kind values.

The Princes Trust Our retail and warehousing programmes, in partnership with the Princes Trust, to date have supported almost 300 people from diverse communities. The Retail Trust provides support, tools, and resources to empower everybody involved in retail to take control of their wellbeing and lead a healthier, happier life. A group of our regional business managers raised over £175,000 for the Princes Trust, through the Million Makers challenge which will go a long way to practically and emotionally supporting many young people. Our relationship with the Trust goes back many years, and we are committed to continuing this relationship to the benefit of our colleagues in the coming year.

LGBT LGBT deliver advice, support, and information services to LGBTQIA+ communities. Our 2021 Pride charity collection raised over £80,000 to help fund LGBT Foundation's volunteering programme and we have a calendar of fundraising and awareness raising events in FY23 to continue to support the charity.

Tree-Nation Tree-Nation is helping to restore forests, create jobs, support local communities and protect biodiversity. In line with our commitment to fight climate change, we've partnered with Tree-Nation planting more than 28,000 trees in our New Look virtual forest through gifting trees to all colleagues and linking the planting of trees to a number of loyalty and gift carding initiative activities. This has provided a visible contribution to reforestation and conservation projects.

Our 24 store regions have elected 26 local charities to support for the year, all of which align to our Kind values. We are delighted that in the first 3 months of this approach our customers and colleagues raised more than £160,000 and importantly for the charities raised a huge awareness raising charities' activities delivering a real positive local impact. This approach continues to gather momentum.

New Look have been partnered with Newlife for over 15 years. The charity provides thousands of items of equipment each year to terminally ill and disabled children across the UK. We know they have had an increased demand for their service during lockdowns and faced real operational challenges. We have donated more than 12,000 boxes of returned products that can't be sold in our stores to Newlife for repurposing and fundraising.

Directors' Report

The Directors present their report and the audited, consolidated financial statements for the 52 weeks ended 26 March 2022 (comparatives for the 52 weeks ended 27 March 2021).

Directors

The Directors, whose details are set out on page 41, are the current Directors of the Company.

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

Alistair McGeorge resigned 28 September 2021 and Nigel Oddy resigned 15 June 2022.

Principal activities

The principal activity of the Group is omnichannel retailing. A review of the Group's business is set out in the Strategic report as set out on pages 4 to 16. 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 page 9 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

The purpose, ambition and the strategic pillars of the Group as set out below:

Our purpose:
To inspire that New Look feeling

Our ambition:
The UK's leading feel-good fashion brand, the choice for fashion-loving 18-44 year old women

Feel Good Fashion Confidence boosting, relevant fashion, that doesn't cost the earth	**Easy & Inspiring Experience** A unique blend of local & digital for maximum convenience
A Brand that Uplifts & Unites A vibrant community of New Lookers, inspiring what we do and each other	**Kind To Our Core** Committed to being a force for good in fashion & our communities

Fit for change
A data-driven, omnichannel-accountable organisation

The purpose and ambition have been integrated into the ongoing strategy and business model. This is underpinned by our employee values which New Look colleagues helped to develop:

- We are one – reflecting the importance of working collaboratively
- It starts with me – encouraging colleagues to take accountability and ownership
- Play to win – empowering colleagues to be brave & bold in their decision making
- Customer obsessed – ensuring colleagues see from their customer's perspective

Principle 2 – Board Composition

Information about our Board members is set out on page 41. The requirements as to Board composition and appointments are set out in our Shareholders' Agreement and comprises the non-executive Chairman, two executive Directors (the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO")), four non-executive Directors, and two investor Directors. The investor Directors represent the majority shareholders, whilst one of the non-executive Directors represents the other shareholders. 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.

We are focused on a strategic approach to Equity, Diversity and Inclusion ("ED&I") and have included it as a key initiative in the 'Kind to Our Core' strategic pillar. We have appointed a new role of Head of People Experience & Inclusion, in addition to having a dedicated ED&I Director Sponsor, a role that will sponsor ED&I on rotation, reflecting a shared accountability for this important agenda. As a predominantly womenswear brand, we remain focused on progressing women into senior roles across the business. Currently 36% of our Operational Directors and 61% of our Heads of Department are female.

The Board remains committed to promoting diversity in all its forms. The Board members have equal voting rights except the non-executive Chairman who has the casting vote. Board members can 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 forementioned Shareholders' Agreement, the Board has established an Audit Committee and a Remuneration Committee. The Audit Committee comprises two non-executive Directors, two investor Directors and one executive Director; the Remuneration Committee comprises two non-executive Directors, two investor 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, the Governance & Compliance Steering Group and an Environmental, Social and Governance 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 Board member 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 adjusted 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, 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

We continue to refine our business strategy and are delivering a Transformation Plan to help us to improve performance and sustain changes for the long term. A cross functional working group has been established to work collaboratively on a detailed plan. This work builds on our existing business strategy and is focused on helping us to fulfil our ambition to "become the UK's leading feel-good fashion brand, the choice for fashion-loving 18–44 year-old women."

Short term opportunities to improve performance are agreed in the weekly Directors' meeting which are attended by the CEO, CFO, the Chief Customer Officer, Chief Commercial Officer and Chief Technology 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 and support the operational implementation of actions that come out of the Audit Committee.

The Audit Committee met three times during the year. The Audit Committee focuses on the integrity of reviewing our financial reporting; making sure they are reliable and understandable, ensuring our risk management processes are effective and controlled, and monitors all audit and compliance outputs, internal and external.

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 24 to 27.

An Internal Agile Audit Plan is prepared on an annual basis and approved by the Board. An agile plan allows the business to be flexible, proactive and respond to emerging risks. During the year we have re-established our ways of working, now building upon and embedding them into the team. Alongside Internal Audits carried out this year our Internal Audit team have also carried out an Internal Quality Assessment and a Maturity self-assessment and presented the outcome to the Audit Committee to review, agreeing an action plan.

Principle 5 – Remuneration

The remuneration of senior employees who receive a basic annual salary over £135,000 requires Remuneration Committee approval under the Shareholders' Agreement. Board approval is required to appoint or remove any employee with a salary of more than £200,000. Board and Shareholder approval is required to appoint or remove any non-executive Director, including the Chairman, the CEO or CFO.

Board approval is required for any bonus schemes and share incentive schemes.

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

Principle 6 – Stakeholder Relationships and Engagement

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.

Customers

The Board receives reports on customer feedback through our Voice of the Customer programme (customer satisfaction online and offline), brand health tracker and customer mindset tracker. Reports are also provided monthly on the market, consumer spending versus the market and New Look market share (both traffic and market value share). Competitor pricing and option counts are monitored, as are new-in and promotional activity. Econometrics modelling is used to monitor marketing spend return on investment. In addition, ad-hoc customer insight is carried out to explore customer perceptions and feedback as needed.

People

From a colleague perspective we created a new three-year People Fit For Change strategy, linked to our Transformation programme and driven by our purpose 'to inspire that New Look feeling'. It is built around five key focus areas:

1. **Destination New Look** - attracting, inspiring and uniting our colleagues to create the same experience for our customers.

2. **Building New Foundations** - transforming our people experience and culture through digital-first people solutions and systems.

3. **Talent for Tomorrow** - building and developing our talent and skills for tomorrow's business needs.

4. **Transforming our Business & Ways of Working** - evolving and aligning our ways of working to our omnichannel ambitions.

5. **Equity, Diversity and Inclusive Culture** - New Look's 50-year history was built on a foundation of a local, diverse and inclusive culture and this continues to be at the heart of everything we do. We are making progress, but we know that we need to go further to become an employer of choice, engaging our employees and being recognised externally as well as internally for inclusivity. We have appointed a new Head of People Experience & Inclusion who will help us drive the Equity, Diversity and Inclusion agenda forward across the business.

We keep colleagues informed and engaged with our People strategy through the Director presentations, Heads Of briefing sessions, colleague surveys, quarterly Director-led Town Hall events, bi-weekly Directors messages, monthly colleague transformation updates, as well as deep dive learning seminars linked to events such as the launch of our Kind Sustainability Refresh and International Women's Day. We recently established a Junior Retail Leadership Team and have developed and continued to expand "Your Voice" listening groups at a functional level to engage colleagues and invite feedback and suggestions to continuously improve our culture and ways of working. In terms of future focus, we are working on plans to implement new People and IT systems which will further enhance our ways of working, communications and engagement with colleagues over the next two years.

Suppliers

Throughout the last year, the focus of our supplier relations has centred around recovery against a backdrop of ongoing volatility. We have faced significant sourcing pressures due to ongoing COVID-19 restrictions, raw material and energy cost price fluctuations, and significant freight service and cost unpredictability.

In spite of this we have been running with a very stable and consistent supply base throughout the year. This included dealing with the shortage of energy supplies impacting China, India and Turkey production, supply and demand imbalances in Bangladesh due to uncertainties in other manufacturing regions, reduced capacities available in Turkey with a drive to grow short lead times as a result of freight cost increases, and the ongoing fallout from the conflict in Myanmar where we, along with our fellow member brands, are working with the Ethical Trade Initiate ("ETI") to risk assess our continued presence in the country.

The close cooperation and communication we have with suppliers has remained pivotal to maintaining these supplier relationships. Through regular one to one dialogue between operational directors, heads of department and suppliers, we can share strategic updates and customer insights.

Stability has been important to ensure legacy materials from the previous year were effectively and efficiently used to reduce waste and improve cost recovery, as well as making sound business sense against a backdrop of rising raw material costs.

We engaged a Senior Sourcing Manager to reshape our Supply Base operations into a sourcing operation. Working with our buyers and suppliers, they are conducting a programme of Purchasing Practices training and extending the use of Open Costings protocols identifying new opportunities to challenge and make better informed sourcing decisions.

Sustainability

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. All of this is focused on affecting positive change upon the workers involved in the manufacture of our products. SECR disclosures are provided within the Sustainability section of the Strategic Report.

During this financial year, which included the launch of COP26 in Glasgow in November 2021, we have refreshed our Sustainability Strategy. Based on materiality and building on 20 years of sustainability initiatives, the strategy made public our sustainability commitments and we are reporting on these for the first time in our Sustainability Report. We have committed to science-based targets, aligning with TCFD methodologies and reporting against SASB and developed a solid cross business transformation platform called Kind to our Core. We have continued to address many emerging social sustainability impacts arising from COVID-19, conflict in Myanmar and human rights issues in Xinjiang, China. We have collaborated closely on all these matters, including with our fellow members in Ethical Trading Initiative ("ETI"), Sustainable Apparel Coalition, Action Collaboration Transformation ("ACT"), the Bangladesh Accord, Fast Forward, Better Cotton Initiative, Textile Exchange and One Carbon World.

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 whilst treading lightly on the planet.

We are committed to embedding sustainability within our culture and practices across our business.

For more information see the Sustainability Report on page 28.

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 and buildings held by the Group.

Dividends

The Group paid dividends of £nil in the year (2021: £nil). The Directors do not recommend the payment of a final dividend.

Payment of suppliers

The Group's creditor days as at 26 March 2022 were 57 days (2021: 75 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 (2021: none).

Going concern

In determining the appropriate basis of preparation of the annual financial statements for the period ended 26 March 2022, 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 of the Group and the adequacy of its financial resources to continue in operational existence and to meet its obligations as they fall due over a 15-month period from the date of approval of these financial statements. The Directors have also considered the risks to the Group's trading performance, as summarised in the 'Risks and Uncertainties' section on pages 24 to 27, and the agreed extension of the operating facilities from June 2023 to June 2024 (as described on page 36 and note 35).

Trading projections

The Group has prepared a three-year business plan ('base case scenario') and considered the likely trading trends, based on information available at the time of preparation and recent history.

The base case scenario is cautious in light of the ongoing uncertainties of further external economic challenges, the continued structural shift from offline to online, and the inflationary pressures on consumer spending. The FY23 budget has been built to reflect a continuing recovery throughout the year following the disruption to trade seen in the last two years. No further UK or ROI lockdowns have been assumed with stores planned to trade all year and the offline/online mix stabilizing. The base case scenario reflects a decline in retail compared to FY20 on a LFL basis (the last period pre-pandemic), offset by a sales growth in e-commerce compared to FY20 reflecting the significant switch to online over the last 3 years and associated reset of the retail market accelerated by the pandemic.

After normalizing in FY23, both retail and e-commerce sales are planned to grow during FY24 in line with the market as well as increasing following marketing reinvestment and from the benefits of transformation projects.

Under the base case scenario, in relation to the operating facilities and term loan, the Group maintains sufficient headroom against the minimum liquidity covenant during the period of review, as well as meeting the capital expenditure and minimum EBITDA covenants.

The Directors have run a number of sensitivity scenarios on the projections to understand the liquidity position of the Group in the event of:

- A slower recovery in sales. The slower recovery reflects the possibility of further impacts to customer disposable income and confidence given the higher inflationary environment and geo-political uncertainty exacerbated by the invasion of Ukraine. It also considers the potential impact on demand should the Group need to increase prices in order to mitigate further cost inflation not already factored into the projections. The sensitivity scenarios suggest that if both retail and e-commerce sales declined throughout FY23 by over 15% compared to forecast, with the associated variable costs reducing accordingly, the Group's cash balance remains above the minimum required cash level without requiring any mitigating actions, and the Group would continue to meet its liabilities as they fall due.
- Temporary store closures as a result of possible further lockdowns due to a COVID-19 variant outbreak pre-Christmas (similar to Omicron). If all stores were closed for two months in January and February followed by a slow recovery in the following month and assuming no increase in e-commerce sales (despite prior experience showing e-commerce sales increase when stores are closed), the Group's cash balance remains above the minimum required cash level without requiring any mitigating actions, and the Group would continue to meet its liabilities as they fall due.

A more severe COVID-19 related lockdown, or other COVID-19 driven impacts on consumer spending, in which there was no government support available, has been considered as a potential severe but plausible scenario, that would threaten the Group's liquidity. In such a scenario, the Directors would seek to implement additional mitigating actions including short-term working capital management and further reducing discretionary spend. While the Directors have demonstrated the ability to draw upon these actions during the last 12-15 months, they are not wholly within the Group's control to implement in the future. In the event of such a scenario, the Group could breach its minimum liquidity covenant and, in the absence of government support, may require additional funding in order to continue operating, with there being no certainty that such funding would be forthcoming.

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, due to the potential for extended lockdowns as a result of a more severe COVID-19 related event, with the uncertainty over the availability of government support, the Group's cash balance could breach the minimum required liquidity covenant and additional funding may be required which is not certain. As a result, there is a material uncertainty in respect of COVID-19 that 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 were unable to continue as a going concern.

Events after the reporting period

As at 26 March 2022, the Group's core operating bank provides £50.0 million aggregate committed facilities with a maturity date of 30 June 2023 (the "Operating Facilities"). This includes £10.0 million revolving credit facility (currently drawn as an overdraft) and £40.0 million available as trade and import facilities to the Group's suppliers.

The Group and its creditors under the Operating Facilities have agreed in principle to an extension of the maturity date to June 2024 and for New Look Corporate Limited ("NLCL") to become a lender under the Operating Facilities. NLCL will raise an additional New Money PIK loan of £50.0 million from its existing shareholders (additional class A shares will also be issued to the lenders under the facility) and NLCL shall use the proceeds to purchase all of the commitments under the Operating Facilities. The transaction will complete in the coming months.

Indemnity insurance

The Group maintains qualifying third-party indemnity provisions for its Directors and officers; this was in place for the year ended 26 March 2022 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 Group'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,

Mike Coupe

Chairman

24 August 2022

Statement Of Directors' Responsibilities In Respect Of The Financial Statements

The Directors are responsible for preparing the financial statements in accordance with applicable Jersey law and International Financial Reporting Standards.

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are responsible for:

- selecting suitable accounting policies and then applying them consistently;
- stating whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing 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 ensuring that the financial statements comply with The Companies (Jersey) Law, 1991 and 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.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group.

On behalf of the Board,

Mike Coupe

Chairman

24 August 2022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The Board

Mike Coupe
Non-Executive Chairman

Mike Coupe was appointed to the Board of Directors as New Look's Non-Executive Chairman in September 2021. Prior to joining New Look, Mike held the position of CEO of Sainsbury plc from 2014 to 2020. Mike also held the title of director of COVID-19 testing at England's Test and Trace agency from September 2020 until December 2020 and was appointed as a Non-Executive Director on the board of NHS England in January 2021.

Helen Connolly
Chief Executive Officer

Helen was appointed to the Board of Directors in June 2022 when she took up the role of Chief Executive Officer. Helen joined New Look as Chief Commercial Officer in January 2020. From 2016 to 2019, she was the CEO of Bonmarché, and prior to that, held senior roles at George at Asda including Buying & Brand Director, Category Director for Buying & Design and Buying Manager of Womenswear. Previously, she was Head of Buying at Dorothy Perkins and Head of Sourcing for Womenswear, and Girlswear at Next Asia plc.

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.

Laurence Raven
Investor Director

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

Stuart MacKenzie
Investor 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. Prior to joining Ethos, Stuart spent two years at JP Morgan Chase Bank NA.

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 Chair of The Paint Shed Ltd and 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.

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 and Non-Executive Director and Chair of the Audit Committee at 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.

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:

- give a true and fair view of the state of the Group's affairs as at 26 March 2022 and of its loss and cash flows for the 52 week period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted in 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 & Accounts (the "Annual Report"), which comprise: the Consolidated balance sheet as at 26 March 2022; 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 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.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 7 to the financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

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. Due to the potential for extended lockdowns as a result of a severe COVID-19 related event, with the uncertainty over the availability of government support, the Group's cash balance could breach the minimum required liquidity covenant and additional funding may be required which is not certain. These conditions, 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 Group financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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 Statement of Directors' responsibilities in respect of the financial statements, 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.

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employee related tax matters, corporate tax related matters and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies (Jersey) Law 1991. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or profits and management bias in significant accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussing with management, internal audit, internal legal counsel, head of tax and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation or fraud;
- Assessment of matters reported on the Group's whistleblowing log and the results of management's investigation of such matters;
- Identifying and testing journal entries based on our risk assessment, in particular any journal entries posted with unusual descriptions, unusual account combinations or posted by senior management and evaluating whether there was evidence of management bias that represents a risk of misstatement due to fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to inventory provisioning, impairment assessments and the Group's going concern assessment;
- Assessing the nature and magnitude of government support received in the year including testing on a sampling basis;
- Incorporating elements of unpredictability into the audit procedures performed; and
- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 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 obtained 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

24 August 2022

NEW LOOK RETAIL HOLDINGS LIMITED
CONSOLIDATED INCOME STATEMENT

		For the financial periods	
		52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	Note	**£m**	£m
Revenue	5, 6	**839.6**	542.2
Cost of sales		**(478.1)**	(344.9)
Gross profit		**361.5**	197.3
Other income – government grants	7	**3.5**	7.2
Impairment (charge)/reversal	13,14,15	**(0.6)**	134.5
Gain on disposal/modification of right-of-use assets	15	**3.8**	133.8
Administrative expenses		**(366.5)**	(295.6)
Operating profit	7	**1.7**	177.2
Finance income	9	**-**	0.1
Finance expense	9	**(27.2)**	(69.3)
(Loss)/profit before taxation		**(25.5)**	108.0
Taxation	11	**1.1**	0.1
(Loss)/profit attributable to the owners of New Look Retail Holdings Limited		**(24.4)**	108.1

The notes on pages 52 to 95 are an integral part of these consolidated financial statements.

NEW LOOK RETAIL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the financial periods	
		52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	Note	**£m**	£m
(Loss)/profit for the period		**(24.4)**	108.1
Other comprehensive income/(expense):			
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges	24	**3.5**	1.9
Exchange differences on translation of foreign operations	30	**-**	(0.3)
Tax effects	11	**(0.8)**	(0.3)
Other comprehensive income for the period, net of tax		**2.7**	1.3
Total comprehensive (loss)/profit for the period		**(21.7)**	109.4

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

The notes on pages 52 to 95 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:

		For the financial periods	
		52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	Note	**£m**	£m
Operating profit		**1.7**	177.2
(Deduct)/add back:			
Fair value movement of financial instruments	24	**(2.4)**	5.1
Impairment reversal for tangible, intangible and right-of-use assets	5,13,14,15	**0.6**	(134.5)
Operating exceptional items	10	**(4.4)**	(105.9)
SaaS expense	7	**2.2**	-
Depreciation	5,13,15	**33.9**	39.8
Amortisation	5,14	**27.5**	22.6
Adjusted EBITDA including IFRS 16	5	**59.1**	4.3
Impact of IFRS 16		**(33.9)**	(38.8)
Adjusted EBITDA	5	**25.2**	(34.5)

NEW LOOK RETAIL HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET

		As at	
		26 March 2022	27 March 2021
	Note	**£m**	£m
Non-current assets			
Property, plant and equipment	13	**25.9**	31.9
Intangible assets	14	**244.3**	252.9
Right-of-use assets	15	**87.7**	68.9
Other receivables	17	**0.1**	0.1
		358.0	353.8
Current assets			
Inventories	16	**128.0**	111.0
Trade and other receivables	17	**25.4**	33.2
Derivative financial instruments	18	**4.1**	0.1
Cash and cash equivalents	19,25	**85.5**	88.5
		243.0	232.8
Total assets		**601.0**	586.6
Current liabilities			
Trade and other payables	20	**(180.8)**	(161.3)
Lease liabilities	15	**(24.4)**	(3.8)
Current tax liabilities		**(5.5)**	(5.8)
Derivative financial instruments	22	**(0.2)**	(2.1)
Provisions	27	**(1.3)**	(2.6)
		(212.2)	(175.6)
Non-current liabilities			
Other payables	20	**(0.7)**	(0.7)
Lease liabilities	15	**(80.8)**	(91.0)
Borrowings	21,25	**(170.7)**	(160.8)
Provisions	27	**(0.7)**	(0.9)
		(252.9)	(253.4)
Total liabilities		**(465.1)**	(429.0)
Net assets		**135.9**	157.6
Equity attributable to the owners of New Look Retail Holdings Limited			
Share capital	29	**-**	-
Other reserves	30	**466.3**	463.6
Accumulated losses	30	**(330.4)**	(306.0)
Total equity		**135.9**	157.6

The notes on pages 52 to 95 are an integral part of these consolidated financial statements.

The financial statements on pages 47 to 95 were authorised for issue by the Board of Directors on 24 August 2022 and were signed on its behalf by:

Richard Collyer

Chief Financial 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	£m	£m	£m	£m
Balance at 28 March 2020		-	10.9	(414.1)	(403.2)
Comprehensive income/(expense)					
Profit for the financial period	30	-	-	108.1	108.1
Other comprehensive income and expense					
Exchange differences on translation of foreign companies	30	-	(0.3)	-	(0.3)
Movements in hedged financial instruments	24	-	1.9	-	1.9
Tax on items recognised directly in other comprehensive income	11	-	(0.3)	-	(0.3)
Total other comprehensive income		-	1.3	-	1.3
Total comprehensive profit		-	1.3	108.1	109.4
Transactions with owners:					
Cancellation of shares	29	-	-	-	-
Shares issued	29	-	-	-	-
Capital contribution	30	-	451.4	-	451.4
Total transactions with owners		-	451.4	-	451.4
Balance at 27 March 2021	29, 30	-	463.6	(306.0)	157.6
Comprehensive income/(expense)					
Loss for the financial period	30	-	-	(24.4)	(24.4)
Other comprehensive income and expense					
Exchange differences on translation of foreign companies	30	-	-	-	-
Movements in hedged financial instruments	24	-	3.5	-	3.5
Tax on items recognised directly in other comprehensive income	11	-	(0.8)	-	(0.8)
Total other comprehensive income/(expense)		-	2.7	-	2.7
Total comprehensive profit/(loss)		-	2.7	(24.4)	(21.7)
Transactions with owners:					
Cancellation of shares	29	-	-	-	-
Shares issued	29	-	-	-	-
Total transactions with owners		-	-	-	-
Balance at 26 March 2022	29, 30	-	**466.3**	**(330.4)**	**135.9**

The notes on pages 52 to 95 are an integral part of these consolidated financial statements.

NEW LOOK RETAIL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

		For the financial periods	
		52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	Note	**£m**	£m
Cash flows from operating activities			
Operating profit		**1.7**	177.2
Depreciation of property, plant and equipment	13	**14.4**	11.1
Impairment charge/(reversal) of property, plant and equipment	13	**0.6**	(12.8)
Amortisation of intangible assets	14	**27.5**	22.6
Impairment charge/(reversal) of intangible assets	14	**1.3**	(109.8)
Loss on disposal of property, plant and equipment and intangible assets		**0.6**	1.2
Depreciation of right-of-use assets	15	**19.5**	28.7
Impairment reversal of right-of-use assets	15	**(1.3)**	(11.9)
Gain on modification/disposal of right-of-use assets	15	**(3.8)**	(133.8)
Fair value (gains)/losses on financial instruments	24	**(2.4)**	5.1
Foreign exchange losses/(gains) on operating activities		**1.5**	(0.5)
Increase in inventories		**(17.1)**	(1.0)
Decrease in trade and other receivables		**7.8**	7.5
Increase in trade and other payables		**15.7**	21.1
Decrease in deferred income		**(0.5)**	(2.3)
(Decrease)/increase in provisions		**(1.5)**	1.5
Income taxes received		**-**	0.2
Net cash flow generated from operating activities		**64.0**	4.1
Cash flows from investing activities			
Purchase of property, plant and equipment		**(7.9)**	(2.6)
Purchase of intangible assets		**(17.6)**	(7.7)
Net cash flow used in investing activities		**(25.5)**	(10.3)
Cash flows from financing activities			
Interest paid (excluding lease interest)		**(6.4)**	(4.0)
Interest received		**-**	0.1
Lease interest paid		**(10.3)**	(20.0)
Principal elements of lease payments		**(24.6)**	(10.7)
Proceeds from new money term loan	25	**-**	40.0
Repayment of overdraft	25	**-**	(5.1)
Net cash flow (used in)/generated from financing activities		**(41.3)**	0.3
Net decrease in cash and cash equivalents		**(2.8)**	(5.9)
Opening cash and cash equivalents	25	**88.5**	95.7
Exchange losses on cash and cash equivalents	25	**(0.2)**	(1.3)
Closing cash and cash equivalents	19,25	**85.5**	88.5

The notes on pages 52 to 95 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 52 week period to 26 March 2022 were authorised for issue by the Board of Directors ("the Board") on 24 August 2022 and the consolidated balance sheet was signed on the Board's behalf by Richard Collyer. 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 consolidated 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 26 March 2022, 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 of the Group and the adequacy of its financial resources to continue in operational existence and to meet its obligations as they fall due over a 15-month period from the date of approval of these financial statements. The Directors have also considered the risks to the Group's trading performance, as summarised in the 'Risks and Uncertainties' section on pages 24 to 27, and the agreed extension of the operating facilities from June 2023 to June 2024 (as described on page 36 and note 35).

Trading projections

The Group has prepared a three-year business plan ('base case scenario') and considered the likely trading trends, based on information available at the time of preparation and recent history.

The base case scenario is cautious in light of the ongoing uncertainties of further external economic challenges, the continued structural shift from offline to online, and the inflationary pressures on consumer spending. The FY23 budget has been built to reflect a continuing recovery throughout the year following the disruption to trade seen in the last two years. No further UK or ROI lockdowns have been assumed with stores planned to trade all year and the offline/online mix stabilizing. The base case scenario reflects a decline in retail compared to FY20 on a LFL basis (the last period pre-pandemic), offset by a sales growth in e-commerce compared to FY20 reflecting the significant switch to online over the last 3 years and associated reset of the retail market accelerated by the pandemic.

After normalizing in FY23, both retail and e-commerce sales are planned to grow during FY24 in line with the market as well as increasing following marketing reinvestment and from the benefits of transformation projects.

Under the base case scenario, in relation to the operating facilities and term loan, the Group maintains sufficient headroom against the minimum liquidity covenant during the period of review, as well as meeting the capital expenditure and minimum EBITDA covenants.

The Directors have run a number of sensitivity scenarios on the projections to understand the liquidity position of the Group in the event of:

- A slower recovery in sales. The slower recovery reflects the possibility of further impacts to customer disposable income and confidence given the higher inflationary environment and geo-political uncertainty exacerbated by the invasion of Ukraine. It also considers the potential impact on demand should the Group need to increase prices in order to mitigate further cost inflation not already factored into the projections. The sensitivity scenarios suggest that if both retail and e-commerce sales declined throughout FY23 by over 15% compared to forecast, with the associated variable costs reducing accordingly, the Group's cash balance remains above the minimum required cash level without requiring any mitigating actions, and the Group would continue to meet its liabilities as they fall due.
- Temporary store closures as a result of possible further lockdowns due to a COVID-19 variant outbreak pre-Christmas (similar to Omicron). If all stores were closed for two months in January and February followed by a slow recovery in the following month and assuming no increase in e-commerce sales (despite prior experience showing e-commerce sales increase when stores are closed), the Group's cash balance remains above the minimum required cash level without requiring any mitigating actions, and the Group would continue to meet its liabilities as they fall due.

A more severe COVID-19 related lockdown, or other COVID-19 driven impacts on consumer spending, in which there was no government support available, has been considered as a potential severe but plausible scenario, that would threaten the Group's liquidity. In such a scenario, the Directors would seek to implement additional mitigating actions including short-term working capital management and further reducing discretionary spend. While the Directors have demonstrated the ability to draw upon these actions during the last 12-15 months, they are not wholly within the Group's control to implement in the future. In the event of such a scenario, the Group could breach its minimum liquidity covenant and, in the absence of government support, may require additional funding in order to continue operating, with there being no certainty that such funding would be forthcoming.

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, due to the potential for extended lockdowns as a result of a more severe COVID-19 related event, with the uncertainty over the availability of government support, the Group's cash balance could breach the minimum required liquidity covenant and additional funding may be required which is not certain. As a result, there is a material uncertainty in respect of COVID-19 that 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 were 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 April 2021.

Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest rate benchmark reform - phase 2 – effective for accounting periods beginning on or after 1 January 2021.

b) Standards, amendments and interpretations to existing standards that are not yet effective, have not been endorsed by the UK 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.

Amendments to IAS 12, 'Taxation' relating to deferred tax related to assets and liabilities arising from a single transaction – effective for accounting periods beginning on or after 1 January 2023.

Amendments to IAS 1 'Presentation of Financial Statements' relating to classification of liabilities as current or non-current – effective for accounting periods beginning on or after 1 January 2024.

Annual Improvements 2018-2020 - amendments to IFRS 3 'Business Combinations', IAS16 'Property, Plant and Equipment' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' – effective for accounting periods beginning on or after 1 January 2022.

Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Disclosure of Accounting policies' - effective for accounting periods beginning on or after 1 January 2023.

Amendments to IAS 8 'Accounting policies, Changes in Accounting Estimates and Errors' relating to the definition of accounting estimates - effective for accounting periods beginning on or after 1 January 2023.

2.2 Basis of consolidation

The consolidated 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; and
  - 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.
- 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 accruals within 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 20. 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. Summary of significant accounting policies (continued)

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 48 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 including strategic validation exercises		X	
Writing down inventories by significant 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 New Look Retail Group Limited and its subsidiaries, "the Old Group", for which the Group are liable)			X
Lease modifications as a result of CVA or COVID-19	X		
Unavoidable duplicate costs incurred as a direct result of the UK exit from the EU that are one-off in nature	X		
Government grants received in respect of COVID-19 (excluding Government Job Retention Schemes)	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.

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. Software licences include both external direct costs of goods and services, and internal payroll related costs for employees who are directly associated with the software project.

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, 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, or more frequently if events or changes in circumstances indicate a potential 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 on 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.

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

2. Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

(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. The amount of the loss allowance 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 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 non-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 Act 2022 increased the mainstream rate of corporation tax to 25% with effect from 1 April 2023, and the effect on deferred tax 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.

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, an office and the distribution centre. 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. The interest rate implicit in the lease cannot be readily determined therefore 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, see note 4(e).

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. The Group is also exposed to potential future increases in variable lease payments based on turnover following the 2020 CVA.

Lease payments are allocated firstly to finance cost and the remaining to principal. 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.

Lease liabilities are remeasured:

- where there is a change in the assessment of exercise of an option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- where the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- at each anniversary of the CVA to reflect 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 payable in year two; or
- where the lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

2. Summary of significant accounting policies (continued)

2.19 Leases (continued)

When the lease liability is remeasured, an equivalent adjustment is made to the right-of-use asset unless its carrying amount is reduced to zero, in which case any remaining amount is recognised in profit or loss.

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 the income statement. 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 including IFRS 16 is operating profit before exceptional items, the movements in fair value of financial instruments, the impairment charge or write back of tangible, intangible assets and right-of-use assets, the charge related to SaaS arrangements, depreciation and amortisation. The charge related to SaaS arrangements reflects costs that would ordinarily be capitalised if the underlying project was not a cloud computing based investment. Adjusted EBITDA is adjusted EBITDA including IFRS 16 with an add back in respect of contractual rent payments, lease incentives and initial direct costs which under IFRS 16 are no longer recognised within operating profit and therefore deducted from this measure in order to present a fair measure of profitability. Adjusted EBITDA also includes an adjustment to remove any gains/losses on the disposal/modification of leases under IFRS 16. Adjusted EBITDA is reconciled to operating profit on page 48.

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 the income statement on a systematic basis over the periods in which the Group 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 for the period in which it becomes receivable. Government grants are netted against the related expense where a related expense exists and presented as other income where no related expense exists.

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 and import facilities (including letters of credit and avalised bills), a term loan facility and shareholder 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 26 March 2022 comprise £0.9 million (2021: £25.3 million) available under the £40.0 million committed (2021: £60.0 million committed) operating (liquidity, trade and import) facilities, an overdraft drawn to the value of £10.0 million (2021: £10.0 million), a term loan of £101.6 million (2021: £101.2 million) and cash and short term deposits, see note 19. The trade and import products within the operating facilities provide suppliers the ability to advance payment from the bank against their invoices earlier than the payment terms on which the Group makes payment to the bank. This provides both the Group and the supplier improved working capital, see note 20. The expiry of the operating facilities has been considered in the going concern assessment, see note 2.1.1.

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 cash balances. During the period ended 26 March 2022, 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.

As at 26 March 2022, the Group had no foreign currency denominated borrowings.

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 26 March 2022, if Sterling had weakened by 5.0% against the Euro with all other variables held constant, post-tax loss (2021: profit) for the period would have been £0.4 million lower (2021: £0.3 million higher), mainly as a result of the translation of Euro cash balances held. Post-tax increase in shareholder's surplus would have been £0.9 million lower (2021: £1.0 million lower) due to the consolidation of net assets and liabilities of foreign subsidiaries with their functional currency as Euro.

During the period ended 26 March 2022, if Sterling had weakened by 5.0% against the US dollar with all other variables held constant, post-tax loss (2021: profit) for the period would have been £0.9 million lower (2021: £0.4 million higher), mainly as a result of the movement in fair value of ineffective forward currency contracts. Post-tax increase in shareholder's surplus would have been £3.3 million higher (2021: £1.7 million higher surplus) 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 on the term loan borrowing and overdraft facility.

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.

During the period ended 26 March 2022, 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 (2021: profit) for the period would have been £0.4 million lower (2021: £0.5 million higher), as a result of a higher interest income on floating rate cash deposits.

During the period ended 26 March 2022, if interest rates on floating rate borrowings had been 100 basis points higher with all other variables held constant, post-tax loss (2021: profit) for the period would have been £0.8 million higher (2021: £0.8 million lower) due to the higher interest payable on the term loan borrowing and overdraft facility.

Effect of IBOR reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as GBP LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. The FCA confirmed that the LIBOR fixings relevant to the Group would no longer be representative after 31 December 2021 which created a requirement for the Group's contracts which referenced LIBOR to use an alternative benchmark rate. As the cessation of IBORs was well signposted by global regulators, the Group's lenders had performed a review of impacted documentation ahead of time to ensure that it was able to plan and address any potential issues. The Group's most significant risk exposure affected by these changes related to its term loan and operating facilities. In respect of the term loan, the amount of cash interest payable is based on LIBOR up to 10 May 2022, but effective 10 May 2022, will switch to SONIA. This has been agreed as an amendment agreement to the SFA entered into on 19 November 2021. The change is not expected to have a significant impact on the cash flows under the term loan. In respect of the operating facilities, the floating rate interest for GBP loans was adjusted to SONIA effective 19 November 2021, upon signing an amendment to the Trade Finance Facility Agreement. Similar provisions for Euribor and loans in USD were also made for transitioning to the respective alternative IBORs as required. Where the group includes a reference to LIBOR within contract agreements with its goods and services providers pertaining to default interest clauses, these will be reviewed and amended on a case by case basis.

Credit risk

Credit risk arises from cash and cash equivalents, in the money 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. For certain overseas customers the Group requests bank guarantees in the form of a standby letter of credit or similar security.

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 26 March 2022, an aggregate of £4.1 million (2021: £nil) derivative financial instruments were in the money and placed with counter parties independently reviewed and within set approved limits.

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 forward looking aspect of IFRS 9 requires judgement as to how changes in economic factors might affect expected credit losses. The closing loss allowances for trade receivables are disclosed within note 17.

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 profit/loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

3. Treasury and financial risk management (continued)

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 term loan, shareholder loan and the new money term loan 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 26 March 2022, net debt, excluding lease liabilities, was £85.2 million (2021: £72.3 million), see note 25.

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 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, pre-tax discount rates and long term growth rates as detailed in notes 13 and 14.

(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. See details in note 16.

(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 pre-tax discount rates and long term growth rates as detailed in note 14.

Significant judgements

(d) Exceptional items

The Group applies judgement in identifying the significant items of income and expense that are not considered in the ordinary course of business 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 - leases

The Group applies judgement in determining the incremental borrowing rate used to calculate the lease liability, as disclosed in note 15, 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 2020 CVA rent

The Group applies judgement in determining the expected rent on stores that as at year end were still on 2020 CVA terms for calculation of right-of-use assets and lease liabilities and for calculation of the value in use of assets with finite lives. The Group has assumed that rent will remain at the 2020 CVA level from September 2023, the end of the 2020 CVA.

(g) Remeasurement point of lease liabilities for variable to fixed cash flows

The Group applies judgement in determining the point at which to remeasure the lease liabilities for stores under the 2020 CVA to reflect the change in variable lease payments to fixed lease payments. The Group will remeasure the lease liabilities at each anniversary of the CVA to reflect the minimum rent clause which applied to year two of the CVA under which the minimum rent payable is 85% of the rent payable in year one and applies in year three where the minimum rent will be 85% of the rent payable in year two.

(h) Allocation of lease payments

The Group applies judgement in determining the timing of payment allocations to lease liabilities under the CVA. Where the year two and three of the CVA have a minimum rent payable of 85% of the rent payable in year one and year two respectively, the Group allocate cash payments on a straight-line basis across the CVA year to the lease liabilities. Cash payments in excess of the straight-line base charges are considered turnover rent and are recognised in profit or loss.

(i) Lease term

The Group applies judgement in determining the reasonably certain end date of leases that contain break and/or extension options. The Group has assessed the expected lease end date for each store 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 judgements applied.

(j) Expected useful life of the brand

The Group applies judgement in determining the expected useful life of the brand. Management 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.

(k) Cloud computing arrangements

The Group applies judgement in determining whether costs incurred in cloud computing arrangements (SaaS arrangements) should be capitalised or expensed following the IFRS Interpretations Committee's agenda decision in respect of accounting for configuration and customisation costs in SaaS arrangements.

(l) 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 pages 35 and 36) and within the basis of preparation (see note 2.1.1).

(m) Recognition of deferred tax assets

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. The nature and extent of evidence which supports the conclusion that it is probable that future taxable profit will be available are assessed thoroughly. All evidence is considered when assessing if it is probable that future taxable profits will be available, both negative and positive. In order to conclude if future taxable profits will be available, positive evidence should outweigh existing negative evidence and the probability must pass the "more likely than not" threshold (i.e. > 50%).

(n) Uncertain tax positions

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.

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, 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 generate 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 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 reportable segment information provided to the Board is as follows:

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
External revenue		
– UK and ROI retail	**601.2**	257.3
– E-commerce [1]	**227.5**	240.7
– 3rd party e-commerce	**45.6**	55.2
– Franchise	**0.5**	0.6
Segmental gross value	**874.8**	553.8
Adjustment to state concession income on a net basis for statutory reporting purposes	**(35.2)**	(11.6)
Total external revenue	**839.6**	542.2

[1] E-commerce sales include £8.6 million (2021: £11.1 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 periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Adjusted EBITDA including IFRS 16		
– UK and ROI retail	**23.9**	(40.5)
– E-commerce	**28.1**	36.6
– 3rd party e-commerce	**7.0**	8.1
– Franchise	**0.1**	0.1
Total adjusted EBITDA including IFRS 16	**59.1**	4.3

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Adjusted EBITDA		
– UK and ROI retail	**(10.0)**	(79.3)
– E-commerce	**28.1**	36.6
– 3rd party e-commerce	**7.0**	8.1
– Franchise	**0.1**	0.1
Total adjusted EBITDA	**25.2**	(34.5)

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Capital expenditure		
– UK and ROI retail	**11.3**	3.2
– E-commerce	**14.5**	5.6
– 3rd party e-commerce	**4.0**	-
– Franchise	**-**	-
Total capital expenditure	**29.8**	8.8

Additions to right-of-use assets of £21.6 million (2021: £nil) are also allocated to UK and ROI retail.

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Depreciation and amortisation		
– UK and ROI retail	**47.3**	48.1
– E-commerce	**12.2**	12.5
– 3rd party e-commerce	**1.9**	1.7
– Franchise	**-**	0.1
Total depreciation and amortisation	**61.4**	62.4

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Impairment charge/(reversal)		
– UK and ROI retail	**(4.0)**	(135.2)
– E-commerce	**4.1**	-
– 3rd party e-commerce	**-**	-
– Franchise	**0.5**	0.7
Total impairment	**0.6**	(134.5)

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 periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
External revenue		
United Kingdom	**780.2**	487.3
Republic of Ireland	**37.8**	23.1
France	**0.7**	1.1
Germany	**14.3**	23.1
Rest of Europe	**1.0**	2.3
Middle East	**0.6**	0.6
Rest of World	**5.0**	4.7
Total external revenue	**839.6**	542.2

	As at	
	26 March 2022	27 March 2021
	£m	£m
Non-current assets		
United Kingdom	**342.9**	329.6
Republic of Ireland	**15.1**	24.2
Total non-current assets	**358.0**	353.8

6. Revenue

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Sale of goods	**815.8**	534.3
Concession income (net)	**23.8**	7.9
Total external revenue	**839.6**	542.2

7. Operating profit

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Operating profit is stated after charging/(crediting):		
Cost of inventories recognised as an expense through cost of sales	379.3	**260.5**
Write down of inventories to net realisable value through cost of sales	8.2	**10.7**
Distribution centre costs	37.7	**38.1**
Staff costs	144.2	**99.4**
Temporary and contract staff costs	16.3	**6.6**
Marketing costs	41.7	**34.5**
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the Group and parent company	0.7	**0.7**
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	**0.2**
– Tax compliance services	-	**0.1**
– Tax advisory services	-	**0.3**
– All other services	-	**0.4**
Rent on short term leases and turnover rent	17.7	**4.6**
Estate costs (excluding rent)	64.9	**38.0**
Other income – government retail, hospitality and leisure grants	(3.5)	**(7.2)**
Loss on disposal of intangible assets and property, plant and equipment	0.6	**1.2**
Gain on disposal/modification of right-of-use assets	(3.8)	**(133.8)**
Net foreign exchange differences	0.2	**1.6**
Depreciation of property, plant and equipment	14.4	**11.1**
Impairment charge/(reversal) of property, plant and equipment	0.6	**(12.8)**
Amortisation of intangible assets	27.5	**22.6**
Impairment charge/(reversal) of intangible assets	1.3	**(109.8)**
Depreciation of right-of-use assets	19.5	**28.7**
Impairment reversal of right-of-use assets	(1.3)	**(11.9)**
SaaS expense	2.2	**-**
Fair value movement of financial instruments	(2.4)	**5.1**

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

Staff costs includes £1.9 million (2021: £41.8 million) of income related to the Government's Job Retention Schemes across UK, ROI and Channel Islands.

The Group benefited by £19.6 million (2021: £48.7 million) from the business rates holiday.

8a. Staff costs

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Wages and salaries	**130.7**	89.1
Social security costs	**10.6**	7.9
Other pension costs (note 31)	**2.9**	2.4
	144.2	99.4

In addition to the above, costs relating to temporary and contract staff total £16.3 million (2021: £6.6 million).

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

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	Number	Number
Administration and distribution	**2,185**	2,098
Retailing	**7,584**	8,814
	9,769	10,912

Compensation for key management personnel

The compensation for key management personnel, including the Executive Directors (N Oddy and R Collyer), was as follows:

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Short term employee benefits	**2.4**	2.2
Termination benefits	**0.1**	-
Share based payment charge	**-**	-
	2.5	2.2

Key management are considered to be the Executive Directors plus four (2021: four) operational directors.

As at 26 March 2022 there were no amounts (2021: none) in respect of bonuses due to be paid in the next financial period to key management personnel, including Directors.

Retirement benefits are accruing to three (2021: 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 periods.

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Aggregate emoluments in respect of qualifying services	**1.7**	1.6
Compensation for loss of office	**-**	-
Group contributions paid in respect of pension schemes	**-**	-

One (2021: four) Directors purchased a beneficial interest in shares in the period and one (2021: one) Director waived their right to interest in shares during the period.

One (2021: none) retirement benefit is accruing to a Director at the end of the period.

During the financial period, ten (2021: ten) Directors received emoluments in respect of qualifying services.

(b) Directors' details

Directors

M Coupe, N Oddy, R Collyer, R Cotter, C Henry, A Luger, S MacKenzie, L Raven and R Terrell were Directors as at 26 March 2022. A McGeorge resigned on 28 September 2021.

For details of transactions with the Directors, see note 32.

Highest paid Director

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Aggregate emoluments in respect of qualifying services	**0.8**	0.7

9. Finance income and expense

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Finance income		
Interest on bank deposits	**-**	0.1
Total finance income	**-**	0.1
Finance expense		
Interest on notes, RCF, term loan and overdraft	**(16.2)**	(42.2)
Interest on lease liabilities	**(10.8)**	(24.7)
Interest on tax provision	**(0.2)**	(0.3)
Exchange rate loss on revaluation of Euro notes	**-**	(0.4)
Finance expense before exceptional items	**(27.2)**	(67.6)
Exceptional items – finance expense		
2020 Transaction	**-**	(1.7)
Total finance expense	**(27.2)**	(69.3)

2020 Transaction

During the period ended 27 March 2021, the Group recognised £1.7 million exceptional financing expense relating to capitalised fees on the term loan and arrangement fee on the operating facilities, see note 10.

10. Exceptional items

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Exceptional (income)/expense		
CVA – lease modifications/disposals	**(2.2)**	(118.7)
CVA – other	**2.4**	5.4
ROI lease modifications	**(2.1)**	(7.6)
COVID-19	**(5.0)**	(2.4)
International closure	**0.2**	0.8
2020 Transaction	**0.2**	16.6
Double tax – Brexit	**1.3**	-
Business strategy validation	**0.8**	-
Operating exceptional items	**(4.4)**	(105.9)
Financing exceptional items		
2020 Transaction – finance expense	**-**	1.7
Total exceptional items	**(4.4)**	(104.2)

CVA

On 15 September 2020, 81.6% of New Look Retailers Limited's unsecured creditors (by value) voted in favour of the proposed Company Voluntary Arrangement ("CVA"). During the period ended 26 March 2022, the Group recognised exceptional expense of £0.1 million (2021: £118.0 million income) from the modifications to right-of-use assets as a result of the change in future rental cash flows following the first anniversary of the CVA (2021: as a result of the implementation of the CVA) and £2.3 million (2021: £0.7 million) exceptional income from the disposal of leases as a result of landlord enforced closures due to the CVA.

During the period ended 26 March 2022, the Group incurred exceptional costs of £2.4 million (2021: £5.4 million). This includes £0.7 million (2021: £7.2 million) of professional advisory fees and £1.7 million (2021: £3.4 million) costs in relation to landlord enforced store closures. During the period ended 27 March 2021, the Group recognised £5.2 million exceptional income from the write off of compromised creditors.

ROI lease modifications

During the period ended 26 March 2022, the Group recognised exceptional income of £2.1 million (2021: £8.4 million) relating to the renegotiation of a number of ROI leases. Management conducted a major exercise to review the entire ROI lease portfolio following the aborted examinership process in the prior year. This continued in the current year resulting in a number of lease modifications.

During the period ended 27 March 2021, the exceptional costs included £0.8 million of professional fees incurred as part of the aborted examinership process initiated by the ROI subsidiary.

Covid-19

During the period ended 26 March 2022, the Group recognised £5.0 million of exceptional income as a result of COVID-19. This includes £1.5 million reversal of the additional stock provision due to sell through of stock during the year that sold at a higher price than expected and £3.5 million state relief and government grants received.

During the period ended 27 March 2021, the Group recognised £2.4 million of exceptional income as a result of COVID-19. This includes £1.4 million for redundancy costs following a restructuring within the support centres due to organisation design changes that created a more agile and flexible support centre. As a result of COVID-19, the consumer switch to online has accelerated and therefore management undertook a fundamental review of its support centre structures to ensure the business is appropriately equipped. Also included is £2.9 million of additional stock provision due to the unexpected tiering and lockdowns during the year resulting in the need to sell existing stock at below cost, £0.5 million of other costs offset by £7.2 million state relief and government grants received.

International closure

During the period ended 26 March 2022, the Group recognised £0.2 million (2021: £0.8 million) of exceptional costs related to professional advisory fees in respect of the ongoing exit from international markets.

10. Exceptional items (continued)

2020 Transaction

On 9 November 2020, the 2020 Transaction completed resulting in a significant reduction in the debt and cash pay interest obligations of the Group, an extension to the maturity of the term loan and operating facilities until earliest June 2023 and resulted in a new capital injection of £40.0 million. During the period ended 26 March 2022, the Group recognised £0.2 million of exceptional costs related to professional advisory fees in respect of finalising the documentation related to the 2020 Transaction.

During the period ended 27 March 2021, the Group recognised £16.6 million of exceptional costs related to professional advisory fees in respect of formulating and finalising the 2020 Transaction. The Group also recognised £1.7 million exceptional financing expense relating to capitalised fees on the term loan and arrangement fee on the operating facilities.

Double tax - Brexit

During the period ended 26 March 2022, as a result of the UK exit from the EU, the Group incurred £1.3 million of double tax on EU sales up to 30 June 2021, in order not to pass on the cost of import VAT to customers. From 1 July 2021, import one-stop shop (IOSS) was introduced which ended the double tax on EU sales.

Business strategy validation

During the period ended 26 March 2022, the Group incurred £0.8 million of professional advisory fees in respect of a Board advised strategy validation exercise.

11. Taxation

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Current tax:		
UK corporation tax on profits for the period	-	0.3
Adjustments in respect of prior periods	(0.3)	(0.1)
Total current tax	(0.3)	0.2
Deferred tax:		
Origination and reversal of temporary differences	(0.8)	(0.3)
Total deferred tax	(0.8)	(0.3)
Total income tax credit	(1.1)	(0.1)

The tax on the Group's (loss)/profit 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 periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
(Loss)/profit before taxation	**(25.5)**	108.0
Tax (credit)/charge on loss at standard rate of 19%	**(4.8)**	20.5
Reasons affecting charge for the period:		
Depreciation on non-qualifying assets	**0.7**	0.7
Expenses not deductible for tax purposes	**-**	3.4
Impairment reversals not taxable	**-**	(5.9)
Increase/(decrease) in deferred tax assets not recognised	**3.3**	(20.3)
Effect of different tax rates in countries in which the group operates	**-**	1.6
Adjustment to current tax charge in respect of prior periods	**(0.3)**	(0.1)
Total income credit	**(1.1)**	(0.1)

The adjustment to current tax charge in respect of prior periods is due to a tax repayment driven by the availability of loss carry back.

Finance bill 2021/22 increased the corporation tax rate to 25% for the financial year beginning 1 April 2023. This measure was substantively enacted on 24 May 2021 and the effect is reflected in these financial statements.

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 periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Deferred tax:		
Foreign exchange movements in translation reserve	**-**	-
Tax on cash flow hedges	**0.8**	0.3
Tax charge on items recognised in other comprehensive income	**0.8**	0.3

11. Taxation (continued)

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.

	As at	
	26 March 2022	27 March 2021
	£m	£m
Deferred tax asset to be recovered within 12 months	**2.8**	1.8
Deferred tax asset to be recovered after more than 12 months	**51.8**	41.6
	54.6	43.4
Deferred tax liability falling due within 12 months	**(2.8)**	(1.8)
Deferred tax liability falling due after more than 12 months	**(51.8)**	(41.6)
	(54.6)	(43.4)

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 28 March 2020	19.0	(21.7)	(5.1)	7.8	-
Credited/(charged) to income statement	3.0	(19.2)	12.4	4.1	0.3
Recognised in other comprehensive income	-	-	(0.3)	-	(0.3)
At 27 March 2021	22.0	(40.9)	7.0	11.9	-
Credited/(charged) to income statement	1.6	1.7	0.2	(2.7)	0.8
Recognised in other comprehensive income	-	-	(0.8)	-	(0.8)
At 26 March 2022	**23.6**	**(39.2)**	**6.4**	**9.2**	**-**

There are deferred tax assets in respect of UK capital losses of £2.2 million (2021: £1.7 million), disallowed UK tax interest expense of £3.1 million (2021: £1.4 million), UK trading losses of £12.1 million (2021: £7.1 million), international trading losses of £0.8 million (2021: £0.8 million), international right of use assets of £nil (2021: £0.1 million) and capital allowances of £4.1 million (2021: £4.6 million) that have not been recognised. There is considered to be uncertainty around future forecasting as a result of the continuing impact from COVID-19, as well as the cost of living crisis and war in Ukraine impacting on customer confidence and footfall, 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 £nil (2021: £nil).

12. Dividends

No dividends have been paid or proposed during the period ended 26 March 2022 (2021: none).

Up to the date of signing the financial statements, the Directors did not propose a dividend in respect of the financial period ended 26 March 2022.

13. Property, plant and equipment

	Freehold land and buildings £m	Fixtures and equipment £m	Total £m
Cost			
At 28 March 2020	7.3	67.4	74.7
Exchange movement	-	(1.0)	(1.0)
Additions	-	2.0	2.0
Disposals	-	(1.5)	(1.5)
At 27 March 2021	7.3	66.9	74.2
Exchange movement	-	(0.5)	(0.5)
Additions	-	9.6	9.6
Disposals	-	(3.6)	(3.6)
At 26 March 2022	7.3	72.4	79.7
Accumulated depreciation and impairment			
At 28 March 2020	(5.5)	(40.1)	(45.6)
Exchange rate movement	-	1.1	1.1
Depreciation charge	-	(11.1)	(11.1)
Impairment reversal	-	12.8	12.8
Disposals	-	0.5	0.5
At 27 March 2021	(5.5)	(36.8)	(42.3)
Exchange rate movement	-	0.5	0.5
Depreciation charge	-	(14.4)	(14.4)
Impairment charge	-	(0.6)	(0.6)
Disposals	-	3.0	3.0
At 26 March 2022	(5.5)	(48.3)	(53.8)
Net Book Value			
At 26 March 2022	**1.8**	**24.1**	**25.9**
At 27 March 2021	1.8	30.1	31.9

Freehold land of £0.1 million (2021: £0.1 million) is not depreciated.

Depreciation of £3.4 million (2021: £1.5 million) is shown within cost of sales and £11.0 million (2021: £9.6 million) is shown within administrative expenses in the income statement.

Included within fixtures and equipment are assets in the course of construction of £2.4 million (2021: £0.4 million), which are not depreciated.

At 26 March 2022, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £0.3 million (2021: £2.4 million), inclusive of the cost of bringing newly committed properties to a usable condition.

Property, plant and equipment with a carrying amount of £24.0 million (2021: £29.2 million) is pledged as security for the super senior liabilities, see note 26.

The current period trading performance and ongoing recovery from COVID-19 represents the main event triggering impairment assessments (2021: the impact of COVID-19 on expected future cash flows and the trading performance).

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 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 1.0% 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 recoveries in FY23 and onwards. These assumptions include estimated gross profit projections and CGU specific costs. Management has used significant estimates in respect of future forecasting which has inherent limitations.

Management has 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.

The resulting cash flows are discounted using a pre-tax discount rate of 16.55% for UK and 16.68% for ROI (2021: 17.62% for UK and 16.82% for ROI) and compared with the carrying value of property, plant and equipment, intangibles and right-of-use assets allocated to stores.

A net total impairment charge of £3.2 million (2021: £1.0 million reversal) has been recognised across property, plant and equipment, intangible assets and right-of-use assets where the impairment assessment was completed at store level. The impairment charge (2021: reversal) is recognised within administrative expenses in the income statement.

13. Property, plant and equipment (continued)

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Impairment charge/(reversal) – store level assessment		
Property, plant and equipment	**0.7**	(5.5)
Right-of-use assets	**2.5**	4.5
Total impairment charge/(reversal) – store level assessment	**3.2**	(1.0)

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

- If gross profit for the next three years was 5.0% lower compared to management's estimates; and
- If gross profit for the next three years was 5.0% higher compared to management's estimates;

The decrease in gross profit represents a decrease in store retail performance which could be caused by a slower than forecasted recovery, reduced sales as a result of further consumer shifts to online, higher than forecasted increase in costs given inflation or additional costs involved in sourcing products more sustainably with these costs not being able to be passed onto the customer.

The increase in gross profit represents an increase in store performance which could be caused by better growth than forecasted or as a result of additional cost savings.

Gross profit sensitivities have been performed on store assets and UK and ROI retail CGU impairments to reflect decreases/increases in performance given the greater fixed cost base.

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

	Increase/(decrease) in impairment charge £m		
	Current impairment charge	5% lower gross profit	5% higher gross profit
Property, plant and equipment	0.7	0.4	(0.3)
Right-of-use assets	2.5	2.0	(1.7)
Total	**3.2**	**2.4**	**(2.0)**

An additional impairment reversal of £4.0 million (2021: £27.6 million reversal) 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. This additional impairment reversal has been recognised as part of the impairment assessment of UK and ROI retail goodwill and brand. See note 14 for details.

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Impairment reversal – corporate assets		
Property, plant and equipment	**(0.1)**	(7.3)
Intangible assets	**(0.1)**	(3.9)
Right-of-use assets	**(3.8)**	(16.4)
Total impairment reversal – corporate assets	**(4.0)**	(27.6)

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

	Decrease/(increase) in impairment reversal £m		
	Current impairment reversal	5% lower gross profit	5% higher gross profit
Property, plant and equipment	(0.1)	1.1	-
Intangible assets	(0.1)	0.9	-
Right-of-use assets	(3.8)	2.5	-
Total	**(4.0)**	**4.5**	**-**

14. Intangible assets

	Goodwill £m	Brands £m	Software licences £m	Total £m
Cost				
At 28 March 2020	83.2	237.7	65.6	386.5
Additions	-	-	6.8	6.8
Disposals	-	-	(0.2)	(0.2)
At 27 March 2021	83.2	237.7	72.2	393.1
Additions	-	-	20.2	20.2
Disposals	-	-	-	-
At 26 March 2022	83.2	237.7	92.4	413.3
Accumulated amortisation and impairment				
At 28 March 2020	(79.1)	(123.5)	(24.8)	(227.4)
Amortisation charge	-	(4.8)	(17.8)	(22.6)
Impairment reversal	-	105.9	3.9	109.8
Disposals	-	-	-	-
At 27 March 2021	(79.1)	(22.4)	(38.7)	(140.2)
Amortisation charge	-	(9.3)	(18.2)	(27.5)
Impairment (charge)/reversal	(4.1)	2.7	0.1	(1.3)
Disposals	-	-	-	-
At 26 March 2022	(83.2)	(29.0)	(56.8)	(169.0)
Net book value				
At 26 March 2022	**-**	**208.7**	**35.6**	**244.3**
At 27 March 2021	4.1	215.3	33.5	252.9

Amortisation of £0.3 million (2021: £0.1 million) is shown within cost of sales and £27.2 million (2021: £22.5 million) is shown within administrative expenses in the income statement.

Included within software licences are material intangible assets primarily related to launch and development of the Group's online platform and app for UK and international websites and the Group's retail stock management programmes with a combined carrying amount of £18.9 million (2021: £14.0 million). The average remaining life of these assets is 22 months (2021: 13 months).

As at 26 March 2022, the Group had entered into contractual commitments for the acquisition of software amounting to £7.2 million (2021: £4.6 million).

Intangible assets with a carrying amount of £35.6 million (2021: £33.5 million) are pledged as security for the super senior liabilities, see note 26.

The main event triggering impairment assessments is disclosed within note 13.

The lowest CGUs within the Group are individual stores. Software licences related to stores 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 Board approved three year plan as detailed within note 13. No impairment charge was incurred on software licences where the impairment assessment was completed at store level. For sensitivities to the impairment charge on intangible assets assessed at store level, see note 13.

An impairment reversal of £0.1 million (2021: £3.9 million reversal) 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 13 for sensitivities.

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 13, 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 identify the recoverable amount of goodwill, brand and corporate assets allocated to the UK and ROI retail segment. Where impairment is identified, this is first allocated to goodwill. Previous impairment to goodwill is not reversed. Where impairment or reversal of impairments are identified across brand and corporate assets these are allocated on a pro rata basis.

14. Intangible assets (continued)

UK and ROI retail	Goodwill £m	Brand £m
Net book value at 28 March 2020	-	23.2
Amortisation	-	(1.0)
Impairment reversal	-	106.6
Net book value at 27 March 2021	**-**	**128.8**
Amortisation	-	(5.6)
Impairment reversal	-	3.2
Net book value at 26 March 2022	**-**	**126.4**

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

- If gross profit for the next three years was 5.0% lower compared to management's estimates; and
- If gross profit for the next three years was 5.0% higher compared to management's estimates.

The gross profit sensitivities are discussed further within note 13.

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

		Increase/(decrease) in impairment charge £m	
	Current impairment reversal	5% lower gross profit	5% higher gross profit
Brand	(3.2)	16.0	-

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 recovery in FY23 and onwards. These assumptions include estimated gross profit projections and CGU specific costs. The cashflows have been extrapolated to perpetuity for goodwill and brands using a growth rate of 1.0% for Franchise, and 2.0% for 3rd party e-commerce and 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 16.31% (2021: 16.48%) for E-commerce, 15.74% (2021: 16.03%) for 3rd party e-commerce and 14.94% (2021: 16.14%) for Franchise.

E-commerce	Goodwill £m	Brand £m
Net book value at 28 March 2020	4.1	50.1
Amortisation	-	(2.1)
Net book value at 27 March 2021	**4.1**	**48.0**
Amortisation	-	(2.1)
Impairment	(4.1)	-
Net book value at 26 March 2022	**-**	**45.9**

3rd party e-commerce	Goodwill £m	Brand £m
Net book value at 28 March 2020	-	39.6
Amortisation	-	(1.6)
Net book value at 27 March 2021	**-**	**38.0**
Amortisation	-	(1.6)
Net book value at 26 March 2022	**-**	**36.4**

Franchise	Goodwill £m	Brand £m
Net book value at 28 March 2020	-	1.3
Amortisation	-	(0.1)
Impairment	-	(0.7)
Net book value at 27 March 2021	**-**	**0.5**
Amortisation	-	-
Impairment	-	(0.5)
Net book value at 26 March 2022	**-**	**-**

The following sensitivities have been applied to the calculation of impairments on the e-commerce brand:

- If the long term growth rate was 1% lower;
- If the pre-discount rate was 1% higher;
- If EBITDA for the next three years was 5.0% lower compared to management's estimates; and
- If EBITDA for the next three years was 5.0% higher compared to management's estimates.

The long term growth rate and the pre-tax discount rate sensitivities represent the uncertainty in the continued growth of the e-commerce market and the impact that a decline would have on the impairment assessments.

The decrease in EBITDA represents a decrease in e-commerce performance which could be caused by a slower than forecasted growth, higher than forecasted increase in costs given inflation or additional costs involved in sourcing products more sustainably with these costs not being able to be passed onto the customer.

The increase in EBITDA represents an increase in e-commerce performance which could be caused by better growth than forecasted or as a result of additional cost savings.

EBITDA sensitivities have been performed on the e-commerce CGU impairments given the higher mix of variable costs compared to store retail.

		Increase/(decrease) in impairment charge £m			
	Current impairment charge	1% lower long term growth rate	1% higher pre-tax discount rate	5% lower EBITDA	5% higher EBITDA
Goodwill	4.1	-	-	-	(4.1)
Brand	-	3.3	3.8	12.6	-
Operating assets	-	1.5	1.8	5.9	-

There are no reasonable changes in the assumptions that would result in a material difference to the impairment charge for 3rd party e-commerce and Franchise goodwill and brands.

Across all segments, an impairment charge of £4.1 million (2021: £nil) was incurred on goodwill and a net £2.7 million impairment reversal (2021: £105.9 million reversal) was recognised on brands. Impairment charges and reversals are recognised within administrative expenses in the income statement.

15. Leases

The balance sheet shows the following amounts relating to leases.

	As at	
	26 March 2022	27 March 2021
Right-of-use assets	**£m**	£m
Buildings	**87.6**	68.8
Vehicles	**0.1**	0.1
	87.7	68.9

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Additions to right-of-use assets	**23.1**	-

Additions to right-of-use assets include new leases and modifications to existing lease agreements, excluding CVA and COVID-19 related modifications.

During the period, significant modifications were made to right-of-use assets as a result of the CVA and COVID-19, see note 10 for details.

	As at	
	26 March 2022	27 March 2021
Lease liabilities	**£m**	£m
Current	**(24.4)**	(3.8)
Non-current	**(80.8)**	(91.0)
	(105.2)	(94.8)

On the first anniversary of the CVA, in September 2021, lease liabilities for UK stores were 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 payable in year two. As a result, lease liabilities and right-of-use assets increased in the year.

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 23.

The income statement shows the following amounts relating to leases.

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
Depreciation on right-of-use assets	**£m**	£m
Buildings	**19.4**	28.5
Equipment	**-**	0.1
Vehicles	**0.1**	0.1
	19.5	28.7

Depreciation of £2.3 million (2021: £0.9 million) is shown within cost of sales and £17.2 million (2021: £27.8 million) is shown within administrative expenses in the income statement.

A £2.5 million impairment charge (2021: £4.5 million) was incurred on right-of-use assets where the impairment assessment was completed at store level. The main event triggering impairment assessments is disclosed within note 13. 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 Board approved three year plan as detailed within note 13.

For sensitivities to the impairment charge on right-of-use assets, see note 13.

The income statement includes £3.8 million (2021: £133.8 million) of gains on modifications and disposals to right-of-use assets.

An impairment reversal of £3.8 million (2021: £16.4 million reversal) 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 13 for details and sensitivities.

Right-of-use assets with a carrying amount of £76.9 million (2021: £43.7 million) are pledged as security for the super senior liabilities, see note 26.

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£m	£m
Finance costs on leases	**10.8**	24.7
Expense on short term leases	**17.7**	11.0
Expense on variable leases	**-**	-
Rental income on sub lease of right-of-use assets	**-**	-

Total cash outflows in respect of leases is presented within the statement of cash flows.

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

	As at	
	26 March 2022	27 March 2021
	£m	£m
Not later than one year	**-**	-
Later than one year and not later than five years	**-**	0.7
	-	0.7

Amounts due later than one year and not later than five years represent rentals payable relating to short term leases that are not due until February 2024 as per the terms of the CVA.

16. Inventories

	As at	
	26 March 2022	27 March 2021
	£m	£m
Raw materials and work in progress	**2.4**	2.5
Finished goods	**123.9**	106.8
Spare parts	**1.7**	1.7
	128.0	111.0

Inventories with a value of £6.8 million (2021: £13.4 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 judgements 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 5% of older season stock was not to sell through and therefore have to be written off then the inventory provision would increase £2.3 million.

Inventories with a carrying amount of £127.8 million (2021: £109.2 million) are pledged as security for the super senior liabilities, see note 26.

17. Trade and other receivables

	As at	
	26 March 2022	27 March 2021
	£m	£m
Current		
Trade receivables	**12.5**	17.9
Other receivables	**2.6**	3.5
Prepayments	**9.6**	6.6
Accrued income	**0.7**	5.2
	25.4	33.2
Non-current		
Other receivables	**0.1**	0.1
	0.1	0.1

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

	As at	
	26 March 2022	27 March 2021
	£m	£m
Sterling	**22.7**	28.8
Euro	**0.2**	0.3
US dollar	**2.6**	4.2
	25.5	33.3

As at 26 March 2022, trade and other receivables of £11.7 million (2021: £15.5 million) were fully performing.

As at 26 March 2022, trade and other receivables of £3.5 million (2021: £6.0 million) were past due but no expected credit loss recognised.

The ageing analysis of these is as follows:

	As at	
	26 March 2022	27 March 2021
	£m	£m
Up to 2 months	**2.1**	0.7
2 to 6 months	**0.4**	0.9
6 to 12 months	**0.1**	0.7
Greater than 12 months	**0.9**	3.7
	3.5	6.0

Included within the trade and other receivables balance is a loss allowance provision of £6.1 million (2021: £210.2 million). The ageing of these receivables against which the loss allowance is held is as follows:

	As at	
	26 March 2022	27 March 2021
	£m	£m
Up to 2 months	**-**	0.2
2 to 6 months	**0.7**	-
6 to 12 months	**0.1**	0.7
Greater than 12 months	**5.3**	209.3
	6.1	210.2

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

	As at	
	26 March 2022 Lifetime ECL	27 March 2021 Lifetime ECL
	£m	£m
At start of period	**210.2**	392.4
Change in allowance for expected credit losses	**(0.8)**	1.2
Receivables written off during the period	**(203.5)**	(182.9)
Foreign exchange movement on provision for debts in foreign currencies	**0.2**	(0.5)
	6.1	210.2

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.

Receivables written off during the period primarily relate to amounts due from subsidiaries of the Old Group.

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

Prepayments, accrued income and other receivables do not contain impaired assets. Accrued income as at 27 March 2021 included amounts outstanding under the Government Coronavirus Job Retention Scheme.

Trade and other receivables with a carrying amount of £14.0 million (2021: £20.0 million) are pledged as security for the super senior liabilities, see note 26.

18. Derivative financial instrument assets

	As at	
	26 March 2022	27 March 2021
	£m	£m
Current assets		
Embedded foreign exchange derivatives at fair value through income statement	**-**	0.1
Foreign currency contracts – not designated as hedges	**1.3**	-
Foreign currency contracts – cash flow hedges	**2.8**	-
	4.1	0.1

Foreign currency contracts comprise forward contracts which are used to hedge exchange risk arising from the Group's overseas purchases. Some contracts are not designated as hedges as these "open forwards" have a range of expiry dates that can be drawn down at any time within the "window". The instruments purchased are denominated in US dollars.

The foreign currency contracts are detailed within notes 23 and 24.

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

19. Cash and cash equivalents

	As at	
	26 March 2022	27 March 2021
	£m	£m
Cash at bank and in hand	**38.5**	32.5
Short-term deposits	**39.5**	47.4
Restricted cash	**7.5**	8.6
	85.5	88.5

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 £7.5 million (2021: £8.6 million) held by the EBTs which can only be utilised for the benefit of employees.

Cash and cash equivalents with a carrying amount of £75.0 million (2021: £68.7 million) are pledged as security for the super senior liabilities, see note 26.

20. Trade and other payables

	As at	
	26 March 2022	27 March 2021
	£m	£m
Current		
Trade payables	**(75.3)**	(71.1)
Other taxation and social security	**(33.3)**	(18.6)
Other payables	**(1.5)**	(8.5)
Accruals	**(54.9)**	(47.0)
Interest accrual	**(4.3)**	(4.1)
Deferred income – gift cards	**(10.7)**	(11.9)
Deferred income – other	**(0.8)**	(0.1)
	(180.8)	(161.3)
Non-current		
Other payables	**(0.7)**	(0.7)
	(0.7)	(0.7)

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 £15.5 million (2021: £17.0 million) relating to inventory.

A contract liability arises in respect of gift cards as payment has been received for a performance obligation which will be performed at a later point in time. Included within trade and other payables are gift card liabilities:

	As at	
	26 March 2022	27 March 2021
	£m	£m
Opening balance	**(11.9)**	(14.1)
Issues	**(35.9)**	(22.5)
Released to the income statement	**37.1**	24.7
Closing balance	**(10.7)**	(11.9)

The Group's core operating bank provide £50.0 million (2021: £70.0 million) aggregate committed facilities with a maturity date of 30 June 2023. As at 26 March 2022, £10.0 million (2021: £10.0 million) was drawn under the overdraft and £40.0 million (2021: £60.0 million) was available as operating facilities to the Group's suppliers. These operating facilities include products such as letters of credit 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, providing a working capital benefit to the Group. As at 26 March 2022, letters of credit of £39.1 million (2021: £34.5 million) and £nil (2021: £0.3 million) of other trade facilities were outstanding under these arrangements.

21. Borrowings

	As at	
	26 March 2022	27 March 2021
	£m	£m
Non-current		
Term loan	**(101.6)**	(101.2)
New money term loan	**(50.7)**	(42.7)
Shareholder loan	**(8.4)**	(6.9)
Overdraft	**(10.0)**	(10.0)
	(170.7)	(160.8)

Further disclosure in respect of borrowings is provided in note 26.

22. Derivative financial instrument liabilities

	As at	
	26 March 2022	27 March 2021
	£m	£m
Current liabilities		
Foreign currency contracts – cash flow hedges	**-**	(2.1)
Embedded foreign exchange derivatives at fair value through income statement	**(0.2)**	-
	(0.2)	(2.1)

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 23 and 24.

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

23. 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	
	26 March 2022	27 March 2021
	£m	£m
Financial assets		
Cash and short term deposits	**85.5**	88.5
Foreign currency contracts – not designated as hedges	**1.3**	-
Foreign currency contracts – cash flow hedges	**2.8**	-
Embedded foreign exchange derivatives at fair value through income statement	**-**	0.1
Financial liabilities		
Term loan	**(101.6)**	(101.2)
New money term loan	**(50.7)**	(42.7)
Shareholder loan	**(8.4)**	(6.9)
Foreign currency contracts – cash flow hedges	**-**	(2.1)
Overdraft	**(10.0)**	(10.0)
Embedded foreign exchange derivatives at fair value through income statement	**(0.2)**	-

In the absence of an active market for the term loan borrowing and new money term loan instrument, the Directors consider the carrying amount to be equal to or approximate to the fair value. Given the lack of market indicators these have been categorised as level 3 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 have been 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 to at the balance sheet date is as follows:

	As at	
	26 March 2022	27 March 2021
	£m	£m
Notional amount of outstanding foreign currency contracts	**114.6**	68.9

The foreign currency contracts have expiry terms of between 1 and 8 months (2021: 1 and 9 months) and have been converted from the US dollar notional amounts using the closing US dollar rate of 1.318 (2021: 1.379).

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 per balance sheet	Assets at fair value through income statement £m	Assets at amortised cost £m	Derivatives used for hedging £m	**Total £m**
At 26 March 2022				
Derivative financial instruments	-	-	4.1	**4.1**
Trade and other receivables (excluding prepayments)	-	15.9	-	**15.9**
Cash and short-term deposits	-	85.5	-	**85.5**
	-	101.4	4.1	**105.5**

Liabilities per balance sheet	Liabilities at fair value through income statement £m	Derivatives used for hedging £m	Other financial liabilities at amortised cost £m	**Total £m**
At 26 March 2022				
Borrowings	-	-	(170.7)	**(170.7)**
Derivative financial instruments	(0.2)	-	-	**(0.2)**
Trade and other payables (excluding deferred income and other taxation and social security)	-	-	(136.7)	**(136.7)**
Lease liabilities	-	-	(105.2)	**(105.2)**
	(0.2)	-	(412.6)	**(412.8)**

Assets per balance sheet	Assets at fair value through income statement £m	Assets at amortised cost £m	Derivatives used for hedging £m	Total £m
At 27 March 2021				
Derivative financial instruments	0.1	-	-	0.1
Trade and other receivables (excluding prepayments)	-	26.7	-	26.7
Cash and short-term deposits	-	88.5	-	88.5
	0.1	115.2	-	115.3

Liabilities per balance sheet	Liabilities at fair value through income statement £m	Derivatives used for hedging £m	Other financial liabilities at amortised cost £m	Total £m
At 27 March 2021				
Borrowings	-	-	(160.8)	(160.8)
Derivative financial instruments	-	(2.1)	-	(2.1)
Trade and other payables (excluding deferred income and other taxation and social security)	-	-	(131.4)	(131.4)
Lease liabilities	-	-	(94.8)	(94.8)
	-	(2.1)	(387.0)	(389.1)

23. Financial instruments (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 26 March 2022:

	Level 1 £m	Level 2 £m	Level 3 £m	**Total £m**
Assets				
Foreign currency contracts – cash flow hedges	-	4.1	-	**4.1**
Total assets	-	4.1	-	**4.1**
Liabilities				
Embedded foreign exchange derivatives at fair value through income statement	-	(0.2)	-	**(0.2)**
Total liabilities	-	(0.2)	-	**(0.2)**

The following table presents the Group's assets and liabilities that are measured at fair value at 27 March 2021:

	Level 1 £m	Level 2 £m	Level 3 £m	**Total £m**
Assets				
Embedded foreign exchange derivatives at fair value through income statement	-	0.1	-	**0.1**
Total assets	-	0.1	-	**0.1**
Liabilities				
Foreign currency contracts – cash flow hedges	-	(2.1)	-	**(2.1)**
Total liabilities	-	(2.1)	-	**(2.1)**

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	
	26 March 2022 £m	27 March 2021 £m
Trade receivables		
Counterparties without external credit rating:		
Group 1	**-**	0.1
Group 2	**1.2**	0.9
Group 3	**11.3**	16.9
Total trade receivables	**12.5**	17.9

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

Default is defined as any amounts past due.

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 26 March 2022, the Group had £73.7 million (2021: £86.3 million) of cash and cash equivalents held with institutions rated 'A' or above, £7.5 million (2021: £nil) held with institutions rated A-, £3.4 million (2021: £1.3 million) held with institutions rated BBB+ or BBB and £0.9 million (2021: £0.9m) with unrated institutions, with a combined credit limit of £560.0 million (2021: £555.0 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 26 March 2022, the Group had no net derivative financial liabilities (2021: £2.1 million held with unrated institutions) and £4.1 million derivative financial assets (2021: £nil) held with unrated institutions.

Maturity

The table below analyses the Group's 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.

At 26 March 2022	<1 year £m	1-2 years £m	2-5 years £m	5+ years £m
Borrowings	-	(10.0)	(101.6)	(167.5)
Trade and other payables (excluding deferred income and other taxation and social security)	(136.0)	(0.7)	-	-
Lease liabilities	(34.7)	(27.9)	(46.9)	(68.9)

At 27 March 2021	<1 year £m	1-2 years £m	2-5 years £m	5+ years £m
Borrowings	-	-	(111.6)	(167.5)
Trade and other payables (excluding deferred income and other taxation and social security*)	(130.7)	-	(0.7)	-
Lease liabilities	(17.5)	(15.0)	(73.3)	(81.2)

As at 26 March 2022, the term loan maturity date is 30 June 2024.

As at 26 March 2022, the overdraft which is part of the committed operating facilities, has a termination date of 30 June 2023.

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.

At 26 March 2022	<1 year £m	1-2 years £m	2-5 years £m	5+ years £m
Forward foreign currency contracts – cash flow hedges				
Outflow	110.4	-	-	-
Inflow	114.5	-	-	-

At 27 March 2021	<1 year £m	1-2 years £m	2-5 years £m	5+ years £m
Forward foreign currency contracts – cash flow hedges				
Outflow	71.0	-	-	-
Inflow	68.8	-	-	-

23. Financial instruments (continued)

Embedded foreign exchange derivatives

At 26 March 2022, 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	
	26 March 2022	27 March 2021
	£m	£m
Fair value of embedded foreign exchange derivative assets	**-**	0.1
Fair value of embedded foreign exchange derivative liabilities	**(0.2)**	-

24. 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	
	26 March 2022	27 March 2021
	£m	£m
Fair value of hedging instruments, qualifying for hedge accounting	**2.8**	(1.6)

Movement in fair values

	Foreign currency contracts	Foreign currency contracts not designated as hedges	Embedded derivatives	**Total**
	£m	£m	£m	**£m**
Fair value at 28 March 2020	1.8	-	(0.6)	**1.2**
Fair value (loss)/ gain through income statement – operating*	(5.4)	(0.4)	0.7	**(5.1)**
Fair value gain to reserves	1.9	-	-	**1.9**
Fair value at 27 March 2021	(1.7)	(0.4)	0.1	**(2.0)**
Fair value gain/(loss) through income statement – operating	1.0	1.7	(0.3)	**2.4**
Fair value gain to reserves	3.5	-	-	**3.5**
Fair value at 26 March 2022	2.8	1.3	(0.2)	**3.9**

* Restated to split out foreign currency contracts not designated as hedges

The income statement includes £1.0 million of gains (2021: £5.8 million of losses) resulting from ineffectiveness of foreign currency contracts, £1.7 million of gains (2021: £0.4 million of losses) resulting from movement in fair value of open forward contracts not designated as hedges and £0.3 million of losses (2021: £0.7 million of gains) resulting from the fair value movement of embedded derivatives.

The net fair value gain to reserves on foreign currency contracts comprises a net £2.4 million gain (2021: £1.1 million loss) on foreign currency contracts recognised in equity during the period and the recycling out of equity of a £1.1 million (2021: £3.0 million) loss relating to hedges taken out in the prior year which were settled and included in administrative expenses during the financial period.

The embedded derivatives are referred to within note 23.

The impact of the hedging instruments on the balance sheet is as follows:

At 26 March 2022	Notional amount £m	Carrying amount £m	Line item in the balance sheet	Changes in fair value used for measuring ineffectiveness in the period £m
Foreign exchange contracts	114.6	4.1	Assets – derivative financial instruments	4.1
Foreign exchange contracts	-	-	Liabilities – derivative financial instruments	2.1

At 27 March 2021	Notional amount £m	Carrying amount £m	Line item in the balance sheet	Changes in fair value used for measuring ineffectiveness in the period £m
Foreign exchange contracts	-	-	Assets – derivative financial instruments	(2.6)
Foreign exchange contracts	68.9	(2.1)	Liabilities – derivative financial instruments	(1.3)

The impact of the hedged items on the balance sheet is as follows:

	Changes in fair value used for measuring ineffectiveness in the period	Closing cash flow hedging reserve
At 26 March 2022	£m	£m
Highly probable forecast stock purchases	**(3.5)**	**(2.7)**
At 27 March 2021	£m	£m
Highly probable forecast stock purchases	(1.9)	(1.1)

As at 26 March 2022, the average forward price of the hedging instruments were 1.3680 (2021: 1.3384).

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 26 March 2022	£m	£m
Highly probable forecast stock purchases	**2.7**	**(0.4)**
At 27 March 2021	£m	£m
Highly probable forecast stock purchases	(5.8)	(1.6)

25. Analysis of net debt

	27 March 2021	Cash flow	Non-cash changes	**26 March 2022**
	£m	£m	£m	**£m**
Cash and cash equivalents	88.5	(2.8)	(0.2)	**85.5**
Shareholder loan	(6.9)	-	(1.5)	**(8.4)**
New money term loan	(42.7)	-	(8.0)	**(50.7)**
Term loan	(101.2)	-	(0.4)	**(101.6)**
Overdraft	(10.0)	-	-	**(10.0)**
Total net debt excluding leases	(72.3)	(2.8)	(10.1)	**(85.2)**
Lease liability	(94.8)	34.9	(45.3)	**(105.2)**
Total net debt including leases	(167.1)	32.1	(55.4)	**(190.4)**

No contractual interest is charged on the £40.0 million shareholder loan. The loan was discounted at a rate of 21.5% over the nine year term to reflect a fair value of £6.4 million on initial recognition. The discount rate was based on the debt market conditions at the time of issuance and the loan term length. The fair value adjustment of £33.6 million will accrete as an effective interest expense over the nine year term. Included in non-cash changes is £1.5 million accreted interest.

The new money term loan of £42.0 million was issued at an original issue discount of 5%, resulting in a £40.0 million cash injection. Interest on the new money term loan is 16.5% payment-in-kind ("PIK") capitalised semi-annually. The original issue discount will accrete as an interest expense over the seven year term. Non-cash changes of £8.0 million represent £7.7 million crystalised and accrued PIK interest and £0.3 million accreted interest.

The term loan non-cash changes includes £0.4 million accrued PIK interest.

Included in lease liability non-cash changes are £10.8 million interest, £0.8 million revaluation gain on Euro leases on consolidation and £35.2 million relating to additional and modified leases.

	28 March 2020	Cash flow	Non-cash changes	**27 March 2021**
	£m	£m	£m	**£m**
Cash and cash equivalents	95.7	(5.9)	(1.3)	**88.5**
Shareholder loan	-	-	(6.9)	**(6.9)**
New money term loan	-	(40.0)	(2.7)	**(42.7)**
Term loan	-	-	(101.2)	**(101.2)**
Senior secured notes	(423.6)	-	423.6	**-**
RCF	(100.0)	-	100.0	**-**
Overdraft	(15.1)	5.1	-	**(10.0)**
Total net debt excluding leases	(443.0)	(40.8)	411.5	**(72.3)**
Lease liability	(387.8)	30.7	262.3	**(94.8)**
Total net debt including leases	(830.8)	(10.1)	673.8	**(167.1)**

Included in shareholder loan non-cash changes are the £6.4 million initial fair value recognition and £0.5 million accreted interest.

The new money term loan non-cash changes of £2.7 million represent £2.6 million accrued PIK interest and £0.1 million accreted interest.

The RCF was converted to a term loan at par as part of the 2020 Transaction and derecognised in the period.

The term loan, initially the converted £100.0 million drawn RCF, includes £1.0 million of capitalised arrangement fees and £0.2 million accrued interest.

Included in senior secured notes non-cash changes are £33.8 million accrued but unpaid cash and accrued PIK interest and £0.4 million Euro notes revaluation losses. On 9 November 2020, the outstanding notes balance of £457.8 million was exchanged for a £40.0 million shareholder loan with the balance waived.

Included in lease liability non-cash changes are £24.7 million interest, £2.3 million revaluation gain on Euro leases on consolidation and £284.7 million relating to additional and modified leases.

26. Interest rate risk and liquidity risk

Borrowing facilities

As at 26 March 2022, £10.0 million of the overdraft facility had been utilised (2021: £10.0 million). The Group has no undrawn committed facilities available (2021: none).

Certain Group subsidiaries are party to a cross guarantee and hence have pledged certain assets as security for the super senior liabilities. The pledge consists of floating and fixed charges over the assets of the chargers as executed on 3 May 2019 and a Supplemental Security Deed entered into on 9 November 2020. Assets pledged under the debenture include freehold and leasehold property, all other property, buildings and fixtures, all trading receivables and other receivables, inventories, 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.

Operating facilities amendment and extension

The £65.0 million operating facilities were increased to a total commitment of £70.0 million on 9 November 2020, 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 reduced to £60.0 million and on 31 December 2021, the total commitment reduced to £50.0 million. Interest is payable on utilised components of the facilities of benchmark rate plus a margin in the range of 1.50%-3.50%. Until 31 December 2021, £10.0m of the operating facilities ranked priority super senior.

Term loan

The term loan of £100.0 million has 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%

The term loan and the remaining operating facilities will continue to rank super senior, with certain of the Group's subsidiaries providing security under an English law debenture. The terms of the term loan and operating facilities contain certain covenant measures including a minimum liquidity test, a minimum capital expenditure requirement and a minimum consolidated EBITDA measure on an LTM basis.

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 was issued on 9 November 2020 at an original issue discount of 5.0%, resulting in a £40.0 million cash injection. The original issue discount will accrete as an interest expense over the seven year term. This loan is subordinate to the 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 proceeds were used to settle associated transaction costs and provide additional liquidity to the Group. Interest is fixed at 16.5% payment-in-kind ('PIK') capitalised semi-annually. The loan has a seven year term from the date of closing of the transaction.

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.

	Rate	Fixed rate	Cash margin	PIK margin	Value	Maturity
Notional debt on issue:		%	%	%	£	
New money term loan	Fixed	16.5	-	16.5	42,000,000	9 November 2027
Shareholder loan	None	-	-	-	40,000,000	9 November 2029

The Group's debt as at 26 March 2022 is as follows:

	Rate	Fixed rate	Floating rate	Cash margin	PIK margin	Value	Maturity
		%	%	%	%	£	
Shareholder loan	Fixed	21.5(1)	-	-	-	8,442,978	9 November 2029
New money term loan	Fixed	-	-	-	16.5	50,679,431	9 November 2027
Term loan	Fixed & Floating	6.0	Ibor 0.298(2)	6.298	0.5(3)	101,577,934	30 June 2024
Overdraft	Fixed & Floating	1.5	Base Rate 0.1	1.6	-	9,985,040	30 June 2023

(1) The fixed rate on the non-interest bearing shareholder loan reflects the discount factor applied to determine the fair value in accordance with IFRS 9
(2) The floating rate on the term loan is based on LIBOR up to 10 May 2022, but effective 10 May 2022, will switch to SONIA. The change is not expected to have a significant impact on the cash flows under the term loan
(3) PIK interest accrued until 31 December 2021

26. Interest rate risk and liquidity risk (continued)

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 26 March 2022

	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	85.5	-	-	-	-	-	**85.5**
Term loan	-	-	(101.6)	-	-	-	**(101.6)**
Overdraft	-	(10.0)	-	-	-	-	**(10.0)**
	85.5	(10.0)	(101.6)	-	-	-	**(26.1)**

Period ended 27 March 2021

	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	88.5	-	-	-	-	-	**88.5**
Term loan	-	-	-	(101.2)	-	-	**(101.2)**
Overdraft	-	-	(10.0)	-	-	-	**(10.0)**
	88.5	-	(10.0)	(101.2)	-	-	**(22.7)**

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 26 March 2022

	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**
Shareholder loan	-	-	-	-	-	(8.4)	**(8.4)**
New money term loan	-	-	-	-	-	(50.7)	**(50.7)**
	-	-	-	-	-	(59.1)	**(59.1)**

Period ended 27 March 2021

	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**
Shareholder loan	-	-	-	-	-	(6.9)	**(6.9)**
New money term loan	-	-	-	-	-	(42.7)	**(42.7)**
	-	-	-	-	-	(49.6)	**(49.6)**

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

27. Provisions

	Dilapidations provisions	CVA provisions	International exit provisions	Store closure provisions	**Total**
	£m	£m	£m	£m	**£m**
At 28 March 2020	(0.2)	(1.1)	(0.7)	-	**(2.0)**
Arising during the period	-	(2.4)	(0.4)	(0.4)	**(3.2)**
Utilised	-	0.6	0.3	0.2	**1.1**
Reversal of unused amounts	0.2	0.3	-	0.1	**0.6**
At 27 March 2021	-	(2.6)	(0.8)	(0.1)	**(3.5)**
Arising during the period	-	(1.4)	-	(0.3)	**(1.7)**
Utilised	-	2.5	0.2	0.3	**3.0**
Reversal of unused amounts	-	0.2	-	-	**0.2**
At 26 March 2022	-	(1.3)	(0.6)	(0.1)	**(2.0)**

	As at	
	26 March 2022	27 March 2021
	£m	£m
Current	**(1.3)**	(2.6)
Non-current	**(0.7)**	(0.9)
	(2.0)	(3.5)

Dilapidations provisions

During the period ended 27 March 2021, the dilapidations provision of £0.2 million was reversed as no longer required.

CVA provisions

On 15 September 2020, 81.6% of New Look Retailers Limited's unsecured creditors (by value) voted in favour of the proposed Company Voluntary Arrangement ("CVA"). As at 26 March 2022, the Group recognised a £1.3 million (2021: £2.6 million) provision in relation to landlord enforced store closures. The total provision is expected to be utilised over one to 59 months.

International exit provisions

During the period ended 30 March 2019, the Old Group announced a review of the International businesses. As at 26 March 2022, the Group recognised a £0.6 million (2021: £0.8 million) provision. This is expected to be utilised over one to 12 months.

Store closure provisions

The Group recognise provisions in respect of known and communicated store closures. As at 26 March 2022, the Group recognised a £0.1 million (2021: £0.1 million) provision. This is expected to be utilised over one to 12 months.

28. 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.

Participants purchased an interest in both B shares and C shares. On exit, the B shares vest in full and the C shares vest in full if the exit occurs above a certain threshold. As part of the 2020 Transaction, B shares were redesignated as C shares and C shares were redesignated as D shares. The exit threshold attached to the now D shares was reduced.

On leaving, the value of the shares is based on the vesting profile, following completion of the 2020 Transaction the vesting profile was also amended such that, 25% of shares vested on 9 November 2020, with the remaining 75% vesting straight-line over four years from 9 November 2020.

In March 2021, additional 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.

Participants purchased an interest in C shares and D shares. On exit, the C shares vest in full and the D 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. For four participants, 20% of shares vested on 9 November 2020, with the remaining 80% vesting straight-line over four years from 9 November 2020. For two participants, 15% of shares vested on 9 November 2020, with the remaining 85% vesting straight-line over four years from 9 November 2020. For three participants, 100% of the shares vest straight-line over a four year period from 9 November 2020.

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:

C shares (formerly B shares)

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	000s	000s
Outstanding at the beginning of the period	**110,787**	71,017
Granted in the period	**26,276**	61,075
Forfeited in the period	**-**	(21,305)
Outstanding at the end of the period	**137,063**	110,787
Exercisable at the end of the period	—	—
Weighted average remaining contractual life (months)	**31 months**	43 months
Weighted average share price at the date of exercise (pence)	**0.00**	0.00
Weighted average exercise price (pence)	**0.00**	0.00
Market value at period end (pence)	**0.00**	0.00
Highest market value (pence)	**0.00**	0.00
Lowest market value (pence)	**0.00**	0.00

D shares (formerly C shares)

	For the financial periods	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	000s	000s
Outstanding at the beginning of the period	**49,712**	49,712
Granted in the period	**9,942**	11,363
Forfeited in the period	**(2,840)**	(11,363)
Outstanding at the end of the period	**56,814**	49,712
Exercisable at the end of the period	**—**	—
Weighted average remaining contractual life (months)	**31 months**	43 months
Weighted average share price at the date of exercise (pence)	**0.00**	0.00
Weighted average exercise price (pence)	**0.11**	0.11
Market value at period end (pence)	**0.00**	0.00
Highest market value (pence)	**0.00**	0.00
Lowest market value (pence)	**0.00**	0.00

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, with the exception of the exercise price of the D shares which has been updated to reflect the new exit threshold following the completion of the 2020 Transaction and used for the periods ended 26 March 2022 and 27 March 2021 for the shares granted in December 2019:

	C shares	D shares
Weighted average fair value (pence)	0.00	0.00
Weighted average share price (pence)	0.00	0.00
Exercise price (pence)	0.00	0.11
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

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 27 March 2021 for the shares granted in March 2021, April 2021 and September 2021:

	C shares	D shares
Weighted average fair value (pence)	0.00	0.00
Weighted average share price (pence)	0.00	0.00
Exercise price (pence)	0.00	0.11
Expected volatility (%)	29.41 to 137.91	29.41 to 137.91
Expected life of option (years)	3.64	3.64
Dividend yield (%)	0.00	0.00
Risk-free interest rate (%)	0.22	0.22
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 (2021: £nil) was recognised in the income statement for the period ended 26 March 2022.

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 (2021: £nil).

29. Share capital

	As at	
	26 March 2022	27 March 2021
Allotted, called up and fully paid	**£m**	£m
Ordinary A shares 2,159.0 million (2021: 2,159.0 million)	-	-
Ordinary B shares 539.7 million (2021: 539.7 million)	-	-
Ordinary C shares 110.8 million (2021: 110.8 million)	-	-
Ordinary D shares 49.7 million (2021: 49.7 million)	-	-
	-	-

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, C and D 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 and D 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.

All shares have a nil par value.

30. Reconciliation of movements in reserves

	EBT reserve	Capital contribution reserve	Hedging reserve	Translation reserve	Accumulated losses	Total
	£m	£m		£m	£m	£m
At 28 March 2020	9.8	-	0.4	0.7	(414.1)	(403.2)
Total comprehensive income/(expense) for the period	-	-	1.6	(0.3)	108.1	109.4
Capital contribution – 2020 Transaction	-	451.4	-	-	-	451.4
At 27 March 2021	9.8	451.4	2.0	0.4	(306.0)	157.6
Total comprehensive income/(expense) for the period	-	-	2.7	-	(24.4)	(21.7)
At 26 March 2022	9.8	451.4	4.7	0.4	(330.4)	135.9

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.

Capital contribution reserve

The capital contribution reserve represents the waiver of the senior secured notes by the shareholders totalling £457.8 million offset by the issue of the shareholder loan of £6.4 million as part of the 2020 Transaction.

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.

31. Retirement benefit schemes

The Group contributes to defined contribution pension schemes for employees in the UK and ROI. At 26 March 2022, £0.6 million (2021: £0.4 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 (2021: £2.4 million).

32. 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.

33. 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 Corporate Limited (1)	Holding	47 Esplanade, St Helier, Jersey, JE1 0BD
New Look Investment Limited	Holding	47 Esplanade, St Helier, Jersey, JE1 0BD
New Look Bonds Limited	Holding	47 Esplanade, St Helier, Jersey, JE1 0BD
Top Gun Realisations 203 Plc	Dormant	156 Great Charles Street, Queensway, Birmingham, B3 3HN
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
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	Trading	1st Floor, An der Welle 4, 60322, Hessen, Frankfurt, 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 Corporate Limited shareholding held directly whilst all others held indirectly through wholly owned subsidiaries.

During the financial period ended 26 March 2022, Top Gun Realisations 203 Plc was placed into liquidation as it was surplus to requirements.

34. 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.

35. Events after the reporting period

As at 26 March 2022, the Group's core operating bank provides £50.0 million aggregate committed facilities with a maturity date of 30 June 2023 (the "Operating Facilities"). This includes £10.0 million revolving credit facility (currently drawn as an overdraft) and £40.0 million available as trade and import facilities to the Group's suppliers.

The Group and its creditors under the Operating Facilities have agreed in principle to an extension of the maturity date to June 2024 and for New Look Corporate Limited ("NLCL") to become a lender under the Operating Facilities. NLCL will raise an additional New Money PIK loan of £50.0 million from its existing shareholders (additional class A shares will also be issued to the lenders under the facility) and NLCL shall use the proceeds to purchase all of the commitments under the Operating Facilities. The transaction will complete in the coming months.

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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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