

A full-page photograph of two women standing on a wooden pier with a blue metal railing. The woman on the left is wearing a bright orange, tiered, short-sleeved dress and has her right arm raised. The woman on the right is wearing a black dress with a colorful floral pattern and is holding a black quilted handbag with gold hardware. Both women are smiling and looking towards the camera. The background is a clear blue sky.

NEW LOOK

New Look Annual Report & Accounts 2020/2021



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Group Overview

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.

Our purpose is:

To inspire that New Look feeling

No. 1 for overall Womenswear market share in the 18 to 44 age range¹

Our online platform serves customers in 66 countries, with over 225 million visits in the year

At 27 March 2021 we traded from 467 stores across the UK and ROI (2020: 505)

Total revenue was £542.2 million (2020: £912.8 million)

Gross margin was 36.4% (2020: 45.9%)

Adjusted EBITDA² was £4.3 million (2020: £132.2 million)

¹Based on Kantar Worldpanel published data 52 weeks ended 7 March 2021 (Womenswear by value)

²Adjusted EBITDA, a non-IFRS measure, 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, depreciation and amortisation. A reconciliation of operating profit/(loss) to adjusted EBITDA can be found on page 52.

Statutory profit before tax was £108.0 million (2020: £430.7 million loss)

Net debt, excluding lease liabilities³, as at 27 March 2021 was £72.3 million (28 March 2020: £443.0 million)

The Covid-19 pandemic has had an unprecedented impact on our business, our people, our customers, our landlords and our suppliers, and everyone has done their best to adapt to the new ‘normal’ and the on-off restrictions. However, the retail landscape has transformed, and we must now focus on the permanent changes needed to be a leader in the market

Our online platform traded throughout the year, with unrelenting focus on our customer. Sadly, across our entire store network, we were only able to serve our customers for seven weeks with the entire store portfolio open

On 15 September 2020 our creditors approved a CVA which moved the majority of stores to a turnover rent-based model, increasing the flexibility within our cost base. We also completed a second financial restructuring on 9 November 2020, further deleveraging the balance sheet, significantly reducing the cash pay interest and providing a capital injection to support our future strategic ambitions

³Net debt, excluding lease liabilities, a non-IFRS measure, is calculated as net debt less lease liabilities as per note 25



Non-Executive Chairman's Statement

A True Demonstration of Resilience



When we reflect on the past year, the Covid-19 pandemic has had a significant impact on all of our lives and the way we operate our business.

I would firstly like to thank all my New Look colleagues for their resilience over this period. To the Board and all our stakeholders, thank you

for your continued support which is an encouraging demonstration of your belief in the New Look brand.

Our stores had to temporarily close on at least three occasions, and when we were able to trade in store, footfall was well below that of previous years. As a result, we made use of the Government's job retention scheme, Government business support schemes available to us and business rates reliefs in order to protect our people and our business. We traded online throughout the year which is a credit to all colleagues who ensured our sites and operations were Covid-19 safe and secure.

During 2020, the leadership team stoically navigated the business through the impacts of Covid-19 whilst maintaining a focus on the medium to long term recovery and growth of the business. In November 2020, we completed the comprehensive recapitalisation transaction which followed the implementation of the CVA in September 2020. Together these strengthened the balance sheet and provided the operational flexibility to weather the storm and emerge from the last year in a strong and stable position.

We have now adapted to Covid-19 being part of our lives. Although uncertainty still remains for the retail sector, we have reaffirmed our strategy and have a robust foundation from which the leadership team can now truly focus on growing the brand. In April 2021, the leadership team was further strengthened as we welcomed Ed Alford as the new Chief Technology Officer.

There's no doubt that the retail landscape will remain volatile but with our capital structure addressed, operational cost flexibility and a clear strategy, I am confident that the business is doing all the right things to tackle immediate challenges and ensure New Look is a brand fit for the future.

Alistair McGeorge

Non-Executive Chairman

6 July 2021

Chief Executive Officer's Statement

A Year Like No Other



We started this financial year in lockdown, all of our stores were closed, nearly 10,000 of our colleagues were on the Government's job retention scheme and we were only permitted under Government legislation to trade online. What began as a period of limited social interaction, ended nearly three months later, with

stores initially able to reopen from 1 June 2020 in the Channel Islands, 8 June 2020 in ROI and 15 June 2020 in the UK.

Since then, there has been tiering, local lockdowns, regional lockdowns and two further national lockdowns; I never would have thought we would end the financial year as we started, in a national lockdown, with all except 2 stores (Jersey and Guernsey) closed, colleagues still on furlough and online trading only.

Before I reflect on what has been a year like no other, I want to start by thanking each and every colleague across the wider New Look business for their commitment, teamwork, support, positivity and for continuing to be the life and soul of the New Look brand. Despite the impact that Covid-19 has had on our people individually, our teams continued to make a valiant effort to raise significant and vital funds for our three charity partners and the NHS Charities Together so they could continue to support those in need during the pandemic. The challenges of the year have been faced head on, as a team and with a smile and I am truly inspired by their resilience, optimism, and energy.

As the pandemic altered the retail industry landscape, the unpredictability in the demand and supply made it extremely difficult for every business to hedge these fluctuations. This wasn't helped by only being able to trade in our retail stores for 7 out of the 52 weeks of the year.

In order to successfully tackle these unprecedented hurdles, we had to transform with the changing scenery. This meant not only adapting swiftly to the online universe, but also mobilising our deliveries more efficiently, spending our cash prudently, and prioritising the safety of our in-store colleagues and customers alike. While our in-store footfall and sales were impacted due to multiple lockdowns and the general Covid-19 virus concerns, our online sales exceeded our expectations. We continued working with our 3PE (3rd Party E-commerce) partners

and leveraged their platforms to fulfil our customers' needs domestically and internationally. I am pleased to say that by adapting to the 'new norm' quickly, we were able to seize new opportunities that arose from the shift in global consumer consumption whilst providing our existing and new customers with a safety-first shopping experience.

As the pandemic progressed, we were facing up to challenges on many fronts; completing our CVA, injecting new money in the business, deleveraging our balance sheet, and working on an extension of primary working capital facilities all simultaneously. While none of these are new to the business world, having to tackle them within 12 months and during a pandemic was nothing short of a challenge in itself. Despite this, we successfully reduced our debt servicing cost and secured new capital injection keeping our focus on preserving and managing cash throughout the year. As a result we are financially and strategically in a better position to prioritise strengthening and expanding our position as a leading convenient broad appeal fashion brand in the domestic and international markets we choose to operate.

Whilst our main focus has understandably been navigating the impact that Covid-19 has had on the business, we have definitely not been short sighted. As I noted in my statement last year, we took action to reduce and introduce more flexibility into our cost base and also secure an injection of new capital.

Through discussions with our shareholders, bondholders, Revolving Credit Facility ("RCF") banks and the provider of the Operating Facility we proposed the terms of a comprehensive recapitalisation transaction in August 2020 which completed on 9 November 2020 following the court sanctioning a scheme of arrangement ("the 2020 Transaction"). On 15 September 2020, 81.6% of our creditors (by value) voted in favour of our proposed Company Voluntary Arrangement ("the 2020 CVA"). The 2020 Transaction has significantly reduced our debt and cash pay interest requirements, extended the maturity of key working capital facilities and resulted in a new capital injection to allow us to accelerate investment in our strategy. The approval of the 2020 CVA has reduced certain elements of our fixed cost base and moved the majority of our UK leases onto a turnover based model which aligns future performance and reflects the wider retail market. As part of this we verified our strategy and updated our business plan with the support of independent consultants and our financial advisors.



Since the CVA, we have faced a third national lockdown resulting in stores once again closing for at least 15 weeks and we believe this period has further impacted on the consumer mindset and permanently changed the retail landscape. In light of this, we once again spent time considering and revisiting our strategy. Through this review, the pillars we identified to deliver our strategy fundamentally remained the same, though we have added a new pillar which highlights our continued commitment to our environmental and social responsibilities.

Our purpose is:

‘To inspire that New Look feeling’

We will deliver our vision through four key strategic pillars:

Feel Good Fashion

Easy & Inspiring Experience

A Brand that Uplifts & Unites

Kind to Our Core

To support the delivery of our strategy, on 12 April 2021, we welcomed Ed Alford as our new Chief Technology Officer, further strengthening our experienced executive team and recognising the importance of technology in delivering our strategy.

Traditional bricks and mortar stores still have an important part to play in the future of retail as does localness and accessibility which is where New Look had its roots and where it continues to be a strength today. This will be a key factor in our future growth and I am delighted to say that our entire store portfolio is once again trading, and I have been pleased by performance to date.

As the Covid-19 restrictions ease and the vaccine roll out programme helps restore consumer confidence, we can really focus our attention on investing in our omnichannel strategy, capitalising on the respective strengths of our conveniently located store portfolio as well as our online business, which has grown strongly over the past year.

Looking ahead we can see that the winds in retail continue to change and a “new high-street” that is emerging after the Covid-19 pandemic is something new to us all. However, I firmly believe that our resilience, hard work and devotion coupled with prudent financial decisions, new talent injection and business transformation will not only strengthen our financial performance, but will also enable us to stay on track with our “kind to our core” commitment. As a responsible business, we pledge to be more open and transparent with our trading practices, build more inclusivity and diversity within our brand, and focus more on sustainability and giving back to society. Whilst nobody knows for certain what the future holds, I remain optimistic for New Look’s future this year and beyond.

Finally, I would like to thank again my colleagues who have been working tirelessly to make New Look a great brand, our customers who have continued to believe in us, and our creditors, including our landlords and suppliers for their continuous support through these unprecedented times. New Look is here today because of your unwavering commitment.

Nigel Oddy

Chief Executive Officer

6 July 2021



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 27 March 2021 (comparatives for the 52 weeks ended 28 March 2020).

Year in Review

Feel good fashion and our supply chain

Covid-19 not only impacted when, where and how we could trade, its disruption was felt across our whole global supply chain. The primary focus for our product and supply chain teams throughout the year was our stock holding, ensuring we had the right stock available when and where we could trade, whilst also managing the widespread disruption within the supply chain to meet that demand. With renewed confidence in our broad appeal offering, our tighter planning framework and long-standing supplier relationships, our flexible supply chain has been the foundation of our product successes during the year. We also maintained focus on the sustainability of our offering, continuing to deliver on our ambitious targets and striving to make improvements across our supply chain. Most importantly, a key priority for us was to ensure that the workers in our suppliers' factories continue to have a safe working environment, see page 30 for more details.

During the first lockdown we saw a tremendous shift in trend, with customers favouring casual ranges over formalwear as many started working from home. The speed and flexibility in the supply chain allowed us to react quickly to this switch, resulting in good product availability online in these popular ranges. In addition to this, demonstrating one of our key values 'We Are One', we were able to call on our colleagues and successfully transfer 500,000 units of stock out of our closed stores and back into our DC to continue fulfilling online customer demand. This mission brought together colleagues from across the business to ensure teams could gain access to stores, had the right materials needed to de-tag and package stock and were ready in time for pre-arranged collection, all whilst ensuring the safety of those involved.

Our total womenswear online market share⁴ grew 240 bps for the 12 weeks ended 28 June 2020 compared to the 12 weeks ended 30 June 2019, with growth in three of our key areas, Dresses, Denim and 915 teenwear as well as other categories such as Tops, Knitwear and Jersey. Our online market share for Footwear declined 20 bps across the same periods, as typically our footwear ranges are more formal than casual.

Throughout the year we kept our stock purchases tight, maintaining the flexibility to trade not only into broad appeal popular trends, but also into the unpredictable and fluctuating demand caused by Covid-19. Through careful planning and decisive action, we made every effort to clear through seasonal stock by holding stock levels low, but also using flash promotions to react to changing Government guidelines, for example, ahead of the second national lockdowns, we ran an unplanned 25% off in store to clear through units. As a result of these efforts total stock units were 11.6% lower than last year, however in light of stores closings mid-way through the Autumn/Winter season and opening at the start of Spring/Summer, we have recognised a stock provision, over and above usual levels, as a result of holding more than planned Autumn/Winter and Spring/Summer stock.

Whilst our primary focus was our stock holding and ensuring we did not overcommit, we had to balance this with ensuring that our offering remained new, fresh and exciting for our customer.

Our 18 to 44 year old womenswear market share⁵ declined 100 bps for the 52 weeks ended 7 March 2021 compared to the 52 weeks ended 8 March 2020, as essential retailers were able to trade their clothing sections during the periods our stores were closed. However, we held the number one position, improving from number two previously through an increase in our online market share, coupled with the impact of store closures on the market share of bricks and mortar only retailers.

Our total womenswear market share⁵ declined 50 bps for the 52 weeks ended 7 March 2021 compared to the 52 weeks ended 8 March 2020. Our total online market share grew 70 bps, however our market share in store declined 120 bps, primarily as a result of supermarkets gaining share as they were less impacted by store closures.

Without losing sight of the longer-term strategy, during the year we worked with our concession partners, both current and new, to grow their offering in store and online to further enhance the customer experience and we continue to work closely with our 3PE (3rd Party E-commerce) partners to ensure our product offering meets the appetite of the global customer base we reach through their platforms.

E-Commerce

Over the 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 has accelerated this shift and as a result our online teams made the operational changes needed to ensure they adapted to this immediate change in customer demands. As a business we also challenged ourselves to become more online focused, shifting away from the more stable store focused calendar.

The year resulted in us equalling our all-time demand revenue⁶ growing 39% year on year. Sales and key performance metrics all grew in the year:

Sales	+69.4%
Traffic	+10.2%
Conversion	+25.5%
Average Order Value	+0.5%

⁴ Based on Kantar Worldpanel published data 12 weeks ended 28 June 2020 (Womenswear by value)

⁵ Based on Kantar Worldpanel published data 52 weeks ended 7 March 2021 (Womenswear by value)

⁶ Demand revenue - gross order value before returns

The periods of Government enforced lockdown were challenging, whilst we saw a natural increase in demand as the only available shopping channel, with stores closed the focus on managing cash increased and restrictions on spending were tighter. We closely managed our paid channel investment in order to drive the best quality traffic to our site but also to ensure sales were profitable and cash was managed.

We also optimised our spend into the right channels enabling us to attract new customers from our restricted offline competitors, for example we lowered home delivery thresholds to reduce the barrier to entry for the traditional offline customer. As stores re-opened we naturally saw a reduction in customer frequency and loyalty, but through our efforts we have retained a good proportion of these new customers and the number of contactable customers has increased 20.9% year on year. As a result, our online traffic grew 10.2% to 228.8 million visits.

To support the management of stock and react to the fluctuating demand, our promotional activity was fluid throughout the year, considering availability in the key product areas as well as the positioning of promotional activity on the site. This, combined with our improved broad appeal product offering, which included reducing the number of available options by 29%, contributed to a 25.5% growth in online conversion.

Conversion growth was strengthened by a reduction in home delivery thresholds. This supported our Click & Collect customers, as well as positioning our delivery offering to be more attractive than our competitors. Margin efficiency was driven through a reduction in total returns & average order values holding flat.

Key to our continued fulfilment of online orders has been maintaining strong relationships with our courier suppliers, who have seen unprecedented increases in demand this year.

Retail Stores

It has been a year like no other for our stores, with the entire store portfolio being open for only seven weeks out of 52. At the start of the financial year all stores were closed due to the first of three national lockdowns and all retail staff were on furlough leave.

Store re-openings began on 1 June 2020 in the Channel Islands, 8 June 2020 in ROI and 15 June 2020 in the UK. We took a phased approach to store re-openings, focusing first on local high street, town and retail park locations where implementing social distancing and outside queues was easier and where we believed customers would return sooner than in shopping centres and city centres. All stores were open by the end of August 2020. Our main focus on re-opening was the safety of our customers and our staff, our teams wanted to ensure that everyone felt safe and welcome coming back into our stores. Despite the easing of restrictions, Covid-19 continued to impact trade and for the period between re-opening and mid-October the decline in average weekly like-for-like sales⁶ ranged from -9.0% in local stores⁷ and -55.9% in brand flag⁸ stores. This was driven by lower like-for-like footfall, with the weekly average declining between -13.4% in local stores and -63.4% in city centres. During this time, conversion performed strongly, with average weekly like-for-like conversion⁹ between +57.9% in large towns¹⁰ and -3.8% in brand flag stores as those customers who did shop in store, shopped with a purpose.

Unfortunately, from mid-October a second round of lockdowns were announced with non-essential retail forced to close once again. In Wales, stores were closed for two weeks until 9 November 2020, in ROI, for six weeks until 1 December 2020, in England, for four weeks until 2 December 2020, in Northern Ireland, for two weeks until 11 December 2020 and in Scotland stores were closed for three weeks until 11 December 2020. With little notice of closure, we ran flash promotional events to clear through stock units where possible, especially as the closures meant, that with the exception of Wales, all stores were closed for the Black Friday trading event.

For the five week peak trading period in the run up to Christmas, performance continued to be impacted by Covid-19, with weekly average like-for-like sales ranging between +14.6% in local stores and -57.6% in brand flag stores. Footfall continued to have the biggest impact, with the weekly average like-for-like footfall declining between -17.2% in small towns and -52.6% in brand flag stores. Performance was strongest in the week of re-opening as customers focused on completing Christmas purchases before further possible lockdowns. In the week of Christmas, half the store portfolio was once again closed under tiering restrictions and by 4 January 2021, all except three stores were closed for the remainder of the year. During this time, stores on the Isle of Man, Jersey and Guernsey have been able to trade in pockets.

Our retail operations team took advantage of the period of closure to revisit and revise our in store operating model across all our stores ensuring compliance with Government policy. This revision included closure of fitting rooms, removal of fixtures and a greeter at the store entrance to ensure customer capacities were not exceeded. Our store staff have drawn on their incredible resilience and remained positive and enthusiastic throughout the year. Keeping in touch with each other through periods of closures, springing back into action when needed, adapting to necessary changes in operations and always putting the customer first to ensure they have the best possible in store experience.

Operational Excellence

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

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

Throughout the year one of our main focuses was engagement with our colleagues, specifically wellbeing, diversity & inclusion ("D&I") and growth. On top of the disruption and challenges caused by Covid-19, our colleagues were also faced with the uncertainty and unsettling nature of the 2020 CVA, an examinership in ROI, the 2020 Transaction and a people restructure within our support centres. We took a holistic approach to wellbeing addressing physical, financial and mental health. With a significant number of colleagues on furlough, we wanted to ensure that our colleagues continued to feel connected to the business.

⁶ LFL 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

⁷ Local store - small store on a local high street

⁸ Brand flag - store that showcases New Look brand and sit within the top shopping markets throughout UK and ROI

⁹ LFL Conversion - the number of shoppers that have entered the store and have transacted within the store (number of transactions over the number of people entering the store)

¹⁰ Large town - small store in a large town



We created opportunities, including but not limited to our intranet platform called Runway, for colleagues to connect on a more informal basis and shared frequent communications to keep colleagues informed and up to date about the business and trade performance. As a result of our efforts, Leadership Communication received its highest ever score in our 2020 engagement survey.

During the year we appointed a Director Sponsor for D&I, launched a new colleague forum and online hub and created a new D&I roadmap and project plan which focuses on recruitment, growth, brand and culture. We extended our partnership with Retail Week's Be Inspired programme to help drive inclusivity and support colleagues' career aspirations and with The Prince's Trust to support more young people starting a career in retail. It's key that we value a diverse workforce that inspires all of our colleagues to realise their potential.

We launched a new performance management tool to encourage ongoing discussion and targeted support for career development and created a New Look Values and Behaviours Guide to help 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 will continue these practices going forward. This will also break down location barriers when recruiting for new traditionally office-based roles which will support us in recruiting and retaining top talent.

The operations of each and every team across the business have been impacted by Covid-19.

Our IT team rolled out the necessary software and infrastructure to support the demand of over 1,000 colleagues working from home, including rolling out Microsoft Teams overnight one week before lockdown, to facilitate the new remote working.

Our health and safety team worked tirelessly to ensure that all operations, whether in store, in the DC or our support centres, followed the ever-changing guidance, keeping our colleagues and customers safe.

Our distribution centre teams adapted to the uncertain and fluctuating stock and processing volumes, whether due to the increase in e-commerce sales, the re-opening of stores, continued inbound deliveries with no outbound deliveries to store or an increase in returns due to store

closures. All whilst embedding the new Covid-19 safe ways of working, new shift patterns, one-way systems and needing four times as many people as originally planned at the start of the year.

We continued to manage and preserve cash, not only through periods of lockdown but throughout the year, protecting and safeguarding the value of the business. This ensured that New Look survived the periods of lockdown but could also resume trading in store with minimal operational disruption. We utilised the Government Coronavirus Job Retention Scheme and explored available avenues to further bolster liquidity including Government loan schemes, however, none of those were available due to specific eligibility criteria required in order to access them. We worked closely with suppliers to defer payments where possible, working in partnership to minimise the impact of Covid-19.

In addition to navigating the impacts of Covid-19, teams across the business have adapted processes and ways of working, often at the last minute, in response to the required changes following the completion of the UK's exit from the EU.

2020 Transaction and 2020 CVA

Given the significant impact Covid-19 has had on the retail industry, we took action to introduce more flexibility into the cost base, reduce cash paid debt servicing costs and secure an injection of new capital.

The 2020 Transaction, that we completed on 9 November 2020 after agreeing on the comprehensive terms of recapitalisation with our shareholders, bondholders, Revolving Credit Facility ("RCF") banks and the provider of the Operating Facility, has significantly reduced the debt and cash pay interest requirements of the Group, extended the maturity of key working capital facilities until earliest June 2023 and resulted in a new capital injection of £40.0 million.

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

More details are included in the Financial Review on page 16.

Our Business Model

Who we are and what we do

New Look is a leading omnichannel retailer operating in the value segment of the clothing, footwear and accessories market. We predominantly operate in the UK and ROI, with a presence in targeted international markets via our own website and certain 3PE partnerships. We focus on delivering value for money and 'newness', wherever, whenever and however customers choose to engage with us. Our ranges comprise of women's apparel, footwear and accessories, as well as menswear and teenwear – all distinguished by distinctive product handwriting. We cater for a broad spectrum of ages from early teens to 45 and over, with our target customer age being 18 to 44. Our commitment to inclusivity is evidenced in the comprehensive span of sizes we offer.

Our integrated omnichannel model

Our online platform, www.newlook.com, serves customers in the UK and ROI, as well as 64 other countries worldwide. Our store estate comprised 437 stores in the UK, 1 store in Isle of Man, 1 store in Guernsey, 1 store in Jersey and 27 stores in ROI. 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 as a result of Covid-19. Our ongoing investment is focused on continuously improving the customer experience and becoming a truly omnichannel business and our store footprint continues to play a critical part of our ambition. 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.

Our buying, merchandising and design teams

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

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

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

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

Our global supply chain

We don't directly operate the factories that manufacture our product ranges. Instead, our value-fashion model is predicated on maintaining a reliable and highly adaptive global supply chain designed to meet our goals in product development, manufacturing expertise and delivery timings. We've built and sustained strong, strategic relationships and currently work with 176 suppliers in 24

countries, with over 480 factories involved in production for us. Trading ethically and sustainably are at the heart of all that we do, inspiring and upholding high standards not only throughout our own business but across our supply chain.

Our infrastructure

Our directly operated, highly automated distribution centre at Lymedale, Stoke-on-Trent, has the capacity to process up to 180 million units annually and operates 24 hours a day, 363 days a year. This operation handles deliveries for our stores in the UK and Ireland, plus global fulfilment of all e-commerce and 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, 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 most recently TikTok with a combined following of over 5 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. We are continuously adapting to the digital consumer and ensuring we are proactively engaging with our audiences and responding to social trends.

Our career opportunities

We 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 partner with universities, colleges and schools to provide graduate and apprenticeship schemes.

We work closely with the Princes Trust, collaborating on a 'Get into Retail Programme' to help young people improve their employability skills. In five years we have supported almost 300 young people and in many cases, they have gone on to secure a job with us. We are also collaborating with the Prince's Trust on new mentoring opportunities, 'World of Workdays' and the 'Million Makers' programme, which will see our colleagues enhancing their entrepreneurial skills whilst fundraising.

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

As a part of 2020 Transaction, we verified our strategy and updated our business plan with the support of independent consultants and our financial advisors after the Covid-19 outbreak. Even though we were successful in verifying our strategy and updating our business plan, the third national lockdown resulted in our stores being closed for a minimum of 15 weeks. Covid-19 and lockdowns not only impacted the consumer mindset negatively but also altered the retail landscape drastically. We have used this time prudently to refine our strategy and are still working on improving it.

Through this review, our strategic pillars remain the same and we have added a new pillar which highlights our continued commitment to our environmental and social responsibilities. We believe our stores will continue to be a critical channel for our customers but an increasing number of those transactions will be omnichannel, through an easy and inspiring shopping experience. This means we'll need to enable total retail with a unique blend of local and digital for maximum convenience.

Our purpose is:

'To inspire that New Look feeling'

We will deliver our strategy through four key strategic pillars:

Feel Good Fashion

Easy & Inspiring Experience

A Brand that Uplifts & Unites

Kind to Our Core

The 2020 CVA and 2020 Transaction have strengthened our foundations which, coupled with our omnichannel strategy and renewed focus, puts us on the front foot and well placed to face into the transformed and competitive retail environment in which we operate.



Financial Review

The year's results represent the performance of the Group for the 52 week period ended 27 March 2021. The comparative figures reflect 11 months of trading of New Look Limited and its subsidiaries following their acquisition on 3 May 2019 ("2019 Transaction").

The current year results reflect the ongoing challenges faced as a result of Covid-19, along with the impact of the 2020 CVA and the 2020 Transaction.

Covid-19

Covid-19 has had a significant impact on our financial performance. At the start of the financial year all stores were closed and remained closed until earliest 1 June 2020 when Government restrictions started easing. Stores in the Channel Islands re-opened from 1 June 2020, in ROI from 8 June and in the UK from 15 June. We began reopening stores under a phased approach with city centre stores mostly opening later than high streets and retail parks, in line with the reduced footfall in these areas. All stores were reopened by the end of August. Initially, performance in our retail parks and high street stores recovered quicker and better than city centres as these locations are more local and accessible under social distancing guidelines. However, during September the Government introduced the first round of tiering, which slowed recovery and resulted in further footfall declines in the more restricted locations. All ROI stores closed for six weeks from 21 October 2020, all stores in Wales closed for two weeks from 23 October 2020, all stores in England closed for four weeks from 3 November 2020 and all stores in Scotland closed for three weeks from 20 November 2020. In the days before second lockdown, we saw a spike in sales and footfall as we used promotional activity to clear through stock units and customers headed out to make in store purchases whilst still possible. Tiering remained in place once the national lockdowns ended impacting on footfall during peak trading in the lead up to Christmas. Unfortunately, third national lockdowns were announced with all stores in Wales closing on 19 December 2020, in Scotland and Northern Ireland on 24 December 2020 and all stores in ROI on 31 December 2020. In England, a more restrictive tier 4 was introduced on 19 December 2020 which required non-essential retail to close, over 130 stores closed pre-Christmas, with the remainder closing by 4 January 2021 in line with the national lockdown.

Throughout the year we continued to trade online through our own website and mobile app, fulfilling orders from our DC while adhering to Government guidance on social distancing. E-commerce sales grew year on year, both during lockdown and whilst stores were opened, as consumers remained cautious of shopping in store.

We utilised the Governments' Coronavirus Job Retention Schemes across UK, ROI and Channel Islands through the year where available, receiving £41.8 million. While a number of other Government grants were not available to us, we looked to utilise all available support and received £7.2 million from the Government's business support schemes and benefited by £48.7 million from the business rates relief.

During the year, the ROI subsidiary initiated an examinership process due to concerns over future cash flows as a direct result of Covid-19. While an examiner was not ultimately appointed, the ROI subsidiary has successfully engaged with its landlords to renegotiate its leases. As at 27 March 2021, a number of lease negotiations had been finalised and modifications to the related right-of-use assets and lease liabilities have been reflected, see note 10 for details.

We have recognised an exceptional cost due to the impact of Covid-19 resulting in an increase to inventory provisions (see note 10) which would otherwise distort EBITDA due to the irregular nature year on year.

Given the significant impact Covid-19 has had on the retail industry, we took action to reduce the fixed cost base and introduce more flexibility through the 2020 CVA, as well as reducing debt and securing an injection of new capital through the 2020 Transaction.

The 2020 CVA

The overall objective of the 2020 CVA was to restore the Group's viability through a combination of:

- a. changing the rent payment dates of category A leases to monthly;
- b. compromising rent arrears across category B and category C leases;
- c. moving to monthly payment cycles (unless already on monthly) across all category B, category C and category D leases;
- d. moving to a turnover based market rent model for category B and category D leases;
- e. moving to nil rent and service charge after two months for category C leases (to the extent not already nil rent and service charge);
- f. compromising obligations under authorised guarantee agreements and similar guarantees and indemnities from which New Look Retailers Limited ("NLRL") derives no benefit;
- g. compromising historic dilapidations which are commercially onerous;
- h. compromising certain non-critical liabilities which are commercially onerous and from which NLRL obtains no benefit; and
- i. compromising certain rates liabilities of NLRL.

The proposal classified stores into one of twelve categories. The B category has nine subcategories, with each one having a different turnover percentage. Leases in category D are agreements for leases where the lease has not yet commenced. The following table summarises the main changes for leases in categories A to C:



	Category A	Category B (split into B1 - B9)	Category C
CVA Term	36 months	36 months	36 months
Payment cycle for rent, service charge and insurance	Monthly	Monthly	Monthly
Rent Concession	n/a	Turnover rent with base rent in years 2 and 3 of 85% of the previous year's total rent paid	Contractual rent for two months then reduced to zero
Rent Arrears	Paid in full	Compromised in full	Compromised in full
Service Charge and Insurance Arrears	Paid in full	Paid in full	Paid in full
Future Service Charge	Paid in full	Paid in full	Paid in full for two months
Future Insurance	Paid in full	Paid in full	Paid in full whilst in occupation
Rent at End of Rent Concession Period	No change	Revert to higher of CVA Turnover Rent and Market Rent	Zero
Termination Right Landlord	As set out in the relevant lease	Within first 150 days on 60 days' notice; at the end of month 17, month 29 and month 36 on 60 days' notice	Any time during the CVA period on 60 days' notice (to expire within the CVA term)
New Look Termination Rights	As set out in the relevant lease	Termination on last day of CVA term on at least 60 days' prior written notice if (a) net sales are less than 85% of net sales for the 52 weeks ending 22 February 2020; or (b) market rent after the CVA term is not a turnover rent	Any time during the CVA period on 60 days' notice (to expire within the CVA term)
Dilapidations	No change	Compromised to 2% if the relevant lease is terminated by the relevant Landlord during the CVA term	Compromised to 2% if the relevant Lease is terminated by the relevant Landlord during the CVA period

The move to a turnover rent basis has had a material impact on the right of use asset and lease liability for all category B and C stores, see note 15, and will have a further impact on future financial periods throughout the term of the CVA. Details of the impact are included in note 10. The Group recognised £5.2 million exceptional income from the write off of compromised creditors.

The 2020 Transaction

On 13 August 2020, we reached an agreement with certain of our key financial stakeholders in relation to the amendment and extension of the RCF and Operating Facilities and the main terms of a debt for equity swap aimed at deleveraging and strengthening the balance sheet through a scheme of arrangement. The transaction completed on 9 November 2020 following the court's sanction of the scheme of arrangement. The following table shows the impact of the transaction on the Group's liquidity (sterling equivalent):

	As at 28 March 2020	As at 9 November 2020
	£m	£m
RCF	100.0	-
Term loan	-	101.0
Overdraft	15.1	10.0
Operating Facility	49.9	60.0
Senior Secured Notes ("SSNs")	423.6	-
Shareholder loans	-	82.0

The main terms of the transaction were as follows:

RCF amendment and extension

The fully drawn £100.0 million RCF was converted to a Term Loan with a maturity date of 30 June 2024. A 1.0% arrangement fee was capitalised on day one and added to the principal amount on the closing of the transaction. Interest is payable semi-annually, at the interbank benchmark rate plus margin, which is dependent on the leverage ratio:

Leverage Ratio	Facility Margin
>2.00:1	6.0%
≤2.00:1	5.0%

Operating Facilities amendment and extension

The £65.0 million Operating Facilities were increased to a total commitment of £70.0 million, with a maturity date of 30 June 2023. A 1.0% arrangement fee is payable on full and final repayment of the Operating Facilities. On 30 June 2021, the total commitment under the Operating Facilities will reduce to £60.0 million and on 31 December 2021, the total commitment will reduce to £50.0 million. Interest is payable at a benchmark rate plus a margin in the range of 1.50%-3.50%. Until 31 December 2021, £10.0m of the Operating Facilities will rank priority super senior.

The Term Loan and Operating Facilities will continue to rank super senior, with certain of the Groups subsidiaries providing security under an English law debenture. The amended terms of the Term Loan and Operating Facilities contain certain covenant measures including a minimum liquidity test commencing on completion of the transaction, a minimum capital expenditure requirement commencing in

52 weeks ending 26 March 2022 ("FY22") and a minimum EBITDA measure commencing in the third quarter of FY22.

New Money Term Loan

To further support liquidity and provide for future investment, a £42.0 million New Money Term Loan ("NMTL") was issued on the closing date of the transaction at an original issue discount ("OID") of 5%, resulting in a £40.0 million cash injection. The OID was capitalised and added to the principal amount of the NMTL. The NMTL is subordinated to Term Loan and Operating Facilities and sits outside of the restricted group under the Senior Facility Agreements. It is secured by a floating charge over the shares of New Look Corporate Limited. The NMTL proceeds were used to settle associated transaction costs and provide additional liquidity. Interest on the NMTL is 16.5% payment-in-kind ("PIK") capitalised semi-annually beginning May 2021. The NMTL has a seven year term from the date of closing of the transaction. Providers of the NMTL received 80% voting equity interest in the Group post-transaction.

Re-instated Shareholder Loan

The SSNs were exchanged into a £40.0 million Shareholder Loan ("SHL"). The SHL is subordinated to the Term Loan and Operating Facilities and sits outside of the restricted group under the Senior Finance Agreements and is secured by a floating charge over the shares in New Look Corporate Limited. The shareholder loan is non-interest bearing and has a nine year term from the date of closing of the transaction. Holders of the SHL received 20% non-voting equity interest in the Group post-transaction.

In order to complete the transaction and allow for the issuance of the NMTL and SHL, New Look Corporate Limited was incorporated on 30 September 2020 as a wholly owned subsidiary of the Company.

The transaction completed on 9 November 2020 as a result of the following steps:

- New Look Corporate Limited acquired New Look Investment Limited and its subsidiaries (the assets and liabilities acquired at book value) from New Look Retail Holdings Limited;
- The £40.0 million NMTL proceeds were funded to New Look Corporate Limited;
- £40.0 million NMTL proceeds were contributed down the Group to New Look Retailers Limited, who in turn used the funds to settle transaction costs with the residual cash being utilised operationally;
- Senior Secured Notes were exchanged into a £40.0 million shareholder loan issued by New Look Corporate Limited; and
- Equity in New Look Retail Holdings Limited was allocated.

Revenue

Total revenue decreased by £370.6 million to £542.2 million (2020: £912.8 million). Total gross sales decreased by £376.5 million to £553.8 million (2020: £930.3 million) with an adjustment of £11.6 million (2020: £17.5 million) to state concession income on a net basis for total revenue for statutory reporting purposes. Gross sales enables the Group to monitor total sales made through stores and online before netting concession income.

UK and ROI retail sales decreased £465.1 million to £257.3 million (2020: £722.4 million) due to the extensive periods of store closures during the year as a result of Government

enforced lockdowns and tiering due to Covid-19. In total during the year the entire store portfolio was only open for seven out of the 52 weeks. When stores were open, trade was heavily impacted by declines in like-for-like footfall¹¹ as it was clear that customers remained cautious of in store shopping. However, it was evident that those who did visit stores shopped with a purpose as we saw increases in like-for-like conversion in most weeks.

E-commerce sales increased by £98.6 million to £240.7 million (2020: £142.1 million). Across the year, like-for-like e-commerce sales increased in all but eight weeks. Those eight weeks fell early on in the year as consumers remained cautious due to the uncertain impact of Covid-19 and as stores re-opened after the initial lockdown. We fulfilled sales from our DC while adhering to Government guidance on social distancing, with the teams quickly adapting to the changing demand in volumes. When stores were open, our click and collect service along with our online return to store and order in store, deliver to store offerings helped to drive footfall into our stores.

Sales with our 3PE partners decreased £8.7 million to £55.2 million (2020: £63.9 million). This was driven by a decrease in the volume of business with key partners due to the overall challenging retail market as a result of Covid-19, and their desire to similarly reduce intake at the start of lockdown given the level of uncertainty in the market. Sales were also impacted by the uncertainties of trading post the UK's exit from the EU. Our key internationally diverse partners (including ASOS and Zalando) give us a route into new territories and further extend our global reach.

Franchise sales decreased £1.3 million to £0.6 million (2020: £1.9 million). We continue to work with one franchise partner.

¹¹Like-for-like footfall - the number of people that enter a like-for-like store

Stores And Space

Across the Group, our total number of stores decreased to 472 (2020: 511 stores), with total space reducing to 3,754,000 sq ft (2020: 3,984,000 sq ft).

In the UK, we opened two stores and closed 39 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 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 continue to give us a competitive advantage of localness.

The total number of New Look franchise stores is five (2020: six).

Gross Margin

Gross profit decreased £222.0 million to £197.3 million (2020: £419.3 million), with the resulting gross profit margin falling to 36.4% (2020: 45.9%). Included within cost of sales is £2.9 million (2020: £3.2 million) of exceptional costs relating to stock provisions which arose directly as a result of Covid-19, see note 10 for details. Excluding the exceptional inventory provision, gross profit was £200.2 million (2020: £422.5 million) with a gross margin of 36.9% (2020: 46.3%).

Gross margin decreased as a result of fixed distribution costs not being covered by the lower volume of sales in store due to the enforced lockdowns and suppressed consumer confidence when stores were open due to Covid-19, coupled with a lower product gross margin due to increased promotional activity. E-commerce sales achieved a higher margin driven by an increase in margin on markdown sales, however this was more than offset by the closure of stores, most notably in October to December, which impacted on peak trading, with more promotional activity required when stores reopened to clear seasonal product.



We have maintained focus on stock management throughout the period. Our supply chain flexibility supported a reduction in planned intake as we reacted to the impact of Covid-19 and during the period of store closures, stock was moved back to the DC to fulfil online demand.

Demand was strong for Dresses, Denim and Loungewear/ Sportswear as we saw an unprecedented switch to casual from formal and smart wear in all categories.

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

Operating Profit/(Loss)

Operating profit increased £515.5 million to a £177.2 million profit from a £338.3 million loss.

Other income of £7.2 million represents grants received from the Government's business support schemes during the period as a result of Covid-19.

The credit for impairment reversals was £134.5 million (2020: £356.2 million impairment charge). The impact of the CVA and Covid-19 on expected future cash flows represent 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. Due to the benefits in future cash flows as a result of the CVA, impairment reversals have been recognised on UK and ROI Retail brand and corporate assets. See notes 13, 14 and 15 for further details.

During the period the Group recognised a £133.8 million gain (2020: £0.9 million loss) on disposal and modification of right-of-use assets. £126.3 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 decreased to £295.2 million (2020: £400.5 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) increased by £16.0 million to £17.5 million expense (2020: £1.5 million expense) due costs incurred in the 2020 Transaction and 2020 CVA. See note 10 for details.

The charge relating to the movements in the fair value of financial instruments in the income statement was £5.1 million (2020: £4.9 million credit) as a result of movements in foreign exchange rates.

Staff costs (excluding exceptional staff costs) decreased by £48.9 million to £79.4 million (2020: £128.3 million) primarily due to utilisation of the Government's Coronavirus Job Retention Schemes and a reduction in support centre head count following a restructure within the year.

Estate costs (including service charges, rates, utilities and repair costs and excluding rent which is accounted for under

IFRS 16) decreased by £51.7 million to £38.2 million (2020: £89.9 million) primarily as a result of the business rates holiday granted by the Government on retail space. Estates costs reflects the cost of our store portfolio and support centres.

Marketing costs increased by £14.7 million to £34.5 million (2020: £19.8 million) as a result of a focus on driving footfall into stores following the various periods of closure and further increasing our customer acquisition and online traffic.

Depreciation and amortisation decreased £48.2 million to £59.9 million (2020: £108.1 million) as a result of significant impairments recognised in the prior year to property, plant and equipment, right-of-use assets and the brand along with the reduction to right-of-use assets in the year following the 2020 CVA. Property, plant and equipment depreciation was £9.6 million (2020: £16.2 million), intangible asset amortisation was £22.5 million (2020: £26.2 million) and right-of-use asset depreciation was £27.8 million (2020: £65.7 million).

Adjusted EBITDA

In addition to the information required by IFRS and to assist with the understanding of earnings trends, the Group has included within its financial statements a non-IFRS measure referred to as Adjusted EBITDA. Management consider that Adjusted EBITDA reflects the trading performance of the Group, excluding the impact of capital investment and rent due to IFRS 16. Adjusted EBITDA is operating profit/(loss) before exceptional items, the movements in fair value of financial instruments, the impairment charge or write back of tangible and intangible assets, depreciation and amortisation. For a reconciliation of operating profit/(loss) to adjusted EBITDA, see page 52.

Adjusted EBITDA decreased by £127.9 million to £4.3 million (2020: £132.2 million), reflecting the unprecedented year we have faced. Adjusted EBITDA includes the impact of IFRS 16 as base rent charges are replaced by depreciation and interest expense.

Finance Income And Expense

Net finance costs decreased by £23.2 million to £69.2 million (2020: £92.4 million) due to a reduction in lease related finance expenses and related interest expense and the completion of the 2020 Transaction. Included in net finance costs are £42.8 million (2020: £50.5 million) of interest and foreign exchange movements on the external debt and tax provisions and finance costs on lease liabilities of £24.7 million (2020: £41.9 million), see note 9. Also included in net finance costs are £1.7 million of exceptional finance expense relating to the amendments to the term loan and operating facilities, see note 10 for details.

As a result, pre-tax profit increased by £538.7 million to £108.0 million (2020: £430.7 million loss).

Taxation

The income statement taxation credit for the period was £0.1 million (2020: £16.6 million credit).

There was £0.3 million current tax charge (2020: no tax charge) in the year. This was offset by a £0.1 million tax credit (2020: £0.2 million tax credit) relating to a tax repayment driven by the availability of loss carry back.

There was a £0.3 million deferred tax credit (2020: £17.5 million deferred tax credit) in the year, primarily due to brand impairment reversal and a decrease in losses.



Legislation will be introduced in Finance Bill 2021 to hold the main rate of corporation tax rate at 19% for the financial year 2022. The main rate of Corporation Tax will increase to 25% for financial year 2023 where taxable profits exceed £250,000, with a tapered rate applying between £50,000 and £250,000. This measure has not yet been substantively enacted and the effect is not included in these financial statements.

The effective tax rate in the year is -0.1% (2020: 3.9%).

Property, Plant And Equipment

The net book value of property, plant and equipment increased to £31.9 million (2020: £29.1 million) as a result of impairment reversals of £12.8 million. The impact of the 2020 CVA on expected future cash flows has resulted in a reversal of a number of impairment charges previously recognised. Depreciation outweighed additions due to a reduction in capital expenditure. 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 increased to £252.9 million (2020: £159.1 million) as a result of impairment reversals of £109.8 million. The impact of the 2020 CVA on expected future cash flows has resulted in a reversal of a number of impairment charges previously recognised. Amortisation outweighed additions due to a reduction in capital expenditure. Intangible assets includes goodwill, brands and software licences. See note 14 for further details.

Right-Of-Use Assets

The net book value of right-of-use assets decreased to £68.9 million (2020: £238.4 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 2020 CVA moved all UK stores to a turnover rent basis which resulted in significant lease modifications recognised within exceptionals, reducing the right-of-use assets, see note 10. The impact of the 2020 CVA on expected

future cash flows has also resulted in a reversal of a number of impairment charges previously recognised on the remaining right-of-use assets of £11.9 million (2020: £128.2 million charge due to the impact of Covid-19 on expected future cashflows and the trading performance). See note 15 for further details.

Inventories

Inventories increased £0.9 million to £111.0 million (2020: £110.1 million) as we maintained a strong focus on stock management during the year. Inventories include stock held within stores and at the distribution centre. As at 27 March 2021, the Group held an exceptional inventory provision over and above usual levels of £5.8 million (2020: £3.2 million) as a direct result of Covid-19, see notes 10 and 16 for details.

Trade And Other Receivables

Trade and other receivables decreased to £33.3 million (2020: £40.6 million) which included trade receivables of £17.9 million (2020: £22.8 million), primarily in relation to the 3PE business, £6.6 million (2020: £8.4 million) of prepayments predominantly for estate and head office costs and £5.2 million accrued income (2020: £2.6 million) relating to amounts outstanding under the Government Coronavirus Job Retention Scheme.

Derivative Financial Instruments

Net derivative financial instruments decreased to a £2.0 million liability (2020: £1.2 million asset). During the period, £5.8 million (2020: £4.8 million) of 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 £161.7 million (2020: £143.5 million). Other tax and social security increased £12.8 million primarily as a result of an agreement with HMRC to defer balances. Other payables increased £6.6 million primarily due to outstanding estate costs to be paid on finalisation of the CVA challenge.

Lease Liabilities

Lease liabilities decreased by £293.0 million to £94.8 million (2020: £387.8 million) primarily as a result of the 2020 CVA which moved UK stores to a turnover rent model thereby significantly decreasing fixed lease payments and increasing 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 liabilities¹², was £72.3 million (2020: £443.0 million).

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 28 March 2020, long term debt was £423.6 million which represented the £400.0 million GBP equivalent notes issued as part of the 2019 Transaction, plus £11.2 million capitalised PIK interest, £11.9 million accrued PIK interest and £1.5 million Euro notes revaluation losses. The Group also had a fully drawn £100.0 million RCF.

As at 27 March 2021, the Group has fully drawn £10.0 million (2020: £15.1 million) under the overdraft. Cash and cash equivalents were £88.5 million (2020: £95.7 million).

As at 27 March 2021, our core operating bank provided £70.0 million (2020: £80.0 million) of aggregate facilities, including £60.0 million (2020: £64.9 million) of Operating (liquidity, trade and import) facilities and the £10.0 million (2020: £15.1 million) overdraft. As at 27 March 2021, £25.2 million (2020: £10.0 million) was available under these facilities.

Net Cash Generated From Operating Activities

Net cash generated from operating activities was £4.1 million (2020: £111.3 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 £1.0 million (2020: £26.7 million inflow). We maintained a strong focus on stock management, with a larger benefit seen in the prior year as we tightened our stock focus in the prior year.

Trade and other payables cash inflow was £21.1 million (2020: £42.6 million outflow) due to the reduction in cash flows for tax and social security and other payables due to agreed deferrals.

Trade and other receivables cash inflow was £7.5 million (2020: £7.3 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 decreased £53.5 million to £10.3 million (2020: £63.8 million). Capital expenditure of £10.3 million (2020: £21.4 million) reduced due to lower capital investment across stores and our online platforms and infrastructure.

Cash used in investing activities in 2020 included cash acquired on the acquisition of New Look Limited and its subsidiaries offset by the cash consideration paid on acquisition as part of the 2019 Transaction.

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

Net Cash Generated From Financing Activities

Net cash generated from financing activities primarily reflects the interest paid on debt facilities, lease payments, as well as the proceeds from loans issued as part of the 2020 and 2019 Transactions.

Net cash flows generated from financing activities decreased by £46.4 million to £0.3 million (2020: £46.7 million).

Net cash interest paid on external debt was £3.9 million (2020: £24.3 million) reflecting interest paid on the RCF prior to the 2020 Transaction offset by interest income on bank deposits. During the year, the Group repaid £5.1 million of the overdraft.

Cash proceeds from the issuance of the NMTL was £40.0 million (2020: £149.6 million issuance of notes).

Principal elements of lease payments were £10.7 million (2020: £46.0 million) with an additional £20.0 million (2020: £41.5 million) paid considered as interest on lease liabilities. The decrease reflects the modifications to lease liabilities and change to a turnover rent basis following the 2020 CVA.

Outlook

Our short-term focus remains facing the ongoing challenges regarding Covid-19. Our stores in England and Wales reopened on 12 April 2021, our stores in Scotland reopened 3 May 2021, NI reopened on 30 April 2021 and ROI reopened on 17 May 2021. While performance has been strong since reopening we remain cautious given the ongoing uncertainty. We continue to utilise the Government support available to us and work closely with suppliers on the impact of Covid-19 on our own business as well as theirs. We have made good progress and continue to take the necessary actions to address performance issues and return the business to long term profitability.

While we expect there to be strong recovery initially, we are aware that it could take several months for the market to become more stable while vaccinations continue to be rolled out. The 2020 CVA and 2020 Transaction have strengthened our foundations and we believe we are well placed to start delivering on our strategy.

Although we remain cautious, and despite the difficulties in forecasting performance as we come out the other side of the pandemic, we are confident in the strength and appeal of the New Look brand and our ability to recover from these unprecedented times.

¹² Net debt, excluding lease liabilities, a non-IFRS measure, is calculated as net debt less lease liabilities as per note 25



Risks and Uncertainties

Our Approach to Risk

We recognise that an effective risk management process supports our organisation in making informed decisions in order 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 all-important 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 get 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, as well as representing its own new principal risk.

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.

Risk: Business Transformation		
Risk Movement	What is the Risk?	How do we manage the risk?
Stable	Failure to execute our business transformation activities with pace and agility could impede our ability to improve operational efficiency and competitiveness.	External party engaged to support the creation of a Transformation Plan alongside the Strategy work, working with a cross functional team.
Risk Owner	Key projects and their risks:	Re-established the focus on broad appeal and value fundamental to New Look's success as part of the turnaround plan.
Chief Executive Officer	<ul style="list-style-type: none"> Product relevance - the risk of not sustaining the broad appeal of our brand or delivering compelling fashion at attractive prices, along with an inability to respond swiftly to changing customer preferences. Partnership and concessions - the risk of compromising our brand identity or losing pricing control arising from 3PE platforms and an increasing mix of e-commerce channels leading to lower gross margins. Integrated omnichannel - the risk of failing to meet customer expectations across all channels undermining our omnichannel proposition. Customer experience - the risk of a lack of cohesion between channels compromising the consistency of customer experience. 	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.
Risk: Customer		
Risk Movement	What is the Risk?	How do we manage the risk?
Increasing	Failure to acquire and retain customers as a result of:	Deliver to the customer a connected and threaded experience across Store, Social, App and Online.
Risk Owner	<ul style="list-style-type: none"> A diminishing and un compelling presence on the high street Deterioration of brand saliency due to lack of online and social media presence Lack of cohesion across all channels undermining our omnichannel proposition Below expectations digital customer experience Not having the right product ranges to meet our customer requirements 	Marketing investment across a full range of Performance, Media & Social channels.
Chief Customer Officer		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 fully brought back in-house to bring consistency to the customer experience.
Risk: Information Security (including Cyber)		
Risk Movement	What is the Risk?	How do we manage the risk?
Stable	Failure to securely manage IT systems, infrastructure and data. A data protection failure would lead to prosecution, fines and reputational damage.	Technical IT controls including configured firewall, network patching and antivirus software.
Risk Owner		Provision of secure externally hosted data storage facilities.
Chief Technology Officer		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.

Risk: Supply Chain

Risk Movement	What is the Risk?	How do we manage the risk?
Increasing	Loss of speed and flexibility in the supply chain, leading to greater risk in buying decisions and potential loss of margin through higher markdowns.	A clearly defined Sourcing Strategy in place which covers; <ul style="list-style-type: none"> • 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
Risk Owner	Failure to accurately predict consumer demand leading to excesses or shortfalls in inventory levels.	Dedicated sourcing team responsible for maintaining an efficient and effective supply chain.
Chief Commercial Officer	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: <ul style="list-style-type: none"> • Disruption to our supply chain (including our supplier base, specifically regarding labour shortage, raw material supply and cost inflation) • Financial pressure on our suppliers • Changes in consumer demand significantly impacting our stock requirements 	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.

Risk: Financial Stability and Trading Environment

Risk Movement	What is the Risk?	How do we manage the risk?
Stable	Inability to meet financial liabilities as they fall due.	Centralised treasury function responsible for managing key financial risks, cash resources and the availability of liquidity and credit capacity, supported by; <ul style="list-style-type: none"> • 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 a sub-committee of the Board
Risk Owner	Failure to maintain the financial stability required to operate and deliver objectives.	Managing relationships with all financial stakeholders i.e. banks and shareholders, including the comprehensive reduction in borrowings.
Chief Financial Officer	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. Permanent shift in consumer behaviour from shopping in store to online could lead to a loss making and cash draining store portfolio. Reduced ability to trade in stores due to ongoing Covid-19 disruption.	Ongoing dialogue with third party partners and suppliers to maintain commercial alignment and mitigation of cash flow risk. Significant operational efficiencies and cost savings identified and actioned, with ongoing review to identify further opportunity. Move to turnover rent through 2020 CVA has provided flexibility in cost base and alignment to store performance. Utilisation of Government Covid-19 support measures (UK furlough, ROI wage subsidy, HMRC time to pay arrangement and local authority cash grants).

Risk: Talent and Culture

Risk Movement	What is the Risk?	How do we manage the risk?
Stable	<p>Failure to recruit and retain top talent to run our day-to-day operations and deliver strategy.</p> <p>Failure to recruit and retain a diverse workforce.</p>	<p>Investment in our in-house recruitment team and strong agency partnerships to maximise our ability to reach top talent.</p>
Risk Owner	Risk that the UK's exit from the EU makes it more difficult for New Look to recruit EU nationals, reducing the available talent pool.	<p>Regular reviews of management structure ensuring capability and succession.</p> <p>Effective identification of emerging talent, and more targeted support for career development.</p> <p>Regular, effective performance reviews, leadership assessments, training and development.</p> <p>Biannual engagement surveys to understand levels of engagement and development of strategic employee engagement plan based on feedback and data, with specific emphasis on connection with so many colleagues out of the business on furlough due to Covid-19 lockdowns.</p> <p>Frequent reinforcement of company values & update to company-wide behavioural framework.</p> <p>Enhance existing programme & initiatives to address physical, mental and financial wellbeing of colleagues.</p> <p>Widening the remit of our wellbeing strategy to include active listening and upskilling our managers, specifically around mental health.</p> <p>Creation of new Diversity & Inclusion roadmap & project plan with external consultancy support - focusing on recruitment, growth, brand & culture, appointment of D&I director sponsor, establishment of colleague D&I forum and dedicated online space for sharing resources.</p> <p>Greater adoption of smarter working practices during lockdown should help to breakdown location barriers when recruiting & gives existing colleagues more flexibility.</p>
People Director		

Risk: Corporate Compliance and Responsibility

Risk Movement	What is the Risk?	How do we manage the risk?
Stable	<p>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.</p>	<p>Continuous monitoring of legal and regulatory developments by our legal team and monitoring of the risk register.</p>
Risk Owner	<p>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. This includes the four key areas referred to in the Sustainability Report; value chain, sustainable sourcing, circular economy and climate change. Speed in responding to evolving expectations is vital to maintaining a positive business perception.</p>	<p>Oversight from established committees such as the Governance and Compliance Steering Group and the Environmental, Social and Governance Steering Group.</p>
Chief Executive Officer	<p>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. This includes the four key areas referred to in the Sustainability Report; value chain, sustainable sourcing, circular economy and climate change. Speed in responding to evolving expectations is vital to maintaining a positive business perception.</p> <p>Complexity of business structure means being subject to equally complex legal and regulatory framework.</p> <p>Breaches of regulations or legal requirements, leading to significant fines and reputational damage.</p> <p>Data protection failure leading to prosecution, fines and reputational damage.</p>	<p>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.</p> <p>Pro-active membership of the Ethical Trading Initiative and cross Industry collaboration where appropriate on emerging issues. See Sustainability Report.</p> <p>Key risks and regulatory developments presented to the Audit Committee twice each year.</p> <p>Compulsory training (e.g. Health & Safety, Anti-Bribery, Corruption & Fraud, Data Protection) for all colleagues.</p> <p>Data Protection Officer in place to support the management of Data Privacy risks.</p>

Risk: Covid-19 Compliance**Risk Movement****Increasing****What is the Risk?**

Failure to adhere to Government Covid-19 guidelines in keeping colleagues and customers safe or breaching operational restrictions.

How do we manage the risk?

We are engaging with Government and Local Authorities to ensure we have the right support for our business and for our people.

Risk Owner**Chief Executive Officer**

Our teams are working tirelessly to implement specific actions to minimise disruption faced by our customers in these challenging times, including changes to stores (including hours, additional security, hygiene and social distancing measures), and extending support to colleagues and customers at increased risk.

Continuous review of processes in place and any changes in government guidance implemented. Colleague training, briefings, ongoing audits and feedback in place to maintain standards.

Risk: Business Continuity & Resilience**Risk Movement****Increasing****What is the Risk?**

Reliance on use of technology and third-party systems.

Reliance on single site distribution centre.

Failure to recover from a disaster scenario in a controlled and managed way affecting our business operations.

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?

Business Impact Assessment updated and supported by Disaster Recovery Plans. Plans have been updated in light of Covid-19 lessons learned.

Business Continuity Incident Management Team Protocol in place.

Incident Management Plans in place for all key sites and regularly updated.

Successfully implemented home working for support centre colleagues benefitting from the recent investment in technology.

The main trading systems (the website and the till systems) have full Disaster Recovery Plans in place. Other systems would be restored from backups onto alternative hardware.

A programme of risk and renewal activities is agreed at the beginning of the year to deal with those areas of the technology estate where replacement or upgrade is deemed most critical.

Risk Owner**Chief Technology Officer****and****Chief Financial Officer**



Sustainability

Sustainability at New Look

Sustainability at New Look encompasses the steps we take to improve the lives of workers throughout our value chain, protecting the environment and promoting animal welfare.

Our sustainability strategy commits us to a set of challenging pledges covering four key areas of our business:

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

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

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

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

Value chain

Our efforts to make a positive change in our supply chain need to be aligned with those of the private and public sector to drive a common agenda. This year our key focus areas were:

- Covid-19;
- Transparency;
- Due diligence and remediation

Covid-19

The Covid-19 pandemic has impacted everyone globally, including the apparel industry and global supply chains, in a way that could never have been predicted. A key priority for us has been to ensure that the workers in our suppliers' factories continue to have a safe working environment. In line with local laws and being mindful of any restrictions in place, we have been working with our suppliers and their factories to ensure workers were able to be paid, including any bonuses, if possible, and have taken the appropriate action to provide support where necessary.

To promote a safe working environment, we have rolled out a checklist to all our factories to ensure that they are operating safely and taking into account local and international guidelines as a precaution. The checklist has been formed using guidance from the International Labour Organisation ("ILO") and The Re-Assurance Network ("TRN") and focuses on health and safety, policies and awareness.

With our on the ground partnership with TRN, we have also been carrying out virtual factory visits and our primary focus has been on health and safety (including personal protective equipment), policies and procedures, worker transport, accommodation and wages payment. We are continuing to roll out these virtual health and safety visits and plan to cover as much of our supply chain as possible.

We have been working with several of our partners, including the ETI and ACT, and collaborating with different stakeholders in relevant countries to encourage and, where possible, facilitate access to local government funding.

In Bangladesh, we have partnered with the ETI on a project to improve working conditions and provide access to occupational health and safety information for workers. In June 2020, Leicester was the first area across the UK to be put under a localised lockdown. To respect this, we decided to put all our orders on hold to stop the movement of goods in and out of the lockdown area

Throughout the pandemic, we have provided regular internal value chain updates to keep colleagues aware of the evolving situations in our sourcing countries and any subsequent impacts on our supply chains.

Transparency

It takes a complex, truly global value chain to manufacture and deliver the products our customers love. We source from over 480 factories (Tier 1) across 24 countries to manufacture our products. We publish our complete factory list online and update it on a biannual basis. We also work with Open Apparel Registry (OAR), to ensure the published data is accurate.





We cannot address risks that we are unaware of in the lower tiers of our value chain and how they operate. Our mapping efforts go beyond Tier 1. In 2020, we also published our first Beyond Tier 1 site list.

Regular mapping of our value chain helps us get a better understanding of our impacts throughout the chain. Maintaining regular checks means we are in the strongest position to address any issues quickly and effectively. For example, with growing concerns around cotton sourcing in the Xinjiang Uyghur Autonomous Region (XUAR) in China, we identified a small number of supplier sites indirectly sourcing in the region. The working practices in the XUAR have been linked to the forced labour and human right abuses. In February 2021, in response to the severity of concerns, New Look signed an internationally recognised Call-to-Action to End Uygur Forced Labour in the Xinjiang region which includes clear commitments to be taken for all levels of the supply chain. We have been working with our key suppliers to map our lower tiered sites, understanding where raw materials are being sourced from and responsibly suspending relationship with facilities with direct or indirect links to the Xinjiang region.

Due diligence and remediation

We define due diligence as the way we go about addressing the root cause of risks in our supply chain to promote positive and long-lasting change. As an initial risk assessment for Tier 1 factories, we draw data from social audits. Our audit programme covers 100% of our Tier 1 factories. However, we have long believed in an approach that tackles key areas of our strategy that goes deeper than auditing. As a result of this approach to date, four years into the programme, there's been a reduction in the number of high-risk factories from 9% to 5%, coupled with a 17% consolidation of our Tier 1 factory base.

Sourcing globally and operating an international value chain, each country has its challenges, thus needing a tailored programme approach focused on key sourcing countries such as China, Bangladesh, Turkey, Myanmar and the UK. Details of the activities and country programmes can be found on our website¹³.

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

Our strategy is designed to develop, engage and support worker voices. We recognise the importance of independent, democratic organisations of workers' choosing to negotiate and achieve improvements. Giving workers a voice is crucial if we want to tackle root causes and achieve long term agreements. We advocate for workers' right to freedom of association through our work with ACT, the Bangladesh Accord and the ETI. We work with different stakeholders, including with other retailers, NGOs, local experts and governments to make it work.

In the UK, we are proud that many other retailers and brands are part of the Fast Forward initiative we co-founded in 2013 to drive and support local manufacturing. This year we have been working closely with other stakeholders to further develop and strengthen the Apparel and General Merchandise Public and Private Protocol (Textiles Protocol). This protocol is an important step in the industry's work to eradicate labour abuse in the UK textile industry, and we will continue to play our part.

¹³ Details on our corporate site at www.newlookgroup.com

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

Modern slavery

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

This year, we set out minimum requirements for our third-party brands to meet to create a level playing field.

For more details, please read our latest Modern Slavery Statement¹⁴, 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.

Sustainable Sourcing – Raw materials

Transitioning to more sustainable materials is fundamental to our sustainability strategy. Over the last 12 months, we have increased the amount of more sustainable materials across our three most common materials cotton, polyester and viscose as well as introducing more recycled materials.

Sustainable Sourcing Targets - Raw materials		FY19/20	FY20/21
100% sustainably sourced cotton 2021	% Kind	73%	74%*
	Tonnes	-	3797
100% traceable and sustainable viscose by the end of 2023	% Kind	18%	38%
	Tonnes	-	619
25% of polyester to be recycled by 2022	% Kind	5%	17%
	Tonnes	-	1395
100% non-leather footwear and bags vegan by the end of 2021	Footwear %	75%	82%
	Bags %	92%	77%**
% Product with sustainable attribute	% Kind	24%	44%

Cotton

Our sustainable cotton is defined in line with Textile Exchanges list of recognised organic and sustainable cotton initiatives. Our mix of sustainable cotton is largely organic and Better Cotton Initiative (BCI). Our organic cotton is certified to either Global Organic Textile Standard (GOTS) or Organic Content Standard (OCS).

Viscose

Our traceable and sustainable viscose is made up of both Lenzing and Birla fibres. Both companies are recognised by Canopy as sustainable viscose producers and are listed on Higg Material Sustainability Index.

We have signed the Changing Markets Foundation's Roadmap for Viscose and are working closely with our suppliers to map all sourcing of viscose products. Utilising the Canopy Hot Button Report to identify risks within our viscose supply chain, we continue to move towards our goal of traceable and sustainable viscose. We will be publishing our list of viscose suppliers on our website this year.

Polyester

Our more sustainable polyester is recycled. Our recycled polyester is certified to either Global Recycled Standard (GRS) or Recycled Claim Standard (RCS).

Vegan

All of our vegan products are registered with the vegan society, confirming that each component meets the criteria.

Other Recycled

We are increasing our uptake of other recycled materials including acrylic, zinc, brass.

Kind Leather

Our Kind leather is produced at tanneries that have achieved Silver or Gold from the Leather Working Group (LWG).

Sustainable Sourcing – Manufacturing

The manufacturing stage of a products lifecycle can have a significant environmental impact through water, chemical and energy use. We are working closely with our suppliers to map our lower tiered sites, understanding where our materials are being sourced from as well as increasing the amount of our value chain reporting through the Higg Facilities Environmental Module (FEM).

Sustainable Sourcing Targets - Manufacturing	FY19/20	FY20/21
100% of wet processing factories disclosed by end of 2021	81%	69% achieved to date
Development and implementation of an environmental scorecard by end of 2021	-	We are now defining our environmental scorecard using data from the Higg FEM
100% of suppliers to have a chemical management system in place by 2023	-	89 facilities with level 1 or higher in chemicals Higg FEM. 9 facilities with level 1 or higher in chemicals Higg vFEM
Top 10% in the Fashion Transparency Index by 2023	Top 23%	Top 18%

¹⁴ Details on our corporate site at www.newlookgroup.com

* Growth not as forecast as we committed to rephase 2020 fabrics following Covid-19 impacts

** New Supplier required due to Covid-19 impacts currently undergoing Vegan Society verification.

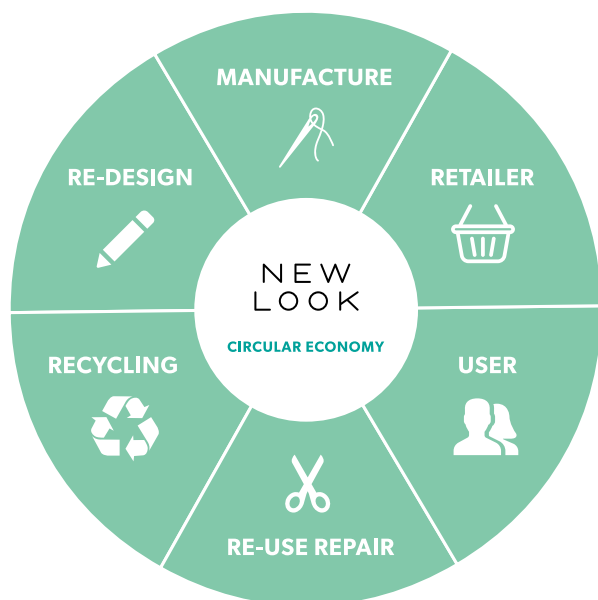
Higg FEM data

Last year we made Higg FEM modules a requirement for tier 1 factories and we have been working closely with our suppliers to support this onboarding. We have also communicated our plans to extend this requirement to lower tiered sites where there are often higher environmental impacts and will be growing this uptake as we progress. The Higg FEM forms the basis of our environmental scorecard using the scoring in each section to determine a facilities performance. We will also be utilising the Higg FEM to report on our chemical management target.

Higg FEM data*		FY19/20	FY20/21
Tier 1 factories completed	Number	84	171
	% Total	14	35
Tier 1 factories verified	Number	49	3
	% Total	8	1
Tier 2 factories completed	Number	-	73
	% Total		21
Tier 2 factories verified	Number	-	1
	% Total		>1

Circular Economy

Our planet's resources are finite, it is therefore essential we move to circular economies to reduce resource depletion and emissions associated with production in order to build a truly sustainable business. We are changing our ways of working to increase circularity within our business across our products and packaging, increasing their useful lifespan and ensuring they are recycled.



Circular Economy Targets	FY19/20	FY20/21
Implement an apparel take-back scheme in 2019	Complete	Paused due to Covid-19
Zero Waste in Direct operations to Landfill by 2021	93%	97%
Closing the loop on packaging by end of 2020	Closed loop hangers and carrier bags	Good progress closing loop on cardboard
100% recycled plastic in our carrier bags by end of 2022	80%	80%
Reducing the volume of carrier bags we put into the market by 25%	Achieved	Not reportable due to Covid-19 closures

Product

The early processes in a garments lifecycle, such as fibre and fabric production, account for over half of its carbon footprint. Therefore, by looking after, reusing, donating and re-wearing pre-loved clothing, you can significantly reduce the environmental impacts of products.

In order to do this, we are working to increase the lifespan of our garments, to embrace a circular economy and to engage our customers, encouraging behavioural changes and promoting sustainability and circularity within the New Look community.

Unfortunately, as retail stores were closed much of the year, we were unable to continue our take back scheme in partnership with Hospice UK. We are committed to providing an outlet for pre-loved clothes for our customers and will be working to provide this over the coming year.

Packaging

We have been successful in creating circular systems within some areas of our packaging and continue to increase the effectiveness and scope of these operations to incorporate more of the packaging we use. In addition, we are constantly reviewing our packaging, working with suppliers to remove unnecessary packaging, reducing the weight of the packaging we use, increasing the recycled content and ensuring customers can recycle any packaging they receive.

This year, we are appointing a packaging specialist who will be responsible for setting specific targets to reduce the amount of packaging used. Their remit will cover product and transit packaging and will also consider the end user to support a circular economy at all stages.

Textile 2030

This year we committed to becoming partner members of Textiles 2030, a new initiative overseen by the Waste and Resources Action Programme (WRAP). The goal of the initiative is to accelerate the fashion and textiles industry to move towards a circular economy within the UK. As partner members, New Look will be involved in implementing change, achieving global impacts and demonstrating leadership across the three pathways: design for circularity, implement circular business models and close the loop on materials.

Our progress will be reported on annually.

The following targets make up part of the voluntary agreement and will need to be achieved by 2030 against a 2021 baseline.

*Verification of these modules runs through until December 2021, and we therefore expect our % verified modules to increase.



1. Reduce the aggregate greenhouse gas footprint of new products by 50%, sufficient to limit global warming to 1.5°C in line with the Paris Agreement on climate change and achieving Net Zero by 2050 at the latest.
2. Reduce the aggregate water footprint of new products sold by 30%.

Climate change

Climate change remains the biggest challenge facing our generation and will have direct consequences on the fashion industry if action is not taken. As a responsible business we are committed to reducing our emissions through defined work streams. Last year we signed the BRC Climate Roadmap, working with across the industry to support retail to reach Net Zero Carbon by 2040.

Climate Change Targets	FY19/20	FY20/21
100% Renewable energy in our direct operations by 2019	Complete*	
Report scope 1 and 2 emissions 2020	Complete	
Report scope 3 emissions by 2021		Complete

*This excludes the Douglas, Guernsey, Jersey, Edinburgh Princess Mall, High Holborn and Victoria stores because we either do not have control of landlord supplier or there is no alternative renewable supply in the location

We are again committed to achieving carbon neutrality in our direct operations through reducing our emissions as well as offsetting through verified carbon credits schemes. Additionally, this year we have undertaken calculation of our scope 3 emissions.

As our first year of reporting scope 3 we have set our scope to cover areas where we have the best available data. These are, waste, water, business travel, inbound logistics and outbound logistics. We have then used a financial spend methodology to cover our total scope 3 emissions. We will be using this to determine where our efforts for carbon reduction need to focus over the coming years. In addition, we will be engaging with the Science Based Targets Initiative (SBTi) to set ambitious emissions reductions targets.

SECR Reporting

Scope 1	Unit	FY19/20	FY20/21**
Company vehicles	Tonnes CO2e	197	81
F-gas	Tonnes CO2e	761	301
Operational diesel	Tonnes CO2e	8	11
Gas	Tonnes CO2e	389	272
Scope 2	Unit	FY19/20	FY20/21
Renewable Electricity consumption	KwH	101,411,834	50,859,491
Electricity Consumption	KwH	738,449	413,544
Electricity (Location Based)	Tonnes CO2e	26,110	11,954
Electricity (Market Based)	Tonnes CO2e	146	82
Scope 3	Unit		FY20/21
Electricity WTT Generation	Tonnes CO2e		1,649
Electricity Transition & Distribution	Tonnes CO2e		1,028
Water	Tonnes CO2e		58
Waste	Tonnes CO2e		112
Inbound logistics	Tonnes CO2e		13,094
Outbound logistics	Tonnes CO2e		4,575
Business travel	Tonnes CO2e		39
Purchased goods and services	Tonnes CO2e		256,935

**All data has been externally verified by One Carbon World

SECR Reporting (continued)

		FY19/20	FY20/21
Intensity - t CO ₂ e per 1,000 sqft	Electricity	2.70	1.57
Intensity - t CO ₂ e per 1,000 sqft	Gas	0.19	0.22
Consumption kWh	Scope 1 & 2	87,774,368.96	50,344,132.82

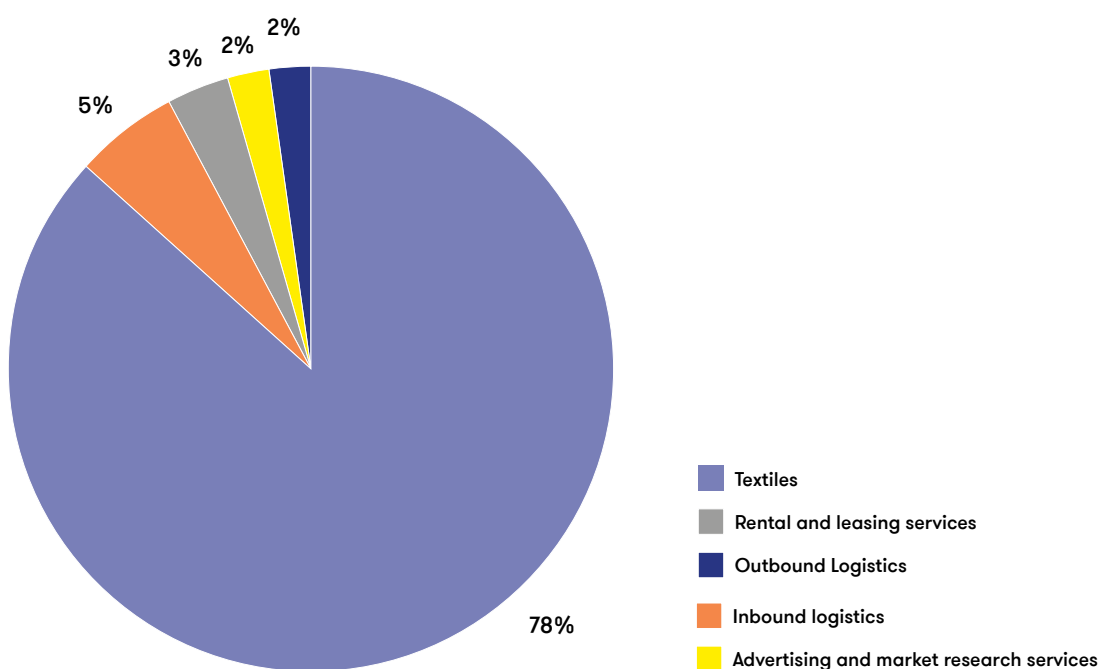
The methodology used to calculate emissions has been based on operational control, accounting for full estate, including landlord buildings. Scope 1 and 2 data has been produced using a hierarchical priority system for data, preferring HH (half hourly) data, billing data and finally budget data for gaps 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 exception of purchased goods and services which used an economic model applying carbon conversion factors to spend in the year categorised through expense codes. Defra 2020 conversion factors have been used to convert data to kWh as well as CO₂e figures.

Energy efficiency action in the last year includes monitoring HH data to ensure effective closedown procedures across the stores estate to minimise energy consumption throughout the year and especially during closure periods. Within our own offices we updated BMS (Building Management System) controls to ensure air conditioning was only functioning where needed and appropriate.

Our scope 1 & 2 emissions have decreased by 51% and 44% respectively. These decreases are largely the result of lockdown measures throughout the course of the year causing New Look to close stores and offices. However, as a result of half hourly data being received through sub-meters installed in previous years, New Look has been able to continue to carry out effective closedown procedures, proactively monitoring energy consumption at all stores across the estate, to minimise energy consumption throughout the year and especially during these closure periods.

Our scope 3 data, excluding the financial spend analysis shows that our inbound and outbound logistics operations are responsible for 65% and 22% of our carbon emissions respectively. When including our spend analysis, logistics operations are still accountable for a significant portion of scope 3 emissions. Spend on textiles is by far the biggest proportion of carbon emissions at 78%. Over the next year, we will be working to gain more granular data around textiles to understand and report on this footprint. We will be utilising both Textiles 2030 and the BRC Climate Roadmap initiatives to support us with both data gathering and carbon reduction actions.

Top 5 Scope 3 emissions





Charitable giving

Between October 2019 and October 2020, our employees and customers raised almost £400,000 for our three corporate charity partners; Hospice UK, the retailTRUST and Teenage Cancer Trust. During the year we also chose to support the NHS Charities Together alongside our three corporate charity partners. Our main events included donating profits from the sale of charitable t-shirts and face coverings and a company-wide 'Step-tember' event, which was shortlisted in March 2021 for a national Business Charity Award.

We sold over 33,000 T-shirts generating over £125,000 in profit which we donated 50% to NHS Charities Together and 50% across our three corporate charity partners. We also sold over 70,000 face coverings generating £50,000 in profit, donated to our three corporate charity partners.

The 'Step-tember' event encouraged our New Look colleagues to generate as many steps as possible whilst fundraising in whatever way they could. Challenges ranged from kayaking, walking across London, walking team meetings, in-store fundraisers and a '50 miles in a day' challenge from a group of logistics colleagues. Team members in every department got involved and collectively we stepped more than 57 million steps!

retailTRUST is using the funds to provide grants to retail workers who have been affected by the health crisis to allow them to remain in their own homes, feed their families and make essential hospital visits.

Covid-19 has hit young people with cancer hard and disrupted Teenage Cancer Trust's services, but they have done, and continue to do, everything they can to adapt. They're keeping young people with cancer connected – with their specialist nurses, their youth support teams, and each other. They're making sure young people still get one-to-one emotional support with regular texts, video chats and virtual groups. Our fundraising has helped protect their vital support staff and services for young people facing cancer against the backdrop of this pandemic.

Our fundraising has enabled Hospice UK to continue supporting more than 200 hospices who find themselves at the forefront of the battle with Covid-19. During this crisis, hospices have been continuing to care for our most vulnerable people whilst also easing the burden on the NHS and dealing with thousands more patients and families in need of end of life care.

Directors' Report

The Directors present their report and the audited, consolidated financial statements for the 52 weeks ended 27 March 2021 (comparatives for the 52 weeks ended 28 March 2020).

Directors

The Directors, whose details are set out on page 44, are the current Directors of the Company.

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

Paul Gilbert resigned 26 January 2021.

Principal activities

The principal activity of the Group is multichannel retailing. A review of the Group's business is set out in the Strategic report as set out on pages 4 to 15. The Company acts as a holding company for the Group.

Future developments and business analysis

Future developments and an analysis of the development, performance and position of the Group's business are disclosed in the CEO's statement on pages 8 and 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 18-45 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

The purpose and ambition have been integrated into the ongoing strategy and business model. A group of 100 colleagues from across the business helped to update our existing values. These were then communicated to all employees via roadshows and they are now used extensively throughout our colleague communications. Our employee values are:

- **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 the customer's perspective

Principle 2 – Board Composition

Information about our Board members is set out on page 44. The requirements as to board composition and appointments are set out in the 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 committed to promoting diversity across the organisation and a key area of focus is helping more women progress into more senior roles across the business. Currently 45% of our Operational Directors and 51% of our Heads of Department are female. To support our Board, we have taken the additional step of ensuring that both our Chief Customer Officer and Chief Commercial Officer attend all meetings in an observer capacity. 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 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 two non-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 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 EBITDA; placing any Group companies into liquidation proceedings; any Group capital variations; and also approval for any appointment or removal of any senior employee.

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

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

Principle 4 – Opportunity and Risk

Opportunity

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, with the support of an external consultant. 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 18-45 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. During the year the Audit Committee met twice, going forward the frequency of the Audit Committee meetings has been increased to three times per year. The Audit Committee reviews all audit and compliance outputs and monitors the effectiveness of the risk management arrangements. The Audit Committee provides an independent scrutiny and monitoring role to the Board. A risk based Internal Audit Plan is drafted on an annual basis and approved by the Audit Committee. The role of Internal Audit provides the Board and the Audit Committee with valuable assurance in relation to the management of risk across the organisation. Principal risks & uncertainties are detailed on pages 24 to 28.

In the previous year an external review of our Governance Framework was undertaken, and recommendations have been actioned during this year. During this year we have reviewed and updated the risk management process and recruited a Risk Manager.

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, the CEO or CFO.

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

Principle 6 – Stakeholders

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

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

Internally we encourage a culture of feedback and our efforts in this area include: launching a new online communications platform, widening the remit of our wellbeing strategy to include active listening and upskilling our managers; enhancing our reward & recognition programme, which can be used peer to peer, or by managers; sharing more regular transparent communications; hosting regular employee forums; rewarding ideas through our My Impact initiative; inviting comments on weekly senior leadership messages; holding Q&A sessions at quarterly Town Hall events; running

a biannual engagement survey and asking colleagues for reactive feedback on topics such as D&I and wellbeing.

Last year we appointed a dedicated Culture & Engagement Partner to galvanise our efforts in this area and to develop a comprehensive engagement strategy. We work with a third party to deliver 'Your New Look Poll' to help us better use data to drive engagement across our business and to develop actionable insights that our managers can impact locally, rather than simply relying on large scale corporate initiatives, which can take longer to implement. In our most recent survey, we achieved a response rate of 78% and an overall engagement score of 80, which was significantly higher than our engagement partner's external benchmark score of 72. We are proud to say that confidence in leadership and communication from the top was rated highly across our organisation. The survey did identify that more could be done to coach and develop colleagues and we are now working on a more robust and long-term learning and development strategy.

In a year of profound uncertainty arising from Covid-19 and the decision to furlough colleagues, engagement with our colleagues has never been more important to the success of our business. This year we advanced two key areas of our engagement strategy. Firstly, we enhanced our wellbeing offering to ensure we deliver a more rounded programme encompassing physical, mental and financial wellbeing. Secondly, we created a new roadmap and project plan to progress our equity, diversity and inclusion agenda. This has included appointing a director sponsor for Equality, Diversity & Inclusion, establishing a new We Are One colleague D&I network, signing Business in the Community's Race at Work Charter and launching a new platform to enable colleagues to celebrate religious holidays and festivals. We will continue to review colleague feedback to ensure our engagement programmes evolve and grow.

Regular contact and communication with suppliers has remained pivotal to our supply relationships, particularly due to Covid-19, the UK's exit from the EU, the 2020 CVA and 2020 Transaction, and whether we are the customer or the partner. This included a virtual supplier conference late 2020 and one to one supplier dialogue between operational directors, heads of department and suppliers; sharing strategic updates, customer insights, Covid-19 contingency planning and payment planning. In addition, suppliers receive regular updates on performance and are in regular contact with Buying and Procurement teams, Sustainability and Supply base teams.

There have been small changes in the shape of supply throughout the year as dictated by the markets' ability to operate, changes in product offer and phasing of orders. Coupled with an ongoing lack of available credit insurance and increased pressure on banking facilities, supply was consolidated by both New Look and our suppliers' own choosing.

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

During this year we have had to address many emerging social sustainability impacts driven by Covid-19, conflict in Myanmar and human rights issues in Xinjiang China and 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 without costing the planet.

Across our Support Centres we are committed to embedding sustainability within our culture and practices.

For more information see the Sustainability Report on pages 30 to 36.

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 (2020: nil). The Directors do not recommend the payment of a final dividend.

Payment of suppliers

The Group's creditor days as at 27 March 2021 were 75 days (2020: 55 days). Payment is made in accordance with contractual or other legal obligations or as otherwise agreed with the supplier.

Political donations

The Group made no political donations in the year (2020: none).

Going concern

In determining the appropriate basis of preparation of the annual financial statements for the period ended 27 March 2021, 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 28, as well as giving specific consideration to the impact of the current Covid-19 pandemic in the UK, and globally, on the Group's operations and performance.



Covid-19 Pandemic

Details of the impact that Covid-19 has had on the Group are included in the Year in Review on page 11. During the year, the Government enforced three periods of national lockdown which resulted in the temporary closure of all stores. During these periods of lockdown revenue was only generated through online trading, which historically accounts for c. 22% of the Group's revenue. The Group took several actions to preserve cash during the year and continues to manage the cash position tightly. The Government launched a number of schemes to support businesses, and as noted on page 16, the Group has received support through the Job Retention Scheme, business rates holiday and the rates grants but was unable to access any loan facilities due to specific eligibility criteria required in order to access them.

Whilst the Government's Covid-19 restrictions eased from April 2021 and the vaccine rollout continues, there is uncertainty as to the impact Covid-19 could have in the future and certain aspects of the Group's cost base remain fixed. While the Government have continued to support during the ongoing periods of restrictions, there is no certainty that future Government schemes will be put in place to support businesses if the Covid-19 situation deteriorates with lockdowns reinstated nor can the Group guarantee that any such schemes would be available to it.

The 2020 Transaction and 2020 CVA

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

Therefore, during summer 2020, the Group held discussions with its shareholders, bondholders, RCF banks and the provider of the Operating Facility and agreed the terms of a comprehensive recapitalisation transaction, which completed on 9 November 2020. To help restructure the underlying cost base, the 2020 CVA was approved by creditors on 15 September 2020.

The 2020 Transaction, as detailed on page 18, significantly reduced our debt and cash pay interest requirements, extended the maturity of key working capital facilities and resulted in a new £40.0 million capital injection to support investment in the three-year business plan. Under the new agreements, the term loan and operating facilities (see note 26) included certain new financial and operating covenants including minimum liquidity, minimum capital expenditure, and a minimum EBITDA measure.

The 2020 CVA, as detailed on page 16, has resulted in rent across the majority of UK stores moving to a turnover basis, which changes a significant portion of the cost base from fixed to variable providing further flexibility. Rents on C stores moved to nil after an initial two month period at full contractual rent. Further, the approval of the 2020 CVA improved the working capital position of the Group by writing down rent arrears across all applicable stores and moving rents to a monthly payment cycle.

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

As disclosed in note 35, the Directors are of strong opinion that the appeal of the challenge to the CVA is not a factor in the going concern assessment of the Group, on the basis that the Directors are confident that the landlords will not succeed in their appeal.

Trading projections

With the support of independent consultants and financial advisors, the Group verified its strategy and updated the business plan in order to maximise future success. The Group has prepared a three-year business plan ('base case scenario') based on this strategy and considered the likely recovery trends, based on information available at the time of preparation.

The base case scenario, which reflects the benefits of the 2020 CVA, is cautious in light of the UK's exit from the EU, Covid-19, the uncertainty of further economic challenges, the structural shift from offline to online, and the timing of an economic recovery that in part is dependent upon a vaccine being widely available and successful in its efficacy.

against current and future Covid-19 variants. The base case projections assume that store sales during FY22 will be c. 84% of FY20 having recovered to c. 90% of FY20 by the end of H1 FY22 where they will continue on an ongoing basis through FY23. E-commerce sales are projected to be higher than FY20 benefiting from store closures and market shift online but prudently lower than we experienced during lockdown when all non-essential stores were closed.

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

Notwithstanding this position and the trading and liquidity projections modelled by the Directors, recent variants in the virus and the corresponding measures taken by the government to control the spread of the virus are clear indicators that until such time that the vaccine is internationally widely available and its effectiveness is understood or a treatment is identified, the Group faces potential for further disruption which is difficult to predict and beyond the Directors' control.

The Directors have therefore 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 due to a larger than anticipated disruption caused by ongoing impacts of Covid-19. If, as a consequence of such events including further periods of lockdown and non-essential store closures, store sales in FY22 were at the same level as FY21 and there was no additional government support over and above the existing Government Job Retention Scheme which ends September 2021, with the associated variable costs reducing accordingly and a number of mitigating actions within the Group's control considered, then in March 2022 the Group's cash balance may reduce below the minimum liquidity covenant. Such levels of store sales reflects non-essential store closures as a result of further lockdowns or tiering and is heavily dependent on the timing and localisation of Covid-19 restrictions. The mitigating actions that the Directors have considered include reducing capital expenditure and discretionary spend. There is neither a reduction or increase to e-commerce sales in this downside scenario, however we only saw uplifts during previous periods of store closures. There is a risk that lockdowns or infections could affect the ability of the Group's distribution centre to operate at normal capacity, which would also lead to reduced sales.

In a scenario where there was a significant fall in sales that threatened the Group's liquidity and no government support was available, 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 this situation 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

uncertainty of the continuing impact of Covid-19 on non-essential retail sales as a result of possible extended periods of lockdown over the going concern assessment period and uncertainty over the availability of government support, there is a risk that, if performance was to be similar to FY21 and mitigating actions were not fully achieved, with no government support available, 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 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

The 2020 CVA was approved by creditors on 15 September 2020. Notwithstanding that approval, the 2020 CVA was subsequently challenged in the High Court by four groups of landlords. The High Court ruled overwhelmingly in NLRL's favour, rejecting all bases for the challenges and ruling that the 2020 CVA was fair to creditors. Two of those landlord groups have appealed the High Court's decision on a limited number of grounds and that appeal is anticipated to be heard towards the end of 2021 with judgment expected to be handed down during the first quarter of 2022. On the basis of legal advice, the directors of NLRL are confident that the challenging landlords will lose their appeal and the 2020 CVA will be upheld in full by the Court of Appeal.

Indemnity insurance

The Company maintains qualifying third party indemnity provisions for its Directors and officers; this was in place for the year ended 27 March 2021 and up to the date of approval of the Directors' report.

Directors' statement as to the disclosure of information to auditors

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

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

Independent auditors

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

By order of the Board,



Nigel Oddy

Chief Executive Officer

6 July 2021

Directors' Responsibilities For The Financial Statements

The Directors are responsible for preparing financial statements for each financial period which give a true and fair view, in accordance with applicable Jersey law and International Financial Reporting Standards, of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

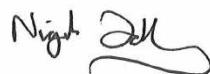
The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with The Companies (Jersey) Law, 1991.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the Board,



Nigel Oddy

Chief Executive Officer

6 July 2021

The Board

Alistair McGeorge Non-Executive Chairman

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

Nigel Oddy Chief Executive Officer

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

Richard Collyer Chief Financial Officer

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

Richard Cotter Non-Executive Director

Richard was appointed to the Board as Non-Executive Director on 3 May 2019. Richard chairs a number of private companies including American Golf, Grace Cole Ltd, Jollies 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.

Colin Henry Non-Executive Director

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

Angela Luger Non-Executive Director

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

Stuart MacKenzie 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. He has had significant involvement in several large transactions, including Ethos Fund VI's acquisition of Waco. In addition, Stuart's roles at Ethos have included being responsible for the investment programme of the Technology Fund and leading the firm's investment process and talent management functions, which contributed to a broad and understanding of the firm's core operational processes. Prior to joining Ethos, Stuart spent two years at JP Morgan Chase Bank NA. Stuart holds a Bachelor of Commerce degree and a Bachelor of Accounting from the University of the Witwatersrand and is a member of SAICA.

Laurence Raven Investor Director

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

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 William Hill, 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 27 March 2021 and of its profit and cash flows for the 52 week period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards 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 27 March 2021; 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.

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 uncertainty of the continuing impact of Covid-19 on non-essential retail sales as a result of possible extended periods of lockdown over the going concern assessment period and uncertainty over the availability of government support, there is a risk that, if performance was to be similar to FY21 and mitigating actions were not fully achieved, with no government support available, 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 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 Directors' responsibilities for 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 along with compliance with government support schemes given the impact of Covid-19 on the retail industry, corporate tax related matters and, breaches of employment regulations, 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:

- Discussions 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
- Assessing 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
- 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
- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- 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

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

6 July 2021



NEW LOOK RETAIL HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT

	Note	For the financial periods	
		52 weeks ended 27 March 2021	27 March 2019 - 28 March 2020 Restated*
		£m	£m
Revenue	5, 6	542.2	912.8
Cost of sales		(344.9)	(493.5)
Gross profit		197.3	419.3
Other income – government grants		7.2	-
Impairment reversal/(charge)	13,14,15	134.5	(356.2)
Gain/(loss) on disposal/modification of right-of-use assets	15	133.8	(0.9)
Administrative expenses		(295.6)	(400.5)
Operating profit/(loss)	7	177.2	(338.3)
Finance income	9	0.1	0.6
Finance expense	9	(69.3)	(93.0)
Profit/(loss) before taxation		108.0	(430.7)
Taxation	11	0.1	16.6
Profit/(loss) attributable to the owners of New Look Retail Holdings Limited		108.1	(414.1)

* Restated to present impairment charge and loss on disposal/modification of right-of-use assets as separate line items

The notes on pages 56 to 100 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 27 March 2021	27 March 2019 - 28 March 2020
	Note	£m	£m
Profit/(loss) for the period		108.1	(414.1)
Other comprehensive income/(expense):			
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges	24	1.9	0.5
Exchange differences on translation of foreign operations	30	(0.3)	0.7
Tax effects	11	(0.3)	(0.1)
Other comprehensive income for the period, net of tax		1.3	1.1
Total comprehensive profit/(loss) for the period		109.4	(413.0)

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

The notes on pages 56 to 100 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 27 March 2021	27 March 2019 - 28 March 2020
	Note	£m	£m
Operating profit/(loss)		177.2	(338.3)
Add back/(deduct):			
Fair value movement of financial instruments	24	5.1	(4.9)
Impairment (reversal)/charge for tangible, intangible and right-of-use assets	5,13,14,15	(134.5)	356.2
Exceptional items	10	(105.9)	4.7
Depreciation	5,13,15	39.8	87.9
Amortisation	5,14	22.6	26.6
Adjusted EBITDA	5	4.3	132.2

NEW LOOK RETAIL HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

		As at	
		27 March 2021	28 March 2020
	Note	£m	£m
Non-current assets			
Property, plant and equipment	13	31.9	29.1
Intangible assets	14	252.9	159.1
Right-of-use assets	15	68.9	238.4
Other receivables	17	0.1	0.1
		353.8	426.7
Current assets			
Inventories	16	111.0	110.1
Trade and other receivables	17	33.2	40.5
Derivative financial instruments	18	0.1	2.6
Cash and cash equivalents	19,25	88.5	95.7
		232.8	248.9
Total assets		586.6	675.6
Current liabilities			
Trade and other payables	20	(161.3)	(143.5)
Lease liabilities	15	(3.8)	(64.0)
Current tax liabilities		(5.8)	(5.4)
Borrowings	21,25	-	(115.1)
Derivative financial instruments	22	(2.1)	(1.4)
Provisions	27	(2.6)	(2.0)
		(175.6)	(331.4)
Non-current liabilities			
Other payables	20	(0.7)	-
Lease liabilities	15	(91.0)	(323.8)
Borrowings	21,25	(160.8)	(423.6)
Provisions	27	(0.9)	-
		(253.4)	(747.4)
Total liabilities		(429.0)	(1,078.8)
Net assets/(liabilities)		157.6	(403.2)
Equity attributable to the owners of New Look Retail Holdings Limited			
Share capital	29	-	-
Other reserves	30	463.6	10.9
Accumulated losses	30	(306.0)	(414.1)
Total equity		157.6	(403.2)

The notes on pages 56 to 100 are an integral part of these consolidated financial statements.

The financial statements on pages 51 to 100 were authorised for issue by the Board of Directors on 6 July 2021 and were signed on its behalf by:



Nigel Oddy
Chief Executive Officer

New Look Retail Holdings Limited
Company number: 128640

NEW LOOK RETAIL HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owners of New Look Retail Holdings Limited				
		Share capital	Other reserves	Accumulated losses	Total equity
	Note	£m	£m	£m	£m
Balance at 27 March 2019		-	-	-	-
Comprehensive (expense)/income					
Loss for the financial period	30	-	-	(414.1)	(414.1)
Other comprehensive income and expense					
Exchange differences on translation of foreign companies	30	-	0.7	-	0.7
Movements in hedged financial instruments	24	-	0.5	-	0.5
Tax on items recognised directly in other comprehensive income	11	-	(0.1)	-	(0.1)
Total other comprehensive income		-	1.1	-	1.1
Total comprehensive profit/(loss)		-	1.1	(414.1)	(413.0)
Transactions with owners:					
Shares issued	29	-	-	-	-
Capital contribution	30	-	9.8	-	9.8
Total transactions with owners		-	9.8	-	9.8
Balance at 28 March 2020	29, 30	-	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

The notes on pages 56 to 100 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 27 March 2021	27 March 2019 - 28 March 2020
	Note	£m	£m
Cash flows from operating activities			
Operating profit/(loss)		177.2	(338.3)
Depreciation of property, plant and equipment	13	11.1	19.6
Impairment (reversal)/charge of property, plant and equipment	13	(12.8)	27.2
Amortisation of intangible assets	14	22.6	26.6
Impairment (reversal)/charge of intangible assets	14	(109.8)	200.8
Loss/(gain) on disposal of property, plant and equipment and intangible assets		1.2	(1.0)
Depreciation of right-of-use assets	15	28.7	68.3
Impairment (reversal)/charge of right-of-use assets	15	(11.9)	128.2
(Gain)/loss on modification/disposal of right-of-use assets	15	(133.8)	0.9
Fair value losses/(gains) on financial instruments	24	5.1	(4.9)
Foreign exchange (gains)/losses on operating activities		(0.5)	0.1
(Increase)/decrease in inventories		(1.0)	26.7
Decrease in trade receivables		7.5	7.3
Increase/(decrease) in trade and other payables		21.1	(42.6)
Decrease in deferred income		(2.3)	(2.0)
Increase/(decrease) in provisions		1.5	(5.5)
Income taxes received/(paid)		0.2	(0.1)
Net cash flow generated from operating activities		4.1	111.3
Cash flows from investing activities			
Purchase of property, plant and equipment		(2.6)	(12.3)
Purchase of intangible assets		(7.7)	(9.1)
Net proceeds from sale of property, plant and equipment		-	1.5
Acquisition of subsidiary		-	(43.9)
Net cash flow used in investing activities		(10.3)	(63.8)
Cash flows from financing activities			
Interest paid (excluding lease interest)		(4.0)	(24.9)
Interest received		0.1	0.6
Lease interest paid		(20.0)	(41.5)
Principal elements of lease payments		(10.7)	(46.0)
Proceeds from New Money Term Loan	25	40.0	-
Repayment of overdraft	25	(5.1)	-
Proceeds from New Money Bonds	25	-	149.6
Cash received from capital contribution		-	9.8
Cash paid on hedge termination	24	-	(0.9)
Net cash flow generated from financing activities		0.3	46.7
Net (decrease)/increase in cash and cash equivalents		(5.9)	94.2
Opening cash and cash equivalents	25	95.7	-
Exchange (losses)/gains on cash and cash equivalents	25	(1.3)	1.5
Closing cash and cash equivalents	19,25	88.5	95.7

The notes on pages 56 to 100 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 27 March 2021 were authorised for issue by the Board of Directors ("the Board") on 6 July 2021 and the balance sheet was signed on the Board's behalf by Nigel Oddy. New Look Retail Holdings Limited is a company limited by shares, incorporated and domiciled in Jersey whose registered address is 47 Esplanade, St Helier, Jersey, JE1 0BD. The Company's principal place of business is Mercery Road, Weymouth, Dorset, England, DT3 5HJ. The registered number of the company is 128640.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

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

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

2.1.1 Going concern

In determining the appropriate basis of preparation of the annual financial statements for the period ended 27 March 2021, 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 28, as well as giving specific consideration to the impact of the current Covid-19 pandemic in the UK, and globally, on the Group's operations and performance.

Covid-19 Pandemic

Details of the impact that Covid-19 has had on the Group are included in the Year in Review on page 11. During the year, the Government enforced three periods of national lockdown which resulted in the temporary closure of all stores. During these periods of lockdown revenue was only generated through online trading, which historically accounts for c. 22% of the Group's revenue. The Group took several actions to preserve cash during the year and continues to manage the cash position tightly. The Government launched a number of schemes to support businesses, and as noted on page 16, the Group has received support through the Job Retention Scheme, business rates holiday and the rates grants but was unable to access any loan facilities due to specific eligibility criteria required in order to access them.

Whilst the Government's Covid-19 restrictions eased from April 2021 and the vaccine rollout continues, there is uncertainty as to the impact Covid-19 could have in the future and certain aspects of the Group's cost base remain fixed. While the Government have continued to support during the ongoing periods of restrictions, there is no certainty that future Government schemes will be put in place to support businesses if the Covid-19 situation deteriorates with lockdowns reinstated nor can the Group guarantee that any such schemes would be available to it.

The 2020 Transaction and 2020 CVA

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

Therefore, during summer 2020, the Group held discussions with its shareholders, bondholders, RCF banks and the provider of the Operating Facility and agreed the terms of a comprehensive recapitalisation transaction, which completed on 9 November 2020. To help restructure the underlying cost base, the 2020 CVA was approved by creditors on 15 September 2020.

The 2020 Transaction, as detailed on page 18, significantly reduced our debt and cash pay interest requirements, extended the maturity of key working capital facilities and resulted in a new £40.0 million capital injection to support investment in the three-year business plan. Under the new agreements, the term loan and operating facilities (see note 26) included certain new financial and operating covenants including minimum liquidity, minimum capital expenditure, and a minimum EBTIDA measure.

The 2020 CVA, as detailed on page 16, has resulted in rent across the majority of UK stores moving to a turnover basis, which changes a significant portion of the cost base from fixed to variable providing further flexibility. Rents on C stores moved to nil after an initial two month period at full contractual rent. Further, the approval of the 2020 CVA improved the working capital position of the Group by writing down rent arrears across all applicable stores and moving rents to a monthly payment cycle.

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

As disclosed in note 35, the Directors are of strong opinion that the appeal of the challenge to the CVA is not a factor in the going concern assessment of the Group, on the basis that the Directors are confident that the landlords will not succeed in their appeal.

Trading projections

With the support of independent consultants and financial advisors, the Group verified its strategy and updated the business plan in order to maximise future success. The Group has prepared a three-year business plan ("base case scenario") based on this strategy and considered the likely recovery trends, based on information available at the time of preparation.

The base case scenario, which reflects the benefits of the 2020 CVA, is cautious in light of the UK's exit from the EU, Covid-19, the uncertainty of further economic challenges, the structural shift from offline to online, and the timing of an economic recovery that in part is dependent upon a vaccine being widely available and successful in its efficacy against current and future Covid-19 variants. The base case projections assume that store sales during FY22 will be c. 84% of FY20 having recovered to c. 90% of FY20 by the end of H1 FY22 where they will continue on an ongoing basis through FY23. E-commerce sales are projected to be higher than FY20 benefiting from store closures and market shift online but prudently lower than we experienced during lockdown when all non-essential stores were closed.

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

Notwithstanding this position and the trading and liquidity projections modelled by the Directors, recent variants in the virus and the corresponding measures taken by the government to control the spread of the virus are clear indicators that until such time that the vaccine is internationally widely available and its effectiveness is understood or a treatment is identified, the Group faces potential for further disruption which is difficult to predict and beyond the Directors' control.

The Directors have therefore 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 due to a larger than anticipated disruption caused by ongoing impacts of Covid-19. If, as a consequence of such events including further periods of lockdown and non-essential store closures, store sales in FY22 were at the same level as FY21 and there was no additional government support over and above the existing Government Job Retention Scheme which ends September 2021, with the associated variable costs reducing accordingly and a number of mitigating actions within the Group's control considered, then in March 2022 the Group's cash balance may reduce below the minimum liquidity covenant. Such levels of store sales reflects non-essential store closures as a result of further lockdowns or tiering and is heavily dependent on the timing and localisation of Covid-19 restrictions. The mitigating actions that the Directors have considered include reducing capital expenditure and discretionary spend. There is neither a reduction or increase to e-commerce sales in this downside scenario, however we only saw uplifts during previous periods of store closures. There is a risk that lockdowns or infections could affect the ability of the Group's distribution centre to operate at normal capacity, which would also lead to reduced sales.

In a scenario where there was a significant fall in sales that threatened the Group's liquidity and no government support was available, 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 this situation 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 uncertainty of the continuing impact of Covid-19 on non-essential retail sales as a result of possible extended periods of lockdown over the going concern assessment period and uncertainty over the availability of government support, there is a risk that, if performance was to be similar to FY21 and mitigating actions were not fully achieved, with no government support available, 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 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

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

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

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

IFRS 16 'Leases' – effective for accounting periods beginning on or after 1 June 2020. The amendments provide an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification.

IFRS 3, IAS 16, IAS17, IFRS 1, IFRS 9, IAS 41 and IFRS 16 – effective for accounting periods beginning on or after 1 January 2022. Minor amendments and annual improvements.

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – effective for accounting periods beginning on or after 1 January 2021. These amendments address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one.

IAS 1 'Presentation of financial statements' – effective for accounting periods beginning on or after 1 January 2023. The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.

IAS 1 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' – effective for accounting periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

2.2 Basis of consolidation

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

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

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

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

2.3 Revenue

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

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

2. Summary of significant accounting policies (continued)**2.3 Revenue (continued)**

- 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
- Rental income in respect of sub-leased stores is recognised on a straight-line basis over the period of the sub-lease.
- Revenue from concessions, being the commission received rather than the gross value achieved by the concessionaire on the sale, is shown on a net basis as the Group acts as an agent. Payment of the transaction price is due immediately when the customer purchases goods in store or online.

It is the Group's policy to sell its products to the end customer with a right of return. Therefore, a refund accrual (included in accruals in trade and other payables) and a right to the returned goods (included in inventories) are recognised for the products expected to be returned. Refund accruals are estimated based on accumulated experience as this method best predicts the amounts of variable consideration to which the Group will be entitled. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Given Covid-19 the Group has also considered the expected value method.

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.

2.6 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 52 as exceptional items. The separate reporting

of exceptional items helps provide an indication of the Group's underlying trading performance. Items which may be classified as exceptional include:

Item	Distorting due to irregular nature year on year	Does not reflect operational activity of the Group	Does not reflect operational performance of continuing business
Costs of restructuring and reorganisation of the business		X	
Writing down inventories by 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		
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.

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.

2. Summary of significant accounting policies (continued)**2.11 Financial instruments (continued)**

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

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

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

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

(c) Hedge accounting - cash flow hedges

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

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

(d) Embedded derivatives

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

(e) Non-derivative financial instruments

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

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

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

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. 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 Bill 2020 holds the main rate of corporation tax rate at 19%

for the financial years 2020 and 2021, reverting the prospective reduction to 17% from 1 April 2020 which had previously been introduced in Finance Act 2016. Under the 'Provisional Collection of Taxes Act 1968' mechanism this measure was substantively enacted on 17 March 2020 and the effect is included in these financial statements. Legislation will be introduced in Finance Bill 2021 to hold the main rate of corporation tax rate at 19% for the financial year 2022. The main rate of Corporation Tax will increase to 25% for financial year 2023 where taxable profits exceed £250,000, with a tapered rate applying between £50,000 and £250,000. This measure has not yet been substantively enacted and the effect is not 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 and 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. If that rate cannot be readily determined, which is the case for all leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions, 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 costs 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);

2. Summary of significant accounting policies (continued)**2.19 Leases (continued)**

- 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.

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 is operating profit/(loss) 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, depreciation and amortisation. Adjusted EBITDA is reconciled to operating profit on page 52.

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, avalised bills and previously supplier invoice financing), 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 27 March 2021 comprise £25.3 million (2020: £10.0 million) available under the £60.0 million committed (2020: £64.9 million committed) operating (liquidity, trade and import) facilities, an overdraft drawn to the value of £10.0 million (2020: fully drawn £15.1 million), a term loan of £101.2 million (2020: fully drawn RCF of £100.0 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.

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 27 March 2021, 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.
- On 9 November 2020, the fixed rate senior secured PIK notes denominated in both Sterling and Euros were exchanged into a £40.0 million shareholder loan with the balance waived as part of the 2020 Transaction.

As at 27 March 2021, 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 27 March 2021, if Sterling had weakened by 5.0% against the Euro with all other variables held constant, post-tax profit (2020: loss) for the period would have been £0.3 million higher (2020: £1.5 million higher), mainly as a result of the translation of Euro cash balances held. Post-tax increase in shareholder's surplus would have been £1.0 million lower (2020: £1.3 million higher deficit) due to the consolidation of net assets and liabilities of foreign subsidiaries with their functional currency as Euro.

During the period ended 27 March 2021, if Sterling had weakened by 5.0% against the US dollar with all other variables held constant, post-tax profit (2020: loss) for the period would have been £0.4 million higher (2020: £5.7 million lower), mainly as a result of the movement in fair value of ineffective forward currency contracts. Post-tax increase in shareholder's surplus would have been £1.7 million higher (2020: £0.5 million lower deficit) 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. Prior to the 2020 Transaction, the RCF borrowings and supplier invoice financing included a variable rate. Supplier invoice financing ceased in August 2020. After the 2020 Transaction variable interest rate is payable on the term loan.

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 27 March 2021, if interest rates on cash and cash equivalent deposit balances had been 100 basis points higher with all other variables held constant, post-tax profit (2020: loss) for the period would have been £0.5 million higher (2020: £0.6 million lower), as a result of a higher interest income on floating rate deposits.

During the period ended 27 March 2021, if interest rates on floating rate borrowings had been 100 basis points higher with all other variables held constant, post-tax profit (2020: loss) for the period would have been £0.8 million lower (2020: £0.7 million higher) due to the higher interest payable on the fully drawn RCF up to 9 November 2020 and from 9 November 2020 to 27 March 2021 on the term loan facility.

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 27 March 2021, an aggregate of £2.1 million derivative financial instruments were out of 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 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 loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Capital risk management

The Group's principal objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for stakeholders. Capital under management by the Group includes the 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 27 March 2021, net debt, excluding lease liabilities, was £72.3 million (2020: £443.0 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 Group has considered the impact of Covid-19 on all the estimates, judgements and assumptions given the significant effect of the pandemic on the retail environment and macro economy. The ongoing uncertainties surrounding Covid-19 presents a higher risk to the inherent view that the accounting estimates made concerning the future will not equal the related actual results.

The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

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

The Group tests whether tangible, intangible and right-of-use assets have suffered any impairment in accordance with the accounting policy in note 2.10. The recoverable amounts of cash-generating units have been determined based on the higher of value in use or fair value less costs to sell. These calculations require the use of significant estimates relating to forecast cash flows as detailed in notes 13 and 14. The impact of Covid-19 has resulted in additional uncertainty regarding future cash flows which have been considered as part of the significant estimates involved in calculating the value in use of assets with finite lives.

(b) Inventory provisions

The Group estimates a slow moving inventory provision based on prior stock performance and current market conditions. The estimates regarding the net realisable value of stock are considered to be significant. An exceptional provision has been recognised during the financial period as a result of Covid-19 since the net realisable value of stock is expected to reduce to levels materially below normal trading circumstances as detailed in note 10.

(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 and pre-tax discount rates as detailed in note 14. The impact of Covid-19 has resulted in additional uncertainty regarding future cash flows which have been considered as part of the significant estimates involved in calculating the value in use of assets with indefinite lives.

Significant judgements*(d) Exceptional items*

The Group applies judgement in identifying the significant 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 and indefinite 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 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.

(h) 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.

(i) 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.

(j) Modification of RCF to term loan

The Group applied judgement in determining the treatment of the conversion of the RCF to a term loan. Management has assessed the quantitative and qualitative factors involved in the modification and concluded that the amendments to the RCF constitute a substantial modification. As such, the original financial liability was extinguished and a new financial liability has been recognised, see note 26 for details.

(k) Effective interest rate on shareholder loan

The Group applied judgement in determining the effective interest rate on the interest free shareholder loan. Management has determined the effective interest rate to be 21.5% based on the debt market conditions at the time of issuance, the term length and Group specific premiums.

(l) Waiver of senior secured notes

The Group applied judgement in determining the treatment of the waiver of the senior secured notes. This was determined as a capital contribution to reflect the substance of the transaction as the bondholders waived the debt in their capacity as shareholders, see notes 26 and 30 for details.

(m) Going concern

The Directors apply judgement to assess whether it is appropriate for the Group to be reported as a going concern, by considering the business activities and the Group's principal risks and uncertainties. Details of the considerations made by the Directors as part of the assessment of going concern is included within the Directors Report (see page 40) and within the basis of preparation (see note 2.1.1).

(n) Recognition of deferred tax assets

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

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

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

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

5. Segment information

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

The Board considers the business from a New Look brand perspective based on the strategic focus of the Group. Management considers the performance of UK and ROI retail, 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 27 March 2021 £m	27 March 2019 - 28 March 2020 £m
External revenue		
– UK and ROI retail	257.3	722.4
– E-commerce ⁽¹⁾	240.7	142.1
– 3rd party e-commerce	55.2	63.9
– Franchise	0.6	1.9
Segmental gross value	553.8	930.3
Adjustment to state concession income on a net basis for statutory reporting purposes	(11.6)	(17.5)
Total external revenue	542.2	912.8

⁽¹⁾ E-commerce sales include £11.1 million (2020: £9.4 million) for the French, German and Rest of the World websites made in Euros.

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

	For the financial periods	
	52 weeks ended 27 March 2021 £m	27 March 2019 - 28 March 2020 £m
Adjusted EBITDA		
– UK and ROI retail	(40.5)	103.3
– E-commerce	36.6	18.6
– 3rd party e-commerce	8.1	10.0
– Franchise	0.1	0.3
Total adjusted EBITDA	4.3	132.2

	For the financial periods	
	52 weeks ended 27 March 2021 £m	27 March 2019 - 28 March 2020 £m
Capital expenditure		
– UK and ROI retail	3.2	15.3
– E-commerce	5.6	7.8
– 3rd party e-commerce	-	0.2
– Franchise	-	-
Total capital expenditure	8.8	23.3

Additions to right-of-use assets of £nil (2020: £32.1 million) are also allocated to UK and ROI retail.

	For the financial periods	
	52 weeks ended 27 March 2021 £m	27 March 2019 - 28 March 2020 £m
Depreciation and amortisation		
– UK and ROI retail	48.1	102.4
– E-commerce	12.5	10.5
– 3rd party e-commerce	1.7	1.5
– Franchise	0.1	0.1
Total depreciation and amortisation	62.4	114.5

	For the financial periods	
	52 weeks ended 27 March 2021 £m	27 March 2019 - 28 March 2020 £m
Impairment		
– UK and ROI retail	(135.2)	312.3
– E-commerce	-	43.6
– 3rd party e-commerce	-	-
– Franchise	0.7	0.3
Total impairment	(134.5)	356.2

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

	For the financial periods	
	52 weeks ended 27 March 2021 £m	27 March 2019 - 28 March 2020 £m
External revenue		
United Kingdom	487.3	824.7
Republic of Ireland	23.1	48.2
France	1.1	2.5
Germany	23.1	31.1
Rest of Europe	2.3	3.0
Middle East	0.6	1.2
Rest of World	4.7	2.1
Total external revenue	542.2	912.8

	As at	
	27 March 2021 £m	28 March 2020 £m
Non-current assets		
United Kingdom	329.6	383.2
Republic of Ireland	24.2	43.5
Total non-current assets	353.8	426.7

6. Revenue

	For the financial periods	
	52 weeks ended 27 March 2021 £m	27 March 2019 - 28 March 2020 £m
Sale of goods	534.3	898.7
Rental income	-	0.4
Store card income	-	0.1
Concession income (net)	7.9	13.6
Total external revenue	542.2	912.8

Included within rental income is contingent rent of £nil (2020: £0.2 million).

7. Operating profit/(loss)

	For the financial periods	
	52 weeks ended 27 March 2021 £m	27 March 2019 - 28 March 2020 £m
Operating profit/(loss) is stated after charging/(crediting):		
Cost of inventories recognised as an expense through cost of sales	260.5	416.9
Write down of inventories to net realisable value through cost of sales	10.7	13.3
Distribution centre costs	38.1	24.6
Staff costs	99.4	147.9
Temporary and contract staff costs	6.6	6.4
Marketing costs	34.5	19.8
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the Group and parent company	0.7	0.6
Fees payable to the company's auditors and its associates for other services:		
– The audit of the company's subsidiaries pursuant to legislation	0.2	0.3
– Tax compliance services	0.1	0.1
– Tax advisory services	0.3	0.1
– All other services	0.4	0.1
Rent on short term leases	4.6	7.2
Estate costs (excluding rent)	38.0	94.3
Other income – government grants	(7.2)	-
Loss/(gain) on disposal of intangible assets and property, plant and equipment	1.2	(1.0)
(Gain)/loss on disposal/modification of right-of-use assets	(133.8)	0.9
Net foreign exchange differences	1.6	(0.6)
Depreciation of property, plant and equipment	11.1	19.6
Impairment (reversal)/charge of property, plant and equipment	(12.8)	27.2
Amortisation of intangible assets	22.6	26.6
Impairment (reversal)/charge of intangible assets	(109.8)	200.8
Depreciation of right-of-use assets	28.7	68.3
Impairment (reversal)/charge of right-of-use assets	(11.9)	128.2
Fair value movement of financial instruments	5.1	(4.9)

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

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

The Group benefited by £48.7 million from the business rates holiday.

8a. Staff costs

	For the financial periods	
	52 weeks ended 27 March 2021	27 March 2019 - 28 March 2020
	£m	£m
Wages and salaries	89.1	135.7
Social security costs	7.9	9.3
Other pension costs (note 31)	2.4	2.9
	99.4	147.9

In addition to the above, costs relating to temporary and contract staff total £6.6 million (2020: £6.4 million).

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

	For the financial periods	
	52 weeks ended 27 March 2021	27 March 2019 - 28 March 2020
	Number	Number
Administration and distribution	2,098	2,268
Retailing	8,814	10,584
	10,912	12,852

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 27 March 2021	27 March 2019 - 28 March 2020
	£m	£m
Short term employee benefits	2.2	2.3
Termination benefits	-	0.1
Share based payment charge	-	-
	2.2	2.4

Key management are considered to be the Executive Directors plus four (2020: five) operational directors.

As at 27 March 2021 there were no amounts (2020: 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 two (2020: 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 27 March 2021	27 March 2019 - 28 March 2020
	£m	£m
Aggregate emoluments in respect of qualifying services	1.6	1.3
Compensation for loss of office	-	-
Group contributions paid in respect of pension schemes	-	-

Four (2020: three) Directors purchased a beneficial interest in shares in the period and one (2020: none) Director waived their right to interest in shares during the period.

No (2020: none) retirement benefits are accruing to any Directors at the end of the period.

During the financial period, ten (2020: nine) Directors received emoluments in respect of qualifying services.

(b) Directors' details**Directors**

A McGeorge, N Oddy, R Collyer, R Cotter, C Henry, A Luger, S MacKenzie, L Raven and R Terrell were Directors as at 27 March 2021.

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

Highest paid Director

	For the financial periods	
	52 weeks ended 27 March 2021	27 March 2019 - 28 March 2020
	£m	£m
Aggregate emoluments in respect of qualifying services	0.7	0.6

9. Finance income and expense

	For the financial periods	
	52 weeks ended 27 March 2021	27 March 2019 - 28 March 2020
	£m	£m
Finance income		
Interest on bank deposits	0.1	0.6
Total finance income	0.1	0.6
Finance expense		
Interest on notes, RCF, term loan and overdraft	(42.2)	(49.4)
Interest on lease liabilities	(24.7)	(41.9)
Interest on tax provision	(0.3)	(0.2)
Exchange rate loss on revaluation of Euro notes	(0.4)	(1.5)
Finance expense before exceptional items	(67.6)	(93.0)
<i>Exceptional items – finance expense</i>		
2020 Transaction	(1.7)	-
Total finance expense	(69.3)	(93.0)

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 27 March 2021 £m	27 March 2019 - 28 March 2020 £m
Exceptional (income)/expense		
2020 Transaction	16.6	-
CVA – lease modifications/disposals	(118.7)	-
CVA – other	5.4	-
ROI lease modifications	(7.6)	-
Covid-19	(2.4)	3.2
International closure	0.8	(1.2)
Group reorganisation and restructure	-	1.0
Gain on sale of land	-	(1.0)
2019 Transaction	-	2.7
Operating exceptional items	(105.9)	4.7
Financing exceptional items		
2020 Transaction – finance expense	1.7	-
Total exceptional items	(104.2)	4.7

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 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.

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 27 March 2021, the Group recognised exceptional income of £118.0 million from the modifications to right-of-use assets as a result of the change in future rental cash flows and £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 27 March 2021, the Group incurred exceptional costs of £5.4 million. This includes £7.2 million of professional advisory fees and £3.4 million costs in relation to landlord enforced store closures offset by £5.2 million exceptional income from the write off of compromised creditors.

ROI lease modifications

During the period ended 27 March 2021, the Group recognised exceptional income of £7.6 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. This includes £8.4 million exceptional income from the modifications to right-of-use assets as a result of the change in future rental cash flows, offset by £0.8 million of professional fees incurred as part of the aborted examinership process initiated by the ROI subsidiary during the period.

Covid-19

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.

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

International closure

During the period ended 27 March 2021, the Group recognised £0.8 million of exceptional costs related to professional advisory fees in respect of the ongoing exit from international markets.

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

10. Exceptional items (continued)**Group reorganisation and restructure**

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

Gain on sale of land

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

2019 Transaction

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

11. Taxation

	For the financial periods	
	52 weeks ended 27 March 2021 £m	27 March 2019 - 28 March 2020 £m
Current tax:		
UK corporation tax on profits for the period	0.3	-
Adjustments in respect of prior periods/acquisition balances	(0.1)	(0.2)
Total current tax	0.2	(0.2)
Deferred tax:		
Origination and reversal of temporary differences	(0.3)	(17.5)
Impact of change in corporation tax rate	-	1.9
Adjustment in respect of prior periods/acquisition balances	-	(0.8)
Total deferred tax	(0.3)	(16.4)
Total income tax credit	(0.1)	(16.6)

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

	For the financial periods	
	52 weeks ended 27 March 2021	27 March 2019 - 28 March 2020
	£m	£m
Profit/(loss) before taxation	108.0	(430.7)
Tax charge/(credit) on loss at standard rate of 19%	20.5	(81.8)
Reasons affecting charge for the period:		
Depreciation on non-qualifying assets	0.7	1.0
Expenses not deductible for tax purposes	3.4	0.4
Impairment reversals not taxable	(5.9)	-
Impairment of goodwill not deductible	-	15.0
(Decrease)/increase in deferred tax assets not recognised	(20.3)	47.9
Effect of different tax rates in countries in which the Group operates	1.6	-
Impact of change in corporation tax rate	-	1.9
Adjustment to current tax charge in respect of prior periods/acquisition balances	(0.1)	(0.2)
Adjustment to deferred tax credit in respect of prior periods/acquisition balances	-	(0.8)
Total income tax credit	(0.1)	(16.6)

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.

In the 2020 Budget it was confirmed that the corporation tax rate remains at 19% for the financial year beginning 1 April 2020. This maintains the rate at 19%, rather than reducing it to 17% as previously advised. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £0.2 million and increase the deferred tax liability by £nil.

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 27 March 2021	27 March 2019 28 March 2020
	£m	£m
Deferred tax:		
Foreign exchange movements in translation reserve	-	-
Tax on cash flow hedges	0.3	0.1
Tax charge on items recognised in other comprehensive income	0.3	0.1

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	
	27 March 2021	28 March 2020
	£m	£m
Deferred tax asset to be recovered within 12 months	1.8	1.6
Deferred tax asset to be recovered after more than 12 months	41.6	25.3
	43.4	26.9
Deferred tax liability falling due within 12 months	(1.8)	(1.6)
Deferred tax liability falling due after more than 12 months	(41.6)	(25.3)
	(43.4)	(26.9)

The movement in the period is as follows:

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

There are deferred tax assets in respect of UK capital losses of £1.7 million (2020: £1.7 million), disallowed UK tax interest expense of £1.4 million (2020: £6.6 million), UK trading losses of £7.1 million (2020: £24.5 million), international trading losses of £0.8 million (2020: £0.7 million), international right of use assets of £0.1 million (2020: £1.2 million) and capital allowances of £4.6 million (2020: £14.9 million) that have not been recognised. There is considered to be increased uncertainty around future forecasting as a result of Covid-19 given the ongoing restrictions and decisions around relaxing these, 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 (2020: £0.3 million).

12. Dividends

No dividends have been paid or proposed during the period ended 27 March 2021 (2020: none).

Up to the date of signing the financial statements, the Directors did not propose a dividend in respect of the financial period ended 27 March 2021.

13. Property, plant and equipment

	Freehold land and buildings £m	Fixtures and equipment £m	Total £m
Cost			
At 27 March 2019	-	-	-
Acquisition of New Look Limited and its subsidiaries	8.0	55.4	63.4
Additions	-	13.0	13.0
Disposals	(0.7)	(1.0)	(1.7)
At 28 March 2020	7.3	67.4	74.7
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
Accumulated depreciation and impairment			
At 27 March 2019	-	-	-
Depreciation charge	(0.4)	(19.2)	(19.6)
Impairment charge	(5.3)	(21.9)	(27.2)
Disposals	0.2	1.0	1.2
At 28 March 2020	(5.5)	(40.1)	(45.6)
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)
Net Book Value			
At 27 March 2021	1.8	30.1	31.9
At 28 March 2020	1.8	27.3	29.1

Freehold land of £0.1 million (2020: £0.1 million) is not depreciated.

Depreciation of £1.5 million (2020: £3.4 million) is shown within cost of sales and £9.6 million (2020: £16.2 million) is shown within administrative expenses in the income statement.

Included within fixtures and equipment are assets in the course of construction of £0.4 million (2020: £2.7 million), which are not depreciated.

At 27 March 2021, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £2.4 million (2020: £1.7 million), inclusive of the cost of bringing newly committed properties to a usable condition.

Property, plant and equipment with a carrying amount of £29.2 million (2020: £26.1 million) is pledged as security for the super senior liabilities, see note 26.

The impact of Covid-19 on expected future cash flows and the trading current period performance represents the main event triggering impairment assessments (2020: the impact of Covid-19 on expected future cash flows and the trading performance). The CVA has resulted in significant impairment reversals due to the impact on future expected contractual rental cash flows.

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 0.7% 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 FY22 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. There is considered to be increased uncertainty around future forecasting as a result of Covid-19 given the ongoing restrictions and decisions around relaxing these.

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 17.62% for UK and 16.82% for ROI (2020: 17.72% for UK and 15.89% for ROI) and compared with the carrying value of property, plant and equipment, intangibles and right-of-use assets allocated to stores.

A net total impairment reversal of £1.0 million (2020: £112.4 million charge) 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 reversal (2020: charge) is recognised within administrative expenses in the income statement.

13. Property, plant and equipment (continued)

	For the financial periods	
	52 weeks ended 27 March 2021 £m	27 March 2019 - 28 March 2020 £m
Impairment (reversal)/charge – store level assessment		
Property, plant and equipment	(5.5)	9.6
Right-of-use assets	4.5	102.8
Total impairment (reversal)/charge – store level assessment	(1.0)	112.4

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 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 a better recovery than forecasted or as a result of additional cost savings.

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

	Decrease/(increase) in impairment reversal £m		
	Current impairment (reversal)/charge	5% lower gross profit	5% higher gross profit
Property, plant and equipment	(5.5)	1.1	(0.6)
Right-of-use assets	4.5	2.9	(2.3)
Total	(1.0)	4.0	(2.9)

An additional impairment reversal of £27.6 million (2020: £44.5 million charge) 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 27 March 2021 £m	27 March 2019 - 28 March 2020 £m
Impairment (reversal)/charge – corporate assets		
Property, plant and equipment	(7.3)	12.3
Intangible assets	(3.9)	6.8
Right-of-use assets	(16.4)	25.4
Total impairment (reversal)/charge – corporate assets	(27.6)	44.5

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)/charge	5% lower gross profit	5% higher gross profit
Property, plant and equipment	(7.3)	2.4	(2.4)
Intangible assets	(3.9)	1.4	(1.4)
Right-of-use assets	(16.4)	6.1	(5.9)
Total	(27.6)	9.9	(9.7)

14. Intangible assets

	Goodwill £m	Brands £m	Software licences £m	Total £m
Cost				
At 27 March 2019	-	-	-	-
Acquisition of New Look Limited and its subsidiaries	83.2	237.7	55.3	376.2
Additions	-	-	10.3	10.3
Disposals	-	-	-	-
At 28 March 2020	83.2	237.7	65.6	386.5
Additions	-	-	6.8	6.8
Disposals	-	-	(0.2)	(0.2)
At 27 March 2021	83.2	237.7	72.2	393.1
Accumulated amortisation and impairment				
At 27 March 2019	-	-	-	-
Amortisation charge	-	(8.6)	(18.0)	(26.6)
Impairment charge	(79.1)	(114.9)	(6.8)	(200.8)
Disposals	-	-	-	-
At 28 March 2020	(79.1)	(123.5)	(24.8)	(227.4)
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)
Net book value				
At 27 March 2021	4.1	215.3	33.5	252.9
At 28 March 2020	4.1	114.2	40.8	159.1

Amortisation of £0.1 million (2020: £0.4 million) is shown within cost of sales and £22.5 million (2020: £26.2 million) is shown within administrative expenses in the income statement.

Included within software licences are material intangible assets primarily related to launching the Group's Hybris online platform for UK and international websites and the Group's retail stock management programme in prior periods with a combined carrying amount of £14.0 million (2020: £27.1 million). The average remaining life of these assets is 13 months (2020: 25 months).

As at 27 March 2021, the Group had entered into contractual commitments for the acquisition of software amounting to £4.6 million (2020: £0.9 million).

Intangible assets with a carrying amount of £33.5 million (2020: £40.7 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 £3.9 million (2020: £6.8 million charge) 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 and 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)

	Goodwill	Brand
UK and ROI retail	£m	£m
Acquisition of New Look Limited and its subsidiaries	35.5	143.0
Amortisation	-	(5.2)
Impairment	(35.5)	(114.6)
Net book value at 27 March 2020	-	23.2
Amortisation	-	(1.0)
Impairment reversal	-	106.6
Net book value at 28 March 2021	-	128.8

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

- If the applicable pre-tax discount rate was 1.0% higher compared to management's estimates;
- 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 pre-tax discount rate sensitivity represent the uncertainty in the retail market and the impact that a decline would have on the impairment assessments.

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 reversal £m		
	Current impairment reversal	1.0% higher discount rate	5% lower gross profit	5% higher gross profit
Brand	106.6	(4.1)	(32.9)	33.7

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 FY22 and onwards. These assumptions include estimated gross profit projections and CGU specific costs. There is considered to be increased uncertainty around future forecasting as a result of Covid-19 given the ongoing restrictions and decisions around relaxing these. The cashflows have been extrapolated to perpetuity for goodwill and brands using a growth rate of 0.7% 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 16.48% (2020: 16.12%) for E-commerce, 16.03% (2020: 15.73%) for 3rd party e-commerce and 16.14% (2020: 15.83%) for Franchise.

	Goodwill	Brand
E-commerce	£m	£m
Acquisition of New Look Limited and its subsidiaries	47.7	52.0
Amortisation	-	(1.9)
Impairment	(43.6)	-
Net book value at 27 March 2020	4.1	50.1
Amortisation	-	(2.1)
Net book value at 28 March 2021	4.1	48.0

	Goodwill	Brand
3rd party e-commerce	£m	£m
Acquisition of New Look Limited and its subsidiaries	-	41.0
Amortisation	-	(1.4)
Impairment	-	-
Net book value at 27 March 2020	-	39.6
Amortisation	-	(1.6)
Net book value at 28 March 2021	-	38.0

	Goodwill	Brand
Franchise	£m	£m
Acquisition of New Look Limited and its subsidiaries	-	1.7
Amortisation	-	(0.1)
Impairment	-	(0.3)
Net book value at 27 March 2020	-	1.3
Amortisation	-	(0.1)
Impairment	-	(0.7)
Net book value at 28 March 2021	-	0.5

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

Across all segments, no impairment charge (2020: £79.1 million) was incurred on goodwill and a net £105.9 million impairment reversal (2020: £114.9 million charge) was recognised on brands. Impairment reversals and charges are recognised within administrative expenses in the income statement. The CVA has positively impacted on future expected cashflows, resulting in a higher value in use than in the prior year and lower right-of-use assets within UK and ROI retail.

15. Leases

The balance sheet shows the following amounts relating to leases.

	As at	
	27 March 2021	28 March 2020
	£m	£m
Right-of-use assets		
Buildings	68.8	238.1
Equipment	-	0.1
Vehicles	0.1	0.2
	68.9	238.4

	For the financial periods	
	52 weeks ended 27 March 2021	27 March 2019 - 28 March 2020
	£m	£m
Additions to right-of-use assets on acquisition of New Look Limited and its subsidiaries	-	409.8
Additions to right-of-use assets	-	32.1

Additions to right-of-use assets include new leases and modifications to existing lease agreements, 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	
	27 March 2021	28 March 2020
	£m	£m
Lease liabilities		
Current	(3.8)	(64.0)
Non-current	(91.0)	(323.8)
	(94.8)	(387.8)

On the anniversary of the CVA, in September 2021, lease liabilities for UK stores will be remeasured reflecting the minimum rent clause which applies to year two of the CVA under which the minimum rent payable will be 85% of the rent payable in year one and in year three the minimum rent will be 85% of the rent payable in year two. As a result, lease liabilities and right-of-use assets are expected to increase.

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 27 March 2021	27 March 2019 - 28 March 2020
	£m	£m
Depreciation on right-of-use assets		
Buildings	28.5	67.8
Equipment	0.1	0.2
Vehicles	0.1	0.3
	28.7	68.3

Depreciation of £0.9 million (2020: £2.6 million) is shown within cost of sales and £27.8 million (2020: £65.7 million) is shown within administrative expenses in the income statement.

A £4.5 million impairment charge (2020: £102.8 million) was incurred on right-of-use assets where the impairment assessment was completed at store level. Impairment charges predominantly relate to ROI stores since the CVA modified the majority of UK store right-of-use assets. 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 £133.8 million of gains on modifications and disposals to right-of-use assets.

An impairment reversal of £16.4 million (2020: £25.4 million charge) 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 £43.7 million (2020: £147.9 million) are pledged as security for the super senior liabilities, see note 26.

	For the financial periods	
	52 weeks ended 27 March 2021	27 March 2019 - 28 March 2020
	£m	£m
Finance costs on leases	24.7	41.9
Expense on short term leases	11.0	7.2
Expense on variable leases	-	0.1
Rental income on sub lease of right-of-use assets	-	(0.2)

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

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

	As at	
	27 March 2021	28 March 2020
	£m	£m
Not later than one year	-	1.0
Later than one year and not later than five years	0.7	-
	0.7	1.0

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	
	27 March 2021	28 March 2020
	£m	£m
Raw materials and work in progress	2.5	2.2
Finished goods	106.8	106.1
Spare parts	1.7	1.8
	111.0	110.1

Inventories with a value of £13.4 million (2020: £3.5 million) are carried at net realisable value, this being lower than cost. Cost of inventories recognised as an expense and any write downs of inventories are disclosed in note 7 and note 10.

The 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 £2.7 million.

As at 27 March 2021, the Group has recognised an exceptional provision of £5.8 million (2020: £3.2 million) as a direct result of Covid-19 and the impact on future expected selling prices, see note 10. Following government enforced lockdowns resulting in the temporary closure of all stores, stores remained closed for significant periods of both the Autumn/Winter and Spring/Summer trading seasons from March 2020 through to March 2021. Since stores usually contribute over 75% of the business, quantities of stock held at year end were unable to be traded through this channel in the manner previously intended. There is considered to be increased uncertainty around future forecasting as a result of Covid-19 given the ongoing restrictions and decisions around relaxing these, see note 4.

Inventories with a carrying amount of £109.2 million (2020: £107.2 million) are pledged as security for the super senior liabilities, see note 26.

17. Trade and other receivables

	As at	
	27 March 2021	28 March 2020
	£m	£m
Current		
Trade receivables	17.9	22.8
Other receivables	3.5	6.7
Prepayments	6.6	8.4
Accrued income	5.2	2.6
	33.2	40.5
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	
	27 March 2021	28 March 2020
	£m	£m
Sterling	28.8	36.7
Euro	0.3	0.3
US dollar	4.2	3.5
Renminbi	-	0.1
	33.3	40.6

As at 27 March 2021, trade and other receivables of £15.5 million (2020: £20.2 million) were fully performing.

As at 27 March 2021, trade and other receivables of £6.0 million (2020: £9.4 million) were past due but no expected credit loss recognised.

The ageing analysis of these is as follows:

	As at	
	27 March 2021	28 March 2020
	£m	£m
Up to 2 months	0.7	5.6
2 to 6 months	0.9	1.6
6 to 12 months	0.7	0.1
Greater than 12 months	3.7	2.1
	6.0	9.4

Included within the trade and other receivables balance is a loss allowance provision of £210.2 million (2020: £392.4 million). The ageing of these receivables is as follows:

	As at	
	27 March 2021	28 March 2020
	£m	£m
Up to 2 months	0.2	-
2 to 6 months	-	0.3
6 to 12 months	0.7	0.3
Greater than 12 months	209.3	391.8
	210.2	392.4

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

	As at	
	27 March 2021 Lifetime ECL	28 March 2020 Lifetime ECL
	£m	£m
At start of period	392.4	-
On acquisition	-	394.4
Change in allowance for expected credit losses	1.2	(1.0)
Receivables written off during the period	(182.9)	(0.8)
Foreign exchange movement on provision for debts in foreign currencies	(0.5)	(0.2)
	210.2	392.4

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 that were liquidated during the period.

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 includes amounts outstanding under the Government Coronavirus Job Retention Scheme.

Trade and other receivables with a carrying amount of £20.0 million (2020: £25.8 million) are pledged as security for the super senior liabilities, see note 26.

18. Derivative financial instrument assets

	As at	
	27 March 2021	28 March 2020
	£m	£m
Current assets		
Embedded foreign exchange derivatives at fair value through income statement	0.1	-
Foreign currency contracts – cash flow hedges	-	2.6
	0.1	2.6

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

The foreign currency contracts are detailed within notes 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	
	27 March 2021	28 March 2020
	£m	£m
Cash at bank and in hand	32.5	18.3
Short-term deposits	47.4	67.7
Restricted cash	8.6	9.7
	88.5	95.7

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

Restricted cash comprises £8.6 million (2020: £9.7 million) held by the EBTs which can only be utilised for the benefit of employees.

Cash and cash equivalents with a carrying amount of £68.7 million (2020: £74.4 million) are pledged as security for the super senior liabilities, see note 26.

20. Trade and other payables

	As at	
	27 March 2021	28 March 2020
	£m	£m
Current		
Trade payables	(71.1)	(81.7)
Other taxation and social security	(18.6)	(5.8)
Other payables	(8.5)	(2.6)
Accruals	(47.0)	(36.1)
Interest accrual	(4.1)	(2.9)
Deferred income – gift cards	(11.9)	(14.1)
Deferred income – other	(0.1)	(0.3)
	(161.3)	(143.5)
Non-current		
Other payables	(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 £17.0 million (2020: £10.5 million) relating to inventory.

The Group's core operating bank provide £70.0 million (2020: £80.0 million) aggregate facilities. As at 27 March 2021, £10.0 million (2020: £15.1 million) was drawn under the overdraft and £60.0 million (2020: £64.9 million) was available as operating facilities to the Group's suppliers. These operating facilities include products such as letters of credit, other trade facilities and previously supplier invoice financing 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. Supplier invoice financing agreements were bilateral, between the bank and the supplier with the finance cost settled by the supplier. As at 27 March 2021, letters of credit of £34.5 million (2020: £44.9 million), £0.3 million (2020: £0.2 million) of other trade facilities and supplier invoice financing of £nil (2020: £9.8 million) were outstanding under these arrangements.

21. Borrowings

	As at	
	27 March 2021	28 March 2020
	£m	£m
Current		
RCF	-	(100.0)
Overdraft	-	(15.1)
	-	(115.1)
Non-current		
Term loan	(101.2)	-
New money term loan	(42.7)	-
Shareholder loan	(6.9)	-
Overdraft	(10.0)	-
Senior secured notes	-	(423.6)
	(160.8)	(423.6)

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

22. Derivative financial instrument liabilities

	As at	
	27 March 2021	28 March 2020
	£m	£m
Current liabilities		
Foreign currency contracts – cash flow hedges	(2.1)	(0.8)
Embedded foreign exchange derivatives at fair value through income statement	-	(0.6)
	(2.1)	(1.4)

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

The foreign currency contracts are detailed within notes 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	
	27 March 2021	28 March 2020
	£m	£m
<i>Financial assets</i>		
Cash and short term deposits	88.5	95.7
Foreign currency contracts – cash flow hedges	-	2.6
Embedded foreign exchange derivatives at fair value through income statement	0.1	-
<i>Financial liabilities</i>		
Term loan	(101.2)	-
New money term loan	(42.7)	-
Shareholder loan	(6.9)	-
Foreign currency contracts – cash flow hedges	(2.1)	(0.8)
Overdraft	(10.0)	(15.1)
Senior secured notes	-	(423.6)
RCF	-	(100.0)
Embedded foreign exchange derivatives at fair value through income statement	-	(0.6)

In the absence of an active market for the term loan facility 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.

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

The fair values of derivatives have been calculated by discounting the expected future cash flows at prevailing interest rates and are based on market prices at the balance sheet date, hence 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 at the balance sheet date is as follows:

	As at	
	27 March 2021	28 March 2020
	£m	£m
Notional amount of outstanding foreign currency contracts	68.9	166.8

The foreign currency contracts have expiry terms of between 1 and 9 months (2020: 1 and 9 months) and have been converted from the US dollar notional amounts using the closing US dollar rate of 1.379 (2020: 1.241).

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

Category

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

	Assets at fair value through income statement	Assets at amortised cost	Derivatives used for hedging	Total
	£m	£m	£m	£m
Assets per balance sheet				
At 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 at fair value through income statement	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
	£m	£m	£m	£m
Liabilities per balance sheet				
At 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)	(386.7)	(388.8)

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

	Liabilities at fair value through income statement	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
	£m	£m	£m	£m
Restated Liabilities per balance sheet				
At 28 March 2020				
Borrowings	-	-	(538.7)	(538.7)
Derivative financial instruments	(0.6)	(0.8)	-	(1.4)
Trade and other payables (excluding deferred income and other taxation and social security)*	-	-	(123.3)	(123.3)
Lease liabilities	-	-	(387.8)	(387.8)
	(0.6)	(0.8)	(1,049.8)	(1,051.2)

* Restated from £129.1 million to exclude other taxation and social security

23. Financial instruments (continued)

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 following table presents the Group's assets and liabilities that are measured at fair value at 28 March 2020:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Foreign currency contracts – cash flow hedges	-	2.6	-	2.6
Total assets	-	2.6	-	2.6
Liabilities				
Embedded foreign exchange derivatives at fair value through income statement	-	(0.6)	-	(0.6)
Foreign currency contracts – cash flow hedges	-	(0.8)	-	(0.8)
Total liabilities	-	(1.4)	-	(1.4)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of forward foreign currency contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value. The fair value of currency swaps is calculated as the present value of the future cash flows based on observable yield curves and forward exchange rates at the balance sheet date.

Credit quality

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The Group determines whether the credit risk of trade receivables has increased significantly since initial recognition based on the days past due of the receivable (over 120 days based on experience) and historical information on default.

	As at	
	27 March 2021	28 March 2020
	£m	£m
Trade receivables		
Counterparties without external credit rating:		
Group 1	0.1	0.3
Group 2	0.9	-
Group 3	16.9	22.5
Total trade receivables	17.9	22.8

Group 1 – new customers (less than 6 months)

Group 2 – existing customers (more than 6 months) with no defaults in the past

Group 3 – existing customers (more than 6 months) with some defaults in the past

Accrued income and other receivables are considered to have low credit risk due to the nature of the receivables and based on historical information about counterparty default rates.

The Group limits its exposure to financial institutions by setting credit limits based on their credit ratings and generally only dealing with counterparties with a Fitch's credit rating of at least 'A'. Group treasury monitors counterparty credit ratings closely, reviewing limits and balances immediately following counterparty downgrades. At 27 March 2021, the Group had £86.3 million (2020: £95.5 million) of cash and cash equivalents held with institutions rated 'A' or above and £2.2 million (2020: £0.2 million) held with institutions rated BBB or unrated, with a combined credit limit of £555.0 million (2020: £535.0 million).

The Group limits its exposure with its counterparties to derivative financial instruments by generally dealing with counterparties with a Fitch credit rating of 'A-' or above. Where counterparties are private institutions and ratings are not available Group treasury monitors the credit quality through regular review of available financial information. At 27 March 2021, the Group had no net derivative financial liabilities (2020: £0.6 million) with counterparties rated 'A' or above, £2.1 million (2020: £0.2 million) held with unrated institutions and no derivative financial assets (2020: £2.6 million) held with unrated institutions.

Maturity

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<1 year	1-2 years	2-5 years	5+ years
At 27 March 2021	£m	£m	£m	£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)
	<1 year	1-2 years	2-5 years	5+ years
At 28 March 2020 (restated)	£m	£m	£m	£m
Borrowings	(115.1)	-	(709.0)	-
Trade and other payables (excluding deferred income and other taxation and social security*)	(123.3)	-	-	-
Lease liabilities	(104.1)	(90.8)	(200.7)	(220.1)

* Restated from £129.1 million to exclude other taxation and social security

As at 27 March 2021, the term loan termination date is 30 June 2024.

As at 27 March 2021, 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.

	<1 year	1-2 years	2-5 years	5+ years
At 27 March 2021	£m	£m	£m	£m
Forward foreign currency contracts – cash flow hedges				
Outflow	71.0	-	-	-
Inflow	68.8	-	-	-
	<1 year	1-2 years	2-5 years	5+ years
At 28 March 2020	£m	£m	£m	£m
Forward foreign currency contracts – cash flow hedges				
Outflow	165.0	-	-	-
Inflow	166.5	-	-	-

23. Financial instruments (continued)*Embedded foreign exchange derivatives*

At 27 March 2021, 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	
	27 March 2021	28 March 2020
	£m	£m
Fair value of embedded foreign exchange derivative assets	0.1	-
Fair value of embedded foreign exchange derivative liabilities	-	(0.6)

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	
	27 March 2021	28 March 2020
	£m	£m
Fair value of hedging instruments, qualifying for hedge accounting	(1.6)	0.1

Movement in fair values

	Foreign currency contracts	Embedded derivatives	Total
	£m	£m	£m
Fair value on acquisition	(5.1)	-	(5.1)
Fair value gain/(loss) through income statement – operating	5.5	(0.6)	4.9
Fair value gain to reserves	0.5	-	0.5
Cash paid on hedge termination	0.9	-	0.9
Fair value at 28 March 2020	1.8	(0.6)	1.2
Fair value (loss)/gain through income statement – operating	(5.8)	0.7	(5.1)
Fair value gain to reserves	1.9	-	1.9
Fair value at 27 March 2021	(2.1)	0.1	(2.0)

The income statement includes £5.8 million of losses (2020: £5.5 million of gains) resulting from ineffectiveness of foreign currency contracts and £0.7 million of gains (2020: £0.6 million of losses) resulting from the fair value movement of embedded derivatives.

The net fair value gain to reserves on foreign currency contracts comprises a net £1.1 million (2020: £2.9 million) loss on foreign currency contracts recognised in equity during the period and the recycling out of equity of a £3.0 million (2020: £3.4 million) loss relating to hedges taken out in the prior year (2020: pre-acquisition) which were settled and included in administrative expenses during the financial period.

During the year, certain foreign exchange contracts were cancelled due to a reduction in forecast intake purchases due to the pandemic. There was nil cash cost for these cancellations. During the period ended 28 March 2020, £0.9 million of cash was paid in respect of foreign currency contracts, accounted for as cash flow hedges, where the forecast transaction was no longer expected to occur.

The embedded derivatives are referred to within note 23.

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

	Notional amount	Carrying amount	Line item in the balance sheet	Changes in fair value used for measuring ineffectiveness in the period
At 27 March 2021	£m	£m		£m
Foreign exchange contracts	-	-	Assets – derivative financial instruments	(2.6)
Foreign exchange contracts	68.9	(2.1)	Liabilities – derivative financial instruments	(1.3)
<hr/>				
	Notional amount	Carrying amount	Line item in the balance sheet	Changes in fair value used for measuring ineffectiveness in the period
At 28 March 2020	£m	£m		£m
Foreign exchange contracts	68.5	2.6	Assets – derivative financial instruments	2.6
Foreign exchange contracts	98.3	(0.8)	Liabilities – derivative financial instruments	(0.8)

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

	Changes in fair value used for measuring ineffectiveness in the period	Closing cash flow hedging reserve
At 27 March 2021	£m	£m
Highly probable forecast stock purchases	(1.9)	(1.1)
<hr/>		
At 28 March 2020	£m	£m
Highly probable forecast stock purchases	3.0	0.5

As at 27 March 2021, the average forward price of the hedging instruments were 1.3384 (2020: 1.2544).

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 27 March 2021	£m	£m
Highly probable forecast stock purchases	(5.8)	(1.6)
<hr/>		
At 28 March 2020	£m	£m
Highly probable forecast stock purchases	4.8	3.2

25. Analysis of net debt

	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)

No contractual interest is charged on the £40.0 million shareholder loan. The loan has been discounted at a rate of 21.5% over the nine year term to reflect the fair value of £6.4 million on initial recognition. The discount rate is 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 are the £6.4 million initial loan recognition and £0.5 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 £2.7 million represent £2.6 million accrued PIK interest and £0.1 million accreted interest.

The term loan, initially the £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 as part of the 2020 Transaction.

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

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.

	On acquisition	Cash flow	Non-cash changes	28 March 2020
	£m	£m	£m	£m
Cash and cash equivalents	70.8	23.4	1.5	95.7
Senior secured notes	-	(149.6)	(274.0)	(423.6)
RCF	(100.0)	-	-	(100.0)
Overdraft	(15.0)	(0.1)	-	(15.1)
Total net debt excluding leases	(44.2)	(126.3)	(272.5)	(443.0)
Lease liability	(406.5)	87.5	(68.8)	(387.8)
Total net debt including leases	(450.7)	(38.8)	(341.3)	(830.8)

Included in senior secured notes non-cash changes are £249.4 million re-instated £250 million sterling equivalent GBP and EUR senior secured notes, £11.2 million capitalised PIK interest, £11.9 million accrued PIK interest and £1.5 million of revaluation losses on the Euro senior secured PIK notes. Cash flows of £149.6 million reflect the proceeds from the issuance of £150.0 million sterling equivalent GBP and EUR senior secured notes (New Money Bonds).

Included in lease liability non-cash changes are £41.9 million interest, £2.0 million revaluation loss on Euro leases on consolidation and £24.9 million relating to additional and modified leases.

26. Interest rate risk and liquidity risk

On 13 August 2020, New Look Retail Holdings Limited and its subsidiaries reached an agreement with certain of its key financial stakeholders in relation to the amendment and extension of the RCF and operating facilities and the main terms of a debt for equity swap. The transaction completed on 9 November 2020 following the court approving a scheme of arrangement.

Operating facilities amendment and extension

The £65.0 million operating facilities were increased to a total commitment of £70.0 million, with a maturity date of 30 June 2023. A 1.0% arrangement fee is payable on full and final repayment of the operating facilities. On 30 June 2021, the total commitment under the operating facilities will reduce to £60.0 million and on 31 December 2021, the total commitment will reduce to £50.0 million. Interest is payable 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 will rank priority super senior.

RCF amendment and extension

The fully drawn £100.0 million RCF was converted to a term loan, at par, with an extended maturity date to 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%

To the extent that £10.0 million of the operating facilities rank priority super senior, the term loan will receive 0.5% PIK interest capitalised semi-annually.

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 amended terms of the term loan and operating facilities contain certain covenant measures including a minimum liquidity test commencing on completion of the transaction, a minimum capital expenditure requirement commencing in FY22 and a minimum consolidated EBITDA measure commencing in the third quarter of FY22 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 ('new money term loan' or 'NMTL') was issued on the closing date of the transaction at an original issue discount ('OID') of 5%, resulting in a £40.0 million cash injection. The original issue discount will accrete as an interest expense over the seven year term. The NMTL 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 NMTL proceeds were used to settle associated transaction costs and provide additional liquidity to the Group. Interest on the NMTL is fixed at 16.5% payment-in-kind ('PIK') capitalised semi-annually. The NMTL has a seven year term from the date of closing of the transaction.

Re-instated shareholder loan

The re-instated senior secured notes issued May 2019 were exchanged under the scheme of arrangement into a £40.0 million shareholder loan. The shareholder loan is subordinated to the term loan and operating facilities and sits outside of the restricted group under the Senior Finance Agreements and is secured by a floating charge over the shares in New Look Corporate Limited. The shareholder loan is non-interest bearing and has a nine year term from the date of closing of the transaction.

	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 27 March 2021 is as follows:

	Rate	Fixed rate	Floating rate	Cash margin	PIK margin	Value	Maturity
		%	%	%	%	£	
Shareholder loan	Fixed	21.5 ⁽¹⁾	-	-	-	6,887,324	9 November 2029
New money term loan	Fixed	-	-	-	16.5	42,747,902	9 November 2027
Term loan	Fixed & Floating	6.0	Ibor 0.6425 ⁽²⁾	6.6425	0.5	101,192,315	30 June 2024
Overdraft	Fixed & Floating	1.5	Base Rate 0.1	1.6	-	9,995,684	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 Libor until 31 December 2021 when the benchmark rate will become an equivalent benchmark rate agreed between the lender and borrowers to the facility

26. Interest rate risk and liquidity risk (continued)

During the prior financial period, on 3 May 2019, Top Gun Realisations 203 plc (formerly New Look Financing plc) (the Issuer) issued 12% senior secured notes, made up of two tranches denominated in Sterling and Euro. Both the Sterling and Euro notes were at a fixed coupon rate of 12%, paid semi-annually in January and July. The fixed coupon rate was both cash and PIK, split 8% and 4% respectively. The Issuer, at its discretion, could elect to toggle all or part of the cash interest to PIK plus a 2% p.a. premium pro-rata for the amount of cash interest toggled. In order to elect to toggle cash interest, the Issuer had to provide a PIK election notice to the Notes Trustee no less than 10 business days prior to the interest payment date. The Issuer elected to toggle 100% of the cash interest due in July 2020.

	Rate	Fixed rate	Cash margin	PIK margin	Value	Maturity
Notional debt on issue:		%	%	%		
GBP senior secured notes	Fixed	12.0	8.0	4.0	£363,769,260	3 May 2024
EUR senior secured notes	Fixed	12.0	8.0	4.0	€41,101,209	3 May 2024

The EUR/GBP rate applied on issuance was 0.8815.

Prior to 3 November 2019, the Issuer had the option to redeem in full, using cash proceeds of Indebtedness at 100% of the principal and accrued and unpaid interest up to but not including the redemption date. The option was not invoked.

The GBP senior secured notes had a first call date of 3 May 2020 and up to this date the notes could have been redeemed at par plus a make-whole premium of the greater of 1.0% of principal and, to the extent positive, the excess of the present value at redemption date plus all required interest payments using a discount rate equal to the applicable Gilt rate plus 50 basis points. After 3 May 2020 and up to 3 May 2021 the redemption price was 106.0% of principal, up to 3 May 2022 at 103.0% and thereafter repayable at par.

The Euro senior secured PIK notes had a first call date of 3 May 2020 and up to this date the notes could have been redeemed at par plus a make-whole premium of the greater of 1.0% of principal and, to the extent positive, the excess of the present value at redemption date plus all the required interest payments using a discount rate equal to the applicable Bund rate plus 50 basis points. After 3 May 2020 and up to 3 May 2021 the redemption price was 106.0% of principal, up to 3 May 2022 at 103.0% and thereafter repayable at par.

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 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)

Period ended 28 March 2020

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	£m	£m	£m	£m	£m	£m	£m
Cash assets	95.7	-	-	-	-	-	95.7
RCF	(100.0)	-	-	-	-	-	(100.0)
Overdraft	(15.1)	-	-	-	-	-	(15.1)
	(19.4)	-	-	-	-	-	(19.4)

Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are at fixed rates and therefore not exposed to interest rate risk:

Fixed rate

Period ended 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)

Period ended 28 March 2020

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	£m	£m	£m	£m	£m	£m	£m
GBP senior secured notes	-	-	-	-	(384.7)	-	(384.7)
EUR senior secured notes	-	-	-	-	(38.9)	-	(38.9)
	-	-	-	-	(423.6)	-	(423.6)

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

As at 28 March 2020, the closing balance of the Euro notes were converted at a rate of 1.1183.

Borrowing facilities

As at 27 March 2021, £10.0 million of the overdraft facility had been utilised (2020: £100.0 million RCF and £15.1 million overdraft fully utilised). The RCF was converted to a term loan on 9 November 2020. The Group has no undrawn committed facilities available (2020: none).

Certain Group subsidiaries are party to a cross guarantee and hence have pledged certain assets as security for the super senior liabilities (2020: RCF). 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.

27. Provisions

	Dilapidations provisions £m	CVA provisions £m	International exit provisions £m	Store closure provisions £m	Group reorganisation provisions £m	Total £m
At 27 March 2019	-	-	-	-	-	-
Acquisition of New Look Limited	(0.4)	(1.3)	(4.8)	-	(1.1)	(7.6)
Arising during the period	(0.1)	(0.4)	(0.3)	-	(0.4)	(1.2)
Utilised	0.1	0.4	2.0	-	1.5	4.0
Reversal of unused amounts	0.2	0.2	2.5	-	-	2.9
Exchange movement	-	-	(0.1)	-	-	(0.1)
At 28 March 2020	(0.2)	(1.1)	(0.7)	-	-	(2.0)
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
Exchange movement	-	-	-	-	-	-
At 27 March 2021	-	(2.6)	(0.8)	(0.1)	-	(3.5)

	As at	
	27 March 2021	28 March 2020
	£m	£m
Current	(2.6)	(2.0)
Non-current	(0.9)	-
	(3.5)	(2.0)

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 27 March 2021, the Group recognised a £2.6 million (2020: £1.1 million) provision in relation to landlord enforced store closures, of which £1.7 million is expected to be utilised within 12 months. The total provision is expected to be utilised over one to 71 months.

International exit provisions

During the period ended 30 March 2019, the Old Group announced a review of the International businesses. As at 27 March 2021, the Group recognised a £0.8 million (2020: £0.7 million) provision. This is expected to be utilised over one to 12 months.

Store closure provisions

During the period ended 27 March 2021, the Group recognised provisions in respect of known and communicated store closures. As at 27 March 2021, the Group recognised a £0.1 million provision. This is expected to be utilised over one to 12 months.

Group reorganisation provisions

During the period ended 30 March 2019, the Old Group Board and senior management undertook a review of end to end processes within the support functions in light of the international review and restructuring transaction. At acquisition of New Look Limited, the Group acquired a £1.1 million provision for exit costs as a result of the review. This was fully utilised during the prior period.

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 (2020: for two participants 25% of shares vested on issue, with the remaining 75% vesting straight line over a six year period from 3 May 2019 and for one participant, 100% of the shares vest straight line over a six year period from 3 May 2019).

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 27 March 2021	27 March 2019 - 28 March 2020
	000s	000s
Outstanding at the beginning of the period	71,017	—
Granted in the period	61,075	71,017
Forfeited in the period	(21,305)	—
Outstanding at the end of the period	110,787	71,017
Exercisable at the end of the period	—	—
Weighted average remaining contractual life (months)	43 months	37 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 27 March 2021	27 March 2019 - 28 March 2020
	000s	000s
Outstanding at the beginning of the period	49,712	—
Granted in the period	11,363	49,712
Forfeited in the period	(11,363)	—
Outstanding at the end of the period	49,712	49,712
Exercisable at the end of the period	—	—
Weighted average remaining contractual life (months)	43 months	37 months
Weighted average share price at the date of exercise (pence)	0.00	0.00
Weighted average exercise price (pence)	0.11	0.21
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

28. Share based payments (continued)

The weighted average fair value of the shares granted under the MIP scheme was calculated at the date of grant using the Black-Scholes option pricing model. The following table lists the inputs to the model as at the date of grant, 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 (2020: 0.21), and used for the periods ended 27 March 2021 and 28 March 2020 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:

	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 (2020: £nil) was recognised in the income statement for the period ended 27 March 2021.

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 (2020: £nil).

29. Share capital

	As at	
	27 March 2021	28 March 2020
Allotted, called up and fully paid	£m	£m
Ordinary A shares 2,159.0 million (2020: 2,698.7 million)	-	-
Ordinary B shares 539.7 million (2020: 71.0 million)	-	-
Ordinary C shares 110.8 million (2020: 49.7 million)	-	-
Ordinary D shares 49.7 million (2020: nil)	-	-
	-	-

As part of the 2020 Transaction, the B shares were redesignated as C shares and the C shares were redesignated as D shares. The A shares were cancelled and new A and B shares were issued.

The A shares in the Company entitle holders (other than employees) to receive notice, attend, speak and vote at general meetings. The A shares also have a right to receive a dividend.

The B and C shares in the Company do not entitle holders to receive notice, attend, speak or vote at general meetings. The B shares also have a right to receive a dividend. The C shares do not have a right to receive a dividend other than where a dividend is declared in connection with or following an asset sale.

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 27 March 2019	-	-	-	-	-	-
Total comprehensive income/(expense) for the period	-	-	0.4	0.7	(414.1)	(413.0)
Cash received from EBT	9.8	-	-	-	-	9.8
At 28 March 2020	9.8	-	0.4	0.7	(414.1)	(403.2)
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

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, see note 25.

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 27 March 2021, £0.4 million (2020: £0.5 million) was outstanding in respect of contributions payable to personal pension schemes. The Group pension cost recognised in the income statement was £2.4 million (2020: £2.9 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 OBD
New Look Investment Limited	Holding	47 Esplanade, St Helier, Jersey, JE1 OBD
New Look Bonds Limited	Holding	47 Esplanade, St Helier, Jersey, JE1 OBD
Top Gun Realisations 203 Plc	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Retailers Limited	Trading	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Geometry Properties Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Retailers (CI) Limited	Trading	1st & 2nd floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW
New Look (Singapore) PTE Limited	Holding	80 Robinson Road, #02-00, Singapore 068898
New Look Retailers (Ireland) Limited	Trading	3 Burlington Road, Dublin 4, Republic of Ireland
New Look (Germany) GmbH	Dormant	Ulmenstraße 37-39, 60325 Frankfurt am Main, Germany
New Look Commerce (Shanghai) Co., Limited	Dormant	Room 710, No. 150 Zun Yi Road, Office Tower C, The Place, Changning District, Shanghai, China
Top Gun Realisations 70 Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Weymouth Gateway Property Management Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ

(1) New Look Corporate Limited shareholding held directly whilst all others held indirectly through wholly owned subsidiaries.

During the financial period ended 28 March 2020, Top Gun Realisations 95 Limited, Top Gun Realisations 96 Limited and New Look (Germany) GmbH were placed into liquidation as they were surplus to requirements. On 11 August 2020, Top Gun Realisations 95 Limited and Top Gun Realisations 96 Limited were dissolved.

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

The 2020 CVA was approved by creditors on 15 September 2020. Notwithstanding that approval, the 2020 CVA was subsequently challenged in the High Court by four groups of landlords. The High Court ruled overwhelmingly in NLRL's favour, rejecting all bases for the challenges and ruling that the 2020 CVA was fair to creditors. Two of those landlord groups have appealed the High Court's decision on a limited number of grounds and that appeal is anticipated to be heard towards the end of 2021 with judgment expected to be handed down during the first quarter of 2022. On the basis of legal advice, the directors of NLRL are confident that the challenging landlords will lose their appeal and the 2020 CVA will be upheld in full by the Court of Appeal.

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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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