Company number: 01618428

New Look Retailers Limited
Annual report and financial statements
for the 52 weeks ended 25 March 2023

NEW LOOK RETAILERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 MARCH 2023

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NEW LOOK RETAILERS LIMITED

COMPANY OVERVIEW

- New Look is a leading affordable fashion omnichannel retailer in the United Kingdom ("UK") with an online business covering key international markets. Delivering against our purpose:

To inspire that New Look feeling

- Continued operational and financial progress across the Company; achieved against a consumer backdrop which continues to be impacted by inflationary pressures, the war in Ukraine and higher interest rates

Financial highlights

- Total revenue decreased by 0.2% to £816,927,000 (2022: £818,832,000) due to a reduction in 3rd party e-commerce sales
- Gross margin was 44.9% (2022: 42.1%) due to considered price increases and a higher mix of full price sales in the current year
- Adjusted EBITDA[1] improved to £50,503,000 (2022: £37,139,000) demonstrating underlying improvement in profitability
- Statutory loss before tax was £10,851,000 (2022: £1,579,000 loss)

Operational highlights

- No. 2 for overall Womenswear market share in the 18 to 44 age range[2]
- Strength of product offer underlined by maintaining of No 1 market share position in women's dresses and denim[2]
- Strength of omnichannel operating model ensured we were well-placed to respond to changing consumer spending patterns.
- Over 8.6 million known customers who shop online, in-store or via our New Look app
- During the year, our online platform served customers in 56 countries, with over 235 million site visits (up from 230 million)
- Utilised omnichannel model to introduce new online returns pricing, including free returns into stores option
- Ended the year with 386 stores serving our customers across the UK (2022: 407 stores)
- Underlying costs well controlled during the year, despite high inflationary environment, cessation of business rates relief and weakening sterling
- Continued focus on affordable fashion ensures we have the right proposition for the current economic environment

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

[2] Based on Kantar Worldpanel published data 52 weeks ended 2 April 2023

NEW LOOK RETAILERS LIMITED

STRATEGIC REPORT

The Directors present their strategic report on New Look Retailers Limited ("the Company") for the 52 weeks ended 25 March 2023 (comparatives for the 52 weeks ended 26 March 2022).

PRINCIPAL ACTIVITIES

The principal activity of the Company is the retailing of clothing, footwear and accessories under the 'New Look' brand through stores in the United Kingdom (UK) and the Isle of Man, online, through 3rd Party E-commerce ("3PE") and through franchise partners in other countries across Europe and Africa. The Company is consolidated within the New Look group (New Look Retail Holdings Limited and its subsidiaries, together "the Group").

YEAR IN REVIEW

Our purpose is:

'To inspire that New Look feeling'

We are delivering our strategy through five key strategic pillars:

Feel Good Fashion
Easy & Inspiring Experience
A Brand that Uplifts & Unites
Kind to Our Core
Fit for Change

The Board's key focus during the financial year has been to lead the business through one of the most challenging times for the UK consumer that we've experienced in recent history. With inflation running at levels not seen since the 1980s and interest rates increasing from historical 15 year lows, all retailers have been acutely aware of the impact of these factors on our customers' ability to spend on discretionary purchases.

Our approach to the year has therefore been one of caution and prudence, focusing on our core business and cost control, while protecting investments in key strategic priorities. Despite the uncertain macro environment, which continued to generate unexpected headwinds during the year, we have delivered meaningful improvement in our results through leveraging our omnichannel model and containing our costs, while at the same time gaining industry recognition.

One of our first key decisions was to set prudent expectations for unit volumes sold, while implementing carefully considered price increases. This approach was necessary to help combat the cost inflation that has impacted all businesses, while also supporting our objectives to contain activity levels through the distribution centre (DC) and avoid terminal stock issues. We believe we achieved the right balance as customers continued to shop at the higher price points and we maintained our no.1[3] position for 18-44 year olds in dresses, denim & footwear. The DC had a very smooth operation during peak this year and we exited each season without any major stock issues.

Our customers are absolutely at the forefront of all of our decision making. We know we have customers who love to shop in stores and those who prefer to shop online. We firmly believe in our omnichannel model and the benefits of being able to offer our customers the ability to shop across both channels seamlessly. This was evident during our peak trading period - we had our best ever online weekly sales during the week of Cyber Monday, capitalising on the online trading mindset. Just a few weeks later, we saw our customers turn to our stores, as postal strikes impacted confidence in online deliveries arriving in time for Christmas.

Our stores continue to offer not just a valued shopping experience for our customers, but also a complementary fulfilment model for online sales and returns. Our click and collect rate was 28% of total online sales this year, demonstrating the value that our customers place on this service. We introduced paid returns trials in February 2023 due to the challenging economics of fulfilling online returns direct to the DC but continue to offer our customers the ability to return products for free to our network of stores across the UK.

[3] Based on Kantar Worldpanel published data 52 weeks ended 2 April 2023

We had the 2nd anniversary of the 3 year CVA[4] in September 2022 and continue to receive landlord support as we optimise our store portfolio. We exited the year with 386 stores compared to 407 last year, as we work to ensure that we have a presence in those locations with the best fit to our customer demographic or where a store helps deliver our omnichannel strategy (for example, by offering a suitable location for click and collect customers).

We have invested in our omnichannel model during the year with expenditure on new stores as well as upgrades to Wi-Fi networks, hand-held terminals and new point of sale equipment for our stores. Much of this investment will be rolled out in FY24 to allow us to provide a better service to our customers in-store. We have also continuously invested in improvements to our website and App, helping our customers to have an easy, inspiring and frictionless online experience.

We continued to review our operating model during the year and, in particular, focused on improving efficiencies in our supply chain and distribution centre. Our new management team at the DC have done a tremendous job of going back to basics in reviewing operational processes, organisational structures and employee engagement. This has resulted in a much lower need for agency staff during the year, including at peak, and has been a key driver for the year on year improvement in online profitability.

Our valued New Look colleagues remain at the core of everything we achieve as a business. It is therefore particularly difficult when we have to take any actions that impact on our people. We have taken the decision during the year to reorganise our retail management teams and, more recently, our DC and support centre teams. This restructuring, although painful, is essential in order to make the business more resilient and fit for the future.

We remain committed to delivering on our sustainability targets and released our latest Sustainability Report in August 2022. We continue to make progress in this area but recognise there is always more that we can do. Our customer expects us to meet high standards when it comes to sustainability and we will continue to work internally and with the industry to make sure we meet those expectations.

We were delighted to receive a number of industry accolades during the year. We were named "Retailer of the Year" by Drapers magazine, won the Retail Sector Award at the Prince's Trust Million Makers Awards and were either shortlisted or nominated for a number of other award categories by Drapers, Retail Week and the Prince's Trust.

In September 2022, we agreed an extension of the maturity date of our Operating Facilities to 30 June 2024. New Look Corporate Limited ("NLCL") became a lender under the arrangement and raised an additional Priority New Money Term Loan ("Priority NMTL") of £50.0 million. Certain existing New Money Term Loan lenders participated in the Priority NMTL. NLCL purchased all of the commitments under the Operating Facilities.

Our careful and considered approach to navigating through the last financial year has helped us to deliver a 36% improvement in Adjusted EBITDA. This is an extremely pleasing result given the external headwinds and uncertain trading conditions that all retailers have had to endure over these past 12 months. We are very proud of what our teams have achieved and look forward to building on these foundations as we head into the new financial year.

Looking ahead to FY24, we expect the inflationary pressures to continue well into H2 and, while we remain optimistic that economic conditions will improve, we need to plan on the basis that the uncertain trading environment will continue. We will deliver on the completion of our DC and support centre restructuring and explore further ways to make the business more efficient and resilient to trading volatility. As well as controlling costs in the short term, maintaining our approach of considered investment in our omnichannel model is equally as important, in order to deliver long term profitable growth in our customer base and their share of spend, both online and in stores.

[4] 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")

FINANCIAL REVIEW

The year's results represent the performance of the Group for the 52 week period ended 25 March 2023. The comparative figures reflect the 52 week period ended 26 March 2022.

Revenue

Total revenue decreased by £1,905,000 to £816,927,000 (2022: £818,832,000). Total gross sales increased by £11,700,000 to £863,727,000 (2022: £852,027,000) with an adjustment of £46,800,000 (2022: £33,195,000) to state concession income on a net basis for total revenue for statutory reporting purposes. Gross sales enables the Company to monitor total sales made through stores and online before netting concession income.

The positive customer mindset and sense of post COVID-19 freedom through Q1, continued into Q2 with prolonged periods of warm weather, which buoyed sales of dresses, women's tops and sandals. Abnormally elevated temperatures delayed the normal transition to autumn/winter and there was a noticeable impact on trade during the national period of mourning leading up to the Queen's funeral. However, when temperatures did finally drop, we saw good reactions to our knitwear, coats and boots. The cost of living crisis caused uncertainty over customer demand in the lead up to Christmas but we saw strong sales of our going out range for Christmas parties and festivities, and in general we were pleased with our sales performance during this key trading period. Trading in Q4 was broadly in line with last year, despite fears of a steeper post-Christmas decline in consumer spending.

UK retail sales increased £30,716,000 to £609,098,000 (2022: £578,382,000) driven by a full 52 week trading period (compared to store closures at the beginning of FY22 due to COVID-19). Stores benefited from the prolonged period of warm weather in the first half of the financial year, with trading in the second half being slightly more challenged due to the delayed seasonal transition.

E-commerce sales decreased £8,512,000 to £218,978,000 (2022: £227,490,000). As UK retail footfall improved and shoppers returned to the high street, e-commerce traffic has been more challenging. We did however experience our best ever demand sales during the week of Cyber Monday. We have experienced higher levels of returns, driven by a higher mix of dresses and concessions sales which have inherently higher returns rates. Since 1 February 2023, we have been trialling paid returns, in line with competitors, for customers returning items to the DC, while continuing to provide the option to return items for free in store.

Sales with our 3PE partners decreased £10,335,000 to £35,270,000 (2022: £45,605,000). As a result of the uncertainties and complexities of trading post Brexit, our sales with EU based partners have declined. During the period, the Group re-entered Europe via a German based hub meaning European 3PE sales are no longer made through the Company.

Franchise sales decreased £169,000 to £381,000 (2022: £550,000). We continue to work with one franchise partner in Malta and Libya.

Stores and space

Our total number of owned stores decreased to 386 (2022: 407 stores), with total space reducing to 3,053,000 sq ft (2022: 3,275,000 sq ft).

We opened 5 stores and closed 26 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[5] 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).

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

The total number of New Look franchise stores is four (2022: five).

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

Gross margin

Gross profit increased by £22,061,000 to £366,628,000 (2022: £344,567,000), with the resulting gross profit margin increasing to 44.9% (2022: 42.1%).

Gross margin increased due to considered price increases and the customer's propensity to shop full price purchases and, accordingly, we had a lower markdown discount. We targeted our markdown events to ensure a clean stock package for each new transitional season.

The gross margin improvement was in spite of the impact of ongoing weakness in sterling versus the US dollar.

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

Operating profit

Operating profit decreased by £7,149,000 to £6,039,000 from £13,188,000.

Other income of £4,535,000 in the prior period represents grants received from the Government's business support schemes as a result of COVID-19.

During the period the Company recognised a £84,000 loss on disposal and modification of right-of-use assets compared to a £102,000 loss in the prior period.

During the period administrative costs increased to £360,505,000 (2022: £335,812,000). The following information provides detail on administrative expenses. The differences between the below and items presented in note 6 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 £3,797,000 to £7,328,000 expense (2022: £3,531,000 expense). See note 9 for details.

The charge relating to the movements in the fair value of financial instruments in the income statement was £7,529,000 (2022: £2,420,000 credit) as a result of movements in foreign exchange rates.

SaaS (software as a service) expense was £9,599,000 (2022: £2,191,000). SaaS costs incurred were in relation to the operational shift towards cloud-based IT infrastructure for the transactional website. Previously software of this nature would have been capitalised as intangible assets.

Staff costs (excluding exceptional staff costs) decreased by £39,000 to £116,246,000 (2022: £116,285,000) primarily due to efficiencies in the DC and a reduction in store numbers, offsetting the impacts of increased national minimum wage and Government CJRS support received in the prior year.

Estate costs (including service charges, rates, utilities and repair costs and excluding rent which is accounted for under IFRS 16) increased by £17,905,000 to £80,340,000 (2022: £62,435,000) primarily as a result of the benefit from the business rates holiday granted by the Government on retail space during H1 in the prior year. Estates costs reflects the cost of our store portfolio and support centres.

Operating profit (continued)

Marketing costs decreased by £12,609,000 to £29,091,000 (2022: £41,700,000). Spend in the prior year focused on driving footfall into stores and further traffic online post COVID-19 lockdowns and restrictions compared to the current year where the business continues its focus on cost control.

Depreciation and amortisation increased by £471,000 to £39,634,000 (2022: £39,163,000). Property, plant and equipment depreciation was £7,237,000 (2022: £10,767,000), intangible asset amortisation was £13,630,000 (2022: £17,872,000) and right-of-use asset depreciation was £18,767,000 (2022: £10,524,000).

Adjusted EBITDA

In addition to the information required by IFRS and to assist with the understanding of earnings trends, the Company has included within its financial statements a non-IFRS measure referred to as Adjusted EBITDA. Management consider that Adjusted EBITDA reflects the underlying trading performance of the Company, excluding the impact of capital investment. Adjusted EBITDA is operating profit before exceptional items, the movements in fair value of financial instruments, the impairment charge or write back of tangible and intangible assets, the charge related to software as a service ("SaaS") arrangements, depreciation and amortisation, adding back contractual rent charges, lease incentives and initial direct costs previously recognised in operating profit and excluding gains/losses on disposal/modifications of leases. For a reconciliation of operating profit to adjusted EBITDA, see page 28.

Adjusted EBITDA increased by £13,364,000 to £50,503,000 (2022: £37,139,000). Adjusted EBITDA including IFRS 16 increased by £18,740,000 to £78,077,000 (2022: £59,337,000) which includes the impact of IFRS 16 as base rent charges are replaced by depreciation and interest expense.

Finance income and expense

Net finance costs increased by £2,123,000 to £16,890,000 (2022: £14,767,000) due to an increase in lease related finance expenses following lease modifications as a result of the anniversaries of the 2020 CVA.

Pre-tax result decreased by £9,273,000 to a £10,852,000 loss (2022: £1,579,000 loss).

Taxation

The income statement taxation credit for the period was £8,674,000 (2022: £805,000 credit). There was a £9,258,000 current tax credit (2022: £4,000 charge) in the year and a £584,000 deferred tax charge (2022: £809,000 credit) in the year.

Intangible assets

The net book value of intangible assets increased to £37,634,000 (2022: £35,675,000) as a result of additions outweighing amortisation due to an increase in capital expenditure. Intangible assets includes brands and software licences. See note 11 for further details.

Property, plant and equipment

The net book value of property, plant and equipment decreased to £19,210,000 (2022: £23,302,000) as a result of depreciation outweighing additions. Property, plant and equipment includes fixtures and fittings within our stores, London and Weymouth support centres and distribution centre. See note 12 for further details.

Right-of-use assets

The net book value of right-of-use assets increased to £84,232,000 (2022: £64,242,000). Right-of-use assets include leases on our stores, distribution centre, London and Weymouth offices, equipment in the distribution centre and support centres and vehicles. The second anniversary of the 2020 CVA changed the fixed element of rent for each store due to the ratchet mechanism included within the arrangement. This resulted in a number of lease modifications recognised, increasing the right-of-use assets. As we head towards the end of the CVA, we continue to negotiate with our landlords for terms outside of the CVA, resulting in a number of right-of-use asset additions where new leases have been agreed. Additions have been partially offset by impairments in the year. See note 13 for further details on leases.

Inventories

Inventories decreased by £12,778,000 to £112,460,000 (2022: £125,238,000). We maintained a strong focus on stock management during the year and ensured that supply chain lead times were optimised and seasonal stock was cleared. Inventories include stock held within stores and at the distribution centre.

Trade and other receivables

Trade and other receivables increased to £36,221,000 (2022: £29,050,000) which included trade receivables of £9,324,000 (2022: £12,490,000), primarily in relation to the 3PE business, £10,727,000 (2022: £9,355,000) of prepayments predominantly for estate and head office costs and £1,311,000 accrued income (2022: £875,000). Amounts owed by Group undertakings increased to £13,708,000 (2022: £5,137,000).

Derivative financial instruments

Net derivative financial instruments decreased to a £6,296,000 liability (2022: £3,946,000 asset). The charge relating to the movements in the fair value of financial instruments in the income statement was £7,529,000 (2022: £2,420,000 credit) as a result of movements in foreign exchange rates. See note 19 for further details.

Trade and other payables

Trade and other payables decreased to £147,266,000 (2022: £176,110,000). Other tax and social security decreased by £19,972,000 primarily as a result of an agreement with HMRC to defer balances as at 26 March 2022. Accruals decreased by £12,205,000 due to timing of invoicing and cost control.

Lease liabilities

Lease liabilities increased by £20,270,000 to £99,097,000 (2022: £78,827,000) primarily as a result of the second anniversary of the 2020 CVA, with UK stores in line with the increase in ROU assets and new lease deals completed. 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

As at 25 March 2023, long term debt was £111,823,000 (2022: £111,563,000) which represents £101,578,000 (2022: £101,578,000) term loan and £10,245,000 (2022: £9,985,000) revolving credit facility, see note 18. During the financial period, the Company repaid the £10,000,000 overdraft. Cash and cash equivalents were £51,045,000 (2022: £66,819,000).

Outlook

Our affordable fashion offer leaves us well placed in a value-focused market. We are well aware of the macroeconomic backdrop and the potential impact that external headwinds may have on consumer spending, as well as the inflationary pressures on our cost base. We continue to invest our energy and resources into what we can control as a business along with those key strategic projects that we believe will set New Look up for success going forward. We have a robust trading strategy, however we may have to be agile and reactive to a more promotional high street to maintain our share of the pressurised customer wallet. We remain committed to our strategy and the transformation journey we are on to be a truly omnichannel fashion retailer with our 'Kind' pledges and commitment to sustainable fashion at the forefront of everything we do as a business and community. We continue to explore new opportunities to grow our 'Friends of New Look' base, both with concession partners and as a concession offering of New Look branded product.

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

RISKS AND UNCERTAINTIES

As a wholly-owned subsidiary of New Look Retail Holdings Limited, the identification, governance, management and reporting of the risks of the Company are undertaken at Group level. It is recognised that the Company at any point in time is exposed to a number of risks. The following table details the most significant risks as identified by the Group Board together with the relevant mitigation. It should be noted that any system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

As well as the treasury and financial risks identified in note 3, the following table presents the principal risks and uncertainties the Company faces.

The combined impact of COVID-19 and the Russian invasion of Ukraine have, along with other factors triggered a cost of living crisis. This is contributing to significant price inflation and rising interest rates which is placing real pressure on household budgets, impacting on how and when they shop. This has wide ranging consequences on our principal risks and uncertainties and therefore has not been presented as a single principal risk.

Risk movement key:

◉ = risk is stable, neither increasing or decreasing

▲ = risk is increasing at the time of reporting

▼ = risk is decreasing at the time of reporting

Risk: Financial Stability and Trading Environment		
▲ Risk Movement Increasing Risk Owner Chief Financial Officer	*What is the Risk?* Our ability to meet our financial obligations and to support the operation of the business is dependent on having sufficient liquidity over the short, medium and long term. We are operating in an increasingly competitive retail environment against a backdrop of continued cost and price pressures, changing customer behaviours and economic uncertainty. The permanent shift in consumer behaviour from shopping in store to online could lead to a loss making and cash draining store portfolio, compounded by the risk of losing profitable stores because of the CVA and cost inflation. We are exposed to foreign currency risk and profits may be adversely impacted by unforeseen movements in foreign exchange rates since a significant proportion of product is sourced in US dollars.	*How do we manage the risk?* Centralised Group treasury function responsible for managing key financial risks, cash resources, foreign currency risk and the availability of liquidity and credit capacity, supported by; • Treasury Committee • Treasury Management Policy • Foreign currency Hedging 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 Managing relationships with all financial stakeholders i.e. banks and shareholders, including the comprehensive reduction in borrowings. Ongoing dialogue with third party partners and suppliers to maintain commercial alignment and mitigation of cash flow risk. Significant operational efficiencies and cost savings identified and actioned, with ongoing review to identify further opportunity.

Risk: Customer		
▲ Risk Movement Increasing Risk Owner Chief Customer Officer	*What is the Risk?* Failure to acquire and retain customers because of a deterioration of brand saliency due to lack of online and social media presence and a diminishing and uncompelling presence on the high street, compounded by a lack of cohesion across all channels undermining our omnichannel proposition The cost of living crisis will further influence customer behaviour and buying choices which could impact our performance and strategic decisions.	*How do we manage the risk?* Deliver to the customer a connected and threaded experience across Store, Social, App and Online. Marketing investment across a full range of Performance, Media & Social channels. CRM platform to deliver relevant communication to the customer. Effective use of data analytics and other research tools to identify pain points and opportunities relating to customer experience. Customer insight data is used to regularly benchmark performance and drive improvement.
Risk: Supply Chain		
▼ Risk Movement Decreasing Risk Owner Commercial Director	*What is the Risk?* Reliance on our supplier base to deliver competitive products on time and quality is essential. Loss of speed and flexibility in the supply chain, leading to greater risk in buying decisions and potential loss of margin through higher markdowns or shortfalls in inventory levels. Over-reliance on key suppliers and international sources of production leading to a shortfall in inventory due to a supplier failure or global events. Disruption to the supply chain arising from strikes, civil unrest, the UK's exit from the EU, political turmoil or natural disasters. This includes the impact of climate change on suppliers, across all tiers, from growing conditions impacting price and availability to severe flooding of factories in some territories. Non-compliance by suppliers with our Code of Practice may increase reputational risk.	*How do we manage the risk?* A clearly defined Sourcing Strategy in place which covers; • Increasing transparency and open costings • Managing shifts in supply based on shifting costs, materials, freight and product mix • Identifying opportunities for optimum sourcing mixes • Projected volumes and commitments to suppliers • Contractual provisions Dedicated sourcing team responsible for maintaining an efficient and effective supply chain. A flexible supplier base ensuring greater Open-to-Buy flexibility and the ability to react more quickly to successful trends. Regular review of supply chain and routes maximising flexibility and sustaining fulfilment of product demand across all channels. 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.

Risk: Talent and Culture		
O Risk Movement Stable Risk Owner People Director	*What is the Risk?* Failure to recruit and retain top talent to run our day-to-day operations and deliver strategy:	*How do we manage the risk?* Investment in our in-house recruitment team and strong agency partnerships to maximise our ability to reach top talent. Regular reviews of management structure ensuring capability and succession. Effective identification of emerging talent, and more targeted support for career development. Regular, effective performance reviews, leadership assessments, training and development. Periodic engagement surveys to understand levels of engagement and development of strategic employee engagement plan based on feedback and data. Ensuring our company values are visible, and regularly re-visited, through our performance management and behavioural framework, Academy on-line, leadership development, recognition programmes, and our Equality, Diversity and Inclusion ("ED&I") Roadmap. We will support our colleague's wellbeing by utilising our Inclusion Ally Groups, Wellbeing Allies, external partners, and ED&I and Wellbeing Calendars, to inform our actions. This will support physical, mental and financial wellbeing, through regular activities and team up-skilling. Widening the remit of our wellbeing strategy to include active listening and upskilling our managers, specifically around mental health.

Risk: Distribution Centre and Logistics		
▼ Risk movement Decreasing Risk Owner Logistics & Supply Chain Director	*What is the Risk?* Our single site Distribution Centre (DC) and Logistics operations provide fundamental support to the running of the business. Risks include business interruption due to physical damage, access restrictions, breakdowns, capacity and resourcing shortages, IT systems failure, inefficient and slow processes and third-party failures. Increasing choice in the products New Look sells has been central to the development of our omnichannel proposition but growth in product lines, along with an accelerated shift from retail to e-commerce has presented our warehouse operation with significant challenges.	*How do we manage the risk?* Planning processes are in place to ensure there is sufficient DC handling capacity for expected future business volumes over the short and longer terms. DC handling, inbound logistics and delivery costs are continually monitored to ensure goods are delivered to our retail stores and e-commerce customers in a timely and cost-efficient manner. Our DC Leadership Team meets regularly to assess the opportunities and risks in our DC and logistics network. Business continuity plans are in place to mitigate the impact of business interruption.
Risk: Corporate Compliance and Environmental Responsibility		
O Risk Movement Stable Risk Owner Chief Executive Officer	*What is the Risk?* Failure to deliver against our legal, regulatory, environmental, social and governance commitments would undermine our reputation as a responsible retailer, may result in legal exposure or regulatory sanctions, and could negatively impact our ability to operate and/or remain relevant to our customers. Non-compliance may result in fines, criminal prosecution, or litigation. 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.	*How do we manage the risk?* Continuous monitoring of legal and regulatory developments and the risk register by our legal team and Data Protection Officer. Oversight from established committees such as the Governance and Compliance Steering Group and the Environmental, Social and Governance Steering Group. Key risks and regulatory developments presented to the Audit Committee three times each year. Compulsory training for higher risk regulatory areas like Health & Safety, Anti-Bribery and Corruption, Data Protection for all colleagues. A confidential reporting line to allow colleagues and other stakeholders to report areas of concern, including breaches. Net zero targets have been agreed with the Board. ESG and climate-related risks are factored into the risk management process, an ESG Steering Group, supported by a TCFD Working Group, has been established and the Audit Committee and Board are updated regularly. See our published Sustainability Report for more information.

Risk: Information Security (including Cyber) and business continuity		
O Risk Movement Stable Risk Owner Technology and Engineering Director and Chief Financial Officer	*What is the Risk?* Failure to adequately prevent or respond to a data breach or cyber-attack could adversely impact our customers, business reputation, and ability to trade and result in significant fines and loss of information. Significant operational failures or resilience issues at key business locations, such as Lymedale, our Distribution Centre, or our on-line platform could result in significant business interruption.	*How do we manage the risk?* Layered IT controls including, but not limited to, configured firewall, Multi Factor Authentication, network monitoring and Endpoint Detection and Response software. Compliance with Payment Card Industry requirements for protecting payments. Provision of secure externally hosted data storage and cloud computing facilities. 24x7x365 Managed Security Operations Centre set up to monitor, alert and triage security incidents. 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 and forensic support on a 24/7 basis to assist if an issue arises. Colleague security awareness training, including mandatory 'Information Security around the workplace' and 'Phishing' training modules completed annually. Business Impact Assessment updated and supported by Disaster Recovery Plans. Business Continuity Incident Management Team Protocol in place. Incident Management Plans in place for all key sites and regularly updated. A programme of risk and renewal activities is agreed at the beginning of the year to deal with those areas of the technology estate where replacement or upgrade is deemed most critical.

SUSTAINABILITY

Sustainability remains a key priority for New Look. This year we have continued to focus on progressing with our targets across our four pillars: responsible business, responsible and circular product, inclusive culture and positive local impact. We have made some amendments to our Strategy Refresh which are detailed in our published Sustainability Report available on our website. The small changes that have been made have been based on learnings throughout the year as well as constraints that have impacted timelines.

Modern Slavery

We recognise that modern slavery is a global issue, and that no economy or industry is immune. Therefore, we are committed to doing all that we can to ensure that no modern slavery or human trafficking is present in our supply chain or any part of our business.

We have a Modern Slavery Working Group and representatives from all areas of the business lead the work on this agenda. This group regularly links with the ESG Steering Group which reports to the Board to share updated information.

For more details, please read our Modern Slavery Statement*, 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.

*www.newlookgroup.com/esg-sustainability/governance/modern-slavery

GHG and SECR Reporting

This year New Look submitted targets to the Science Based Targets Initiative (SBTi) and are awaiting approval after the review process which is scheduled in late October.
Targets :

- Scope 1, 2 & 3 Near term SBT (1.5°C pathway) by 2030
- Scope 1, 2 & 3 Long term Net Zero SBT by 2040

We engaged with Anthesis to support our submission. Anthesis worked with us to recalculate our FY22 emissions, ensuring a more accurate view of fibre data as well as including all required categories for the SBT submission to set our baseline. We are continuing this relationship to build a comprehensive roadmap to decarbonisation. This will involve working with a breadth of internal teams as well as leveraging existing partners to develop plans to meet our targets. Scope 3 purchased goods and services (fibre), as our largest proportion of our emissions as well as the most complex, will be a priority for our roadmap. We expect that the continued transition to lower impact materials, as well as utilisation of Higg FEM data to determine supply chain impacts and identify opportunities for reduction will be material for both near and long-term targets.

	FY23 tCO2e	FY22 tCO2e
Scope 1	948	1,256
Scope 2 (Location-Based)	14,244	17,370
Scope 3	275,449	336,140
Total	**290,641**	**354,766**

GHG and SECR Reporting (continued)

Emissions Source	FY23	FY22
Scope 1	tCO2e	tCO2e
Refrigerants (F-gas)	369	554
Natural Gas	382	496
Company-vehicle Mileage	182	182
Red Diesel	15	24
Scope 2		
Electricity Location-Based	14,244	17,370
Electricity Market-Based	9,086	177
Scope 3		
Cat 1. PG&S (Fibre Products)	179,002	232,254
Cat 1. PG&S (Non-fibre Products & Services)	45,386	26,457
Cat 11. Use of sold products (Indirect)	17,367	31,205
Cat 4. Upstream T&D	11,101	13,970
Cat 9. Downstream T&D	9,293	9,651
Cat 7. Employee Commuting	6,045	6,473
Cat 3. FERA (Location-based)	5,101	6,620
Cat 12. End-of-life treatment of sold products	1,500	5,930
Cat 6. Business Travel	399	175
Cat 5. Waste generated in operations	218	311*
Cat 7. Working from Home	31	2,004
Cat 11. Use of sold products (Direct)	6	1,090

*Recalculated FY22 using OCW verified FY22 data with the addition of water use for Cat.5.
All emissions have been verified by a third-party

Scope		FY23	FY22
Intensity - t CO2e per 1,000 sqft (location-based)	Electricity	1.87	2.28
Intensity - t CO2e per 1,000 sqft	Gas	0.23	0.30
Consumption kWh (location-based)	Scope 1 & 2	76.0 million	84.3 million
Consumption kWh	Scope 3 - Business Travel	92,439.7	70,343.5
Consumption kWh	Scope 1, 2 & 3	76.1 million	84.4 million

The methodology used to calculate scope 1 & 2 emissions has been based on operational control, accounting for full estate, including landlord buildings. Scope 1 and 2 data has been produced using a hierarchical priority system for data, preferring half hourly (HH) data, billing data and finally, budget data for gaps in invoicing. Transport data is reported on a quarterly basis and details each company cars mileage. Scope 3 emissions are divided into upstream and downstream emissions relating to acquired goods and services and sold goods and services respectively. To achieve an accurate and uniform approach to emissions calculations the most recent version (2022) of the BEIS Carbon Emissions Factors have been applied to all applicable categories. The PG&S (Non-fibre Products & Services) spend-category-specific emissions factors used were sourced from the most recently available DEFRA factors associated with purchased goods and services (2012) have appropriately been discounted to allow for changes in the value of currency and improvements in efficiency over time. For PG&S (Fibre Products), footprints were calculated utilising activity data and secondary data through Life Cycle Assessment (LCA) factors, Higg Index factors, etc.

GHG and SECR Reporting (continued)

Scope 1 remains a very small percentage of our total carbon output and therefore is a lower priority within our carbon strategy. In the last year we have introduced some electric and hybrid vehicles to our company car offering, with all new cars on order being either hybrid or fully electric. Due to capital availability, HVAC replacements are currently planned in – in line with legislation changes in 2030. However, this will be reviewed as necessary to speed process and transition to the lowest carbon F-gas option.

Our Scope 2 emissions are presented as both location-based and market-based, with market-based emissions showing the purchase of renewable energy. We have purchased renewable energy across almost all our portfolio since 2019. However, this year, due to the increase in price of Renewable Energy Guarantees of Origin (REGO), it has become financially unviable to continue doing so and in September 2022 we made the decision to remove these. As a business, we have chosen to offset the emissions from our electricity use and have purchased carbon credits through verified schemes.

Reducing electricity consumption is a key area to target. Again, capital constraints along with lease agreements mean our LED replacement strategy is complex. Next year, we plan to engage with all store landlords that have a net zero target, to collaborate on switching to LED lighting as well as look for opportunities for onsite renewables. In addition, we continue to explore where onsite renewable energy generation is feasible within our owned property portfolio.

Purchased goods and services (fibre) remain our highest emissions, representing 62% of our total footprint. The reduction from last year's emissions shows a reduction in overall product purchased, as well as our continued increase in better raw materials. Over the coming year, we will continue to switch to lower impact materials and work with our supply chain to reduce emissions from the manufacturing stage. To monitor this we will be working to include data gathered through the Higg FEM, utilising the actual footprint data of our facilities. Inbound and outbound logistics represent 7% of our total emissions. Over the course of the year, we have continued to discourage using air freight, overall we have reduced emissions from freight by 21%.

Reductions in the use of sold product category and end of life treatment is accounted for through a change of methodology. We have chosen to use the WRAP Textiles 2030 Footprint Tool Methodology which uses data gathered by WRAP to understand the impact of product use. The reduction in homeworking can also be explained through methodology changes, as this year DEFRA published an emissions factor which has been applied. Finally, the use of sold product reductions are reflective of our business decision to only purchase battery-powered electrical goods, rather than direct power products. Any sales this year of direct-use products come from legacy stock.

For more information, see our Sustainability Report published on our website: www.newlookgroup.com/esg-sustainability

Charitable giving

In line with our Kind mission, we not only continued to work with our 3 national charity partners, but also supported 30 local charities across the UK and ROI too. During FY23 we raised over £936,000 for our charities and we're committed to continuing to make a positive difference to the communities we serve, giving our staff and customers a sense of achievement and making a real difference.

Our Section 172 Companies Act statement on page 20 details how the views of shareholders have been taken into account during the year. The strategic report is approved by the Board.

On behalf of the Board,

Richard Collyer
Director
11 October 2023

NEW LOOK RETAILERS LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the 52 weeks ended 25 March 2023 (comparatives for the 52 weeks ended 26 March 2022).

Directors

Helen Connolly	
Richard Collyer	
Clare Dobbie	
Nigel Oddy	(Resigned 15 June 2022)
Edwin Alford	(Appointed 5 July 2022, resigned 16 January 2023)

Principal activities

The principal activity of the Company is the retailing of clothing, footwear and accessories under the 'New Look' brand. Further information is disclosed in the strategic report.

Future developments and business analysis

Future developments and financial risk management have been disclosed in the strategic report.

Employee policies

We continue to focus on engagement and regular communication with our colleagues. We continue our holistic approach to wellbeing addressing physical, financial and mental health. We have clear inclusion ambitions that we are dedicated to delivering. We encourage a wide range of projects, initiatives and campaigns to help our colleagues feel comfortable and support causes they care about. Our online performance management tool encourages ongoing discussion and targeted support for career development. We recognise that the adoption of smarter working practices gives colleagues more flexibility.

Dividends

No dividends have been paid or proposed during the period (2022: £nil).

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 is to inspire that New Look feeling and be the UK's leading feel-good fashion brand, the choice for fashion-loving 18–44 year-old women.

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

- Play to win – being bold, brave, empowered
- It starts with me – having a growth mindset
- We are one – being collaborative, inclusive and caring
- Customer obsessed – delivering on our customer and service promise

Principle 2 – Board Composition

Information about our Board members is set out above. The requirements as to the Group 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") – both Directors of the Company), four non-executive Directors, and two investor Directors. The two investor Directors represent the majority shareholders, whilst one of the four non-executive Directors represents the other shareholders. We consider 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 continue to focus on our strategic ED&I Plan, which is a key initiative in our 'Kind to our Core' pillar. Our approach is authentic and "always on".

Principle 2 – Board Composition (continued)

As a predominantly womenswear brand we are very proud of the representation of women in senior roles across the business. Currently 42% of our Operational Directors and 56% of our Heads of Department are women. We also remain focused on progressing equity, diversity, and inclusion, across all levels within our business. We also appointed our first female CEO in the summer of 2022.

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 Group Board has established an Audit Committee and a Remuneration Committee. The Audit Committee comprises two non-executive Directors, two investor Directors and two executive Directors; the Remuneration Committee has two non-executive Directors, two investor Directors and one executive Director. The Committees have specific duties which have been delegated to them by the Group Board; details of these duties are set out in the terms of reference of each Committee. We have also formed a number of operational level committees, such as a Treasury Committee, an Investment Committee, the Governance & Compliance Steering Group and an Environmental, Social and Governance Steering Group. The terms of reference for these committees are aligned with the Shareholders' Agreement, where relevant.

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 a wholly owned subsidiary of New Look Retail Holding Limited, the Company is subject to the obligations that arise from the Group Shareholders' Agreement in relation to business conduct and reserved matters. As per the Shareholders' Agreement, certain matters are reserved for the Group's shareholders. Each shareholder reserved matter also requires approval from the Group Board. Separately there are matters reserved solely for the Group Board.

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

The Company Board meets as required to fulfil its statutory duties.

A clear delegated level of authority (approved by the Group 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.

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

Principle 4 – Opportunity and Risk (continued)

Risk

As a wholly owned subsidiary of New Look Retail Holding Limited, the identification, governance, management and reporting of risks of the Company are undertaken at Group level. 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 Audit committee met three times during the year. The Audit Committee focuses on the integrity of reviewing our financial reporting; making sure they are reliable and understandable, ensuring our risk management processes are effective and controlled, and monitors all audit and compliance outputs, internal and external. The role of Internal Audit provides the Board and the Audit Committee with valuable assurance in relation to the management of risk across the organisation. Principal risks & uncertainties are detailed on pages 9 to 13.

Principle 5 – Remuneration

The remuneration of senior employees who receive a basic annual salary over £135,000 requires Group 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. Group Board and Shareholder approval is required to appoint or remove any non-executive director, the CEO or CFO.

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

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

Principle 6 – Stakeholder Relationships and Engagement

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

Customers

The Directors receive reports on customer feedback through our "Voice of the Customer" programme (customer satisfaction online and offline), brand health tracker and customer mindset tracker. Reports are also provided monthly on the market, consumer spending versus the market and New Look market share (both traffic and market value share).

People

From a colleague perspective we continue with the 'Fit for Change' strategy, linked to our Transformation programme and driven by our purpose 'to inspire that New Look feeling'. It is built around five key focus areas:

1. **Destination New Look** - attracting, inspiring and uniting our colleagues.
2. **Building New Foundations** - transforming our people experience and culture through digital-first people solutions and systems.
3. **Talent for Tomorrow** - building and developing our talent and skills for tomorrow's business needs.
4. **Transforming our Business & Ways of Working** - evolving and aligning our ways of working to our omnichannel ambitions.
5. **ED&I** - to authentically live and lead by our values and be seen as an Employer of Choice.

An engaging and inclusive culture continues to be at the heart of everything we do. We keep our colleagues engaged and informed about our People Strategy through Director presentations, Heads Of briefing sessions, quarterly Town Halls, monthly Transformation updates, and weekly communications via our internal communication platform.

Colleague "Your Voice" groups are active, business wide, alongside our Retail Junior Leadership Team and Inclusion Ally Groups: Cultural Awareness, PRIDE (LGBTQIA+), Accessibility, Women's and Men's Health, Sustainability and Wellbeing.

We also continue to build and deliver inclusion education, at all levels, which supports our ED&I and Wellbeing Calendars and plan.

Suppliers

We continue to work closely with suppliers to navigate ongoing challenges to supply and costs. Pressures on freight costs and capacity eased in the latter half of FY23 largely due to the reducing impacts of the pandemic and reduced demand caused by global economic downturns. Raw materials costs have stabilised however inflationary pressures across many countries are affecting labour costs and we continue to navigate the ongoing challenges presented by energy restrictions and costs. Natural disasters including the recent earthquake in Turkey, the ongoing war in Ukraine and calls to action surrounding human rights restrictions in Myanmar have prompted some adjustments in sourcing routes.

Mitigating rising costs and offering appropriate value to our customers has meant operational efficiencies being realised, product engineering and maintenance of responsible purchasing practices.

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

Sustainability

For more information see the Sustainability Report on page 14.

Directors' duties

The Directors consider that they have acted in the way they consider in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole in the decisions taken during the period ended 25 March 2023, in accordance with section 172 of the UK Companies Act 2006. In particular, the Directors have regard to:

a) The likely consequences of any decision in the long term as detailed in the Omnichannel Strategy section (see page 3) and with reference to the three year plan (see page 60);
b) The interests of the Company's employees as detailed in principle 6 of the Wates Corporate Governance Principles (see page 19);
c) The need to foster the Company's business relationships with suppliers, customers and others as detailed in principle 6 (see pages 19 to 20);
d) The impact of the Company's operations on the community and the environment as detailed in the Sustainability section (see pages 14 to 16);
e) The desirability of the Company maintaining a reputation for high standards of business conduct as detailed in principle 3 (see page 18) and principle 4 (see pages 18 to 19); and
f) The need to act fairly as between members of the Company.

Financial instruments – risk management and objectives

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

Political donations

The Company made no political donations in the year (2022: none).

Going concern

In determining the appropriate basis of preparation of the annual financial statements for the period ended 25 March 2023, the Directors are required to consider whether the Company can continue as a going concern 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 Company and the adequacy of its financial resources to continue in operational existence and to meet its obligations as they fall due over a 12-month period from the date of approval of these financial statements. The Directors have also considered the risks to the Company's trading performance, as summarised in the 'Risks and Uncertainties' section on pages 9 to 13, and the refinancing transaction (as described on page 22 and in note 27).

Going concern (continued)

The Company has prepared a forecast for the 12 month period from the date of approval of these financial statements ('base case scenario') which is derived from the board approved three-year business plan and considered the likely trading trends, based on information available at the time of preparation and recent history.

The base case scenario is cautious in light of the ongoing uncertainties of further external economic challenges, the continued structural shift from offline to online, and the inflationary pressures on consumer spending. The FY24 budget has been built on a more conservative basis than previous years recognising that historically the Company has underperformed against budget as it has sought to regain EBITDA following the years of trade disruption from Covid. The base case reflects a tighter stock model through FY24 rather than buying stock to achieve a stretching budget which then requires additional markdown to clear. Within the base case, after normalising in FY23, both retail and e-commerce sales are planned to grow during FY24 in line with the market, with additional growth in e-commerce following marketing reinvestment and from the benefits of transformation projects. The FY25 base case has also been set from a cautious standpoint after the normalisation in FY24. Both retail and e-commerce sales grow slightly ahead of the market from annualisation of the FY24 marketing reinvestment and transformation projects.

The base case scenario reflects flat sales demand LFL in retail, and high single digit sales demand LFL in e-commerce. Phasing of the LFL is also flatter across the quarters in the FY24 budget than in previous years which were based on improved LFL across the year reflecting recovering consumer confidence over time. FY25 reflects a moderate growth in sales demand LFL in retail and a continued growth in sales demand LFL in e-commerce.

On 11 September 2023, the Company and certain Group subsidiaries* entered into a senior secured financing arrangement for the provision of £115.0 million of aggregate credit facilities, in order to repay the term loan and associated interest due for repayment June 2024, the outcome of which is included in the base case scenario. The financing arrangement completed on 4 October 2023. The terms of the agreement include certain financial covenants (see note 27).

Under the base case scenario, the Company maintains sufficient headroom against the operational minimum cash balance required, as dictated by management, and does not breach the Group financial covenants.
The Directors have run a number of severe but plausible sensitivity scenarios on the projections to understand the liquidity position of the Company in the event of:

- No EBITDA growth in FY24 compared to the prior year, with FY25 remaining at base case level. In this scenario the Company's cash balance remains above the minimum required cash level, does not breach the Group financial covenants, and the Company would continue to meet its liabilities as they fall due without taking mitigation actions.

- A reduction in retail sales during the peak trading season of up to 20% compared to the base case, with half of the associated sales miss recovered through stock clearance in January 2024 when trading performance returns to budget from February 2024 and into FY25. In this scenario the Company's cash balance remains above the minimum required cash level, does not breach the Group financial covenants, and the Company would continue to meet its liabilities as they fall due without taking mitigating actions.

- However, in a scenario with a slower growth in sales whereby retail and e-commerce sales are over 9.9% sales lower than the base case throughout FY24, the Company would implement mitigating actions through the use of limited, short-term reductions in discretionary expenditure that are wholly within the management's control. This would ensure the Company's cash balance remains above the minimum required cash level, it would not breach the Group financial covenants, and the Company would continue to meet its liabilities as they fall due.

After making appropriate enquiries and considering the above, the Directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

* New Look Limited, Geometry Properties Limited, New Look Retailers (Ireland) Limited, New Look Retailers (CI) Limited and New Look (Germany) GmbH

Events after the reporting period

On 11 September 2023, the Company and certain other subsidiaries* of the Group entered into a senior secured financing arrangement for the provision of £115.0 million of aggregate credit facilities. The Company is an obligor under the new arrangement.

The Group reduced utilisation and accelerated the release of £20.0 million of the cash collateral held against the £40.0 million committed Group Operating Facilities.

On 4 October 2023, the funds from the release of the cash collateral and draw down of the new credit facilities were used to prepay the Group term loan at par. The Senior Finance Agreement was subsequently terminated.

The following table provides the key terms of the new Group credit facilities:

Lender	**Facility**	**Maturity**	**Margin****	**Repayment profile**	**Fees**	**Covenants**
Senior Lender	£80.0 million RCF*** – secured over stock, receivables and intellectual property	Three years from the first utilisation date	+2.5%	Subject to borrowing base calculation during term, full repayment on maturity	Arrangement fee of 1.0% of total facility payable. Commitment fee of 0.5% on undrawn amounts monthly in arrears.	EBITDA fixed charge cover ratio >1.1x
Senior Lender	£1.65 million Term loan – real estate	Three years from the first utilisation date	+3.0%	Straight-line 120 months		
Junior Lender	£35.0 million Term loan – secured by way of a second ranking charge over intellectual property, stock and receivables	36 months after the utilitsation date	+13.25%	On maturity	Arrangement fee of 3.0% of total facility	Gross leverage test <3.5x

* New Look Limited, Geometry Properties Limited, New Look Retailers (Ireland) Limited, New Look Retailers (CI) Limited and New Look (Germany) GmbH
** Margin added to SONIA for GBP borrowings
*** £80.0 million total RCF facility available reduces by amount drawn under Senior Lender Term loan

Indemnity insurance

The Company maintains qualifying third party indemnity provisions for its Directors and officers; this was in place for the year ended 25 March 2023 and up to the date of approval of the Directors' report.

Independent auditors

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

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

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

By order of the Board,

Richard Collyer
Director
11 October 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW LOOK RETAILERS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, New Look Retailers Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 25 March 2023 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 25 March 2023; the Income statement, the Statement of comprehensive income, the Non-GAAP information, and the 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 company 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, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than those disclosed in note 6 to the Annual report, we have provided no non-audit services to the company in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Challenging assumptions and judgements made by management in their going concern forecasts
- Assessing the impact of refinancing on the going concern forecasts, including management's consideration of forecast covenants
- Challenging the disclosures made by management within the Annual Report

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Reporting on other information (continued)

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.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 25 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employee related tax matters, corporate tax related matters, breaches of employment and environmental 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 Act 2006. 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.

Auditors' responsibilities for the audit of the financial statements (continued)

Audit procedures performed by the engagement team included:

- Discussing with management, internal audit, internal legal counsel, head of tax and the New Look Retail Holdings Limited ("the Group") Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation or fraud
- Assessment of matters reported on the Group's whistleblowing log and the results of management's investigation of such matters
- Identifying and testing journal entries based on our risk assessment, in particular certain 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
- 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 impairment assessments and the Company'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 Chapter 3 of Part 16 of the Companies Act 2006 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 Act 2006 exception reporting

Under the Companies Act 2006 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; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Julian Gray

Julian Gray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
11 October 2023

Income statement

	Note	For the financial periods 52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Revenue	5	**816,927**	818,832
Cost of sales		**(450,299)**	(474,265)
Gross profit		**366,628**	344,567
Loss on disposal/modification of right-of-use assets	6	**(84)**	(102)
Other income – government grants	6	**-**	4,535
Administrative expenses		**(360,505)**	(335,812)
Operating profit	6	**6,039**	13,188
Finance income	8	**885**	27
Finance expense	8	**(17,775)**	(14,794)
Loss before taxation		**(10,851)**	(1,579)
Taxation	10	**8,674**	805
Loss for the period		**(2,177)**	(774)

The notes on pages 32 to 74 are an integral part of these financial statements.

Statement of comprehensive income

	Note	For the financial periods **52 weeks ended 25 March 2023 £'000**	52 weeks ended 26 March 2022 £'000
Loss for the period		**(2,177)**	(774)
Other comprehensive (expense)/income:			
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges	19	**(2,334)**	3,493
Tax effects	10	**584**	(809)
Other comprehensive (expense)/income for the period, net of tax		**(1,750)**	2,684
Total comprehensive (loss)/profit for the period		**(3,927)**	1,910

The notes on pages 32 to 74 are an integral part of these financial statements.

NON-GAAP INFORMATION

Adjusted EBITDA, a non-GAAP measure, (see note 2.24) is calculated as follows:

	Note	For the financial periods **52 weeks ended 25 March 2023 £'000**	52 weeks ended 26 March 2022 £'000
Operating profit		**6,039**	13,188
Add back/(deduct):			
Operating exceptional items	9	**8,437**	(616)
Fair value movement of financial instruments	19	**7,529**	(2,420)
Impairment charge for tangible, intangible assets and right-of-use assets	12,13	**496**	1,615
SaaS expense	6	**9,599**	2,191
Depreciation	12,13	**31,904**	27,193
Amortisation	11	**14,073**	18,186
Adjusted EBITDA including IFRS 16	5	**78,077**	59,337
Impact of IFRS 16		**(27,574)**	(22,198)
Adjusted EBITDA	5	**50,503**	37,139

Balance sheet

	Note	As at 25 March 2023 £'000	26 March 2022 £'000
Non-current assets			
Intangible assets	11	**37,634**	35,675
Property, plant and equipment	12	**19,210**	23,302
Right-of-use assets	13	**84,232**	64,242
Investments	14	**41,954**	41,954
Other receivables	16	**338**	72
Deferred income tax assets	10	**-**	-
		183,368	165,245
Current assets			
Inventories	15	**112,460**	125,238
Trade and other receivables	16	**35,883**	28,978
Derivative financial instruments	19	**3,002**	4,116
Current tax assets		**305**	-
Cash and cash equivalents	26	**51,045**	66,819
		202,695	225,151
Total assets		**386,063**	390,396
Current liabilities			
Trade and other payables	17	**(145,779)**	(175,115)
Lease liabilities	13	**(25,186)**	(19,785)
Current tax liabilities		**-**	(5,508)
Derivative financial instruments	19	**(9,298)**	(170)
Provisions	20	**(5,634)**	(1,170)
		(185,897)	(201,748)
Non-current liabilities			
Lease liabilities	13	**(73,911)**	(59,042)
Other payables	17	**(1,487)**	(995)
Borrowings	18	**(111,823)**	(111,563)
Provisions	20	**(563)**	(739)
Deferred income tax liabilities	10	**-**	-
		(187,784)	(172,339)
Total liabilities		**(373,681)**	(374,087)
Net assets		**12,382**	16,309

Balance sheet (continued)

		As at	
		25 March 2023	26 March 2022
	Note	**£'000**	£'000
Equity			
Share capital	23	**1**	1
Share premium	23	**40,000**	40,000
Hedging reserve		**67**	1,817
Accumulated losses		**(27,686)**	(25,509)
Total equity		**12,382**	16,309

The notes on pages 32 to 74 are an integral part of these financial statements.

The financial statements on pages 27 to 74 were approved by the Board of Directors on 11 October 2023 and were signed on its behalf by:

Richard Collyer

Director

New Look Retailers Limited
Company number: 01618428

NEW LOOK RETAILERS LIMITED

Statement of changes in equity

	Note	Share capital	Share premium	Hedging reserve	Accumulated losses	Total equity
		Attributable to the owners of New Look Retailers Limited				
		£'000	£'000	£'000	£'000	£'000
Balance at 27 March 2021		1	40,000	(867)	(24,735)	14,399
Comprehensive income and expense						
Loss for the period		-	-	-	(774)	(774)
Other comprehensive income and expense						
Movements in hedged financial instruments	19	-	-	3,493	-	3,493
Tax on items recognised directly in equity	10	-	-	(809)	-	(809)
Total other comprehensive income		-	-	2,684	-	2,684
Total comprehensive profit/(loss)		-	-	2,684	(774)	1,910
Balance at 26 March 2022		**1**	**40,000**	**1,817**	**(25,509)**	**16,309**
Comprehensive income and expense						
Loss for the period		-	-	-	(2,177)	(2,177)
Other comprehensive income and expense						
Movements in hedged financial instruments	19	-	-	(2,334)	-	(2,334)
Tax on items recognised directly in equity	10	-	-	584	-	584
Total other comprehensive expense		-	-	(1,750)	-	(1,750)
Total comprehensive loss		-	-	(1,750)	(2,177)	(3,927)
Balance at 25 March 2023		**1**	**40,000**	**67**	**(27,686)**	**12,382**

The notes on pages 32 to 74 are an integral part of these financial statements.

Notes to the financial statements

1 Authorisation of financial statements

The financial statements of the Company for the 52 week period ended 25 March 2023 were authorised for issue by the Board of Directors on 11 October 2023 and the balance sheet was signed on the Board's behalf by Richard Collyer. New Look Retailers Limited is a private limited company incorporated and domiciled in England and Wales whose registered office is New Look House, Mercery Road, Weymouth, Dorset, DT3 5HJ. The registered number of the Company is 01618428. The principal activities of the Company have been disclosed in the Strategic Report (page 2).

2 Accounting policies

2.1 Basis of preparation

The Company financial statements for the period ended 25 March 2023 have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards), but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

The Company has taken advantage of the following disclosure exemptions from the requirements of International Financial Reporting Standards (IFRS) in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of 'International Accounting Standard 1, Presentation of financial statements' (IAS 1) comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of 'International Accounting Standards, Presentation of financial statements' (IAS 1):
  - 10(d) (statement of cash flows)
  - 16 (statement of compliance with all IFRS)
  - 38A (requirement for minimum of two primary statements, including cash flow statements)
  - 38B-C (additional comparative information)
  - 111 (cash flow statement information)
  - 134-136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- Paragraph 17 of IAS 24, 'Related party disclosures (key management compensation);
- The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15;
- Paragraph 73(e) of IAS 16, 'Property, plant and equipment' to disclose a reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the comparative period; and
- Paragraph 118(e) of IAS 38, 'Intangible assets' to disclose a reconciliation of the carrying amount of intangible assets at the beginning and end of the comparative period.

The Company is a wholly owned subsidiary of New Look Limited and is included in the consolidated financial statements of New Look Retail Holdings Limited (together with its subsidiaries, "the Group"), which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The critical accounting estimates or areas of critical judgement identified by the Directors are set out in note 4. The principal accounting policies which have been applied consistently in the preparation of these financial statements are set out below.

2.1.1 Going concern

In determining the appropriate basis of preparation of the annual financial statements for the period ended 25 March 2023, the Directors are required to consider whether the Company can continue as a going concern 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 Company and the adequacy of its financial resources to continue in operational existence and to meet its obligations as they fall due over a 12-month period from the date of approval of these financial statements. The Directors have also considered the risks to the Company's trading performance, as summarised in the 'Risks and Uncertainties' section on pages 9 to 13, and the refinancing transaction (as described on page 22 and in note 27).

The Company has prepared a forecast for the 12 month period from the date of approval of these financial statements ('base case scenario') which is derived from the board approved three-year business plan and considered the likely trading trends, based on information available at the time of preparation and recent history.

The base case scenario is cautious in light of the ongoing uncertainties of further external economic challenges, the continued structural shift from offline to online, and the inflationary pressures on consumer spending. The FY24 budget has been built on a more conservative basis than previous years recognising that historically the Company has underperformed against budget as it has sought to regain EBITDA following the years of trade disruption from Covid. The base case reflects a tighter stock model through FY24 rather than buying stock to achieve a stretching budget which then requires additional markdown to clear. Within the base case, after normalising in FY23, both retail and e-commerce sales are planned to grow during FY24 in line with the market, with additional growth in e-commerce following marketing reinvestment and from the benefits of transformation projects. The FY25 base case has also been set from a cautious standpoint after the normalisation in FY24. Both retail and e-commerce sales grow slightly ahead of the market from annualisation of the FY24 marketing reinvestment and transformation projects.

The base case scenario reflects flat sales demand LFL in retail, and high single digit sales demand LFL in e-commerce. Phasing of the LFL is also flatter across the quarters in the FY24 budget than in previous years which were based on improved LFL across the year reflecting recovering consumer confidence over time. FY25 reflects a moderate growth in sales demand LFL in retail and a continued growth in sales demand LFL in e-commerce.

On 11 September 2023, the Company and certain Group subsidiaries* entered into a senior secured financing arrangement for the provision of £115.0 million of aggregate credit facilities, in order to repay the term loan and associated interest due for repayment June 2024, the outcome of which is included in the base case scenario. The financing arrangement completed on 4 October 2023. The terms of the agreement include certain financial covenants (see note 27).

Notes to the financial statements (continued)

2 Accounting policies (continued)
2.1.1 Going concern (continued)

Under the base case scenario, the Company maintains sufficient headroom against the operational minimum cash balance required, as dictated by management, and does not breach the Group financial covenants.
The Directors have run a number of severe but plausible sensitivity scenarios on the projections to understand the liquidity position of the Company in the event of:

- No EBITDA growth in FY24 compared to the prior year, with FY25 remaining at base case level. In this scenario the Company's cash balance remains above the minimum required cash level, does not breach the Group financial covenants, and the Company would continue to meet its liabilities as they fall due without taking mitigation actions.

- A reduction in retail sales during the peak trading season of up to 20% compared to the base case, with half of the associated sales miss recovered through stock clearance in January 2024 when trading performance returns to budget from February 2024 and into FY25. In this scenario the Company's cash balance remains above the minimum required cash level, does not breach the Group financial covenants, and the Company would continue to meet its liabilities as they fall due without taking mitigating actions.

- However, in a scenario with a slower growth in sales whereby retail and e-commerce sales are over 9.9% sales lower than the base case throughout FY24, the Company would implement mitigating actions through the use of limited, short-term reductions in discretionary expenditure that are wholly within the management's control. This would ensure the Company's cash balance remains above the minimum required cash level, it would not breach the Group financial covenants, and the Company would continue to meet its liabilities as they fall due.

After making appropriate enquiries and considering the above, the Directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

* New Look Limited, Geometry Properties Limited, New Look Retailers (Ireland) Limited, New Look Retailers (CI) Limited and New Look (Germany) GmbH

2 Accounting policies (continued)

2.2 Changes in accounting policy and disclosures

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

Amendments to IAS 16 'Property, plant and equipment' which prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss.

Amendments to IAS 37 'provisions, contingent liabilities and contingent assets' which specifies which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements which make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

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

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

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

Amendments to IAS 1 'Presentation of Financial Statements', IFRS Practice Statement 2 'Disclosure of Accounting policies' and IAS 8 'Accounting policies, Changes in Accounting Estimates and Errors' – improving accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies- effective for accounting periods beginning on or after 1 January 2023.

Amendments to IFRS 16 'Leases' relating to leases on sale and leaseback - effective for accounting periods beginning on or after 1 January 2024.

2 Accounting policies (continued)

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 Company, 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 Company 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 Company's activities as described below:

- Sales of goods and concession income are recognised when control passes which is deemed to be when goods are delivered, and title passed;
  - Store sales are recognised when goods are sold to the customer.
  - E-Commerce sales are recognised when goods are delivered to the customer.
  - Revenue from 3rd Party E-commerce sales are recognised on delivery of stock and based on the price specified in the contract net of volume based rebates.
  - Franchise royalty income is recognised in accordance with the related underlying trading performance of the franchisee. Monthly income covering the supply of goods to the franchisee is included in the sale of goods; and
  - Payment of the transaction price is due immediately when the customer purchases goods in store or online and on standard payment terms for 3rd Party E-commerce and Franchise partners.
- Revenue from concessions is shown on a net basis as the Company acts as an agent, being the commission received rather than the gross value achieved by the concessionaire on the sale. Payment of the transaction price is due immediately when the customer purchases goods in store or online.

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

Gift card sales are deferred and subsequently recognised when redeemed by the customer or on expiry. The deferred income balance relating to gift cards is recognised as a contract liability. Contract liabilities are presented as deferred income as shown in note 17. 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 Accounting policies (continued)

2.5 Government grants

A government grant is not recognised until there is reasonable assurance that the Company 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 Company recognises as expenses the related costs for which the grants are intended to compensate. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss of the period in which it becomes receivable. Government grants income is presented gross.

2.6 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.

2.7 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 as exceptional items. The separate reporting of exceptional items helps provide an indication of the Company'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 Company	Does not reflect operational performance of continuing business
Lease modifications as a result of CVA	X		
Costs of restructuring and reorganisation of the business including strategic validation exercises		X	
TUPE liabilities in respect of terminated contracts	X		
Costs incurred as part of the review of business financing not eligible to be treated as debt issue costs		X	
Impairment of investments and intercompany receivables and payables			X
Costs incurred in relation to the exit of international businesses (including those within the Old Group for which the Company is liable)			X
Writing down inventories by material amounts to net realisable value as a result of COVID-19	X		
Professional fees incurred as a result of COVID-19	X		
Government grants received in respect of COVID-19 (excluding Government Job Retention Schemes)	X		
Unavoidable duplicate costs incurred as a direct result of the UK exit from the EU that are one-off in nature	X		

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.8 Foreign currencies

(a) Functional and presentational currency

Items included in the financial statements are measured in Sterling, which is the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Sterling, which is the Company's presentational currency.

(b) Transactions and balances

Transactions in foreign currencies, which are those other than the functional currency of the Company, 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 cash and cash equivalents are presented in the income statement within administrative expenses.

2.9 Intangible assets

Intangible assets acquired separately are capitalised at cost. Software licences include both external direct costs of goods and services, and internal payroll related costs for employees who are directly associated with the software project.

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

The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with an indefinite life are not amortised but are subject to an impairment test as described in note 2.11. Intangible assets with a finite life are amortised on a straight-line basis through administrative expenses, based on the useful life shown below:

Asset Category	*Useful life*
Brands	25 years
Software licences	1 to 5 years

Intangible assets with finite lives are assessed for impairment in accordance with note 2.11.

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

2.10 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 Company 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.

Asset Category	*Useful life*
Fixtures and equipment	1 to 15 years

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

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.10 Property, plant and equipment (continued)

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 in accordance with note 2.11. 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.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the net carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows, cash generating units (CGUs).

For non–financial assets, 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.

2.12 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 the Group treasury policy, the Company does not enter into derivatives for speculative purposes. Derivatives falling under the classifications laid out in IFRS 9 are stated at fair value in the balance sheet.

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

(b) Hedge accounting

The Company 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 Company 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 Company 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.

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.12 Financial instruments (continued)

(b) Hedge accounting (continued)

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 Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of the hedged item.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange contracts match the terms of highly probable forecast transactions. The Company 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 Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in the fair value of the hedged items attributable to the hedged risks.

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

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

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

(c) Hedge accounting - cash flow hedges

The Company 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 Company 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.

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.12 Financial instruments (continued)

(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 Company 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 and intercompany 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.

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

2.13 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 includes spare parts for machinery used in the Lymedale distribution centre.

2.14 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, credit card receivables, deposits held at call with banks and financial institutions, 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. Bank overdrafts are shown within borrowings in non-current liabilities.

2.15 Taxation

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

The current income tax charge or credit is calculated on the basis of the tax laws and rates related to the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes current tax assets and liabilities and provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.15 Taxation (continued)

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company 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.

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 and when the Company 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.

2.16 Investments

Investments are stated at historical cost less provisions for impairment. The need for any investment impairment write down is assessed by comparing the carrying value of the assets against the higher of its net realisable value or its value in use, in line with note 2.11. A review of investments is performed at the end of the first full period following acquisition and in other periods if there is an indication of impairment.

2.17 Employee benefit costs

(a) Pension obligations

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

The Company only operates defined contribution pension schemes. The Company 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 Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company 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 Accounting policies (continued)

2.18 Share based payments ("SBP")

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 Company 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.

2.19 Provisions

A provision is recognised when the Company 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 Company has a detailed formal plan for the restructuring that has been communicated to affected parties.

2.20 Leases

The Company leases various retail properties, equipment and vehicles. 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 Company.

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 Company under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.20 Leases (continued)

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

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

2.21 Share capital

Ordinary share capital is classified as equity. 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 Company after deducting all of its liabilities.

2.22 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.

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company'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 Adjusted EBITDA

In addition to the information required by IFRS and to assist with the understanding of earnings trends, the Company 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 Company's retail operations as it focuses on the ongoing trading activity of the Company by excluding one-off items, the impact of financing and capital expenditure and other specific non-trade related accounting adjustments. Adjusted EBITDA including IFRS 16 is operating profit before exceptional items, the movements in fair value of financial instruments, the impairment charge or write back of tangible, intangible assets and right-of-use assets, the charge related to SaaS arrangements, depreciation and amortisation. The charge related to SaaS arrangements reflects costs that would ordinarily be capitalised if the underlying project was not a cloud computing based investment. Adjusted EBITDA is adjusted EBITDA including IFRS 16 with an add back in respect of contractual rent payments, lease incentives and initial direct costs which under IFRS 16 are no longer recognised within operating profit and therefore deducted from this measure in order to present a fair measure of profitability. Adjusted EBITDA also includes an adjustment to remove any gains/losses on the disposal/modification of leases under IFRS 16. An adjusted EBITDA reconciliation is shown on page 28.

3 Financial risk management

The Company's operations expose it to foreign exchange risk, interest rate risk, credit risk, liquidity risk and capital risk management.

Foreign exchange rate risk

Foreign exchange rate risk is managed on a Group basis. 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 Company 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 and recognised assets and liabilities.

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

- Purchase of overseas sourced products. Company 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 25 March 2023 the Company had cash balances denominated in Euros, US dollars, Singapore dollars, Chinese Renminbi and Polish Zloty. These balances were revalued into Sterling equivalent balances at the prevailing spot foreign exchange rate.
- Foreign currency denominated balances with other Group companies. During the period ended 25 March 2023 the Company had intercompany receivables and payables denominated in Euros, Singapore Dollars, and Chinese Renminbi. These balances were revalued into Sterling equivalent balances at the prevailing spot foreign exchange rate.

During the period ended 25 March 2023, if Sterling had weakened by 5.0% against the US dollar with all other variables held constant, post-tax loss (2022: loss) for the period would have been £6,671,000 lower (2022: £945,000 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 £592,000 higher (2022: £3,266,000 higher) as a result of the movement in fair value of effective forward currency contracts.

Notes to the financial statements (continued)

3 Financial risk management (continued)

Interest rate risk

Interest rate risk is managed on a Group basis. The Company's principal interest rate risk arises from floating rate borrowings on the term loan borrowing and overdraft facility.

The Company 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 assumptions:

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

During the period ended 25 March 2023, if interest rates on floating rate borrowings had been 100 basis points higher (2022: 100 bp higher) with all other variables held constant, post-tax loss (2022: loss) for the period would have been £861,000 higher (2022: £849,000 higher).

Effect of IBOR reform

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

Credit risk

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

The credit ratings of banks with which the Company 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 25 March 2023, an aggregate of £6,434,000 (2022: £4,116,000 in the money) derivative financial instruments were out of the money and placed with counter parties independently reviewed and within set approved limits.

Notes to the financial statements (continued)

3 Financial risk management (continued)

Credit risk (continued)
The Company 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 Company also considers the days past due, current and forward-looking information to establish the loss allowance on each receivable. The forward looking aspect of IFRS 9 requires judgement as to how changes in economic factors might affect expected credit losses. The closing loss allowances for trade receivables are disclosed within note 16.

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 Company. 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.

Amounts due from Group undertakings are repayable on demand and as such expected credit losses are based on the assumption that the repayment of the amounts due are demanded at the reporting date.

Liquidity risk
Liquidity risk is managed on a Group basis. Liquidity risk is the risk that the Company 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. The Group treasury function maintains availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position, which at 25 March 2023 comprises cash and short term deposits of £67.1 million (2022: £85.5 million) and £1.1 million (2022: £0.9 million) available under the £40.0 million committed (2022: £40.0 million committed) operating (liquidity, trade and import) facilities and a term loan of £101.6 million (2022: £101.6 million). 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 Company makes payment to the bank. This provides both the Company and the supplier improved working capital, see note 17.

Capital risk management
Capital risk is managed on a Group basis. 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.

The Company is part of the guarantor group under the Group's financing arrangements.

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.

Notes to the financial statements (continued)

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 Company makes estimates, judgements and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no critical accounting estimates identified by the Directors. The 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 judgements

(a) Post 2020 CVA rent

The Company 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. The Company has assumed that rent will remain at the 2020 CVA level from September 2023, the end of the 2020 CVA.

(b) Lease term

The Company applies judgement in determining the reasonably certain end date of leases that contain break and/or extension options. The Company has assessed on a store by store level the expected lease end date based on current store performance and management intentions for maintaining or closing stores. The Company 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.

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

The Company 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 Company 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.

(d) Incremental borrowing rate - leases

The Company applies judgement in determining the incremental borrowing rate used to calculate the lease liability, as disclosed in note 13, 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 the Company 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.

(e) Recognition of deferred tax assets

Deferred tax assets and liabilities require judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised, taking into account the expected timing and level of future taxable profits of the Company. The nature and extent of evidence which supports the conclusion that it is probable that future taxable profit will be available are assessed thoroughly. All evidence is considered when assessing if it is probable that future taxable profits will be available, both negative and positive. In order to conclude if future taxable profits will be available, positive evidence should outweigh existing negative evidence and the probability must pass the "more likely than not" threshold (i.e. > 50%).

(f) Allocation of lease payments

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

Notes to the financial statements (continued)

4 Critical accounting estimates, judgements and assumptions (continued)

(g) Exceptional items

The Company applies judgement in identifying the significant non-recurring items of income and expense that are recognised as exceptional to help provide an indication of the Company's underlying trading performance. See notes 2.7 and 9 for a description of exceptional items and the Company's assessment for identifying each item as exceptional.

(h) Cloud computing arrangements

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

(i) Going concern

The Directors apply judgement to assess whether it is appropriate for the Company to be reported as a going concern, by considering the business activities and the Company's principal risks and uncertainties. Details of the considerations made by the Directors as part of the assessment of going concern are included within the Directors' Report (see page 20) and within the basis of preparation (see note 2.1.1).

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. The New Look brand consists of the UK Retail, e-commerce, 3rd party e-commerce and franchise segments.

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

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

The Board assesses the performance of the reportable segments based on revenue grossed up to include the sales of store concessions ('segmental gross transactional value') and on a measure of adjusted EBITDA (see definitions in note 2.24). Interest income and expenditure are not allocated to segments, as this type of activity is driven 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.

Notes to the financial statements (continued)

5 Segment information (continued)

The segment information provided to the Board is as follows:

	For the financial periods	
	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
External Revenue		
- UK Retail	**609,098**	578,382
- E-commerce [1]	**218,978**	227,490
- 3rd party e-commerce	**35,270**	45,605
- Franchise	**381**	550
Segmental gross transactional value	**863,727**	852,027
Adjustment to state concession income on a net basis for statutory reporting purposes	**(46,800)**	(33,195)
Total external revenue	**816,927**	818,832

[1] E-commerce sales include £7,798,000 (2022: £8,558,000) 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 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Adjusted EBITDA including IFRS 16		
- UK Retail	**27,243**	24,098
- E-commerce	**44,634**	28,065
- 3rd party e-commerce	**6,164**	7,122
- Franchise	**36**	52
Total adjusted EBITDA including IFRS 16	**78,077**	59,337

	For the financial periods	
	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Adjusted EBITDA		
- UK Retail	**(331)**	1,899
- E-commerce	**44,634**	28,066
- 3rd party e-commerce	**6,164**	7,122
- Franchise	**36**	52
Total adjusted EBITDA	**50,503**	37,139

Notes to the financial statements (continued)

5 Segment information (continued)

	For the financial periods	
	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Capital expenditure		
- UK Retail	**17,478**	11,096
- E-commerce	**7,247**	14,458
- 3rd party e-commerce	**1,320**	4,052
- Franchise	**-**	-
Total capital expenditure	**26,045**	29,606

	For the financial periods	
	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Depreciation and amortisation		
- UK Retail	**37,255**	34,965
- E-commerce	**8,415**	10,145
- 3rd party e-commerce	**307**	247
- Franchise	**-**	22
Total depreciation and amortisation	**45,977**	45,379

	For the financial periods	
	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Impairment charge		
- UK Retail	**496**	1,615
- E-commerce	**-**	-
- 3rd party e-commerce	**-**	-
- Franchise	**-**	-
Total impairment	**496**	1,615

All of the Company's fixed assets and intangible assets are located in the UK.

Notes to the financial statements (continued)

6 Operating profit

	For the financial periods	
	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Operating profit is stated after charging/(crediting):		
Cost of inventories recognised as an expense through cost of sales	**331,831**	363,053
Write down of inventories to net realisable value through cost of sales	**11,981**	7,829
Distribution centre costs	**32,443**	36,422
Staff costs (note 7a)	**147,961**	137,983
Temporary and contract staff costs	**8,973**	16,277
Marketing costs	**29,091**	41,700
Auditors' remuneration – audit services*	**759**	988
Auditors' remuneration – non- audit services		
Other assurance services	**24**	17
All other services	**1**	4
Rent on short term and turnover rent	**21,695**	17,582
Estate costs (excluding rent)	**87,126**	68,092
Loss on disposal of intangible assets and property, plant and equipment	**478**	738
Net foreign exchange differences	**193**	1,002
Depreciation of property, plant and equipment	**10,360**	14,179
Impairment (reversal)/charge for property, plant and equipment	**(54)**	773
Amortisation of intangible assets	**14,073**	18,186
Depreciation of right-of-use assets	**21,544**	13,014
Impairment charge for right-of-use assets	**550**	842
Loss on disposal/modification of right-of-use assets	**84**	102
Impairment charge of intercompany receivables	**817**	1,449
SaaS expense	**9,599**	2,191
Fair value movement of financial instruments	**7,529**	(2,420)
Other income – Government grants	**-**	(4,535)

* Auditors' remuneration includes fees payable by the Company in relation to services received by other Group companies. Auditors' remuneration relating to the Company is £738,000 (2022: £907,000).

In the prior year, included within other income – Government grants was £2,780,000 of state relief and government grants and £1,755,000 of income in respect of the Coronavirus Job Retention Scheme.

In the prior year, the Company benefited by £19,116,000 from the business rates holiday.

Notes to the financial statements (continued)

7a Staff costs

	For the financial periods	
	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Wages and salaries	**133,725**	124,986
Social security costs	**11,071**	10,116
Other pension costs (note 24)	**3,165**	2,881
Government grant	**-**	(1,755)
	147,961	136,228
Share based payment expense (note 22)	**-**	-
	147,961	136,228

During the period ended 26 March 2022, the Company received income of £1,755,000 in respect of the Coronavirus Job Retention Scheme.

In addition to the above, costs relating to temporary and contract staff total £8,973,000 (2022: £16,277,000).

The average monthly number of persons (including Executive Directors) employed by the Company during the period was:

	For the financial periods	
	52 weeks ended 25 March 2023 Number	52 weeks ended 26 March 2022 Number
Administration and distribution	**2,514**	2,185
Retailing	**6,806**	7,116
	9,320	9,301

7b Directors' remuneration

	For the financial periods	
	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Aggregate emoluments in respect of qualifying services	**1,723**	1,816
Compensation for loss of office	**375**	-
Payments to defined contribution pension schemes	**23**	29
	2,121	1,845

Notes to the financial statements (continued)

7b Directors' remuneration (continued)

Emoluments payable to the highest paid Director are as follows:

	For the financial periods	
	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Aggregate emoluments in respect of qualifying services	**607**	771

Retirement benefits are accruing to two (2022: two) Directors under defined contribution pension schemes at the end of the period.

8 Finance income and expense

	For the financial periods	
	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Finance income		
Other interest receivable and similar income	**662**	27
Receivable from Group undertakings	**223**	-
Total finance income	**885**	27
Finance expense		
Other interest payable and similar expense	**(7,057)**	(6,882)
Interest on lease liabilities	**(10,457)**	(7,905)
Payable to Group undertakings	**(261)**	(7)
Total finance expense	**(17,775)**	(14,794)

Notes to the financial statements (continued)

9 Exceptional items

Exceptional expense/(income):

	For the financial periods	
	52 weeks ended 25 March 2023	52 weeks ended 26 March 2022
	£'000	£'000
CVA	**1,903**	(433)
Company reorganisation	**4,652**	-
Contract termination - TUPE	**994**	-
Refinancing transactions	**349**	90
Impairment of intercompany receivables	**817**	1,449
International review	**(278)**	315
COVID-19	**-**	(4,176)
Double tax – Brexit	**-**	1,294
Business strategy validation	**-**	845
Total exceptional items	**8,437**	(616)

CVA

On 15 September 2020, 81.6% of the Company's unsecured creditors (by value) voted in favour of the proposed Company Voluntary Arrangement ("CVA"). During the period ended 25 March 2023, the Company recognised exceptional expense of £1,109,000 (2022: £2,815,000 income) from the disposal of leases as a result of landlord enforced closures due to the CVA. During the period ended 26 March 2022, the Company recognised exceptional expense of £68,000 from the modifications to right-of-use assets as a result of the change in future rental cash flows following the first anniversary of the CVA).

During the period ended 25 March 2023, the Company recognised a further £364,000 (2022: £727,000) of professional advisory fees and £430,000 (2022: £1,587,000) of costs in relation to landlord enforced store closures.

Company reorganisation

During the period ended 25 March 2023, the Company announced reorganisations to the retail management, distribution centre and support centre teams. £4,652,000 exceptional costs have been recognised in respect of this.

Contract termination - TUPE

During the period ended 25 March 2023, the Company recognised £994,000 of exceptional costs in respect of TUPE liabilities relating to two terminated contracts.

Notes to the financial statements (continued)

9 Exceptional items (continued)

Refinancing transactions
In September 2022, the Group agreed an extension of the maturity date of its operating facilities to 30 June 2024. New Look Corporate Limited ("NLCL") became a lender under the arrangement and raised an additional priority new money term loan ("Priority NMTL") of £50.0 million and purchased the trade and import facilities. During the period ended 25 March 2023, the Company recognised £349,000 of exceptional costs related to professional advisory fees in respect of the transaction.

On 9 November 2020, the 2020 Transaction completed resulting in a significant reduction in the debt and cash pay interest obligations of the Group, an extension to the maturity of the term loan and operating facilities until earliest June 2023 and resulted in a new capital injection of £40.0 million. During the period ended 26 March 2022, the Company recognised £90,000 of exceptional costs related to professional advisory fees in respect of finalising the documentation related to the 2020 Transaction.

Impairment of intercompany receivables
During the period ended 25 March 2023, the Company recognised an impairment charge of £817,000 (2022: £1,449,000) in relation to certain amounts owing from other wholly owned Group subsidiaries.

International review
During the period ended 30 March 2019, the Old Group made the decision to exit a number of international businesses due to poor performance. During the period ended 25 March 2023, the Company recognised £278,000 of exceptional income due to the release of provisions in relation to the closure of the Chinese, Singaporean, French, Belgian and Polish businesses.

During the period ended 26 March 2022, the Company incurred legal fees of £315,000 in relation to the closure of the Chinese, Singaporean, French, Belgian and Polish businesses.

COVID-19
During the period ended 26 March 2022, the Company recognised £4,176,000 of exceptional income as a result of COVID-19. This includes £1,400,000 reversal of the additional stock provision due to sell through of stock during the year that sold at a higher price than expected and £2,780,000 state relief and government grants received offset by £4,000 of professional advisory fees.

Double tax - Brexit
During the period ended 26 March 2022, as a result of the UK exit from the EU, the Company incurred £1,294,000 of double tax on EU sales up to 30 June 2021, in order not to pass on the cost of import VAT to customers. From 1 July 2021, import one-stop shop (IOSS) was introduced which ended the double tax on EU sales.

Business strategy validation
During the period ended 26 March 2022, the Company incurred £845,000 of professional advisory fees in respect of a Board advised strategy validation exercise.

Notes to the financial statements (continued)

10 Taxation

	For the financial periods	
	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Current tax:		
UK corporation tax on losses for the period	**-**	(38)
Adjustments in respect of prior periods	**(9,294)**	
Foreign taxation	**36**	42
Total current tax	**(9,258)**	4
Deferred tax:		
Origination and reversal of timing differences	**584**	(873)
Effect of tax rate change on opening balance	**-**	64
Total deferred tax	**584**	(809)
Total income tax credit	**(8,674)**	(805)

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 19% (2022: 19%). The Company's tax credit on loss before taxation for the current and previous period is different from the standard rate for the reasons set out in the following reconciliation:

	For the financial periods	
	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Loss before taxation	**(10,851)**	(1,579)
Loss before taxation activities multiplied by the standard rate in the UK of 19% (2022: 19%)	**(2,062)**	(300)
Effects of:		
Depreciation on non-qualifying assets	**1,248**	365
Group relief surrendered for nil consideration	**136**	-
Expenses not deductible for tax purposes	**294**	-
Income not taxable for tax purposes	**-**	(319)
Impact of change in tax rate	**(317)**	(15,618)
Increase in deferred tax assets not recognised	**1,321**	15,105
Adjustments to current tax charge in respect of prior periods	**(9,294)**	(38)
Total income tax credit	**(8,674)**	(805)

Income not taxable for tax purposes includes £nil (2022: £275,000) in relation to the impairment of intercompany receivables and investments.

Notes to the financial statements (continued)

10 Taxation (continued)

Deferred income tax

	As at	
	25 March 2023 £'000	26 March 2022 £'000
Deferred tax asset to be recovered within 12 months	-	-
Deferred tax asset to be recovered after more than 12 months	-	-
Total deferred tax	**-**	-

The movement in the period is as follows:

	Depreciation in excess of capital allowances £'000	**Other temporary differences £'000**	**Total £'000**
As at 27 March 2021	-	-	-
Credited to the income statement	-	809	809
Recognised directly in other comprehensive income	-	(809)	(809)
Impact of change in tax rate	-	-	-
As at 26 March 2022	-	-	-
Charged to the income statement	-	(584)	(584)
Recognised directly in other comprehensive income	-	584	584
As at 25 March 2023	**-**	**-**	**-**

Deferred tax assets have been recognised to the extent that they are considered to be recoverable. In determining the recoverability of deferred tax assets, the Company assesses the future profitability and whether the capital allowances and losses will be claimed in future periods.

There are deferred tax assets in respect of capital losses of £10,043,000 (2022: £8,937,000), trading losses of £102,014,000 (2022: £110,353,000), capital allowances of £150,106,000 (2022: £136,857,000), disallowed tax interest expense of £5,311,000 (2022: £5,311,000) and other temporary differences £15,945,000 (2022: £7,777,000) that have not been recognised due to uncertainty as to whether there will be sufficient taxable profits and capital gains in the future against which the asset could be utilised.

Notes to the financial statements (continued)

11 Intangible assets

	Brands £'000	Software licences £'000	Total £'000
Cost			
As at 26 March 2022	200,021	162,129	362,150
Additions	-	19,371	19,371
Disposals	-	(28,913)	(28,913)
As at 25 March 2023	200,021	152,587	352,608
Accumulated amortisation and impairment			
As at 26 March 2022	(200,009)	(126,466)	(326,475)
Charge for the period	-	(14,073)	(14,073)
Disposals	-	25,574	25,574
As at 25 March 2023	(200,009)	(114,965)	(314,974)
Net book value			
As at 25 March 2023	**12**	**37,622**	**37,634**
As at 26 March 2022	12	35,663	35,675

Amortisation of £443,000 (2022: £314,000) is shown within cost of sales and £13,630,000 (2022: £17,872,000) is shown within administrative expenses in the income statement.

The lowest CGUs within the Company are individual stores. Software licences related to stores have been allocated between these CGUs for the purpose of impairment review and the value in use of relevant groups of CGUs has been calculated as detailed in note 12. No impairment charge has been recognised for the period ended 25 March 2023 (2022: £nil). There are no reasonable changes in the assumptions that would result in a material difference to the impairment charge for intangible assets.

Intangible assets with a carrying amount of £37,634,000 (2022: £35,675,000) are pledged as security for the super senior liabilities, see note 26.

Notes to the financial statements (continued)

12 Property, plant and equipment

	Fixtures and equipment £'000
Cost	
As at 26 March 2022	385,725
Additions	6,674
Disposals	(37,906)
As at 25 March 2023	354,493
Accumulated depreciation and impairment	
As at 26 March 2022	(362,423)
Charge for the period	(10,360)
Impairment reversal	54
Disposals	37,446
As at 25 March 2023	(335,283)
Net book value	
As at 25 March 2023	**19,210**
As at 26 March 2022	23,302

Depreciation of £3,123,000 (2022: £3,412,000) is shown within cost of sales and £7,237,000 (2022: £10,767,000) is shown within administrative expenses in the income statement.

Property, plant and equipment with a carrying amount of £19,210,000 (2022: £23,302,000) are pledged as security for the super senior liabilities, see note 26.

The current period challenging trading environment driven by the cost of living crisis represents the main event triggering impairment assessments (2022: the trading performance and ongoing recovery from COVID-19).

The lowest CGUs within the Company 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 cash flows have then been extrapolated over the remaining term of each store lease using a growth rate of 2.0% (2022: 1.0%) per annum. This growth rate is based on published estimates of the long-term growth in Gross Domestic Product in the respective CGUs and inflation.

The Board approved three year plan includes a number of assumptions regarding the expected trading in FY24 and onwards. These assumptions include estimated gross profit projections and CGU specific costs. Management has used significant estimates in respect of future forecasting which has inherent limitations.

Management has also made assumptions around the remaining lease terms for stores where the contractual lease has expired but the Company 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 14.46% (2022: 16.55%) and compared with the carrying value of property, plant and equipment, intangibles and right-of-use assets allocated to stores.

Notes to the financial statements (continued)

12 Property, plant and equipment (continued)
A total impairment charge of £496,000 (2022: £1,615,000 charge) has been recognised across property, plant and equipment and right-of-use assets where the impairment assessment was completed at store level. This includes a £54,000 impairment reversal (2022: £773,000 charge) recognised on fixtures and equipment which represents fixtures and fittings within stores such as tills, mannequins and clothing fitments. The impairment reversal is recognised within administrative expenses in the income statement.

There are no reasonable changes in the assumptions that would result in a material difference to the impairment reversal for property, plant and equipment.

13 Leases
The balance sheet shows the following amounts relating to leases:

	As at	
	25 March 2023 £'000	26 March 2022 £'000
Right-of-use assets		
Buildings	**84,120**	64,140
Equipment and vehicles	**112**	102
	84,232	64,242
Lease liabilities		
Current	**(25,186)**	(19,785)
Non-current	**(73,911)**	(59,042)
	(99,097)	(78,827)

Additions to right-of-use assets during the financial period were £36,981,000 (2022: £22,228,000).

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, modifications were made to right-of-use assets as a result of the CVA, see note 9 for details

On the second anniversary of the CVA, in September 2022, lease liabilities for UK stores were remeasured reflecting the minimum rent clause which applies to year three of the CVA under which the minimum rent payable is 85% of the rent payable in year two. As a result, lease liabilities and right-of-use assets increased in the year.

The income statement shows the following amounts relating to leases:

	For the financial periods	
	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Depreciation on right-of-use assets		
Buildings	**21,471**	**12,726**
Equipment and vehicles	**73**	**288**
	21,544	**13,014**

Notes to the financial statements (continued)

13 Leases (continued)

Depreciation of £2,777,000 (2022: £2,490,000) is shown within cost of sales and £18,767,000 (2022: £10,524,000) is shown within administrative expenses in the income statement.

A £550,000 impairment charge (2022: £842,000 charge) was recognised on right-of-use assets where the impairment assessment was completed at store level. The current period challenging trading environment driven by the cost of living crisis represents the main events triggering impairments. The lowest CGUs within the Company 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 12.

There are no reasonable changes in the assumptions that would result in a material difference to the impairment charge for right-of-use assets.

	For the financial periods	
	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Finance costs on leases	**10,457**	7,905
Expense on short term leases and turnover rent	**21,695**	17,582
Loss on disposal/modification of right-of-use assets	**84**	102

Future minimum lease payments are as follows:

	As at	
	25 March 2023 £'000	26 March 2022 £'000
Not later than one year	**34,988**	27,531
Later than one year and not later than five years	**69,187**	55,949
Later than five years	**37,883**	29,978
Total gross payments	**142,058**	113,458
Impact of finance expenses	**(42,961)**	(34,631)
Carrying amount of liability	**99,097**	78,827

The total cash outflow for leases, excluding payments associated with short term leases, low-value leases and turnover rents, was £28,027,000 (2022: £25,578,000).

Right-of-use assets with a carrying amount of £84,232,000 (2022: £64,242,000) are pledged as security for the super senior liabilities, see note 26.

Notes to the financial statements (continued)

14 Investments

	Shares in subsidiaries £'000	Other investments £'000	Total £'000
Cost			
As at 26 March 2022 and 25 March 2023	62,322	4,302	66,624
Provision for impairment			
As at 26 March 2022 and 25 March 2023	(20,403)	(4,267)	(24,670)
Net book value			
As at 26 March 2022 and 25 March 2023	41,919	35	41,954

Other investments comprise £35,000 (2022: £35,000) deferred shares in Retail Credit Union Limited.

At 25 March 2023, the Company directly owned 100% (unless otherwise stated) of the ordinary share capital and voting rights of the following subsidiary undertakings:

Subsidiary	Nature	Registered address
New Look Retailers (CI) Limited	Trading	1st & 2nd floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW
New Look Retailers (Ireland) Limited	Trading	3 Burlington Road, Dublin 4, Republic of Ireland
New Look Commerce (Shanghai) Co. Limited	Dormant	Room 801—804 & 808, 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

The Directors believe that the carrying value of the investments is supported by their underlying net assets or the projected earnings of the subsidiary undertakings.

During the financial period ended 25 March 2023, New Look (Singapore) PTE was liquidated as it was surplus to requirements.

Notes to the financial statements (continued)

15 Inventories

	As at	
	25 March 2023 £'000	26 March 2022 £'000
Raw materials and work in progress	**1,827**	2,395
Finished goods	**108,961**	121,179
Spare parts	**1,672**	1,664
	112,460	125,238

Inventories with a value of £3,826,000 (2022: £6,662,000) are carried at fair value less costs to sell, this being lower than cost. Cost of inventories recognised as an expense and any write downs of inventories are disclosed in note 6.

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. There are no reasonable changes in the assumptions that would result in a material difference to the inventory provision.

Inventories with a carrying amount of £112,460,000 (2022: £125,238,000) are pledged as security for the super senior liabilities, see note 26.

16 Trade and other receivables

	As at	
	25 March 2023 £'000	26 March 2022 £'000
Current		
Trade receivables	**9,324**	12,490
Amounts owed by Group undertakings	**13,708**	5,137
Other receivables	**1,086**	1,128
Prepayments	**10,454**	9,348
Accrued income	**1,311**	875
	35,883	28,978
Non-current		
Other receivables	**65**	65
Prepayments	**273**	7
	338	72

Trade and other receivables with a carrying amount of £10,475,000 (2022: £13,683,000) are pledged as security for the super senior liabilities, see note 26.

Amounts owed by Group undertakings include interest bearing balances as follows:

Entity	**Balance at 25 March 2023**	**Balance at 26 March 2022**	**Interest basis**
New Look Commerce (Shanghai) Co., Limited	RMB Nil	RMB Nil	5%
New Look Germany GmbH	EUR Nil	EUR Nil	3 month Euribor plus 2.5% margin

All other amounts owed by Group undertakings are interest free. All amounts owed by Group undertakings are unsecured and are repayable on demand.

Notes to the financial statements (continued)

17 Trade and other payables

	As at	
	25 March 2023	26 March 2022
	£'000	£'000
Current		
Trade creditors	**(77,470)**	(74,820)
Other taxation and social security	**(12,343)**	(32,315)
Other creditors	**(2,707)**	(1,959)
Amounts owed to Group undertakings	**(316)**	-
Accruals	**(38,620)**	(50,825)
Interest accrual	**(4,834)**	(4,253)
Deferred income – gift cards	**(9,094)**	(10,110)
Deferred income - other	**(395)**	(833)
	(145,779)	(175,115)
Non-current		
Other creditors	**(700)**	(700)
Deferred income - other	**(787)**	-
Amounts owed to Group undertakings	-	(295)
	(1,487)	(995)

Amounts owed to Group undertakings include interest bearing balances that are repayable in September 2023 as follows:

Entity	**Balance at 25 March 2023**	**Balance at 26 March 2022**	**Interest basis**
New Look Retailers (Ireland) Limited	EUR 116,000	EUR 111,000	3 month Euribor plus 2.5% margin
New Look Retailers (CI) Limited	GBP 215,000	GBP 203,000	3 month SONIA plus 2.5% margin

All other amounts owed to Group undertakings are interest free, unsecured and are repayable on demand.

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

	As at	
	25 March 2023	26 March 2022
	£'000	£'000
Opening balance	**(10,110)**	(11,395)
Issues	**(29,938)**	(35,019)
Released to the income statement	**30,954**	36,304
Closing balance	**(9,094)**	(10,110)

Notes to the financial statements (continued)

17 Trade and other payables (continued)

As at 25 March 2023, New Look Corporate Limited provided £40,000,000 (2022: £50,000,000) aggregate facilities with a maturity date of 30 June 2024, see note 18 for details. These operating facilities include products such as letters of credit and other trade facilities which provide suppliers the ability to advance payment against invoices submitted and are included within trade payables until payment is made by the Group to the bank, providing a working capital benefit to the Group. As at 25 March 2023, letters of credit of £31,147,000 and £7,681,000 of other trade facilities were outstanding under these arrangements. As at 26 March 2022, letters of credit of £39,117,000 and £nil of other trade facilities were outstanding under these arrangements.

18 Borrowings

	As at	
	25 March 2023	26 March 2022
	£'000	£'000
Non-current		
Term loan	**101,578**	101,578
Revolving credit facility	**10,245**	-
Bank overdraft	-	9,985
	111,823	111,563

Operating facilities amendment and extension
On 14 September 2022, New Look Corporate Limited (NLCL) raised an additional Priority New Money Term Loan (NMTL) of £50.0 million from certain existing A shareholders and additional A ordinary shares were issued by New Look Retail Holdings Limited (NLRHL) to the lenders under the facility.

NLCL used the cash proceeds from the issuance of the Priority NMTL to collateralise the aggregate trade and import facility commitments at par and become the lender of record under the Operating Facilities. As part of the transaction, the maturity of the trade and import facilities was extended to 30 June 2024. The day-to-day utilisation of the trade and import facilities has not changed for the Company.

Revolving credit facility
As part of the above transaction, the Company repaid the £10.0 million overdraft. The Company then requested £10.0 million utilisation of the facility commitments as a revolving credit facility from NLCL. Interest is charged on the revolving credit facility at Bank of England base rate minus 1%.

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

Leverage ratio	Facility Margin
> 2.00:1	6.0%
≥ 2.00:1	5.0%

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

Notes to the financial statements (continued)

19 Derivative financial instruments

	As at	
	25 March 2023	26 March 2022
	£'000	£'000
Current assets		
Foreign currency contracts – cash flow hedges	**553**	2,834
Foreign currency contracts – not designated as hedges	**2,311**	1,282
Embedded foreign currency derivatives at fair value through income statement	**138**	-
	3,002	4,116

	As at	
	25 March 2023	26 March 2022
	£'000	£'000
Current liabilities		
Foreign currency contracts – cash flow hedges	**(152)**	-
Foreign currency contracts – not designated as hedges	**(9,146)**	-
Embedded foreign currency derivatives at fair value through income statement	**-**	(170)
	(9,298)	(170)

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

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

Movement in fair values

	Foreign currency contracts	**Foreign currency contracts not designated as hedges**	**Embedded derivatives**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Fair value at 27 March 2021	(1,606)	(526)	165	(1,967)
Fair value gain/(loss) through income statement	947	1,808	(335)	2,420
Fair value gain to reserves	3,493	-	-	3,493
Fair value at 26 March 2022	2,834	1,282	(170)	3,946
Fair value (loss)/gain through income statement	(99)	(7,738)	308	(7,529)
Fair value loss to reserves	(2,334)	-	-	(2,334)
Cash received	-	(379)	-	(379)
Fair value at 25 March 2023	**401**	**(6,835)**	**138**	**(6,296)**

Notes to the financial statements (continued)

20 Provisions

	Dilapidations provisions	CVA provisions	International exit provisions	Store closure provisions	Company reorganisation provisions	Contract termination provisions	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 26 March 2022	5	1,275	513	116	-	-	1,909
Arising in the period	109	1,194	52	302	4,894	994	7,545
Utilised in the period	(68)	(791)	-	(240)	(1,174)	-	(2,273)
Reversal of unused amounts	-	(474)	(440)	(97)	-	-	(1,011)
Exchange movement	-	-	27	-	-	-	27
As at 25 March 2023	**46**	**1,204**	**152**	**81**	**3,720**	**994**	**6,197**

	As at	
	25 March 2023	26 March 2022
	£'000	£'000
Current	**5,634**	1,170
Non-current	**563**	739
	6,197	1,909

Dilapidations provisions
The dilapidations provision of £46,000 (2022: £5,000) is expected to be utilised over one to 12 months.

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 25 March 2023, the Company recognised a £1,204,000 (2022: £1,275,000) provision in relation to landlord enforced store closures, of which £641,000 (2022: £536,000) is expected to be utilised within 12 months. The total provision is expected to be utilised over one to 47 months.

International exit provisions
During the period ended 30 March 2019, the Old Group announced a review of the International businesses. As at 25 March 2023, the Company recognised a £152,000 (2022: £513,000) provision. This is expected to be utilised over one to 12 months.

Store closure provisions
During the period ended 25 March 2023, the Company recognised provisions in respect of known and communicated store closures. As at 25 March 2023, the Company recognised a £81,000 (2022: £116,000) provision. This is expected to be utilised over one to 12 months.

Company reorganisation provisions
During the period ended 25 March 2023, the Company announced reorganisations to the retail management, distribution centre and support centre teams. As at 25 March 2023, the Company recognised a £3,720,000 provision. This is expected to be utilised over one to 12 months.

Contract termination provisions
The Company recognises provisions in respect of TUPE liabilities relating to terminated contracts. As at 25 March 2023, the Company recognised a £994,000 provision. This is expected to be utilised over one to 12 months.

Notes to the financial statements (continued)

21 Capital and other commitments

The Company had the following capital commitments, inclusive of the cost of bringing newly committed properties to a useable condition:

	As at	
	25 March 2023	26 March 2022
	£'000	£'000
Amounts authorised and contracted	**9,230**	7,501

Future minimum rentals payable under non-cancellable operating leases where the Company is lessee:

	As at	
	25 March 2023	26 March 2022
	£'000	£'000
Within one year	**105**	-
Between one and five years	**-**	3
After five years	**-**	-
	105	3

At the balance sheet date, total future payments expected to be received under non-cancellable sub-leases were £nil (2022: £nil).

22 Share based payments

Management Incentive Plan (MIP)

In December 2019, key personnel in the Company were offered the right to participate in the MIP scheme and purchase the beneficial interest in shares of New Look Retail Holdings Limited.

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

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

In March 2021, additional key personnel in the Group were offered the right to participate in the MIP scheme and purchase the beneficial interest in shares of New Look Retail Holdings Limited.

Participants purchased an interest in C shares and D shares. On exit, the C shares vest in full and the D shares will vest in full if the exit occurs above a certain threshold.

On leaving, the value of the shares is based on the vesting profile. For four participants, 20% of shares vested on 9 November 2020, with the remaining 80% vesting straight-line over four years from 9 November 2020. For two participants, 15% of shares vested on 9 November 2020, with the remaining 85% vesting straight-line over four years from 9 November 2020. For three participants, 100% of the shares vest straight-line over a four year period from 9 November 2020.

Notes to the financial statements (continued)

22 Share based payments (continued

Management Incentive Plan (MIP) (continued)

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	
	25 March 2023	26 March 2022
	000s	000s
Outstanding at the beginning of the period	**137,063**	110,787
Granted in the period	**-**	26,276
Forfeited in the period	**(17,044)**	-
Outstanding at the end of the period	**120,019**	137,063
Exercisable at the end of the period	**—**	—
Weighted average remaining contractual life (months)	**19 months**	31 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	
	25 March 2023	26 March 2022
	000s	000s
Outstanding at the beginning of the period	**56,814**	49,712
Granted in the period	**-**	9,942
Forfeited in the period	**(14,204)**	(2,840)
Outstanding at the end of the period	**42,610**	56,814
Exercisable at the end of the period	**—**	—
Weighted average remaining contractual life (months)	**19 months**	31 months
Weighted average share price at the date of exercise (pence)	**0.00**	0.00
Weighted average exercise price (pence)	**0.11**	0.11
Market value at period end (pence)	**0.00**	0.00
Highest market value (pence)	**0.00**	0.00
Lowest market value (pence)	**0.00**	0.00

Notes to the financial statements (continued)

22 Share based payments (continued)
Management Incentive Plan (MIP) (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 and used for the periods ended 25 March 2023 and 26 March 2022 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 25 March 2023 and 26 March 2022 for the shares granted in March 2021, April 2021 and September 2021:

	C shares	D shares
Weighted average fair value (pence)	**0.00**	**0.00**
Weighted average share price (pence)	**0.00**	**0.00**
Exercise price (pence)	**0.00**	**0.11**
Expected volatility (%)	**29.41 to 137.91**	**29.41 to 137.91**
Expected life of option (years)	**3.64**	**3.64**
Dividend yield (%)	**0.00**	**0.00**
Risk-free interest rate (%)	**0.22**	**0.22**
Leaver rate (%)	**0.00**	**0.00**

Expected share price volatility is determined through the assessment of the historical volatility of a comparable group of companies over a period consistent with the expected life of the award. It is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the options is based on the expected date of an exit event.

The resulting equity settled charge of £nil (2022: £nil) was recognised in the income statement for the period ended 25 March 2023.

Notes to the financial statements (continued)

23 Share capital

	As at	
	25 March 2023	26 March 2022
	£'000	£'000
Allotted and fully paid:		
1,006 ordinary shares of £1 each (2022: 1,006)	**1**	1

As part of the 2020 Transaction, the £40,000,000 New Money Term Loan was contributed to the Company via New Look Limited by way of a share subscription. The Company has recorded share premium of £39,999,999 on the share issue.

24 Pension arrangements

The Company made contributions to personal pension plans on behalf of employees. The total contributions payable to these schemes for the period was £3,165,000 (2022: £2,881,000). As at 25 March 2023, £545,000 (2022: £591,000) was outstanding in respect of contributions payable to these pension schemes.

25 Related party transactions

Transactions with Directors

There were no (2022: no) related party transactions which require disclosure in accordance with IAS 24 'Related party disclosures'.

26 Guarantees and contingent liabilities

The Group has super senior liabilities (term loan and operating facilities) to which the Company is a party to a cross guarantee and hence has pledged certain assets as security.

To establish the relative rights of creditors under the Group's financing arrangements, the Company entered into an Intercreditor Agreement on 3 May 2019 and a Supplemental Security Deed on 9 November 2020 with the Senior Facility Agent, the Senior Lenders, the Operating Facility Lenders, the Hedge Counterparties, the Debtors and the Security Agent and others. The Intercreditor Agreement is governed by English law and sets out the relative ranking of certain indebtedness of the Debtors, the relative ranking of certain security granted by the Debtors, when payments can be made in respect of debt of the Debtors, when enforcement action can be taken in respect of that indebtedness, the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

The Company is part of the guarantor group under the financing arrangements and as such is an obligor to the debenture.

In addition to the assets disclosed within the notes to the financial statements, cash and cash equivalents with a carrying amount of £51,045,000 (2022: £66,819,000) are pledged as security for the super senior liabilities.

The Company 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.

Notes to the financial statements (continued)

27 Events after the reporting period

On 11 September 2023, the Company and certain other subsidiaries* of the Group entered into a senior secured financing arrangement for the provision of £115.0 million of aggregate credit facilities. The Company is an obligor under the new arrangement.

The Group reduced utilisation and accelerated the release of £20.0 million of the cash collateral held against the £40.0 million committed Group Operating Facilities.

On 4 October 2023, the funds from the release of the cash collateral and draw down of the new credit facilities were used to prepay the Group term loan at par. The Senior Finance Agreement was subsequently terminated.

The following table provides the key terms of the new Group credit facilities:

Lender	Facility	Maturity	Margin**	Repayment profile	Fees	Covenants
Senior Lender	£80.0 million RCF*** – secured over stock, receivables and intellectual property	Three years from the first utilisation date	+2.5%	Subject to borrowing base calculation during term, full repayment on maturity	Arrangement fee of 1.0% of total facility payable. Commitment fee of 0.5% on undrawn amounts monthly in arrears.	EBITDA fixed charge cover ratio >1.1x
Senior Lender	£1.65 million Term loan – real estate	Three years from the first utilisation date	+3.0%	Straight-line 120 months		
Junior Lender	£35.0 million Term loan – secured by way of a second ranking charge over intellectual property, stock and receivables	36 months after the utilitsation date	+13.25%	On maturity	Arrangement fee of 3.0% of total facility	Gross leverage test <3.5x

* New Look Limited, Geometry Properties Limited, New Look Retailers (Ireland) Limited, New Look Retailers (CI) Limited and New Look (Germany) GmbH
** Margin added to SONIA for GBP borrowings
*** £80.0 million total RCF facility available reduces by amount drawn under Senior Lender Term loan

28 Ultimate parent undertaking and controlling party

The immediate parent undertaking is New Look Limited, a company incorporated in England and Wales.

The ultimate controlling party is New Look Retail Holdings Limited, a company incorporated in Jersey. The smallest and largest group of undertakings to include these financial statements in their consolidation is New Look Retail Holdings Limited.

Copies of the financial statements of New Look Retail Holdings Limited can be obtained from New Look House, Mercery Road, Weymouth, Dorset, DT3 5HJ.