Registered No. 10965672

MF Debtco Limited
Annual report for the year ended 31 January 2023

Company Information

Directors	N Beighton D Murray
Company number	10965672
Registered office	Level 7, The Shard 32 London Bridge Street London SE1 9SG
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

MF Debtco Limited

Company Registration No. 10965672 (United Kingdom)

Contents

MF Debtco Limited

Company Registration No. 10965672 (United Kingdom)

Strategic report for the year ended 31 January 2023

The directors present the company's strategic report for the year ended 31 January 2023.

Review of the business

The principal activity of the company continued to be that of providing finance to the Matchesfashion group of companies whose primary business remains luxury fashion retailing for men and women. Operating from the UK under the principal brand of Matchesfashion, the group offers a modern edit of over 600 designers to customers in over 170 countries. References to the "group" in these financial statements refer to MF Midco Limited (the parent of the company) and subsidiaries.

The expertly curated Matchesfashion edit remained a key focus during the year and continues to be our point of difference. The business continued to offer a wide selection of established brands, new designers, and exclusives, all picked to inspire customers to explore, experiment and express themselves. The Matchesfashion business model continues to provide access to an extensive range of products from established brands, while also offering inspiring exclusives. Furthermore, we remain committed to supporting smaller brands and emerging designers by elevating their products to our active consumer base.

There were no major changes to the core activities during the year under review, which enabled the business to continue its strategy of delivering a unique and innovative shopping experience to customers. The edit remains a key driver of our success, and the group's ability to adapt to changing customer preferences while maintaining its focus on providing high-quality, carefully curated products has helped to solidify its position as a leader in the luxury fashion industry.

As the luxury fashion industry continues to evolve, protecting brand value and expanding direct-to-consumer offerings remain key priorities for luxury brands. In line with this trend, many luxury brands have been reducing the number of wholesale channels to better manage their distribution. At Matchesfashion, we understand the importance of maintaining these strong relationships with our key partners and are proud, in this context, to continue to have access to the most relevant and in-demand products, thanks to our longstanding partnerships with leading luxury brands. By carefully curating our product offering and maintaining strong relationships with our partners, we can offer our customers a truly unique and inspiring shopping experience.

In the year ended 31 January 2022 ("FY21"), we noted a change in our relationship with a leading apparel group, which involved a transition to a concession model. Although this remained the only such arrangement in place during the year ended 31 January 2023 ("FY22"), we may consider adopting similar models in the future with other brands. Nevertheless, at Matchesfashion, we believe that our ability to curate the most appropriate selection of products for our customers is best served by operating on a wholesale basis, which allows us to maintain responsibility for selection, however we also recognise that some brands may prefer a concession model that provides greater control over promotions and sell-through rates whilst for Matchesfashion this means less inventory risk. A less promotional environment and better full-price performance are beneficial for both brands and our business, driving commercial activity that benefits for both sides.

In March 2022, following the conflict between Russia and Ukraine and international sanctions imposed in relation to trading in the region, our trade into Russia was suspended. During the year FY22, revenues from Russia on an order demand (being total value, including VAT, of customer orders placed before cancellations and returns) basis decreased by 93% compared to FY21, impacting our overall demand by 3%. Our view is that these sanctions will remain for the medium-term and we are not forecasting this volume to return in the near-term.

Review of the business (continued)
The effects of the COVID-19 pandemic reduced during FY22 as the impacts seen in previous years unwound. Global supply chains continued to return to normal and the majority of social distancing measures and curtailment of travel, seen during the height of the pandemic, were removed, with the exception of China where a number of local lockdowns continued. Both physical retail and international travel returned to more normal levels that were seen before the pandemic and the category demand reverted to event and occasion dressing, as opposed to active and leisure wear seen during its height. In the face of this changing shift in retail channel and headwinds from Russia, Matchesfashion continued to deliver a strong increase in order demand from £677.1 million in FY21 to £758.2 million in FY22.

The UK's departure from the European Union at the start of 2021 continued to impact the business operations during FY22. Approximately 70% of the goods sold by the business remain of EU origin, and many of the non-EU origin goods are also shipped from Europe to our distribution centre in the UK, leading to financial impacts due to additional EU duty costs borne by the business to remain competitive with EU-based multi-brand online retailers. Throughout the year, the group continued to mitigate the additional duty burden through the utilization of EU approved reliefs. The intake centre in the Netherlands continued to operate to support our inbound flows and the use of Returned Goods Relief ("RGR") was used where possible on outbound customer shipments. Despite these actions, customs inspections and Brexit-related paperwork continues to place pressure on delivery times to customers. Overall, the cost for FY22 of additional duties that were not incurred before Brexit, net of duty relief and other mitigations, and the operational cost of running the dedicated intake centre was £8.5 million (year ended 31 January 2022: £10.5 million).

Duties continue to be a significant cost for our business, in relation to both Brexit and the other countries where our customers are based. We continue to review all areas of cost and seek to implement measures to mitigate the impact of trade and customs regulations.

During August 2022 Paolo De Cesare left the business and Nick Beighton was appointed as CEO. Sean Glithero resigned as a director in April 2022 and David Murray joined the business as CFO in September 2022. Following Nick's appointment, a fuller review of the Executive leadership team resulted in several additional changes across the business, bringing on board a number of individuals with significant e-commerce and fashion experience. During the fourth quarter, and continuing further in 2023, the organisation has continued to engage with employees and refocus around its core purpose, to inspire and engage our customers at every moment of their fashion lives, and its mission, to build the go-to destination for the ultimate modern luxury edit and experiences.

During the year, the company secured cash financing via the issuance of new loan notes to the group's majority investor. The total of £80 million was raised in two separate tranches, £40 million in April 2022 and £40 million in January 2023, which was cascaded through the group via equity issuances. The amounts raised were used to fund operating cash outflows, service borrowings and repay amounts drawn under the group's asset-backed lending facility. Alongside the financing activities in January 2023, a fourth covenant waiver was obtained in respect of the quarter ended 31 January 2023, prior to the financial covenant being reported and tested, and further waivers were also obtained in respect of the prospective financial covenant testing for the quarters ending April, July and October 2023. Post year end the company secured an additional £20 million of funding to support the business through the issuance of further loan notes and at the same time further changes were made to the group's borrowings, details of which are included in the going concern paragraph in the directors' report.

Results and performance
The company's results for the year and the financial position at the end of the year are set out on pages 11-12.

S172 reporting
The directors consider, both individually and together, that they have acted in the way they consider, in good faith, to promote the success of the group while considering the interests of key stakeholders. Matchesfashion recognises the importance of maintaining positive relationships with its investors, employees, customers, suppliers, lenders, and the government.

S172 reporting (continued)

Customers
Matchesfashion places great emphasis on providing an exceptional customer experience. The group strives to understand its customers' needs and preferences, and tailors its offerings accordingly. The group actively seeks customer feedback and uses this to continuously improve its offerings and services. Our customer base is global and diverse and the group seeks out customer feedback through a combination of face-to-face interactions at one of the many events we run, including at our Carlos Place townhouse, as well as online surveys and more detailed pieces of customer research commissioned from independent third parties. The group endeavours to maintain a reputation for high standards for example by ensuring all products are checked by the warehouse on receipt and onward despatch; having service level agreements in place with distributors and tracking delivery times against these; and processing prompt refunds on returns from customers.

Suppliers
Matchesfashion recognises that its suppliers are critical to its success and is committed to building strong and sustainable relationships with them. The group works closely with its suppliers to ensure that its products are ethically sourced and produced, and that its suppliers are treated fairly and respectfully. Matchesfashion also engages with its suppliers to identify opportunities for collaboration and improvement. In particular, the fashion brands whose products we retail, are critical to the long-term success of the business and we work with them on responsible retailing as well as sharing data and insight on emerging themes in the industry and consumer demand. Ultimately, we strive for multi-season relationships and recognise the need to be flexible in routes to market and as customer needs change.

Lenders
Matchesfashion recognises the importance of maintaining strong relationships with its lenders, particularly in times of financial difficulty. The group acknowledges that it is currently experiencing financial challenges and is not meeting its debt covenants. The group has proactively engaged with its lenders to provide updates on its performance. The group's lenders are informed on both financial and strategic progress with monthly reporting packs and meet with management regularly.

Matchesfashion recognises the importance of maintaining open and transparent communication with its lenders to build trust and confidence in its ability to address its financial situation. The group is committed to providing regular updates to its lenders and to working collaboratively to find a mutually beneficial solution. Matchesfashion believes that maintaining positive relationships with its lenders is critical to its long-term financial stability and success and is fully committed to doing so.

Government
Matchesfashion recognises the importance of complying with all relevant laws and regulations and works closely with governments to ensure that it meets its obligations. The group is committed to maintaining positive relationships with government agencies and officials, and actively engages with them to understand their expectations and requirements. Matchesfashion also seeks to contribute positively to the communities in which it operates, by supporting local initiatives and causes.

In conclusion, Matchesfashion recognises that maintaining positive relationships with its key stakeholders is critical to its long-term success. The group is committed to promoting the interests of its stakeholders while also delivering value to its shareholders.

Strategic report for the year ended 31 January 2023 (continued)

S172 reporting (continued)

Board decisions

Matchesfashion made several important decisions during the year to position the group for future growth and success.

Change in the Warehouse Management System

One of the key decisions taken during the year was to upgrade the group's warehouse management system. This decision was made to improve efficiency and accuracy in order fulfilment and to better meet customer expectations for fast and reliable delivery. The new system has been successfully implemented and has resulted in significant improvements in warehouse productivity and customer satisfaction.

Changes to the Executive Team

Matchesfashion also made changes to its Executive Team during the year. This decision was made to bring in fresh perspectives and expertise to support the group's growth and transformation agenda. The new Executive Team members have extensive experience in the retail and e-commerce industries and are already making valuable contributions to the group.

Change in Strategy to Focus on Reducing Cost and Complexity

A key focus during the year was to reduce cost and complexity across the business. This decision was made to improve profitability and to ensure that the group remains competitive in a rapidly changing retail landscape. Matchesfashion has undertaken a comprehensive review of its operations and is implementing a range of measures to reduce costs, streamline processes, and increase efficiency.

Decision to Reduce the Amount of Remote Working

Matchesfashion made the decision to reduce the amount of remote working in order to improve collaboration and communication among employees. This decision was made after considering the impact of remote working on employee productivity and wellbeing. The group still operates a hybrid working model that allows employees to work from home on certain days, while also requiring them to come into the office on a more regular basis for meetings and collaboration sessions.

Funding Requirements

Matchesfashion worked with its investors during the year to assess funding requirements. As a result of this, £80 million of loan notes were issued by the group to the majority investors. In addition, the board reviewed the current financing arrangements and renegotiated terms with lenders both in the year and post year end (see note 16 for further details).

In conclusion, Matchesfashion has made several important decisions during the year to improve efficiency, reduce costs, and position the group for future growth and success. These decisions have been taken after careful consideration of the interests of all stakeholders and are aimed at delivering long-term value for shareholders while also promoting the interests of employees, customers, suppliers, and the wider community.

Future outlook

Looking ahead, Matchesfashion has developed a three-year strategy to build the go-to destination for the ultimate modern luxury edit and experiences. This hinges on inspiring and engaging customers at every moment of their fashion lives, offering the right product through the right channel, whether that's rental, re-sale or pre-order.

We aim to broaden our business models to attract the luxury customer at an earlier stage of life, whilst nurturing our highly valued top-tier through exclusive product, private shopping and events. This transformation will be facilitated by significant work across buying, digital marketing, and operations, under-pinned by a detailed cross-functional change plan.

MF Debtco Limited

Strategic report for the year ended 31 January 2023 (continued)

Future outlook (continued)
Matchesfashion will continue to provide the truly personalised and intimate luxury shopping experience it is known for, comprised of a curated edit and exceptional service, for both digital and physical customers. By doing this, Matchesfashion aims to grow revenue and increase the proportion of its sales that are made at full price or with limited promotion to improve margins further.

The new Executive team is focussed on the business transformation required to create a stable base for the business to grow and recognise that this requires a turnaround of the business. This will look to right size the business and drive a sustainable, profitable business with a greater focus, for the benefit of all stakeholders. Across the group's supplier base there is a focus on ensuring the right mix of fashion brands that customers want to shop. The digital marketing strategy will become more focused on delivering customers that have a greater customer life time value, leading to a reduction in the absolute amount of digital marketing activity. The organisational design is also being reviewed to ensure the right structure is in place to operate in this new environment.

The group aims to further leverage data and technology to improve its offering and to create a seamless and integrated customer journey across all touchpoints. In addition, Matchesfashion will continue to use its physical presence to create immersive and experiential spaces that reflect the brand's values and ethos, for the benefit of both our brand partners and customers.

Matchesfashion recognises the challenges facing the retail industry, including evolving customer expectations, increased competition, and changing market dynamics. The group is committed to staying ahead of these trends and to adapting its business model to ensure long-term success. Matchesfashion will continue to invest in innovation and technology, and to explore new business models and partnerships that can drive growth and create value for all stakeholders.

Finally, Matchesfashion is committed to the sustainability agenda and will take a responsible approach to its business operations. The group will work to reduce its environmental impact and to promote diversity and inclusion throughout its organisation. Matchesfashion believes that its commitment to sustainability is not only the right thing to do, but also a key driver of long-term value creation for all stakeholders.

Post year-end, in June 2023, the company received additional funding of £20 million from its majority investors and entered into a revised Senior Facilities Agreement and Senior Notes Indenture, both of which had the result of providing additional liquidity to the group (see note 16 for further details). These changes will positivity support the future growth of the business.

In conclusion, Matchesfashion is aware of both the challenges and opportunities facing the retail industry in the coming years. The group remains committed to its strategic priorities and will continue to invest in enhancing the customer experience, improving its product offering, increasing operational efficiency, and driving sustainability. Matchesfashion believes that its focus on delivering a truly personalised and intimate luxury shopping experience will enable it to differentiate itself from its competitors and to drive growth and create value for all stakeholders.

For further information with respect to the adoption of the going concern basis and future covenant reporting, please refer to the directors' report.

This strategic report has been approved by the board.

On behalf of the board of directors

D Murray, Director
23 August 2023

MF Debtco Limited

Company Registration No. 10965672 (United Kingdom)

Directors' report for the year ended 31 January 2023

The directors present the directors' report for the year ended 31 January 2023. These financial statements represent the year from 1 February 2022 to 31 January 2023.

Going concern
The directors have reviewed the company's cash requirements, taking in a range of possible scenarios for the going concern period up to 31 August 2024, being 12 months from the date of signing of these financial statements. In assessing the going concern of the company, the directors have taken in account the going concern of the wider group. They have a reasonable expectation that the group and company have adequate resources to continue in operational existence and to meet their liabilities as and when they fall due however the base case which has been modelled as part of the work performed does result in limited headroom at certain points during the year and accordingly the directors have concluded there is a material uncertainty over going concern. Additionally, the group's asset-based lending bank loan facility will expire on 31 August 2024, and it is modelled to be needed to support the group's working capital past this date. Although management has a track record of successfully renegotiating the facility on previous renewal dates, the renegotiation or refinancing of this facility has not yet started at this time which gives rise to an additional material uncertainty over going concern.

Management's going concern assessment has been performed using a thorough scenario planning exercise of cash flow requirements, drawing on board-approved budgets and forecasts, in conjunction with available financing which runs for a period up to 31 August 2024. The exercise considered a modelled base case and a severe but plausible downside ('downside') case for the period from 1 February 2023 to 31 August 2024 using actual results to 31 July 2023 and management forecasts thereafter. The base case uses the FY23 board-approved budget as the starting point and applies a reduction in revenue and associated costs as well as taking the most recent trading performance into consideration. It also models the impact of a management efficiency plan, with a reduction of the cost base and cash spend outside of that directly associated with the reduction in revenue including capex, stock purchases and marketing spend. The downside case takes a further reduction to revenue compared to the base case, and adjusts for the related impact on variable costs, which would represent the lowest revenue performance by the business in the last six years. The downside case includes further mitigating actions wholly within the control of management and receipts from duty drawback claims submitted and received post year end to a value of $15.2 million (£11.9 million, see note 16 for further details).

For the period to 31 August 2024 the group is forecast to have adequate liquidity in both the base case and the downside case, albeit with significantly reduced headroom at the start of each season when sales receipts are lower and payments for stock are higher. In line with the market, the group has experienced adverse trading in the post year end period to date as compared to the aforementioned base case model and further sensitivities as a result of market trading conditions could erode the remaining headroom under both models. Importantly this would only occur at the liquidity low point at the beginning of each season and is before any additional cash management actions that could be taken, such as adjusting the timing of payments.

The directors also note there is a significant material event falling at the end of the period that they are formally required to assess for the purposes of going concern, this event being the expiry of the group's asset-based lending bank loan facility on 31 August 2024. Given the material nature of this event, the directors have considered it appropriate to reference in this report. At the time of signing these financial statements, the intention is that, as agreed with the group's majority investors, this arrangement will be refinanced in 2024 allowing the group to fulfil its obligations as they fall due as the forecast cash flows of the group show that a facility will be required post 31 August 2024. Given the length of time that now exists until the expiry of the facility, refinancing has not yet commenced. In the absence of management being able to secure a facility by 31 August 2024, the directors will need to find alternative sources of funding.

The directors are cognisant of the track record of the business performance, including the need for investor support, and that the newly established management team, as at the date of signing these financial statements, has not yet had an opportunity to fully demonstrate the results from the transformation plan for the business.

Directors' report for the year ended 31 January 2023 (continued)

Going concern (continued)
The limited headroom, at points in the season, noted on the modelled base case, combined with adverse trading post year end and the required refinancing of the asset-based lending facility in August 2024, have led the directors to conclude that there is a material uncertainty over going concern in relation to liquidity.

A subsidiary of the company, MF Bidco Limited, has entered into a Senior Facilities Agreement and Senior Notes Indenture (together "the Borrowings"). Under the terms of the Borrowings, MF Bidco Limited and the guarantors, (together the "borrowing group") is required to comply with a financial covenant that specifies that the Senior Secured First Lien Leverage Ratio shall not exceed 7.50:1 where the ratio is defined as the ratio of Consolidated Net Indebtedness to Consolidated "Adjusted" EBITDA ("the Covenant"). The Covenant is tested quarterly on a trailing twelve-month period basis.

On 13 June 2023 the terms of the Borrowings were amended as follows:

- The maturity of the Borrowings was extended from 14 October 2024 to 13 April 2026;
- The cash interest due on 31 October 2023 and 30 April 2024 have the option (at the election of the group) to be converted to PIK interest;
- For the remaining bi-annual interest periods after 30 April 2024, the group has option to convert 50% of the cash interest to PIK interest;
- Where the group elects to convert cash interest to PIK interest, the applicable interest rate on the Borrowings will increase by either 0.5% (if 50% or less of the cash interest is converted) or 1% (if more than 50% of cash interest is converted) per annum. This additional interest is also permitted to be treated as PIK at the option of the group; and
- The Covenant was removed from all quarters remaining under the term of the Borrowings (starting from the Covenant to be tested as at 31 January 2023).

At the same time as the above amendments, the group issued loan notes to its investors totalling £20 million, for cash consideration. The group's investors have shown considerable support for the business with the group issuing £57.6 million of loan notes for cash consideration in the year ended 31 January 2022 and a further £80 million issued for cash consideration in the year ended 31 January 2023. The cash implications arising from these changes in June 2023 have been factored into both the base case and downside case prepared by management.

Prior to the further covenant waivers obtained in June 2023, the group had obtained a waiver for the quarters ending 31 January 2023, 30 April 2023, 31 July 2023 and 31 October 2023 in January 2023. The Covenant waiver was obtained prior to the year end for 31 January 2023 and therefore the Borrowings have been presented as non-current for this financial year. A similar Covenant waiver was obtained for each of the previous three financial years. However in the previous financial year the waiver was obtained after the year end and therefore the Borrowings were presented within current liabilities as at 31 January 2022.

The directors note that the group balance sheet as at 31 January 2023 includes £559.1 million of borrowings (31 January 2022: £303.8 million), The earliest repayment date for these borrowings is October 2025 which is applicable to £207 million of the balance (31 January 2022: £188 million). The repayment of these borrowings has therefore not been considered in the going concern assessment however the directors confirm that the costs of servicing the debt have been appropriately included in the base case and downside case.

In conclusion, while the directors remain positive on the future direction of the transformation plan, they do also note that there is limited headroom in the base case and downside scenarios, trading continues to be uncertain in a difficult market and historically there has been a need for investor support to fund working capital. In addition, the group's asset-based lending facility expires on 31 August 2024 and at the time of signing these financial statements, the outcome of the refinancing of this facility cannot be known. Accordingly, the directors have concluded that there is a material uncertainty which may cast significant doubt over the group's and the company's ability to continue as a going concern. These financial statements do not include any adjustments that would arise if the group and the company were unable to continue as a going concern.

Directors' report for the year ended 31 January 2023 (continued)

Dividends
No dividends were proposed or paid during the year (year ended 31 January 2022: £Nil).

Donations
The wider group has made charitable donations of £166,000 during the year (year ended 31 January 2022: £77,000). There were no political donations made in either year.

Directors
The directors of the company who were in office during the year and up to the date of signing the financial statements, unless otherwise noted were:

P De Cesare (resigned 4 August 2022)
S Glithero (resigned 28 April 2022)
H Ainley (resigned 23 September 2022)
N Beighton (appointed 4 August 2022)
D Murray (appointed 6 September 2022)

Qualifying third-party indemnity provision
Qualifying third-party indemnity provisions, as defined by the Companies Act 2006, were in force for the benefit of the directors throughout the year and up to the date of the approval of the financial statements.

Research and development
The wider group is constantly undertaking development and improvement of its website. During the year the group incurred £2.9 million (year ending 31 January 2022: £3.0 million) of website related research and development costs, which have been expensed. The directors believe that this expenditure will lead to future profits for the group.

Disabled employees
The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees whenever appropriate.

Employee involvement
During the year, the policy of providing employees with information about the group has been continued through internal media in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in maintaining its growth.

Financial risk management policy
See note 11 for details of the company's assessment of financial risk and management policies.

Directors' report for the year ended 31 January 2023 (continued)

Streamlined energy and carbon reporting
The group has a distribution centre in the UK, in addition to a head office, studio and three retail locations. The group uses third party carriers for the delivery of the majority of both inbound and outbound goods.

The group's emissions and energy use in the UK and offshore area are shown below.

	FY22	FY21
Energy consumption used to calculate emissions (in kWh)	3,849,090	3,190,945
Emissions from combustion of gas (in tonnes of carbon dioxide equivalent tCO2e)	312	214
Emissions from purchased electricity (in tonnes of carbon dioxide equivalent tCO2e)	447	454
Total gross tCO2e	759	668
Revenue (£ million)	380.1	386.6
Intensity metric (tCO2e / £100,000 revenue)	0.20	0.17

The data above has been calculated using electricity and gas meter readings taken monthly excluding electricity used from renewable sources. The conversion into tCO2e uses the current published kWh gross calorific value and kgCO2e relevant for the financial year.

Directors' duties
The directors of a company must act 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, and in doing so have regard (amongst other matters) to:

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

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 year. Under that law the directors have prepared the company 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 comapny 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 for the company financial statements, 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 responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report for the year ended 31 January 2023 (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)
The directors are also 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 directors are 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 directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board of directors

D Murray, Director
23 August 2023

MF Debtco Limited

Company Registration No. 10965672 (United Kingdom)

Statement of Comprehensive Income for the year ended 31 January 2023

	Note	Year ended 31 January 2023 £000	Restated* Year ended 31 January 2022 £000
Administrative expenses		**(161,668)**	(184,938)
Operating loss	2	**(161,668)**	(184,938)
Finance costs	3	**(25,064)**	(15,803)
Loss before income tax		**(25,064)**	(200,741)
Income tax	4	**-**	-
Loss for the financial year		**(186,732)**	(200,741)
Other comprehensive result		**-**	-
Total comprehensive loss for the financial year		**(186,732)**	(200,741)

The notes on pages 14 to 26 are an integral part of these financial statements.

All of the activities of the company relate to continuing operations.

*The comparative figures have been restated, see note 17 for further details.

MF Debtco Limited

Company Registration No. 10965672 (United Kingdom)

Statement of Financial Position as at 31 January 2023

	Note	**31 January 2023 £000**	Restated* 31 January 2022 £000	Restated* 31 January 2021 £000
Non-current assets				
Investment in subsidiaries	5	-	81,664	218,624
		-	81,664	218,624
Current assets				
Trade and other receivables	6	**29**	-	-
Cash and cash equivalents	7	-	32	33
		29	32	33
Total assets		**29**	81,696	218,657
Non-current liabilities				
Borrowings	8	**(220,414)**	(115,349)	(51,569)
		(220,414)	(115,349)	(51,569)
Total liabilities		**(220,414)**	(115,349)	(51,569)
Net liabilities		**(220,385)**	(33,653)	167,088
Equity				
Called up share capital	9	-	-	-
Share premium account		**717,188**	717,188	717,188
Accumulated losses		**(937,573)**	(750,841)	(550,100)
Total equity		**(220,385)**	(33,653)	(167,088)

The notes on pages 14 to 26 are an integral part of these financial statements.

*The comparative figures have been restated, see note 17 for further details.

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements on pages 11 to 26 were approved by the board on 23 August 2023 and signed on its behalf by

D Murray
Director

MF Debtco Limited

Statement of Changes in Equity for the year ended 31 January 2023

	Called up share capital	Share premium account	Accumulated losses	Total equity
	£000	£000	£000	£000
Balance as at 1 February 2021 (restated)	-	717,188	(550,100)	167,088
Loss for the financial year (restated)	-	-	(200,741)	(200,741)
Total comprehensive loss (restated)	-	-	(200,741)	(200,741)
Balance as at 31 January 2022 (restated)	-	717,188	(750,841)	(33,653)
Balance as at 1 February 2022	-	**717,188**	**(750,841)**	**(33,653)**
Loss for the financial year	-	-	**(186,732)**	**(186,732)**
Total comprehensive loss	-	-	**(186,732)**	**(186,732)**
Balance as at 31 January 2023	-	**717,188**	**(937,573)**	**(220,385)**

The notes on pages 14 to 26 are an integral part of these financial statements.

*The comparative figures have been restated, see note 17 for further details.

Notes to the financial statements for the year ended 31 January 2023

1. Accounting policies

General information
MF Debtco Limited is a private limited company limited by shares and registered in England and Wales. The company is domiciled in the UK. The address of its registered office is Level 7, The Shard, 32 London Bridge Street, London SE1 9SG.The principal activity and the nature of the company's operations is set out in the strategic report. The principal activity of the company is that of a holding company.

New standards and interpretations
During the year ended 31 January 2023, an amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest rate benchmark reform – Phase 2' became mandatory. The company has considered the amendments and has concluded that they are either not relevant to the company or they do not have a significant impact on the company's financial statements.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 January 2023 reporting periods and have not been early adopted by the company. These standards, amendments or interpretations, which include: IFRS 17 'Insurance Contracts'; Amendments to IAS 16 'Proceeds before intended use'; Amendments to IAS 37 'Onerous contracts – costs of fulfilling a contract; and Narrow scope amendments to IAS 1 and IAS 8, are not expected to have a material impact on the entity in the current or future reporting periods on foreseeable future transactions.

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

The preparation of financial statements in conformity with applicable accounting standards 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(m).

a) Basis of preparation
The company financial statements of MF Debtco Limited have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the requirements of the Companies Act 2006.

These financial statements are prepared on the going concern basis, under the historical cost convention.

b) Going concern
The directors have reviewed the company's cash requirements, taking in a range of possible scenarios for the going concern period up to 31 August 2024, being 12 months from the date of signing of these financial statements. In assessing the going concern of the company, the directors have taken in account the going concern of the wider group. They have a reasonable expectation that the group and company have adequate resources to continue in operational existence and to meet their liabilities as and when they fall due however the base case which has been modelled as part of the work performed does result in limited headroom at certain points during the year and accordingly the directors have concluded there is a material uncertainty over going concern. Additionally, the group's asset-based lending bank loan facility will expire on 31 August 2024, and it is modelled to be needed to support the group's working capital past this date. Although management has a track record of successfully renegotiating the facility on previous renewal dates, the renegotiation or refinancing of this facility has not yet started at this time which gives rise to an additional material uncertainty over going concern.

Notes to the financial statements for the year ended 31 January 2023 (continued)

1. Accounting policies (continued)

b) Going concern (continued)

Management's going concern assessment has been performed using a thorough scenario planning exercise of cash flow requirements, drawing on board-approved budgets and forecasts, in conjunction with available financing which runs for a period up to 31 August 2024. The exercise considered a modelled base case and a severe but plausible downside ('downside') case for the period from 1 February 2023 to 31 August 2024 using actual results to 31 July 2023 and management forecasts thereafter. The base case uses the FY23 board-approved budget as the starting point and applies a reduction in revenue and associated costs as well as taking the most recent trading performance into consideration. It also models the impact of a management efficiency plan, with a reduction of the cost base and cash spend outside of that directly associated with the reduction in revenue including capex, stock purchases and marketing spend. The downside case takes a further reduction to revenue compared to the base case, and adjusts for the related impact on variable costs, which would represent the lowest revenue performance by the business in the last six years. The downside case includes further mitigating actions wholly within the control of management and receipts from duty drawback claims submitted and received post year end to a value of $15.2 million (£11.9 million, see note 16 for further details).

For the period to 31 August 2024 the group is forecast to have adequate liquidity in both the base case and the downside case, albeit with significantly reduced headroom at the start of each season when sales receipts are lower and payments for stock are higher. In line with the market, the group has experienced adverse trading in the post year end period to date as compared to the aforementioned base case model and further sensitivities as a result of market trading conditions could erode the remaining headroom under both models. Importantly this would only occur at the liquidity low point at the beginning of each season and is before any additional cash management actions that could be taken, such as adjusting the timing of payments.

The directors also note there is a significant material event falling at the end of the period that they are formally required to assess for the purposes of going concern, this event being the expiry of the group's asset-based lending bank loan facility on 31 August 2024. Given the material nature of this event, the directors have considered it appropriate to reference in this report. At the time of signing these financial statements, the intention is that, as agreed with the group's majority investors, this arrangement will be refinanced in 2024 allowing the group to fulfil its obligations as they fall due as the forecast cash flows of the group show that a facility will be required post 31 August 2024. Given the length of time that now exists until the expiry of the facility, refinancing has not yet commenced. In the absence of management being able to secure a facility by 31 August 2024, the directors will need to find alternative sources of funding.

The directors are cognisant of the track record of the business performance, including the need for investor support, and that the newly established management team, as at the date of signing these financial statements, has not yet had an opportunity to fully demonstrate the results from the transformation plan for the business.

The limited headroom, at points in the season, noted on the modelled base case, combined with adverse trading post year end and the required refinancing of the asset-based lending facility in August 2024, have led the directors to conclude that there is a material uncertainty over going concern in relation to liquidity.

A subsidiary of the company, MF Bidco Limited, has entered into a Senior Facilities Agreement and Senior Notes Indenture (together "the Borrowings"). Under the terms of the Borrowings, MF Bidco Limited and the guarantors, (together the "borrowing group") is required to comply with a financial covenant that specifies that the Senior Secured First Lien Leverage Ratio shall not exceed 7.50:1 where the ratio is defined as the ratio of Consolidated Net Indebtedness to Consolidated "Adjusted" EBITDA ("the Covenant"). The Covenant is tested quarterly on a trailing twelve-month period basis.

Notes to the financial statements for the year ended 31 January 2023 (continued)

1. Accounting policies (continued)

b) Going concern (continued)

On 13 June 2023 the terms of the Borrowings were amended as follows:

- The maturity of the Borrowings was extended from 14 October 2024 to 13 April 2026;
- The cash interest due on 31 October 2023 and 30 April 2024 have the option (at the election of the group) to be converted to PIK interest;
- For the remaining bi-annual interest periods after 30 April 2024, the group has option to convert 50% of the cash interest to PIK interest;
- Where the group elects to convert cash interest to PIK interest, the applicable interest rate on the Borrowings will increase by either 0.5% (if 50% or less of the cash interest is converted) or 1% (if more than 50% of cash interest is converted) per annum. This additional interest is also permitted to be treated as PIK at the option of the group; and
- The Covenant was removed from all quarters remaining under the term of the Borrowings (starting from the Covenant to be tested as at 31 January 2023).

At the same time as the above amendments, the group issued loan notes to its investors totalling £20 million, for cash consideration. The group's investors have shown considerable support for the business with the group issuing £57.6 million of loan notes for cash consideration in the year ended 31 January 2022 and a further £80 million issued for cash consideration in the year ended 31 January 2023. The cash implications arising from these changes in June 2023 have been factored into both the base case and downside case prepared by management.

Prior to the further covenant waivers obtained in June 2023, the group had obtained a waiver for the quarters ending 31 January 2023, 30 April 2023, 31 July 2023 and 31 October 2023 in January 2023. The Covenant waiver was obtained prior to the year end for 31 January 2023 and therefore the Borrowings have been presented as non-current for this financial year. A similar Covenant waiver was obtained for each of the previous three financial years. However in the previous financial year the waiver was obtained after the year end and therefore the Borrowings were presented within current liabilities as at 31 January 2022.

The directors note that the group balance sheet as at 31 January 2023 includes £559.1 million of borrowings (31 January 2022: £303.8 million), The earliest repayment date for these borrowings is October 2025 which is applicable to £207 million of the balance (31 January 2022: £188 million). The repayment of these borrowings has therefore not been considered in the going concern assessment however the directors confirm that the costs of servicing the debt have been appropriately included in the base case and downside case.

In conclusion, while the directors remain positive on the future direction of the transformation plan, they do also note that there is limited headroom in the base case and downside scenarios, trading continues to be uncertain in a difficult market and historically there has been a need for investor support to fund working capital. In addition, the group's asset-based lending facility expires on 31 August 2024 and at the time of signing these financial statements, the outcome of the refinancing of this facility cannot be known. Accordingly, the directors have concluded that there is a material uncertainty which may cast significant doubt over the group's and the company's ability to continue as a going concern. These financial statements do not include any adjustments that would arise if the group and the company were unable to continue as a going concern.

Notes to the financial statements for the year ended 31 January 2023 (continued)

1. Accounting policies (continued)

c) Exemptions for qualifying entities under FRS 101

The company has taken advantage of the following exemptions in its individual financial statements:

- A statement of cash flows for the period (IAS 1.10(d), 111).
- A statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement (IAS 1.10(f), 38A-38D,40A-40D).
- Comparative period information in respect of the following (IAS 1.38):
    - A reconciliation of shares outstanding at the beginning and end of the period (IAS 1.79(a)(iv));
    - A reconciliation of carrying amount of PPE at the beginning and end of the period (IAS 16.73(e));
    - A reconciliation of carrying amount of intangible assets at the beginning and end of the period (IAS 38.118(e));
- Information relating to the entity's objectives, policies and processes for managing capital (IAS 1.134-136).
- Information relating to new IFRS standards which have been issued but which are not yet effective, including an assessment of the possible impact that it will have when it is adopted for the first time (IAS 8.30-31).
- Disclosure of key management personnel remuneration (IAS 24.17).
- Disclosure of related party transactions entered between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- All the disclosure requirements of IFRS 7 Financial Instruments: Disclosures (IFRS 7 - all disclosures).

This information is included in the consolidated financial statements of MF Midco Limited as at 31 January 2022 and these financial statements may be obtained from The Shard, 32 London Bridge Street, London SE1 9SG.

d) Foreign currency

i) Functional and presentation currency

The company's functional and presentation currency is the pound sterling.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

e) Other operating income

Other operating income is recognised on an accrual basis in accordance with the substance of the relevant agreement. This includes management fees charged to its subsidiary.

f) Finance costs

Costs associated with raising loan finance and equity shares are recorded against the loan principal and share premium account respectively. Loan finance costs are amortised to the statement of comprehensive income over the life of the relevant loan at a constant rate of return on the carrying amount.

Notes to the financial statements for the year ended 31 January 2023 (continued)

1. Accounting policies (continued)

g) Current and deferred income tax

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been substantively 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 are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

h) Investments in subsidiaries

Investments are held as non-current assets at cost less any provision for impairment. Where the recoverable amount of the investment is less than the carrying amount, impairment is recognised.

i) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

j) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1. Accounting policies (continued)

k) Dividends
Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

l) Financial instruments
Financial assets and liabilities are recognised when the company has become party to the contractual obligations of the instrument and derecognised when they are discharged or when the contractual terms expire.

i) Financial assets
Financial assets comprise cash and cash equivalents and trade and other receivables (including intercompany receivables in the company only financial statements). The company classifies all of its financial assets as assets at amortised cost as they are held within the objective to collect contractual cash flows and these cash flows represent 'solely payments of principal and interest' (the 'SSPI' criterion) as defined within IFRS 9 'Financial Instruments'. Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

Impairment provisions are recognised using an expected credit loss approach. The expected credit loss is the difference between the cash flows that are due to the company in accordance with the contract and the cash flows that the company expects to receive, discounted at the original effective interest rate. In calculating the expected credit loss rates, the company considers historical loss rates for each category of customers and adjusts for forward-looking macroeconomic data. The company uses the simplified expected credit loss model (the lifetime expected loss allowance) for receivables that do not have a significant financing component. Any short term trade receivables are assumed to not have a significant financing component.

The company does not hold significant trade and other receivables. As such, it is considered that any loss allowance in relation to these receivables is immaterial.

ii) Financial liabilities
Financial liabilities comprise borrowings and trade and other payables. The company classifies all of it financial liabilities as liabilities at amortised cost, they are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument.

iii) Offsetting
Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

m) Critical accounting judgements and key source of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

Notes to the financial statements for the year ended 31 January 2023 (continued)

1. Accounting policies (continued)

m) Critical accounting judgements and key source of estimation uncertainty (continued)

Significant estimate: recoverability of investments
Investments in subsidiaries are not subject to amortisation and are tested annually for impairment. When a review for potential impairment is conducted, the recoverable amount is determined based on the higher of an investment's fair value less costs to sell and value-in-use calculations prepared on the basis of management's assumptions and estimates. Refer to note 5 for further details of investments.

Significant judgement: accounting for loan issue fees
Where loan issue fees are incurred, it is first assessed if the loan issue is considered a modification of an existing facility or the issuance of a new facility. Where the former is concluded, the costs of modifying debt are split between those directly attributable to the modification and those that represent compensation for the change in future cash flows. Fees relating to the latter are expensed to the statement of comprehensive as incurred.

2. Operating loss

Operating loss is stated after charging:

	Year ended 31 January 2023	Restated Year ended 31 January 2022
	£000	£000
Impairment of investment	**161,668**	184,938

3. Finance costs

	Year ended 31 January 2023	Year ended 31 January 2022
	£000	£000
Interest payable on loan notes	**25,064**	15,803
Finance costs	**25,064**	15,803

Notes to the financial statements for the year ended 31 January 2023 (continued)

4. Income tax

(a) Tax included in statement of comprehensive income

	Year ended 31 January 2023	Year ended 31 January 2022
	£000	£000
Current tax		
Overseas corporation tax on loss for the year	-	-
Adjustments in respect of prior year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Impact of changes in tax rates	-	-
Adjustments in respect of prior year	-	-
Total deferred tax	-	-
Tax on loss	-	-

(b) Reconciliation of tax

Tax assessed for the year is higher (year ended 31 January 2022: higher) than the standard rate of corporation tax in the UK for the year ended 31 January 2023 of 19% (year ended 31 January 2022: 19%). The differences are explained below:

	Year ended 31 January 2023	Restated Year ended 31 January 2022
	£000	£000
Loss before taxation	**(186,702)**	(200,741)
Tax on loss before taxation at 19% (year ended 31 January 2022: 19%)	**(35,479)**	(38,141)
Effects of:		
Expenses not deductible for tax purposes	**4,267**	37,928
Impairment not deductible for tax purposes	**30,716**	-
Group relief	**147**	-
Movement in deferred tax not recognised	**349**	213
Tax for the year	-	-

(c) Tax rate changes

On 3 March 2021 the Government confirmed that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. In the Autumn statement in November 2022, the government confirmed that the increase in the corporation tax rate to 25% from 1 April 2023 will go ahead. Deferred taxes at the statement of financial position date have been measured using this enacted tax rate and reflected in these financial statements.

Notes to the financial statements for the year ended 31 January 2023 (continued)

5. Investments in subsidiaries

	31 January 2023	Restated 31 January 2022
	£000	£000
Balance as at 1 February	**81,664**	218,624
Additions in year	**80,000**	47,975
Impairment	**(161,664)**	(184,935)
Balance as at 31 January	**-**	81,664

The company's subsidiaries are set out in note 15.

The company has estimated the recoverable amount of Matchesfashion, its sole cash generating unit ('CGU'), using a value-in-use model by projecting cash flows for the next five years together with a terminal value using a long-term growth rate. The five-year forecasts used in the impairment model are based on board approved budgets, management's past experience and future expectations of performance and the projected industry growth rates. The cash flow projections are based on the following key assumptions:

- Order demand for the 5-year period ending 31 January 2028 growing at a compound annual rate of 7% (year ended 31 January 2022: 18%)
- A pre-tax discount rate of 19.0% (year ended 31 January 2022: 12.9%). The increase in discount rate from the prior year is driven by the increased risk in the wider retail industry combined with company-specific risk factors.
- *Long-term growth rate of 2% (year ended 31 January 2022: 2%)*

The impairment model is most sensitive to changes in the order demand growth rate and discount rate. If the compound annual growth rate were to fall by 1%, there would be a corresponding decrease in the estimated recoverable amount by approximately £4.7 million prior to any mitigating cost action and if the discount rate were to increase by 1% there would be a decrease in the estimated recoverable amount by of £7.6 million. There would be no impact on the overall impairment given that the investment has been impaired to £Nil.

6. Trade and other receivables

	31 January 2023	31 January 2022
	£000	£000
Intercompany receivables	**29**	-
	29	-

Intercompany receivables
Amounts due from other group companies are non-interest bearing and repayable on demand.

7. Cash and cash equivalents

	31 January 2023	31 January 2022
	£000	£000
Cash at bank and in hand	**-**	**32**

Notes to the financial statements for the year ended 31 January 2023 (continued)

8. Borrowings

	31 January 2023 £000	Restated* 31 January 2022 £000
Loan notes	**220,414**	115,349
	220,414	115,349

*The comparative figures have been restated, see note 17 for further details.

Loan notes

The initial tranche A loan notes of £35,000,000 were issued on 2 April 2020 and tranche B notes of £10,000,000 were issued on 25 August 2020. The loan notes were listed on the Caymans Islands Stock Exchange under Corporate Debt Securities on 4 August 2020. The debt expires on 30 April 2050 with 15% interest per annum accrued quarterly.

9. Called up share capital

	31 January 2023 £	31 January 2022 £
Authorised		
102 (2022: 102) ordinary shares of £1 each	**102**	102
Allotted and fully paid		
102 (2022: 102) ordinary shares of £1 each	**102**	102

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

10. Financial instruments

Financial instruments are held at amortised cost. The following table sets out the financial assets and liabilities included in the statement of financial position:

	31 January 2023 £000	Restated* 31 January 2022 £000
Financial assets		
Trade and other receivables	**29**	-
Cash and cash equivalents	**-**	32
	29	32
Financial liabilities		
Borrowings	**220,414**	115,349
	220,414	115,349

*The comparative figures have been restated, see note 17 for further details.

Notes to the financial statements for the year ended 31 January 2023 (continued)

11. Financial risk management

The main risks associated with the company's financial assets and liabilities are set out below. The company's potential financial risks have been identified as liquidity risk, credit risk, interest rate risk and foreign exchange risk.

(a) Liquidity risk

The wider group, of which the company is a part, finances its operations through a combination of debt and equity. The group manages its liquidity requirements by monitoring the headroom on its existing facilities compared to short term and longer-term cash forecasts. Cash forecasts are reviewed on a regular basis and updated for the latest view of cash inflows and outflows. The group has an asset-based lending facility, and this is the key facility that the group has available. The group aims to mitigate liquidity risk by managing cash generated by its operations closely and providing cash to group companies as required.

(b) Credit risk

The company is not exposed to credit risk given the immaterial nature of its debtors and cash balances.

(c) Interest rate risk

The company has interest bearing liabilities however these liabilities are at a fixed rate and therefore the company is not exposed to material interest rate risk.

(d) Foreign exchange risk

The company does not have any assets or liabilities in foreign currencies.

(e) Capital management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company might issue new shares, refinance existing debt or take on new debt.

The company's capital is summarised as follows:

	31 January 2023	Restated* 31 January 2022
	£000	£000
Net debt	**220,414**	115,317
Total equity	**(220,385)**	(33,653)

*The comparative figures have been restated, see note 17 for further details.

MF Debtco Limited

Notes to the financial statements for the year ended 31 January 2023 (continued)

12. Related party transactions

There were no related party transactions during the year (year ended 31 January 2022: Nil).

The company has taken advantage of the exemption under FRS 101 to disclose transactions with wholly owned subsidiaries.

13. Contingent liabilities

The company does not have any contingent liabilities.

14. Ultimate controlling party

The immediate parent undertaking is MF Midco Limited, a company incorporated in England and Wales.

The parent undertaking is MF Topco Limited, a company incorporated in Guernsey. MF Debtco Limited financial statements are consolidated within MF Topco Limited enabling MF Debtco Limited to be a qualifying entity to gain reduced FRS 101 disclosures in its own financial statements.

The ultimate parent undertaking is MF Topholdings Sarl, a company incorporated in Luxembourg.

MF Topholdings Sarl is also the ultimate controlling party over the company.

15. Subsidiaries and related undertakings

Name	Address of registered office	Nature of business	Direct holdings
MF Intermediate Limited	The Shard, 32 London Bridge Street, London SE1 9SG	Non-trading company	100% ordinary shares
MF Bidco Limited	The Shard, 32 London Bridge Street, London SE1 9SG	Non-trading company	100% ordinary shares
MF Finco1 Limited	The Shard, 32 London Bridge Street, London SE1 9SG	Non-trading company	100% ordinary shares
Matchesfashion Limited	The Shard, 32 London Bridge Street, London SE1 9SG	Fashion retailer	100% ordinary shares
Matchesfashion Inc.	251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808	Luxury clothing retailer	100% ordinary shares
Matchesfashion.com Hong Kong Limited	13/F East Town Building, 41 Lockhart Road, Wan Chai, Hong Kong	Customer service	100% ordinary shares
Matchesfashion GmbH	Schwanthalerstrasse 73, 80336 Munich	Non-trading company	100% ordinary shares
Matchesfashion B.V.	Hoogoorddreff 15, Amsterdam, 1101 BA, Netherlands	Luxury clothing retailer	100% ordinary shares

MF Intermediate Limited has guaranteed the liabilities of its subsidiaries, MF Bidco Limited and MF Finco1 Limited and MF Midco Limited has guaranteed the liabilities of this company, in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the year ended 31 January 2023. The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

Notes to the financial statements for the year ended 31 January 2023 (continued)

16. Post balance sheet events

On 13 June 2023 the terms of the Borrowings were amended as follows:

- The maturity of the Borrowings was extended from 14 October 2024 to 13 April 2026;
- The cash interest due on 31 October 2023 and 30 April 2024 have the option (at the election of the group) to be converted to PIK interest;
- For the remaining bi-annual interest periods after 30 April 2024, the group has the option to convert 50% of the cash interest to PIK interest;
- Where the group elects to convert cash interest to PIK interest, the applicable interest rate on the Borrowings will increase by either 0.5% (if 50% or less of the cash interest is converted) or 1% (if more than 50% of cash interest is converted) per annum. This additional interest is also permitted to be treated as PIK at the option of the group; and
- The Covenant was removed from all quarters remaining under the term of the Borrowings (starting from the Covenant to be tested as at 31 January 2023).

At the same time, the company issued loan notes to its investors totalling £20 million, for cash consideration.

Post year end, in July 2023, a subsidiary of the company submitted a claim for $15.2 million to US Customs in relation to duty drawback claims for returns made prior to 31 January 2023.

17. Prior year restatement

Loan notes
Following a review of loan note agreements in the year ending 31 January 2023, it was noted that issue fees payable at the end of the agreement should have been accrued at the inception of each trance of the loan notes. This has resulted in an increase in finance costs of £1.4 million for the ended 31 January 2022 (year ended 31 January 2021: £1.1 million) and an increase in borrowings at 31 January 2022 of £2.5 million (£1.1 million as at 1 February 2021). There was no impact on taxation. The impact on the cash flow statement was a classification change between loss for the period and finance costs.

Investment impairment
Following a review of the investment recoverability methodology, it was identified that the value in use of the subsidiary future cash flows had been overstated in prior years, as a result of incorrectly omitting the cashflows in relation to the repayment of future non-current debt. This has resulted in a decrease in the investment in subsidiary balance as at 31 January 2022 of £118.5 million (£106.6 million as at 1 February 2021) and a decrease in the loss after tax for the year then ended of £11.9 million (year ended 31 January 2021: £106.6 million increase in loss). There was no impact on taxation or cash flows.