

**REGISTERED NUMBER: 0045618**

**MISSOURI TOPCO LIMITED**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**13 WEEKS ENDED 24 NOVEMBER 2018**

## **Missouri Topco Limited**

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## **Missouri Topco Limited**

### **Results of operations for the 13 weeks ended 24 November 2018**

#### **Revenue**

Revenue increased by 4.9% to £308.3m in the 13 week period ended 24 November 2018 and increased by 3.7% to £836.6m in the 39 week period ended 24 November 2018 (13 week period ended 25 November 2017: £293.8m; 39 week period ended 25 November 2017: £807.1m; 52 week period ended 24 February 2018: £1,063.0m).

#### **Cost of sales and gross profit**

Cost of sales increased by 8.7% to £261.8m in the 13 week period ended 24 November 2018 and increased by 4.8% to £728.1m in the 39 week period ended 24 November 2018 (13 week period ended 25 November 2017: £240.9m; 39 week period ended 25 November 2017: £694.8m; 52 week period ended 24 February 2018: £927.0m).

Gross profit decreased by 12.1% to £46.5m in the 13 week period ended 24 November 2018 and decreased by 3.4% to £108.5m in the 39 week period ended 24 November 2018 (13 week period ended 25 November 2017: £52.9m; 39 week period ended 25 November 2017: £112.3m; 52 week period ended 24 February 2018: £136.0m).

Gross profit as a percentage of revenue decreased to 15.1% in the 13 weeks ended 24 November 2018 and decreased to 13.0% in the 39 weeks ended 24 November 2018 (13 week period ended 25 November 2017: 18.0%; 39 week period ended 25 November 2017: 13.9%; 52 week period ended 24 February 2018: 12.8%).

#### **Administrative expenses (including exceptional items)**

Administrative expenses (including exceptional items) decreased by £1.3m to £14.4m in the 13 week period ended 24 November 2018 and decreased by £1.8m to £44.5m in the 39 week period ended 24 November 2018 (13 week period ended 25 November 2017: £15.7m; 39 week period ended 25 November 2017: £46.3m; 52 week period ended 24 February 2018: £63.9m).

Exceptional items of £nil were incurred in the 13 week period ended 24 November 2018 and £0.3m in the 39 week period ended 24 November 2018 (13 week period ended 25 November 2017: £0.2m; 39 week period ended 25 November 2017: £1.0m; 52 week period ended 24 February 2018: £1.8m).

#### **Operating profit**

Operating profit pre exceptional items decreased by £5.3m to £32.1m in the 13 week period ended 24 November 2018 and decreased by £2.7m to £64.3m in the 39 week period ended 24 November 2018 (13 week period ended 25 November 2017: £37.4m; 39 week period ended 25 November 2017: £67.0m; 52 week period ended 24 February 2018: £73.9m).

#### **Net finance costs (including exceptional items)**

Net finance costs (including exceptional items) were £9.4m in the 13 week period ended 24 November 2018 and £28.0m in the 39 week period ended 24 November 2018 (13 week period ended 25 November 2017: £9.4m; 39 week period ended 25 November 2017: £28.1m; 52 week period ended 24 February 2018: £52.1m).

Exceptional finance expense of £nil occurred in the 13 week period ended 24 November 2018 and the 39 week period ended 24 November 2018 (13 week period ended 25 November 2017: £nil; 39 week period ended 25 November 2017: £nil; 52 week period ended 24 February 2018: £14.8m).

#### **Taxation**

The taxation charge in the 13 week period ended 24 November 2018 was £5.4m and in the 39 week period ended 24 November 2018 was £8.3m (13 week period ended 25 November 2017: £5.7m; 39 week period ended 25 November 2017: £7.4m; 52 week period ended 24 February 2018: £5.2m).

## **Missouri Topco Limited**

### **Results of operations for the 13 weeks ended 24 November 2018 (continued)**

#### **Profit for the period**

The profit in the 13 week period ended 24 November 2018 was £17.3m and the profit in the 39 week period ended 24 November 2018 was £27.7m (13 week period ended 25 November 2017: £22.1m; 39 week period ended 25 November 2017: £30.5m; 52 week period ended 24 February 2018: £14.8m).

#### **Cash flow**

Cash flows from operating activities decreased by £21.6m to £20.7m in the 13 week period ended 24 November 2018 and decreased by £14.4m to £84.2m in the 39 week period ended 24 November 2018 (13 week period ended 25 November 2017: £42.3m; 39 week period ended 25 November 2017: £98.6m; 52 week period ended 24 February 2018: £121.2m).

Net cash used in investing activities was £9.1m in the 13 week period ended 24 November 2018 and £32.5m in the 39 week period ended 24 November 2018 (13 week period ended 25 November 2017: £41.1m; 39 week period ended 25 November 2017: £55.7m; 52 week period ended 24 February 2018: £72.8m).

Net cash used in financing activities was £nil in the 13 week period ended 24 November 2018 and the 39 week period ended 24 November 2018 (13 week period ended 25 November 2017: £nil; 39 week period ended 25 November 2017: £nil; 52 week period ended 24 February 2018: £19.2m).

Cash increased by £9.7m in the 13 week period ended 24 November 2018 and increased by £29.0m in the 39 week period ended 24 November 2018 (13 week period ended 25 November 2017: £0.9m decrease; 39 week period ended 25 November 2017: £21.6m increase; 52 weeks ended 24 February 2018: £18.9m decrease). The cash balance as at 24 November 2018 was £91.2m.

## Missouri Topco Limited

### Condensed consolidated income statement

	Note	13 weeks ended 24 November 2018 £'m	13 weeks ended 25 November 2017 £'m	39 weeks ended 24 November 2018 £'m	39 weeks ended 25 November 2017 £'m	52 weeks ended 24 February 2018 £'m
Revenue	3	308.3	293.8	836.6	807.1	1,063.0
Cost of sales	3	(261.8)	(240.9)	(728.1)	(694.8)	(927.0)
<b>Gross profit</b>	3	<b>46.5</b>	52.9	<b>108.5</b>	112.3	136.0
Administrative expenses (including exceptional items)	3	(14.4)	(15.7)	(44.5)	(46.3)	(63.9)
<b>Operating profit (including exceptional items)</b>	3	<b>32.1</b>	37.2	<b>64.0</b>	66.0	72.1
Operating profit pre exceptional items		32.1	37.4	64.3	67.0	73.9
Exceptional items – administrative expenses	14	-	(0.2)	(0.3)	(1.0)	(1.8)
<b>Operating profit</b>		<b>32.1</b>	37.2	<b>64.0</b>	66.0	72.1
Finance costs		(9.5)	(9.6)	(28.4)	(28.5)	(37.8)
Finance income		0.1	0.2	0.4	0.4	0.5
Exceptional finance expense	14	-	-	-	-	(14.8)
<b>Net finance costs</b>		<b>(9.4)</b>	(9.4)	<b>(28.0)</b>	(28.1)	(52.1)
<b>Profit before income tax and exceptional items</b>		<b>22.7</b>	28.0	<b>36.3</b>	38.9	36.6
Total exceptional items	14	-	(0.2)	(0.3)	(1.0)	(16.6)
<b>Profit before income tax</b>		<b>22.7</b>	27.8	<b>36.0</b>	37.9	20.0
Income tax	5	(5.4)	(5.7)	(8.3)	(7.4)	(5.2)
<b>Profit for the period</b>		<b>17.3</b>	22.1	<b>27.7</b>	30.5	14.8
<b>Attributable to:</b>						
Equity holders of the parent		17.3	22.1	27.7	30.6	14.9
Non controlling interest		-	-	-	(0.1)	(0.1)
<b>Profit for the period</b>		<b>17.3</b>	22.1	<b>27.7</b>	30.5	14.8

The notes on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.

## Missouri Topco Limited

### Statement of comprehensive income

	<b>13 weeks ended 24 November 2018 £'m</b>	13 weeks ended 25 November 2017 £'m	<b>39 weeks ended 24 November 2018 £'m</b>	39 weeks ended 25 November 2017 £'m	52 weeks ended 24 February 2018 £'m
<b>Profit for the period</b>	<b>17.3</b>	22.1	<b>27.7</b>	30.5	14.8
<b>Other comprehensive income/(expenditure):</b>					
Cash flow hedges	<b>3.6</b>	(36.7)	<b>58.8</b>	(77.8)	(108.3)
Income tax element of cash flow hedges	<b>(0.6)</b>	7.0	<b>(11.1)</b>	14.8	20.6
<b>Total other comprehensive income/(expenditure), net of income tax</b>	<b>3.0</b>	(29.7)	<b>47.7</b>	(63.0)	(87.7)
<b>Total comprehensive income/(expenditure)</b>	<b>20.3</b>	(7.6)	<b>75.4</b>	(32.5)	(72.9)

The notes on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.

## Missouri Topco Limited

### Condensed consolidated balance sheet

		<b>24 November 2018</b>	25 November 2017	24 February 2018
	Note	£'m	£'m	£'m
<b>Assets</b>				
Property, plant and equipment		<b>209.8</b>	201.8	207.8
Intangible assets		<b>39.4</b>	31.0	32.0
Deferred tax asset		-	-	6.2
Financial assets – derivative financial instruments	7	<b>7.5</b>	-	0.2
<b>Total non-current assets</b>		<b>256.7</b>	232.8	246.2
Inventories – goods for resale		<b>149.5</b>	135.0	119.7
Trade and other receivables		<b>36.5</b>	37.7	29.6
Financial assets – derivative financial instruments	7	<b>7.9</b>	10.7	2.4
Cash and cash equivalents		<b>91.2</b>	102.7	62.2
<b>Total current assets</b>		<b>285.1</b>	286.1	213.9
<b>Total assets</b>		<b>541.8</b>	518.9	460.1
<b>Liabilities</b>				
Financial liabilities – derivative financial instruments	7	<b>(0.3)</b>	(9.0)	(25.4)
Trade and other payables		<b>(200.1)</b>	(192.4)	(154.9)
Current income tax liabilities		<b>(6.4)</b>	(5.9)	(2.5)
Provisions for other liabilities and charges	8	<b>(0.5)</b>	(0.5)	(0.5)
<b>Total current liabilities</b>		<b>(207.3)</b>	(207.8)	(183.3)
Financial liabilities – borrowings	6	<b>(474.7)</b>	(478.0)	(473.9)
Financial liabilities – derivative financial instruments	7	-	(11.5)	(22.0)
Trade and other payables		<b>(39.7)</b>	(41.0)	(40.9)
Deferred income tax liabilities		<b>(5.8)</b>	(0.2)	-
Provisions for other liabilities and charges	8	<b>(0.8)</b>	(1.3)	(1.2)
<b>Total non-current liabilities</b>		<b>(521.0)</b>	(532.0)	(538.0)
<b>Total liabilities</b>		<b>(728.3)</b>	(739.8)	(721.3)
<b>Net liabilities</b>		<b>(186.5)</b>	(220.9)	(261.2)
<b>Shareholders' deficit</b>				
Share capital		<b>17.3</b>	17.3	17.3
Share premium		<b>385.6</b>	385.6	385.6
Merger reserve		<b>(774.3)</b>	(774.3)	(774.3)
Hedge reserve		<b>11.7</b>	(11.3)	(36.0)
Capital redemption reserve		<b>5.7</b>	5.7	5.7
Warrant reserve		<b>3.1</b>	3.1	3.1
Retained earnings		<b>164.4</b>	153.0	137.4
<b>Total shareholders' deficit</b>		<b>(186.5)</b>	(220.9)	(261.2)

The notes on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.

## Missouri Topco Limited

### Condensed consolidated cash flow statement

	Note	13 weeks ended 24 November 2018 £'m	13 weeks ended 25 November 2017 £'m	39 weeks ended 24 November 2018 £'m	39 weeks ended 25 November 2017 £'m	52 weeks ended 24 February 2018 £'m
<b>Cash flows from operating activities</b>						
Cash generated	10	20.7	42.3	84.2	98.6	121.2
Interest paid		(0.2)	(0.2)	(19.1)	(18.5)	(43.6)
Income tax paid		(1.7)	(1.9)	(3.6)	(2.8)	(4.5)
<b>Net cash generated from/(used in) operating activities</b>		<b>18.8</b>	40.2	<b>61.5</b>	77.3	73.1
<b>Cash flows from investing activities</b>						
Purchases of property, plant and equipment		(5.4)	(39.6)	(21.9)	(48.5)	(62.5)
Purchases of intangible assets		(3.8)	(1.7)	(11.0)	(7.2)	(10.4)
Purchase of shares in investment		-	-	-	(0.4)	(0.4)
Interest received		0.1	0.2	0.4	0.4	0.5
<b>Net cash used in investing activities</b>		<b>(9.1)</b>	(41.1)	<b>(32.5)</b>	(55.7)	(72.8)
<b>Cash flows from financing activities</b>						
Bonds redeemed		-	-	-	-	(480.0)
Early redemption charge		-	-	-	-	(12.0)
Bonds issued - capital		-	-	-	-	480.0
Bonds issued - costs		-	-	-	-	(7.2)
<b>Net cash used in financing activities</b>		<b>-</b>	-	<b>-</b>	-	(19.2)
Net increase/(decrease) in cash and cash equivalents		9.7	(0.9)	29.0	21.6	(18.9)
Cash and cash equivalents at the beginning of the period		81.5	103.6	62.2	81.1	81.1
<b>Cash and cash equivalents at the end of the period</b>		<b>91.2</b>	102.7	<b>91.2</b>	102.7	62.2

The notes on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.



## Missouri Topco Limited

### Condensed consolidated statement of changes in shareholders' equity

Group	Share capital £'m	Share premium £'m	Merger reserve £'m	Hedge reserve £'m	Capital redemption reserve £'m	Warrant reserve £'m	Non-controlling interest £'m	Retained earnings £'m	Total equity £'m
As at 26 February 2017	17.3	385.6	(774.3)	51.7	5.7	3.1	(0.8)	123.5	(188.2)
<b>Comprehensive income</b>									
Profit for the period	-	-	-	-	-	-	-	30.6	30.6
<b>Total profit for the period</b>	-	-	-	-	-	-	-	30.6	30.6
<b>Other comprehensive income</b>									
Cash flow hedges									
- fair value charge in the period	-	-	-	(80.8)	-	-	-	-	(80.8)
- transfers to inventory	-	-	-	3.0	-	-	-	-	3.0
- tax element of cash flow hedges	-	-	-	14.8	-	-	-	-	14.8
Total cash flow hedges, net of tax	-	-	-	(63.0)	-	-	-	-	(63.0)
<b>Total comprehensive income, net of tax</b>	-	-	-	(63.0)	-	-	-	30.6	(32.4)
<b>Transactions with owners</b>									
Fair value charge for subscription for 'B' shares	-	-	-	-	-	-	-	0.2	0.2
<b>Total transactions with owners</b>	-	-	-	-	-	-	-	0.2	0.2
Non-controlling interest	-	-	-	-	-	-	0.8	(1.3)	(0.5)
<b>As at 25 November 2017</b>	<b>17.3</b>	<b>385.6</b>	<b>(774.3)</b>	<b>(11.3)</b>	<b>5.7</b>	<b>3.1</b>	<b>-</b>	<b>153.0</b>	<b>(220.9)</b>

## Missouri Topco Limited

### Condensed consolidated statement of changes in shareholders' equity (continued)

Group	Note	Share capital £'m	Share premium £'m	Merger reserve £'m	Hedge reserve £'m	Capital redemption reserve £'m	Warrant reserve £'m	Retained earnings £'m	Total equity £'m
As at 24 February 2018		17.3	385.6	(774.3)	(36.0)	5.7	3.1	137.4	(261.2)
<b>Comprehensive income</b>									
Profit for the period		-	-	-	-	-	-	27.7	27.7
<b>Total profit for the period</b>		-	-	-	-	-	-	27.7	27.7
<b>Other comprehensive income</b>									
Cash flow hedges									
- fair value loss in the period		-	-	-	59.8	-	-	-	59.8
- transfers to inventory		-	-	-	(1.0)	-	-	-	(1.0)
- tax element of cash flow hedges		-	-	-	(11.1)	-	-	-	(11.1)
Total cash flow hedges, net of tax		-	-	-	47.7	-	-	-	47.7
<b>Total comprehensive income, net of tax</b>		-	-	-	47.7	-	-	27.7	75.4
<b>Transactions with owners</b>									
Fair value charge for subscription for 'B' shares		-	-	-	-	-	-	(0.7)	(0.7)
<b>Total transactions with owners</b>		-	-	-	-	-	-	(0.7)	(0.7)
<b>As at 24 November 2018</b>		<b>17.3</b>	<b>385.6</b>	<b>(774.3)</b>	<b>11.7</b>	<b>5.7</b>	<b>3.1</b>	<b>164.4</b>	<b>(186.5)</b>

## **Missouri Topco Limited**

### **Notes to the financial statements (continued)**

#### **1. General information**

The Company is incorporated and domiciled in Guernsey, all subsidiary companies are incorporated and domiciled in the UK. The Company is limited by shares. The financial statements are presented in sterling, which is the Group's functional and presentational currency. The Group's principal place of business is Perimeter Road, Knowsley Industrial Park, Liverpool, L33 7SZ.

These condensed consolidated interim financial statements were approved for issue on 14 January 2019.

#### **2. Summary of accounting policies**

##### **Basis of preparation**

These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the 52 weeks ended 24 February 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRIC interpretations, and specifically IAS 34 Interim Financial Reporting.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the 52 weeks ended 24 February 2018, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no new IFRSs or IFRIC interpretations that are effective for the first time for this financial period that would be expected to have a material impact on the Group.

At the date of approval of these condensed consolidated interim financial statements, the IASB and IFRIC have issued new or amended standards and interpretations which were in issue but not effective for the financial period and not early adopted. The adoption of these standards is not expected to have a material impact on the Company's accounts when adopted, except where stated:

##### **New standards, amendments to standards or interpretations**

- IFRS 16 Leases. The new standard is effective for annual reporting periods beginning on or after 1 January 2019. The impact of the new standard is expected to be material and is currently under review by the Group.

The transition to IFRS 16 will impact the financial statements, affecting the income statement, statement of financial position and disclosures when adopted, including the opening statement of financial position at 24 February 2019. The new standard allows for two different transition approaches, fully retrospective and modified retrospective. The initial phase of work undertaken by the Group has concluded on the decision to adopt the modified transition approach. The Group is still in the process of assessing the impact of the new standard, which cannot yet be fully quantified.

The Group intends to adopt the new standards and amendments no later than their applicable date, subject to endorsement by the EU.

## Missouri Topco Limited

### Notes to the financial statements (continued)

#### 3. Operating profit

	<b>13 weeks ended 24 November 2018 £'m</b>	13 weeks ended 25 November 2017 £'m	<b>39 weeks ended 24 November 2018 £'m</b>	39 weeks ended 25 November 2017 £'m	52 weeks ended 24 February 2018 £'m
<b>Total revenue</b>	<b>308.3</b>	293.8	<b>836.6</b>	807.1	1,063.0
Cost of goods sold	<b>(155.3)</b>	(138.1)	<b>(426.8)</b>	(401.3)	(533.9)
Selling expenses	<b>(93.2)</b>	(91.0)	<b>(265.3)</b>	(258.8)	(346.5)
Distribution expenses	<b>(13.3)</b>	(11.8)	<b>(36.0)</b>	(34.7)	(46.6)
<b>Total cost of sales</b>	<b>(261.8)</b>	(240.9)	<b>(728.1)</b>	(694.8)	(927.0)
<b>Gross profit</b>	<b>46.5</b>	52.9	<b>108.5</b>	112.3	136.0
Administrative expenses - pre exceptional items	<b>(14.4)</b>	(15.5)	<b>(44.2)</b>	(45.3)	(62.1)
Exceptional items - administrative expenses	<b>(0.0)</b>	(0.2)	<b>(0.3)</b>	(1.0)	(1.8)
Administrative expenses	<b>(14.4)</b>	(15.7)	<b>(44.5)</b>	(46.3)	(63.9)
<b>Operating profit</b>	<b>32.1</b>	37.2	<b>64.0</b>	66.0	72.1

Further details of exceptional items are given in note 14.

## Missouri Topco Limited

### Notes to the financial statements (continued)

#### 4. Segment Reporting

The chief operating decision-maker has been identified as the Board of Directors. The Directors consider there to be one operating and reportable segment, being that of the sale of clothing and homewares through out of town retail outlets, primarily through the Matalan fascia, in the United Kingdom.

Internal reports reviewed regularly by the Board provide information to allow the chief operating decision-maker to allocate resources and make decisions about the operations. The internal reporting focuses on the Group as a whole and does not identify individual segments. This set of condensed consolidated interim financial statements is therefore presented as a single reportable segment.

The chief operating decision-maker relies primarily on EBITDA before exceptional items to assess the performance of the Group and make decisions about resources to be allocated to the segment. This can be reconciled to statutory operating profit as follows:

	<b>13 weeks ended 24 November 2018</b>	13 weeks ended 25 November 2017	<b>39 weeks ended 24 November 2018</b>	39 weeks ended 25 November 2017	52 weeks ended 24 February 2018
	<b>£'m</b>	£'m	<b>£'m</b>	£'m	£'m
Operating profit	<b>32.1</b>	37.2	<b>64.0</b>	66.0	72.1
Depreciation and amortisation	<b>7.9</b>	7.5	<b>23.3</b>	22.9	30.6
Exceptional items	<b>0.0</b>	0.2	<b>0.3</b>	1.0	1.8
<b>EBITDA pre exceptionals</b>	<b>40.0</b>	44.9	<b>87.6</b>	89.9	104.5

The performance of the Group is subject to seasonal peaks. The Group traditionally performs well during the late spring and early summer and over the Christmas season.

Whilst the e-commerce business represents a significant opportunity for future growth within the Group, it does not yet represent a significant portion of the operating results of the Group. E-commerce is therefore not reported as a separate operating segment by the Group for internal or external reporting purposes.

#### 5. Income tax

Income tax for the 13 week period ended 24 November 2018 is charged at 23.8% and for the 39 week period ended 24 November 2018 is charged at 23.1% (13 weeks ended 25 November 2017: 20.5%; 39 weeks ended 24 November 2017: 19.5%; 52 weeks ended 24 February 2018: 26.0%) of profit representing the best estimate of the effective annual income tax rate expected for the full year, applied to the pre-tax profit for the 13 week and 39 week periods.

The effective annual income tax rate of 23.1% for the period is higher than the standard rate of corporation tax in the UK of 19.0% at the end of November 2018 (November 2017: 19.0%, February 2018: 20.0%). The key reconciling items relate to non-deductible expenses. The rate of corporation tax is based on a weighted average rate. A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

## Missouri Topco Limited

### Notes to the financial statements (continued)

#### 6. Financial liabilities – borrowings

	<b>24 November 2018</b>	25 November 2017	24 February 2018
	£'m	£'m	£'m
<b>Non-current</b>			
6.75% First Lien Secured Notes (net of £3.8m issue costs (November 2017: £nil; February 2018: £4.4m)) maturity date 2023	<b>(346.2)</b>	-	(345.6)
9.5% Second Lien Secured Notes (net of £1.5m issue costs (November 2017: £nil; February 2018: £1.7m)) maturity date 2024	<b>(128.5)</b>	-	(128.3)
6.875% First Lien Secured Notes (net of £nil issue costs (November 2017: £1.5m; February 2018: £nil)) refinanced in Jan 2018	-	(340.7)	-
8.875% Second Lien Secured Notes (net of £nil issue costs (November 2017: £0.8m; February 2018: £nil)) refinanced in Jan 2018	-	(137.3)	-
	<b>(474.7)</b>	(478.0)	(473.9)

Borrowings are all denominated in sterling at 24 November 2018. The Group had no short-term borrowings during any of the reported periods. Issue costs of £6.2m were incurred in relation to the First Lien Secured Notes and Second Lien Secured Notes and are being amortised over the terms of the facilities.

A proportion of the Second Lien Secured Notes are held by shareholders of the Company.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases in open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. In the 52 week period ending 24 February 2018 the Group issued £350m First Lien secured notes due 2023 and £130m Second Lien unsecured notes due 2024. The proceeds of this offering were used to refinance in full the existing bond issues. Further details can be found in note 14.

<b>Maturity of Secured Notes</b>	<b>24 November 2018</b>	25 November 2017	24 February 2018
	£'m	£'m	£'m
Less than one year	-	-	-
One to five years	<b>350.0</b>	480.0	350.0
Five to ten years	<b>130.0</b>	-	130.0
	<b>480.0</b>	480.0	480.0
Unamortised issue costs	<b>(5.3)</b>	(2.0)	(6.1)
	<b>474.7</b>	478.0	473.9
Current	-	-	-
Non-current	<b>474.7</b>	478.0	473.9
	<b>474.7</b>	478.0	473.9

## Missouri Topco Limited

### Notes to the financial statements (continued)

#### 6. Financial liabilities – borrowings (continued)

##### Borrowing facilities

At 24 November 2018 the table below reflects the usage of the Revolving Credit Facilities (RCF). These facilities are subject to an annual review and incur fees at market rates.

	<b>24 November 2018</b>	25 November 2017	24 February 2018
	<b>£'m</b>	£'m	£'m
Letters of credit	<b>3.0</b>	4.0	2.9
Guarantees	<b>8.3</b>	8.3	8.3
Unused	<b>38.7</b>	37.7	38.8
<b>Total available</b>	<b>50.0</b>	50.0	50.0

An unlimited guarantee under a composite accounting agreement operates for all Group company bank accounts. Group bank facilities are secured by fixed and floating charges on the assets of the guarantor group. Notes in issue as disclosed are guaranteed by the assets of the guarantor group.

#### 7. Derivative financial instruments

##### Forward foreign exchange contracts

The total principal value of forward foreign exchange contracts at 24 November 2018 is £529.6m (25 November 2017: £689.1m; 24 February 2018: £695.1m).

The net fair value of gains as at 24 November 2018 on open forward foreign exchange contracts that hedge the foreign currency risk of purchases is £15.1m (25 November 2017: losses of £9.8m; 24 February 2018: losses of £44.8m). These are transferred at their current fair value as an inventory based adjustment on receipt of the underlying inventory.

#### 8. Provisions for other liabilities and charges

	<b>Onerous contracts</b>		
	<b>£'m</b>		
At 25 February 2018			<b>(1.7)</b>
Utilised in the period			<b>0.4</b>
<b>At 24 November 2018</b>			<b>(1.3)</b>

  

	<b>24 November 2018</b>	25 November 2017	24 February 2018
	<b>£'m</b>	£'m	£'m
Analysis of total provisions:			
Non-current	<b>(0.8)</b>	(1.3)	(1.2)
Current	<b>(0.5)</b>	(0.5)	(0.5)
	<b>(1.3)</b>	(1.8)	(1.7)

## Missouri Topco Limited

### Notes to the financial statements (continued)

#### 8. Provisions for other liabilities and charges (continued)

During a previous period a lease previously assigned to another retailer was returned to the Company in 2009 on privity of contract after they entered administration. A provision was created at that time to recognise that the lease was onerous and this was treated as exceptional in nature and is being released over the remaining life of the lease.

During a previous period, the Group established a provision for anticipated future dilapidations costs, this was fully utilised within the period ending 24 February 2018.

#### 9. Acquisition of NCI

In the prior year, the Group acquired an additional 25% interest in Matalan Direct Limited under its historic obligations for £0.4m in cash, increasing its ownership from 75% to 100%. The carrying amount of Matalan Direct Limited's net liabilities in the Group's financial statements on the date of acquisition was (£3.7m). The Group recognised a decrease in NCI of £0.9m and a decrease in retained earnings of £1.3m.

#### 10. Cash flow from operating activities

##### Reconciliation of operating profit to net cash flow from operating activities:

	13 weeks ended 24 November 2018 £'m	13 weeks ended 25 November 2017 £'m	39 weeks ended 24 November 2018 £'m	39 weeks ended 25 November 2017 £'m	52 weeks ended 24 February 2018 £'m
<b>Cash generated from operations</b>					
Operating profit	32.1	37.2	64.0	66.0	72.1
Adjustments for:					
Depreciation	6.0	5.6	17.6	17.6	23.4
Amortisation of intangibles	1.9	1.9	5.7	5.3	7.2
Non cash exceptional items	-	(0.1)	-	(0.1)	0.4
Share based compensation charge	(0.9)	-	(0.7)	0.2	0.3
Hedge accounting	0.2	0.7	0.2	0.8	0.1
<b>Operating cash flows before movements in working capital</b>	<b>39.3</b>	45.3	<b>86.8</b>	89.8	103.5
Movements in working capital:					
Increase in inventories	(14.0)	(20.6)	(26.0)	(24.7)	(5.7)
(Decrease)/increase in trade and other receivables	(7.0)	(6.0)	(7.1)	(5.9)	3.5
Increase in trade and other payables	2.4	23.6	30.5	39.4	19.9
<b>Net cash flows from operating activities</b>	<b>20.7</b>	42.3	<b>84.2</b>	98.6	121.2



## Missouri Topco Limited

### Notes to the financial statements (continued)

#### 11. Reconciliation of net debt

Net funds incorporate notes in issue, less cash and cash equivalents.

	Net debt at 24 February 2018	Cash movements	Non cash movements	Net debt at 24 November 2018
	£'m	£'m	£'m	£'m
Cash and cash equivalents	62.2	29.0	-	91.2
Debt due after 1 year	(473.9)	-	(0.8)	(474.7)
	(411.7)	29.0	(0.8)	(383.5)

#### 12. Contingent liabilities

An unlimited guarantee under a composite accounting agreement operates for all group company bank accounts. Group bank facilities as disclosed in note 6 are secured by fixed and floating charges over the assets of the guarantor group. Notes in issue as disclosed in note 6 are guaranteed by the assets of the guarantor group.

#### 13. Related party transactions

During previous periods, the Group leased its head office from a company associated with the Hargreaves family. On 23 November 2017, the Group purchased the remainder of the long leasehold tenure from that company at a cost of £32.6m including stamp duty and legal fees. There will be no further rental expenditure to this company (13 weeks ended 24 November 2017: £0.5m; 39 weeks ended 24 November 2017: £1.5m; 52 weeks ended 24 February 2018: £1.6m).

The Group purchased IT services from companies associated with the Hargreaves family. The expenditure incurred during the 13 week period ended 24 November 2018 was £0.7m and in the 39 week period ended 24 November 2018 £2.0m (13 weeks ending 25 November 2017: £1.0m; 39 weeks ending 24 November 2017: £2.0m; 52 weeks ended 24 February 2018: £2.6m) of which £0.2m was outstanding at 24 November 2018 (25 November 2017: £0.2m; 24 February 2018: £nil).

The Group purchased clothing for resale from companies associated with the Hargreaves family. Purchases during the 13 week period ended 24 November 2018 were £1.0m and the 39 week period ended 24 November 2018 were £2.7m (13 weeks ending 25 November 2017: £0.9m; 39 weeks ending 25 November 2017: £2.3m; 52 weeks ended 24 February 2018: £5.5m) of which £0.4m was outstanding at 24 November 2018 (24 November 2017: £0.1m; 24 February 2018: £0.2m).

The Group used the clothing design services of companies associated with the Hargreaves family. The expenditure incurred during the 13 week period ended 24 November 2018 was £0.4m and the 39 week period ended 24 November 2018 was £0.8m (13 weeks ending 25 November 2017: £0.4m; 39 weeks ending 25 November 2017: £1.1m; 52 weeks ended 24 February 2018: £2.4m) of which £0.2m was outstanding at 24 November 2018 (25 November 2017: £0.1m outstanding; 24 February 2018: £0.1m was outstanding).

In the previous quarter, the Group purchased the intellectual property of Morley, a Hargreaves family brand of menswear currently sold within our range, for £3.0m. Prior to this, the Group incurred expenses related to the use and design of this brand which have now ceased.

## Missouri Topco Limited

### Notes to the financial statements (continued)

#### 13. Related party transactions (continued)

During the 13 week period ended 24 November 2018 a member of the Hargreaves family was paid £nil and in the 39 week period ended 24 November 2018 £0.1m (13 weeks ending 25 November 2017: £nil; 39 weeks ending 25 November 2017: £0.1m; 52 weeks ended 24 February 2018: £0.1m).

The Group incurred costs relating to the Hargreaves family and associated companies. The expenditure incurred during the 13 week period ended 24 November 2018 was £nil and the 39 week period ended 24 November 2018 was £0.2m (13 weeks ending 25 November 2017: £0.1m; 39 weeks ended 25 November 2017: £0.4m; 52 weeks ended 24 February 2018: £0.2m) of which £0.2m was outstanding at 24 November 2018 (25 November 2017: £0.3m, 24 February 2018: £nil).

All of the above transactions have taken place at levels not materially different to commercial terms.

#### 14. Exceptional items

Exceptional items are comprised as follows:

	<b>13 weeks ended 24 November 2018 £'m</b>	13 weeks ended 25 November 2017 £'m	<b>39 weeks ended 24 November 2018 £'m</b>	39 weeks ended 25 November 2017 £'m	52 weeks ended 24 February 2018 £'m
Restructuring costs	<b>(0.0)</b>	(0.3)	<b>(0.3)</b>	(1.1)	(1.4)
Onerous contract provision	-	0.1	-	0.1	0.1
EBT provision	-	-	-	-	(0.5)
<b>Exceptional items - administrative expenses</b>	<b>(0.0)</b>	(0.2)	<b>(0.3)</b>	(1.0)	(1.8)
Finance Expense	-	-	-	-	(14.8)
<b>Exceptional items – Finance Expense</b>	<b>-</b>	-	<b>-</b>	-	(14.8)
<b>Total exceptional items</b>	<b>(0.0)</b>	(0.2)	<b>(0.3)</b>	(1.0)	(16.6)

#### Restructuring costs

Restructuring costs of £nil were incurred in the 13 week period ended 24 November 2018 and costs of £0.3m were incurred in the 39 week period 24 November 2018 (13 week period ended 25 November 2017: £0.3m; 39 week period ended 25 November 2017: £1.1m; 52 week period ended 24 February 2018: £1.4m).

#### Onerous contract provision

Onerous contract provisions of £nil were released in the 39 week period ended 24 November 2018 (39 week period ended 25 November 2017: £0.1m; 52 week period ended 24 February 2018: £0.1m credit).

#### EBT provision

A provision of £0.5m was made during the previous financial year for employment related tax liabilities arising due to an historical ongoing review of the value of the B shares sold to the EBT. This was treated as exceptional in the year and has now been paid.

## **Missouri Topco Limited**

### **Notes to the financial statements (continued)**

#### **14. Exceptional items (continued)**

##### **Financing Expense**

In the prior year, the Group issued £350m First Lien secured notes due 2023 and £130m Second Lien unsecured notes due 2024. The proceeds of this offering were used to refinance in full the existing bond issues. Costs, fees and expenses in connection with the refinancing amounting to £14.8m were paid out of cash reserves. These costs were treated as exceptional in the year.