

**REGISTERED NUMBER: 00045618**

**MISSOURI TOPCO LIMITED**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**13 WEEKS ENDED 26 NOVEMBER 2022**

# MISSOURI TOPCO LIMITED

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## MISSOURI TOPCO LIMITED

### Results of operations for the 13 weeks ended 26 November 2022

#### Revenue

Revenue increased by 7.3% to £312.8m in the 13 week period ended 26 November 2022 and increased by 13.9% to £885.7m in the 39 week period ended 26 November 2022 (13 week period ended 27 November 2021: £291.4m; 39 week period ended 27 November 2021: £777.9m; 52 week period ended 26 February 2022: £1,027.1m).

#### Cost of sales and gross profit

Cost of sales increased by 19.1% to £290.6m in the 13 week period ended 26 November 2022 and increased by 24.2% to £806.1m in the 39 week period ended 26 November 2022 (13 week period ended 27 November 2021: £243.9m; 39 week period ended 27 November 2021: £649.2m; 52 week period ended 26 February 2022: £877.4m).

Gross profit decreased by 53.3% to £22.2m in the 13 week period ended 26 November 2022 and decreased by 38.2% to £79.6m in the 39 week period ended 26 November 2022 (13 week period ended 27 November 2021: £47.5m; 39 week period ended 27 November 2021: £128.7m; 52 week period ended 26 February 2022: £149.7m).

Gross profit as a percentage of revenue decreased to 7.1% in the 13 week period ended 26 November 2022 and decreased to 9.0% in the 39 week period ended 26 November 2022 (13 week period ended 27 November 2021: 16.3%; 39 week period ended 27 November 2021: 16.5%; 52 week period ended 26 February 2022: 14.6%).

#### Administrative expenses (including exceptional items)

Administrative expenses (including exceptional items) increased by £2.3m to £15.1m in the 13 week period ended 26 November 2022 and increased by £2.5m to £46.4m in the 39 week period ended 26 November 2022 (13 week period ended 27 November 2021: £12.8m; 39 week period ended 27 November 2021: £43.9m; 52 week period ended 26 February 2022: £60.0m).

Exceptional administrative expenses of £0.3m were credited to the income statement in the 13 week period ended 26 November 2022 and £0.1m were debited to the income statement in the 39 week period ended 26 November 2022 (13 week period ended 27 November 2021: £0.1m debit; 39 week period ended 27 November 2021: £0.7m debit; 52 week period ended 26 February 2022: £2.5m debit).

#### Operating profit

Operating profit pre-exceptional items decreased by £28.0m to £6.8m in the 13 week period ended 26 November 2022 and decreased by £52.2m to £33.3m in the 39 week period ended 26 November 2022 (13 week period ended 27 November 2021: £34.8m; 39 week period ended 27 November 2021: £85.5m; 52 week period ended 26 February 2022: £92.2m).

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

Net finance costs (including exceptional items) were £27.2m in the 13 week period ended 26 November 2022 and £74.5m in the 39 week period ended 26 November 2022 (13 week period ended 27 November 2021: £24.1m; 39 week period ended 27 November 2021: £73.8m; 52 week period ended 26 February 2022: £97.4m).

Exceptional finance costs of £4.5m were incurred in both the 13 week and 39 week periods ended 26 November 2022 (13 week period ended 27 November 2021: £nil; 39 week period ended 27 November 2021: £0.3m; 52 week period ended 26 February 2022: £0.4m).

## MISSOURI TOPCO LIMITED

### Results of operations for the 13 weeks ended 26 November 2022 (continued)

#### Taxation

Taxation in the 13 week period ended 26 November 2022 was a £9.8m credit and a £11.9m credit in the 39 week period ended 26 November 2022 (13 week period ended 27 November 2021: £1.6m credit; 39 week period ended 27 November 2021: £3.5m credit; 52 week period ended 26 February 2022: £5.6m credit).

#### (Loss)/ profit for the period

The loss in the 13 week period ended 26 November 2022 was £10.3m and the loss in the 39 week period ended 26 November 2022 was £29.4m (13 week period ended 27 November 2021: £12.2m profit; 39 week period ended 27 November 2021: £14.5m profit; 52 week period ended 26 February 2022: £2.1m loss).

#### Cash flow

Cash flows from operating activities decreased by £30.1m to a £12.1m inflow in the 13 week period ended 26 November 2022 and decreased by £85.0m to a £50.5m inflow in the 39 week period ended 26 November 2022 (13 week period ended 27 November 2021: £42.2m inflow; 39 week period ended 27 November 2021: £135.5m inflow; 52 week period ended 26 February 2022: £109.0m inflow).

Net cash used in investing activities was a £9.5m outflow in the 13 week period ended 26 November 2022 and a £31.1m outflow in the 39 week period ended 26 November 2022 (13 week period ended 27 November 2021: £6.2m outflow; 39 week period ended 27 November 2021: £17.5m outflow; 52 week period ended 26 February 2022: £22.5m outflow).

Net cash used in financing activities was a £22.2m outflow in the 13 week period ended 26 November 2022 and a £105.1m outflow in the 39 week period ended 26 November 2022 (13 week period ended 27 November 2021: £26.1m outflow; 39 week period ended 27 November 2021: £45.1m outflow; 52 week period ended 26 February 2022: £71.4m outflow).

Net cash decreased by £19.6m in the 13 week period ended 26 November 2022 and decreased by £85.7m in the 39 week period ended 26 November 2022 (13 week period ended 27 November 2021: £9.9m increase; 39 week period ended 27 November 2021: £72.9m increase; 52 weeks ended 26 February 2022: £15.1m increase). The net cash and cash equivalents balance (net of Term Loan) as at 26 November 2022 was £22.3m.

# MISSOURI TOPCO LIMITED

## Condensed consolidated income statement

	Note	13 weeks ended 26 November 2022 £'m	13 weeks ended 27 November 2021 £'m	39 weeks ended 26 November 2022 £'m	39 weeks ended 27 November 2021 £'m	52 weeks ended 26 February 2022 £'m
Revenue	3	312.8	291.4	885.7	777.9	1,027.1
Cost of sales	3	(290.6)	(243.9)	(806.1)	(649.2)	(877.4)
<b>Gross profit</b>	3	<b>22.2</b>	47.5	<b>79.6</b>	128.7	149.7
Administrative expenses (including exceptional items)	3	(15.1)	(12.8)	(46.4)	(43.9)	(60.0)
<b>Operating profit (including exceptional items)</b>	3	<b>7.1</b>	34.7	<b>33.2</b>	84.8	89.7
Operating profit pre exceptional items		6.8	34.8	33.3	85.5	92.2
Exceptional items – administrative expenses	12	0.3	(0.1)	(0.1)	(0.7)	(2.5)
<b>Operating profit</b>		<b>7.1</b>	34.7	<b>33.2</b>	84.8	89.7
Finance costs		(22.7)	(24.1)	(70.0)	(73.5)	(97.0)
Exceptional finance expense	12	(4.5)	-	(4.5)	(0.3)	(0.4)
<b>Net finance costs</b>		<b>(27.2)</b>	(24.1)	<b>(74.5)</b>	(73.8)	(97.4)
<b>(Loss)/ profit before income tax and exceptional items</b>		<b>(15.9)</b>	10.7	<b>(36.7)</b>	12.0	(4.8)
Total exceptional items	12	(4.2)	(0.1)	(4.6)	(1.0)	(2.9)
<b>(Loss)/ profit before income tax</b>		<b>(20.1)</b>	10.6	<b>(41.3)</b>	11.0	(7.7)
Income tax	5	9.8	1.6	11.9	3.5	5.6
<b>(Loss)/ profit for the period</b>		<b>(10.3)</b>	12.2	<b>(29.4)</b>	14.5	(2.1)

The notes on pages 9 to 16 form an integral part of this condensed consolidated interim financial information.

## MISSOURI TOPCO LIMITED

### Statement of comprehensive income

	<b>13 weeks ended 26 November 2022 £'m</b>	13 weeks ended 27 November 2021 £'m	<b>39 weeks ended 26 November 2022 £'m</b>	39 weeks ended 27 November 2021 £'m	52 weeks ended 26 February 2022 £'m
<b>(Loss)/ profit for the period</b>	<b>(10.3)</b>	12.2	<b>(29.4)</b>	14.5	(2.1)
<b>Other comprehensive (expenditure)/ income:</b>					
Cash flow hedges	<b>(28.8)</b>	13.4	<b>(6.8)</b>	21.7	20.6
Income tax element of cash flow hedges	<b>5.4</b>	(2.2)	<b>2.5</b>	(3.6)	(2.9)
<b>Total other comprehensive (expenditure)/ income, net of income tax</b>	<b>(23.4)</b>	11.2	<b>(4.3)</b>	18.1	17.7
<b>Total comprehensive (expenditure)/ income for the period</b>	<b>(33.7)</b>	23.4	<b>(33.7)</b>	32.6	15.6
<b>Hedging gains and (losses) transferred to inventory</b>	<b>2.7</b>	(1.7)	<b>(4.4)</b>	(2.6)	(5.2)

The notes on pages 9 to 16 form an integral part of this condensed consolidated interim financial information.

# MISSOURI TOPCO LIMITED

## Condensed consolidated balance sheet

		26 November 2022	27 November 2021	26 February 2022
	Note	£'m	£'m	£'m
<b>Assets</b>				
Property, plant and equipment		173.7	173.6	170.1
Right-of-use assets		342.3	382.4	373.8
Intangible assets		36.8	46.2	42.4
Deferred tax asset		32.0	14.8	17.6
Financial assets – derivative financial instruments	7	-	1.6	0.1
<b>Total non-current assets</b>		<b>584.8</b>	618.6	604.0
Inventories – goods for resale		172.7	139.7	125.1
Trade and other receivables		41.8	32.3	30.8
Financial assets – derivative financial instruments	7	11.8	7.1	7.8
Current tax asset		0.3	0.3	0.3
Restricted cash and cash equivalents		4.4	-	-
Unrestricted cash and cash equivalents		77.9	182.9	125.1
<b>Total current assets</b>		<b>308.9</b>	362.3	289.1
<b>Total assets</b>		<b>893.7</b>	980.9	893.1
<b>Liabilities</b>				
Overdraft		-	(17.1)	(17.1)
Term loan		(60.0)	-	-
Financial liabilities – borrowings	6	(349.8)	(40.6)	(391.4)
Financial liabilities – derivative financial instruments	7	(10.8)	(2.1)	(0.1)
Short-term lease liabilities		(101.6)	(118.7)	(110.7)
Trade and other payables		(223.2)	(228.8)	(171.1)
Provisions for other liabilities and charges		(0.6)	(0.6)	(0.7)
<b>Total current liabilities</b>		<b>(746.0)</b>	(407.9)	(691.1)
Financial liabilities – borrowings	6	(168.6)	(502.6)	(156.8)
Long-term lease liabilities		(345.4)	(380.5)	(374.8)
Provisions for other liabilities and charges		(2.0)	(0.9)	(0.9)
<b>Total non-current liabilities</b>		<b>(516.0)</b>	(884.0)	(532.5)
<b>Total liabilities</b>		<b>(1,262.0)</b>	(1,291.9)	(1,223.6)
<b>Net liabilities</b>		<b>(368.3)</b>	(311.0)	(330.5)
<b>Shareholders' deficit</b>				
Share capital		17.3	17.3	17.3
Share premium		385.6	385.6	385.6
Hedge reserve		(3.2)	8.5	5.5
Merger reserve		(770.1)	(770.1)	(770.1)
Warrant reserve		-	-	-
Capital redemption reserve		4.6	4.6	4.6
Retained earnings		(2.5)	43.1	26.6
<b>Total shareholders' deficit</b>		<b>(368.3)</b>	(311.0)	(330.5)

The notes on pages 9 to 16 form an integral part of this condensed consolidated interim financial information.

# MISSOURI TOPCO LIMITED

## Condensed consolidated cash flow statement

	Note	13 weeks ended 26 November 2022 £'m	13 weeks ended 27 November 2021 £'m	39 weeks ended 26 November 2022 £'m	39 weeks ended 27 November 2021 £'m	52 weeks ended 26 February 2022 £'m
<b>Cash flows from operating activities</b>						
Cash generated	8	25.1	54.7	102.4	186.0	184.2
Interest paid		(13.0)	(12.5)	(51.9)	(50.5)	(75.2)
<b>Net cash generated from operating activities</b>		<b>12.1</b>	42.2	<b>50.5</b>	135.5	109.0
<b>Cash flows from investing activities</b>						
Purchases of property, plant and equipment		(5.7)	(4.4)	(21.8)	(10.9)	(14.1)
Purchases of intangible assets		(3.8)	(1.8)	(9.3)	(6.6)	(8.4)
<b>Net cash used in investing activities</b>		<b>(9.5)</b>	(6.2)	<b>(31.1)</b>	(17.5)	(22.5)
<b>Cash flows from financing activities</b>						
Exceptional finance costs		(4.5)	-	(4.5)	(0.3)	(0.4)
Issue costs		-	0.1	-	0.1	0.1
Repayment of lease liabilities		(17.7)	(26.2)	(56.2)	(44.9)	(71.1)
Repayment of borrowings		-	-	(44.4)	-	-
<b>Net cash used in financing activities</b>		<b>(22.2)</b>	(26.1)	<b>(105.1)</b>	(45.1)	(71.4)
Net (decrease)/ increase in cash and cash equivalents		(19.6)	9.9	(85.7)	72.9	15.1
Net cash and cash equivalents at the beginning of the period		41.9	155.9	108.0	92.9	92.9
<b>Net cash and cash equivalents at the end of the period</b>		<b>22.3</b>	165.8	<b>22.3</b>	165.8	108.0

The notes on pages 9 to 16 form an integral part of this condensed consolidated interim financial information.

## MISSOURI TOPCO LIMITED

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

Group	Note	Share	Share	Merger	Hedge	Capital	Warrant	Retained	Total
		capital	premium	reserve	reserve	redemption	reserve	earnings	equity
		£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
As at 28 February 2021		17.3	385.6	(770.1)	(7.0)	4.6	-	28.3	(341.3)
<b>Comprehensive income</b>									
Profit for the period		-	-	-	-	-	-	14.5	14.5
<b>Total profit for the period</b>		-	-	-	-	-	-	14.5	14.5
<b>Other comprehensive income</b>									
Cash flow hedges									
- fair value gain in the period		-	-	-	21.7	-	-	-	21.7
- tax element of cash flow hedges		-	-	-	(3.6)	-	-	-	(3.6)
Total cash flow hedges, net of tax		-	-	-	18.1	-	-	-	18.1
<b>Total other comprehensive income, net of tax</b>		-	-	-	18.1	-	-	-	18.1
<b>Hedging gains and (losses) transferred to the cost of inventory</b>		-	-	-	(2.6)	-	-	-	(2.6)
<b>Transactions with owners</b>									
Fair value charge for subscription for 'B' shares		-	-	-	-	-	-	0.3	0.3
<b>Total transactions with owners</b>		-	-	-	-	-	-	0.3	0.3
As at 27 November 2021		17.3	385.6	(770.1)	8.5	4.6	-	43.1	(311.0)

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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 27 February 2022		17.3	385.6	(770.1)	5.5	4.6	-	26.6	(330.5)
<b>Comprehensive income</b>									
Loss for the period		-	-	-	-	-	-	(29.4)	(29.4)
<b>Total loss for the period</b>		-	-	-	-	-	-	(29.4)	(29.4)
<b>Other comprehensive (expenditure)/ income</b>									
Cash flow hedges									
- fair value loss in the period		-	-	-	(6.8)	-	-	-	(6.8)
- tax element of cash flow hedges		-	-	-	2.5	-	-	-	2.5
Total cash flow hedges, net of tax		-	-	-	(4.3)	-	-	-	(4.3)
<b>Total other comprehensive (expenditure)/ income, net of tax</b>		-	-	-	(4.3)	-	-	-	(4.3)
<b>Hedging gains and (losses) transferred to the cost of inventory</b>		-	-	-	(4.4)	-	-	-	(4.4)
<b>Transactions with owners</b>									
Fair value charge for subscription for 'B' shares		-	-	-	-	-	-	0.3	0.3
<b>Total transactions with owners</b>		-	-	-	-	-	-	0.3	0.3
<b>As at 26 November 2022</b>		<b>17.3</b>	<b>385.6</b>	<b>(770.1)</b>	<b>(3.2)</b>	<b>4.6</b>	<b>-</b>	<b>(2.5)</b>	<b>(368.3)</b>

# MISSOURI TOPCO LIMITED

## Notes to the financial statements

### 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 presentational currency and the parent Company's functional currency. All amounts presented in the financial statements have been rounded to the nearest £0.1m, unless otherwise stated. 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 16 January 2023.

### 2. Summary of accounting policies and new standards

#### Basis of preparation

The annual financial statements of the Group are prepared in accordance with UK-adopted International Accounting Standards ('adopted IFRSs'). The comparative figures for the 52 week period to 26 February 2022 are taken from the Group's statutory accounts for that financial year.

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements (the policy for recognising and measuring income taxes in the period is described in note 5).

### 3. Operating profit

	<b>13 weeks ended 26 November 2022</b>	13 weeks ended 27 November 2021	<b>39 weeks ended 26 November 2022</b>	39 weeks ended 27 November 2021	52 weeks ended 26 February 2022
	<b>£'m</b>	£'m	<b>£'m</b>	£'m	£'m
<b>Total revenue</b>	<b>312.8</b>	291.4	<b>885.7</b>	777.9	1,027.1
Cost of goods sold	<b>(191.4)</b>	(151.4)	<b>(521.0)</b>	(399.0)	(542.8)
Selling expenses	<b>(84.9)</b>	(77.6)	<b>(244.3)</b>	(211.4)	(282.5)
Distribution expenses	<b>(14.3)</b>	(14.9)	<b>(40.8)</b>	(38.8)	(52.1)
<b>Total cost of sales</b>	<b>(290.6)</b>	(243.9)	<b>(806.1)</b>	(649.2)	(877.4)
<b>Gross profit</b>	<b>22.2</b>	47.5	<b>79.6</b>	128.7	149.7
Administrative expenses - pre exceptional items	<b>(15.4)</b>	(12.7)	<b>(46.3)</b>	(43.2)	(57.5)
Exceptional items - administrative expenses	<b>0.3</b>	(0.1)	<b>(0.1)</b>	(0.7)	(2.5)
<b>Total administrative expenses</b>	<b>(15.1)</b>	(12.8)	<b>(46.4)</b>	(43.9)	(60.0)
<b>Operating profit</b>	<b>7.1</b>	34.7	<b>33.2</b>	84.8	89.7

Further details of exceptional items are given in note 12.

## 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, and online.

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 Group is an omnichannel retailer and as such the customer journey often involves more than one channel. The internal reporting focuses on the Group as a whole and does not identify individual segments.

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 26 November 2022 under IFRS 16 £'m</b>	13 weeks ended 27 November 2021 under IFRS 16 £'m	<b>39 weeks ended 26 November 2022 under IFRS 16 £'m</b>	39 weeks ended 27 November 2021 under IFRS 16 £'m	52 weeks ended 26 February 2022 under IFRS 16 £'m
Operating profit	7.1	34.7	33.2	84.8	89.7
Depreciation and amortisation	26.2	26.3	80.8	78.4	105.6
Exceptional items	(0.3)	0.1	0.1	0.7	2.5
<b>EBITDA pre exceptionals</b>	<b>33.0</b>	61.1	<b>114.1</b>	163.9	197.8

#### Reconciliation to IAS 17 EBITDA

EBITDA pre exceptionals under IFRS 16	33.0	61.1	114.1	163.9	197.8
Increase in cost of sales	(23.6)	(24.3)	(70.1)	(71.1)	(95.2)
Increase in administrative expenses	(0.6)	(0.6)	(1.9)	(1.7)	(2.3)
EBITDA pre exceptionals under IAS 17	8.8	36.2	42.1	91.1	100.3

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.

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### Notes to the financial statements (continued)

#### 5. Income tax

Income tax for the 13 week period ended 26 November 2022 is credited at 48.8% and for the 39 week period ended 26 November 2022 is credited at 28.8% (13 weeks ended 27 November 2021: 15.1%; 39 weeks ended 27 November 2021: 31.8%, 52 weeks ended 26 February 2022: 72.7%) of profit representing the best estimate of the effective annual income tax rate expected for the full year, applied to the pre-tax profit/loss for the 13 week periods.

The effective annual income tax credit rate of 48.8% for the period is higher than the standard rate of corporation tax in the UK of 19.0% at the end of November 2022 (November 2021: 19.0%, February 2022: 19.0%). The key reconciling items relate to non-deductible expenses for the period. The rate of corporation tax is based on a weighted average rate. A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. On 24 May 2021 the increase in the corporation tax rate to 25% announced in the March 2021 Budget was substantively enacted (effective from 1 April 2023). This will have a consequential effect on the Group's future tax charge. The deferred tax asset at 26 November 2022 has been calculated based on the rate of 25% (2021: 25%).

#### 6. Financial liabilities – borrowings

	<b>26 November 2022</b>	27 November 2021	26 February 2022
	<b>£'m</b>	£'m	£'m
<b>Current</b>			
6.75% First Lien Secured Notes (net of £0.2m issue costs (November 2021: £1.1m; February 2022 £0.8m)) maturity date 2023	<b>(349.8)</b>	-	(349.2)
16.5% 1.5 Lien Secured Notes (net of £nil issue costs (November 2021: £2.4m; February 2022: £1.4m)) maturity date 2022	-	(25.3)	(26.3)
CLBILS (net of £nil issue costs (November 2021: £1.4m; February 2022: £0.8m)) maturity date 2022	-	(15.3)	(15.9)
Term Loan	<b>(60.0)</b>	-	-
	<b>(409.8)</b>	(40.6)	(391.4)
<b>Non-current</b>			
6.75% First Lien Secured Notes (net of £0.2m issue costs (November 2021: £1.1m; February 2022 £0.8m)) maturity date 2023	-	(348.9)	-
9.5% Second Lien Secured Notes (net of £0.3m issue costs (November 2021: £0.6m; February 2022 £0.5m)) maturity date 2024	<b>(79.7)</b>	(79.4)	(79.5)
9.5% Shareholder Notes (net of £0.2m issue costs (November 2021: £0.3m; February 2022: £0.3m)) maturity date 2024	<b>(49.8)</b>	(49.7)	(49.7)
Accrued PIK interest	<b>(39.1)</b>	(24.6)	(27.6)
	<b>(168.6)</b>	(502.6)	(156.8)

## MISSOURI TOPCO LIMITED

### Notes to the financial statements (continued)

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

Borrowings are all denominated in sterling at 26 November 2022. 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.

In the 52 week period ended 27 February 2021, the Group issued £27.7m 1.5 lien secured notes and received £25.0m in CLBILS funding. Issue costs were incurred of £13.2m in relation to the 1.5 lien secured notes and CLBILS, and were amortised over the terms of the facilities. In addition, during the 52 week period ended 27 February 2021, the Group subordinated £50.0m of the Second Lien unsecured notes, held by shareholders of the Company.

In December 2020, £8.3m of the CLBILS funding was repaid following the sale of the Group's head office. In July 2022, the Group repaid in full its CLBILS facility and the 1.5 lien secured notes at their maturity date. At the same time, the Group repaid its Revolving Credit Facility (RCF) and replaced it with a new £60.0m asset-backed Term Loan, which was fully drawn at 26 November 2022.

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.

#### Maturity of Secured Notes

	26 November 2022 £'m	27 November 2021 £'m	26 February 2022 £'m
Less than one year	410.0	44.4	394.4
One to five years	169.1	504.6	157.6
Five to ten years	-	-	-
	<b>579.1</b>	549.0	552.0
Unamortised issue costs	(0.7)	(5.8)	(3.8)
	<b>578.4</b>	543.2	548.2
Current	409.8	40.6	391.4
Non-current	168.6	502.6	156.8
	<b>578.4</b>	543.2	548.2

## MISSOURI TOPCO LIMITED

### Notes to the financial statements (continued)

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

##### Borrowing facilities

The table below reflects the usage of the old Revolving Credit Facilities (RCF), which matured at 25 July 2022, and the replacement £60.0m asset-backed Term Loan at the balance sheet date. These facilities are subject to an annual review and incur fees at market rates.

	26 November 2022 £'m	27 November 2021 £'m	26 February 2022 £'m
Letters of credit	-	7.6	7.5
Guarantees	-	0.5	0.5
Overdraft	-	17.1	17.1
Term loan	60.0	-	-
Unused	-	8.1	8.2
<b>Subtotal</b>	<b>60.0</b>	<b>33.3</b>	<b>33.3</b>
<b>CLBILS</b>	<b>-</b>	<b>16.7</b>	<b>16.7</b>
<b>Total</b>	<b>60.0</b>	<b>50.0</b>	<b>50.0</b>

At 26 November 2022, the borrowing facilities comprise of the £60.0m fully drawn asset-backed Term Loan.

In addition, during July 2022, the Group negotiated a new £8.0m cash-collateralised ancillary facility with its bankers. The cash collateral associated with this ancillary facility is reflected as restricted cash and cash equivalents on the balance sheet.

The table below reflects the usage of the new cash-collateralised ancillary facility at the balance sheet date.

	26 November 2022 £'m	27 November 2021 £'m	26 February 2022 £'m
Letters of credit	4.1	-	-
Guarantees	0.3	-	-
Unused	3.6	-	-
<b>Total</b>	<b>8.0</b>	<b>-</b>	<b>-</b>

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.

## MISSOURI TOPCO LIMITED

### Notes to the financial statements (continued)

#### 7. Derivative financial instruments

##### Forward foreign exchange contracts

The total principal value of forward foreign exchange contracts at 26 November 2022 is £286.7m (27 November 2021: £344.4m; 26 February 2022: £381.7m).

The net fair value of gains as at 26 November 2022 on open forward foreign exchange contracts that hedge the foreign currency risk of purchases is £1.0m (27 November 2021: £6.6m; 26 February 2022: £7.8m). These are transferred at their current fair value as an inventory based adjustment on receipt of the underlying inventory.

#### 8. Cash flow from operating activities

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

	<b>13 weeks ended 26 November 2022 £'m</b>	13 weeks ended 27 November 2021 £'m	<b>39 weeks ended 26 November 2022 £'m</b>	39 weeks ended 27 November 2021 £'m	52 weeks ended 26 February 2022 £'m
<b>Cash generated from operations</b>					
Operating profit	7.1	34.7	33.2	84.8	89.7
Adjustments for:					
Depreciation	21.9	22.1	66.1	67.8	89.8
Amortisation of intangibles	4.3	4.2	14.8	10.6	15.8
Gains on sold forward contracts	-	(3.0)	-	(11.7)	(13.9)
Share based compensation charge	0.1	0.1	0.3	0.3	0.4
Hedge accounting	(0.3)	0.3	(0.2)	0.2	(0.1)
<b>Operating cash flows before movements in working capital</b>	<b>33.1</b>	58.4	<b>114.2</b>	152.0	181.7
Movements in working capital:					
(Increase)/decrease in inventories	(18.2)	(31.5)	(45.2)	(4.6)	7.4
(Increase)/decrease in trade and other receivables	(3.3)	(0.1)	1.2	(14.3)	0.6
Increase/(decrease) in trade and other payables	13.5	27.9	32.2	52.9	(5.5)
<b>Net cash flows from operating activities</b>	<b>25.1</b>	54.7	<b>102.4</b>	186.0	184.2

## MISSOURI TOPCO LIMITED

### Notes to the financial statements (continued)

#### 9. Reconciliation of liabilities

	Loans and borrowings	Lease liabilities	Total
	£'m	£'m	£'m
<b>Opening balance as at 27 February 2022</b>	<b>(565.3)</b>	<b>(485.5)</b>	<b>(1,050.8)</b>
Repayment of lease liability	-	56.2	<b>56.2</b>
Interest paid	15.0	36.9	<b>51.9</b>
Repayment of RCF overdraft	17.1	-	<b>17.1</b>
Drawdown of Term Loan	(60.0)	-	<b>(60.0)</b>
Repayment of borrowings	44.4	-	<b>44.4</b>
Amortisation of issue costs	(3.1)	-	<b>(3.1)</b>
Interest expense	(26.5)	(31.6)	<b>(58.1)</b>
Lease modifications and additions	-	(23.0)	<b>(23.0)</b>
<b>Closing balance as at 26 November 2022</b>	<b>(578.4)</b>	<b>(447.0)</b>	<b>(1,025.4)</b>

The loans and borrowings balance of £578.4m is inclusive of current borrowings of £409.8m (note 6) and non-current borrowings of £168.6m (note 6).

#### 10. 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 on all the assets of the Group.

#### 11. Related party transactions

During the 52 weeks ended 27 February 2021, the Group disposed of the subsidiary which held the head office. The subsidiary was sold to JMax Knowsley Limited, which is a company controlled by a member of the Hargreaves Family for consideration of £1. £24,999,999 was then paid on behalf of the sold subsidiary to settle intercompany balances with Matalan Retail Limited. The Group received rental charges from JMax Knowsley Limited of £0.6m in the 13 week period ended 26 November 2022 and £1.8m in the 39 week period ended 26 November 2022 (13 weeks ended 27 November 2021: £0.5m; 39 weeks ended 27 November 2021: £1.5m; 52 weeks ended 26 February 2022: £2.2m). As at 26 November 2022 £nil was outstanding (27 November 2021: £0.3m; 26 February 2022: £nil).

The Group purchased IT services from companies associated with the Hargreaves family. The expenditure incurred during the 13 week period ended 26 November 2022 was £1.1m and in the 39 week period ended 26 November 2022 was £3.3m (13 weeks ended 27 November 2021: £1.3m; 39 weeks ended 27 November 2021: £4.7m; 52 weeks ended 26 February 2022: £5.0m) of which £0.4m was outstanding at 26 November 2022 (27 November 2021: £0.4m; 26 February 2022: £0.4m).

## MISSOURI TOPCO LIMITED

### Notes to the financial statements (continued)

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

The Group purchased clothing for resale from companies associated with the Hargreaves family. Purchases during the 13 week period ended 26 November 2022 were £0.1m and in the 39 week period ended 26 November 2022 were £0.3m (13 weeks ended 27 November 2021: £0.2m; 39 weeks ended 27 November 2021: £0.3m; 52 weeks ended 26 February 2022: £0.3m) of which £0.1m was outstanding at 26 November 2022 (27 November 2021: £0.1m; 26 February 2022: £nil).

The Group used the clothing design services of companies associated with the Hargreaves family. The expenditure incurred during both the 13 week and 39 week periods ended 26 November 2022 was £nil (13 weeks ended 27 November 2021: £nil; 39 weeks ended 27 November 2021: £0.1m; 52 weeks ended 26 February 2022: £0.1m) of which £nil was outstanding at 26 November 2022 (27 November 2021: £nil; 26 February 2022: £nil).

The Group incurred sundry costs relating to the Hargreaves family and associated companies. The expenditure incurred during the 13 week period ended 26 November 2022 was £0.1m and in the 39 week period ended 26 November 2022 was £0.2m (13 weeks ended 27 November 2021: £0.1m; 39 weeks ended 27 November 2021: £0.2m; 52 weeks ended 26 February 2022: £0.3m) of which £0.1m was outstanding at 26 November 2022 (27 November 2021: £0.1m, 26 February 2022: £nil).

#### 12. Exceptional items

Exceptional items are comprised as follows:

	<b>13 weeks ended 26 November 2022 £'m</b>	13 weeks ended 27 November 2021 £'m	<b>39 weeks ended 26 November 2022 £'m</b>	39 weeks ended 27 November 2021 £'m	52 weeks ended 26 February 2022 £'m
Restructuring costs	<b>0.3</b>	(0.1)	<b>(0.1)</b>	(0.7)	(2.5)
<b>Exceptional items – administrative expenses</b>	<b>0.3</b>	(0.1)	<b>(0.1)</b>	(0.7)	(2.5)
Finance expenses	<b>(4.5)</b>	-	<b>(4.5)</b>	(0.3)	(0.4)
<b>Exceptional items – finance expenses</b>	<b>(4.5)</b>	-	<b>(4.5)</b>	(0.3)	(0.4)
<b>Total exceptional items</b>	<b>(4.2)</b>	(0.1)	<b>(4.6)</b>	(1.0)	(2.9)

#### Restructuring costs

A credit of £0.3m in relation to a provision release was recognised against restructuring costs during the 13 week period ended 26 November 2022 and a net charge of £0.1m was incurred in the 39 week period ended 26 November 2022 (13 week period ended 27 November 2021: £0.1m; 39 week period ended 27 November 2021: £0.7m; 52 week period ended 26 February 2022: £2.5m).

#### Finance expenses

In both the 13 week and 39 week periods ended 26 November 2022 the Group recognised £4.5m of exceptional finance costs in relation to the refinancing exercise (13 week period ended 27 November 2021: £nil; 39 week period ended 27 November 2021: £0.3m; 52 week period ended 26 February 2022: £0.4m).