



CreditRiskMonitor’s warning of Ascena Retail Group Inc.’s (“Ascena Retail”) bankruptcy risk was determined by a combination of factors:

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MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score had been warning of financial stress at Ascena Retail (NASDAQ: ASNA) for more than a year. We issued a special High Risk Report, dated March 30, 2020 as conditions continued to deteriorate and become more troubling. **The company ultimately filed for bankruptcy on July 23, 2020.**

Ascena Retail announced that Executive VP and CFO, Rob Giammatteo, would be replaced and effectively resign by August.

Moody's Investors Service downgraded Ascena Retail from B3 to Caa2 and indicated an elevated risk of a debt restructuring.

A Board member resigned effective immediately; executive turnover often coincides with corporate financial stress.

Business Name	2019						2020						
	J	A	S	O	N	D	J	F	M	A	M	J	J
Ascena Retail Group, Inc.	1	1	1	1	1	1	1	1	1	1	1	1	1

BANKRUPT!

After winding down Dressbarn, the company was also considered divestment of Catherines and Lane Bryant.

Due to the coronavirus pandemic, the company would furlough all store employees and apply cuts to compensation.

The FRISK® score is 96% accurate* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

FRISK® SCORE: PROBABILITY OF BANKRUPTCY WITHIN 12 MONTHS

	FRISK®	FROM	TO
BEST	10	0.00%	0.12%
	9	0.12%	0.27%
	8	0.27%	0.34%
	7	0.34%	0.55%
	6	0.55%	0.87%
WORST	5	0.87%	1.40%
	4	1.40%	2.10%
	3	2.10%	4.00%
	2	4.00%	9.99%
	1	9.99%	50.00%

While the risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. **A FRISK® score of 5 or less is an important warning sign.**

* FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor® process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody’s, Fitch, & DBRS Morningstar

Crowdsourced CreditRiskMonitor® Usage Data

[Crowdsourcing](#) has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor® subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

DO NOT MISS THIS – MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Making misleading or fraudulent statements in an MD&A is against the law – and Sarbanes-Oxley subjects CEOs and CFOs to heavy fines or even jail time for doing so. A vital feature of the CreditRiskMonitor service is the ability to quickly access a Company’s Management Discussion and Analysis (MD&A) history. Let it sink in: there are no two people in the world with better knowledge of a company’s liquidity risk than the CEO and CFO. More than any credit manager. More than any trade group. And they’re personally liable if they’re lying.

According to the Financial Accounting Standards Board (FASB), “MD&A should provide a balanced presentation that includes both positive and negative information about the topics discussed.”

You MUST understand trends, commitments, demands and uncertainties likely to result in a material change in Liquidity and Capital Resources, like if they can continue as a going concern. If you don't, you need help.

Report

- Overview
- Company News
- Risk Ratings
- Important Information
- Annual Financials
- Year/Year Interim
- Sequential Quarters
- Liquidity (MD&A)**
- SEC Filings
- Peer Analysis
- Payments
- Public Filings
- General Info
- Access History
- Credit Limit
- Update Portfolio
- Print/Save Report
- Currency Converter
- Send This to a Colleague

Ascena Retail Group Inc.
933 Macarthur Blvd
MAHWAH, NJ 07430-2045 United States
Phone: (551) 777-6700

Filed for Bankruptcy on 7/23/2020
Case #20-33113, filed in the U.S. Bankruptcy Court for the Eastern District of Virginia (Richmond)

Management Discussion and Analysis History

The second quarter of Fiscal 2020 marked the continuation of the challenging market environment in which the Company competes. While the Company met its overall expectations for the second quarter, lower than expected comparable sales in the second quarter at the Justice brand, and lower than expected margins at our Ann Taylor brand, along with the expectation that such trends may continue into the second half of Fiscal 2020 led the Company to reduce its level of forecasted earnings for Fiscal 2020 and future periods. Since these brands had little or no excess of fair value over its book value at the beginning of Fiscal 2020, the Company concluded that these factors represented impairment indicators which required the Company to test its goodwill and indefinite-lived intangible assets for impairment during the second quarter of Fiscal 2020 (the "Interim Test").

As a result of a lower forecasted revenue assumptions over the projection period, the Company recognized a goodwill impairment charge of \$63.4 million as follows: a goodwill impairment charge of \$54.9 million at the Ann Taylor reporting unit and \$8.5 million at the Justice reporting unit. The Company also recognized impairment charges of \$5.0 million of our Catherine's brand, \$5.0 million of our Justice trade name, \$1.0 million of our Catherine's brand, and \$1.0 million of our Justice trade name. The fair value of the trade names was determined using a royalty-free license method (see Note 13 measurement).

Additional, if we consider the impact of the current market conditions or shifts in consumer spending, it could adversely impact our operating income margins. These trends may also have a negative impact on some of our operating income margins. These assumptions are highly judgmental and subject to change. We have not recorded any additional impairment charges for goodwill and/or other intangible assets that exceeded, or substantially exceeded, or substantially

The company disclosed substantial impairment charges in multiple brand banners and the prospect of continued sales headwinds stemming from declining consumer spending. Contact your account manager to discuss these important red flags.

COMPANY REPORT DETAIL

Ascena Retail Group Inc

HIGH RISK REPORT!

933 Macarthur Blvd

Phone: (551) 777-6700

MAHWAH, NJ 07430-2045 United States

Ticker: ASNA

Filed for Bankruptcy on 7/23/2020
Case #20-33113, filed in the U.S. Bankruptcy Court for the Eastern District of Virginia (Richmond)

Latest Financial Statements as of 2/1/2020

Business Summary

Ascena Retail Group, Inc. is a specialty retailer of apparel for women and tween girls. The Company classifies its operating businesses into three segments: Premium Fashion, Plus Fashion and Kids Fashion. The Company operates approximately 2,800 stores in the United States, Canada and Puerto Rico. The Premium fashion segment consists of the Ann Taylor and LOFT brands. The Plus Fashion segment consists of the Lane Bryant and Catherines brands. The Kids Fashion segment consists of the Justice brand and offers fashionable apparel to girls who are aged between six to 12. Justice's merchandise mix represents a mix of apparel, accessories, footwear, intimates and lifestyle products, such as cosmetics and bedroom accessories.

Employees: 13,000 (as of 8/3/2019)

Incorporated: 7/27/2010

Federal Tax Id: 060812960

Credit Score History

Why are these scores different? **FRISK® Score Analysis**

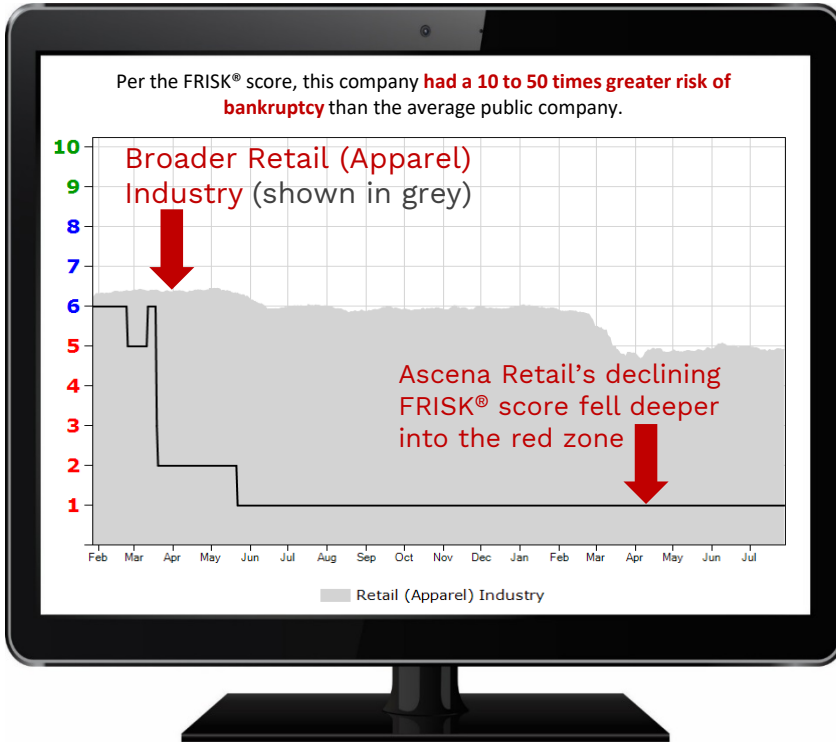
Score/ Index	2019					2020						
	J	A	S	O	N	D	J	F	A	M	J	J
FRISK® Score*	1	1	1	1	1	1	1	1	1	1	1	1
DBT Index	9	9	9	9	9	9	9	9	9	8	8	DBT
Z"-Score	-0.22	-1.86			-1.71		-2.3		Z"	Z"	Z"	

*FRISK® Scores are month-end

The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

Payment performance, captured by the Days Beyond Terms (DBT) index, which is very similar to D&B's PAYDEX® score, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

FRISK® DEEP DIVE



The FRISK® score relative to the broader Retail (Apparel) industry raised an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

ADJUSTED MARKET CAP VOLATILITY



One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

FRISK® STRESS INDEX

#	Business Name	Country	Current FRISK® score
1	Ascena Retail Group Inc HIGH RISK REPORT!	United States	1
2	RTW Retailwinds Inc	United States	1
3	Restoque Comercio e Confecos de Roups SA	Brazil	1
4	Shenzhen Hemei Group Co Ltd	China	1
5	Mothercare plc	United Kingdom	1
6	Tailored Brands Inc	United States	2
7	J.Jill Inc	United States	1
8	Mosaic Brands Ltd	Australia	2
9	Top Gun Realisations 90 Ltd	United Kingdom	2
10	Le Chateau Inc.	Canada	1

Primary industry codes only Primary and secondary industry codes

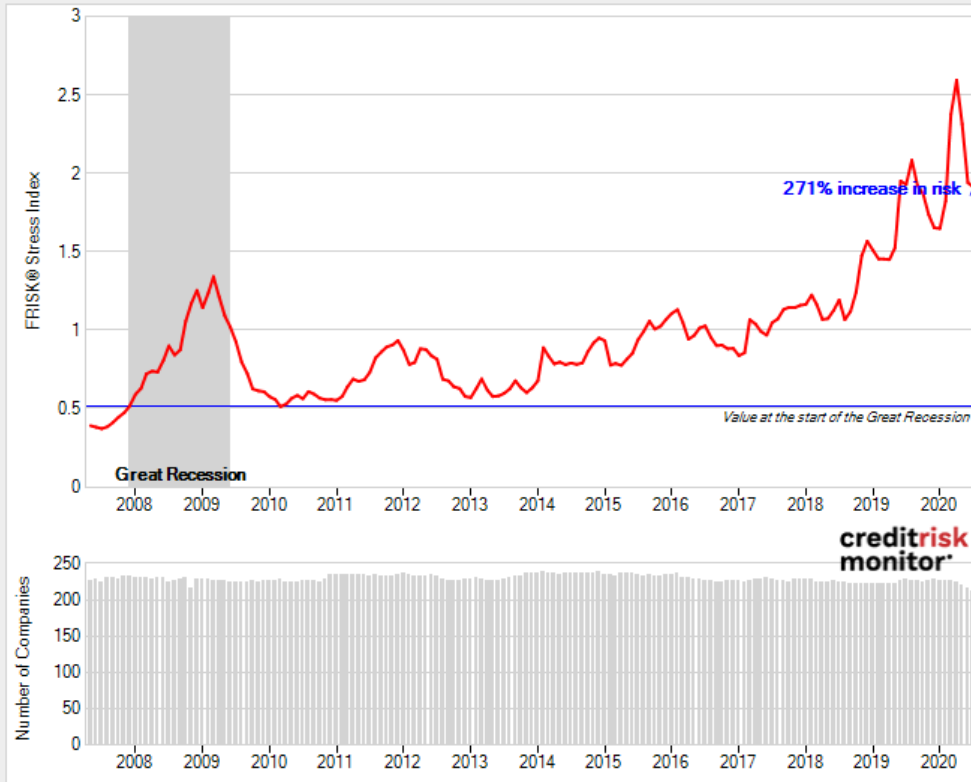
Businesses From: All Businesses CLEAR

In Industry: SIC 5621: Women's clothing stores

Country: All Countries

UPDATE RESULTS

Scale: Auto Total Companies in all months 351



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

The average probability of failure for SIC code 5621 (Women's clothing stores) has increased 271% since 2007. Ascena Retail was among the weakest names in the industry as evidenced by its FRISK® score of 1.

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PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

Calendar Year/Quarter: 2019.4

Businesses in Peer Group: 831	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
Credit Ratings						
Z-Score	170	181	-2.30	-283.62	3.06	22.87
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	11	36	1,216,900	0	313,174	6,832,000
Gross Margin % Of Sales	66	187	52.20	-1.81	47.28	90.34
Gross Margin % Of Sales -- TTM	51	193	55.59	-60.21	47.40	91.89
SGA % Of Sales	149	183	49.32	1.16	34.51	588.06
SGA % Of Sales -- TTM	162	193				
Operating Margin % Of Sales	171	193				
Operating Margin % Of Sales -- TTM	182	199				
EBITDA Margin Of Sales	96	106				
EBITDA Margin Of Sales -- TTM	126	137				
Net Profit Margin % Of Sales	170	193				
Net Profit Margin % Of Sales -- TTM	177	199				
Pre-tax Income % Of Sales	173	193				
Effective Tax Rate	36	193				
Depreciation % Of Prop/Plant/Equipment	91	180	16.98	0.00	16.96	136.19
Capital Expense % Of Prop/Plant/Equipment	29	134	4.43	0.24	8.93	5,543.84
Interest Coverage	84	94	-1.73	-455.82	7.15	513.39
Interest Coverage -- TTM	118	127	-3.80	-122.26	6.72	1,815.72
Liquidity ratios:						
Cash Ratio	79	189	0.41	0.00	0.31	14.66
Quick Ratio		175		-1.20	0.63	16.50
Current Ratio	144	189	1.15	0.12	1.46	21.37
Efficiency ratios:						
Accounts Receivable Turnover		187				
Days Sales Outstanding	7	193				
% of Inventory Financed by Vendors	50	165				
% of Inventory Financed by Vendors -- TTM	64	175				
Inventory Turnover	57	194				
Inventory Turnover -- TTM	55	194				
Days Sales in Inventory	57	186				
Inventory to Working Capital	137	184				
Accounts Payable Turnover	89	179	7.14	0.00	7.10	81.32
Accounts Payable Turnover -- TTM	99	180	6.31	0.00	6.61	57.66
Leverage & debt coverage:						
Total Debt to Equity Ratio	163	163	16.52	0.00	0.48	16.52
Debt to Tangible Equity Ratio		152		0.00	0.59	14.44
Total Debt to Assets Ratio	137	170	0.41	0.00	0.25	1.30
Short-Term Debt % of Total Debt	7	160	1.70	0.01	38.95	100.00
Short-Term Debt % of Working Capital	37	162	15.99	-10,532.43	25.54	5,870.74
Liabilities to Net Worth Ratio		171		0.06	1.29	29.64
Total Liabilities to Equity Ratio	182	182	39.07	0.06	1.17	39.07
TTM EBITDA to Total Debt	111	122	-0.32	-20.80	0.38	44.22
Net Debt to TTM EBITDA		105		-47.98	1.29	45.75

Rank	Company Name
1	Cato Corp
2	Rich Sport PCL
3	Lululemon Athletica Inc
4	Zhejiang Giuseppe Garment Co Ltd
5	Shoe Carnival, Inc.

Rank	Company Name
1	Oxford Industries Inc
2	American Eagle Outfitters Inc
3	Foot Locker, Inc.
4	Chico's FAS, Inc.
5	RTW Retailwinds Inc

Green - Ranked in Upper Quartile of Peer Group
 White - Ranked in the Middle Two Quartiles of Peer Group
 Red - Ranked in Lower Quartile of Peer Group
 Orange - Confidential
 Grey - Data is Not Available

TTM = trailing 12 months
 N/A = Not Available

Ascena Retail demonstrated bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

QUARTERLY PERFORMANCE RATIOS

Operating losses in four of the last five quarters and ongoing pre-tax losses

Poor interest coverage ratio & limited free cash flow generation

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	13 weeks 2/1/2020	13 weeks 11/2/2019	13 weeks 8/3/2019	13 weeks 5/4/2019	13 weeks 2/2/2019
Net Sales \$	\$1,216,900	\$1,119,600	\$1,454,200	\$1,265,700	\$1,271,400
% change	8.69%	-23.01%	14.89%	-0.45%	-5.01%
Gross Margin \$	\$635,200	\$664,100	\$789,200	\$722,300	\$659,800
% change	-4.35%	-15.85%	9.26%	9.47%	-17.64%
% of sales	52.20%	59.32%	54.27%	57.07%	51.90%
change as % of incremental sales	-29.70%	n/m	35.49%	n/m	n/m
SG&A \$	\$600,200	\$577,900	\$692,900	\$720,200	\$637,000
% change	3.86%	-16.60%	-3.79%	13.06%	-11.15%
% of sales	49.32%	51.62%	47.65%	56.90%	50.10%
change as % of incremental sales	22.92%	n/m	-14.48%	n/m	n/m
Operating margin \$	(\$111,800)	\$14,500	(\$354,500)	(\$249,000)	(\$63,900)
% change	-871.03%	104.09%	-42.37%	-289.67%	-5,425.00%
% of sales	-9.19%	1.30%	-24.38%	-19.67%	-5.03%
change as % of incremental sales	-129.80%	n/m	-55.97%	n/m	n/m
EBITDA \$	(\$43,700)	\$88,900	(\$276,800)	(\$170,900)	\$19,400
% change	-149.16%	132.12%	-61.97%	-980.93%	-76.68%
% of sales	-3.59%	7.94%	-19.03%	-13.50%	1.53%
change as % of incremental sales	-136.28%	n/m	-56.18%	n/m	n/m
EBIT \$	(\$111,800)	\$14,500	(\$354,500)	(\$249,000)	(\$63,900)
% change	-871.03%	104.09%	-42.37%	-289.67%	-5,425.00%
% of sales	-9.19%	1.30%	-24.38%	-19.67%	-5.03%
change as % of incremental sales	-129.80%	n/m	-55.97%	n/m	n/m
Pre-tax income \$	(\$135,300)	(\$10,400)	(\$379,900)	(\$276,100)	(\$89,600)
% change	-1,200.96%	97.26%	-37.60%	-208.15%	-270.25%
% of sales	-11.12%	-0.93%	-26.12%	-21.81%	-7.05%
change as % of incremental sales	-128.37%	n/m	-55.07%	n/m	n/m
Net income (loss) \$	(\$97,400)	\$31,700	(\$357,900)	(\$237,900)	(\$71,500)
% change	-407.26%	108.86%	-50.44%	-232.73%	-1,311.86%
% of sales	-8.00%	2.83%	-24.61%	-18.80%	-5.62%
change as % of incremental sales	-132.68%	n/m	-63.66%	n/m	n/m
Tax expense \$	\$900	\$2,600	\$29,200	(\$31,900)	(\$11,100)
Effective tax rate	-0.67%	-25.00%	-7.69%	11.55%	12.39%
Depreciation expense \$	\$64,400	\$67,200	\$77,700	\$78,100	\$83,300
% of sales	5.29%	6.00%	5.34%	6.17%	6.55%
% of capital expenses	383.33%	230.14%	237.61%	223.78%	275.83%
% of PP&E, net (annualized)	16.98%	21.88%	34.46%	30.31%	29.50%
Capital expenditures \$	\$16,800	\$29,200	\$32,700	\$34,900	\$30,200
% change	-42.47%	-10.70%	-6.30%	15.56%	-21.96%
% of PP&E, net (annualized)	4.43%	9.51%	14.50%	13.54%	10.70%
% of working capital (annualized)	42.24%	43.22%	35.67%	44.34%	44.97%
Interest coverage ratio	(1.73)	3.37	(10.29)	(6.28)	0.72
% change	-151.29%	132.73%	-63.77%	-971.20%	-77.46%
Free cash flow \$	\$160,900	(\$70,900)	\$17,100	(\$108,000)	\$15,600
% change	326.94%	-514.62%	115.83%	-792.31%	138.90%
Source:	10-Q 3/9/2020	10-Q 3/9/2020	10-K 10/10/2019	10-Q 6/12/2019	10-Q 3/9/2020

QUARTERLY LEVERAGE RATIOS

Shareholders' equity rapidly declined over the last five quarters, ballooning leverage ratios

Total debt to assets ratio remained elevated, indicating a weak balance sheet with limited financial flexibility

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	2/1/2020	11/2/2019	8/3/2019	5/4/2019	2/2/2019
Total debt \$	\$1,265,800	\$1,341,200	\$1,338,600	\$1,336,100	\$1,333,600
% change	-5.62%	0.19%	0.19%	0.19%	0.18%
Stockholders' equity \$	\$76,600	\$173,000	\$151,000	\$509,300	\$745,400
% change	-55.72%	14.57%	-70.35%	-31.67%	-8.34%
Total debt to equity ratio	16.52	7.75	8.86	2.62	1.79
% change	113.15%	-12.55%	237.92%	46.63%	9.29%
Tangible net worth \$	(\$392,100)	(\$407,300)	(\$439,100)	(\$357,000)	(\$446,800)
% change	3.73%	7.24%	-23.00%	20.10%	-16.87%
Total assets \$	\$3,069,600	\$3,491,000	\$2,699,800	\$3,238,800	\$3,496,300
% change	-12.07%	29.31%	-16.64%	-7.36%	-5.22%
Total debt to assets ratio	0.41	0.38	0.50	0.41	0.38
% change	7.34%	-22.51%	20.19%	8.15%	5.68%
Tangible assets \$	\$2,600,900	\$2,910,700	\$2,109,700	\$2,372,500	\$2,304,100
% change	-10.64%	37.97%	-11.08%	2.97%	-7.58%
Short-term debt \$	\$21,500	n/a	n/a	n/a	n/a
Short-term debt % of total debt	1.70%	n/a	n/a	n/a	n/a
Short-term debt % of working capital	15.99%	n/a	n/a	n/a	n/a
Total liabilities \$	\$2,993,000	\$3,318,000	\$2,548,800	\$2,729,500	\$2,750,900
% change	-9.80%	30.18%	-6.62%	-0.78%	-4.33%
Total liabilities to equity ratio	39.07	19.18	16.88	5.36	3.69
% change	103.73%	13.62%	214.96%	45.22%	4.37%
Total debt to EBITDA ratio (annualized)	n/a	3.77	n/a	n/a	17.19
% change	n/a	n/a	n/a	n/a	329.64%
Source:			10-K 10/10/2019	10-Q 6/12/2019	10-Q 3/14/2019

Total liabilities increased in fiscal 2020 as operating leases are brought onto the balance sheet

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Low working capital base

Low current ratio relative to peers

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	2/1/2020	11/2/2019	8/3/2019	5/4/2019	2/2/2019
Current assets \$	\$1,053,300	\$1,172,900	\$1,155,000	\$1,356,900	\$1,144,600
% change	-10.20%	1.55%	-14.88%	18.55%	-10.79%
% of short-term debt	4,899.07%	n/a	n/a	n/a	n/a
Current liabilities \$	\$918,800	\$989,200	\$798,200	\$980,300	\$891,500
% change	-7.12%	23.93%	-18.58%	9.96%	-10.74%
Working capital \$	\$134,500	\$183,700	\$356,800	\$376,600	\$253,100
% change	-26.78%	-48.51%	-5.26%	48.79%	-10.94%
% of sales (annualized)	2.76%	4.10%	6.13%	7.44%	4.98%
Cash \$	\$373,700	\$262,100	\$328,000	\$100,800	\$214,600
% change	42.58%	-20.09%	225.40%	-53.03%	7.89%
% of short-term debt	1,738.14%	n/a	n/a	n/a	n/a
Cash ratio	0.41	0.27	0.41	0.10	0.24
% change	53.47%	-35.51%	299.71%	-57.29%	20.89%
Quick assets \$	n/a	n/a	\$459,100	n/a	n/a
Quick ratio	n/a	n/a	0.58	n/a	n/a
Current ratio	1.15	1.19	1.45	1.38	1.28
% change	-3.31%	-18.06%	4.54%	7.81%	-0.05%
Source:	10-Q 3/9/2020	10-Q 12/10/2019	10-K 10/10/2019	10-Q 6/12/2019	10-Q 3/14/2019

Poor returns on equity and assets

Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	13 weeks 2/1/2020	13 weeks 11/2/2019	13 weeks 8/3/2019	13 weeks 5/4/2019	13 weeks 2/2/2019
Return on equity	-56.30%	20.99%	-70.27%	-31.92%	-8.79%
% change	-368.18%	129.87%	-120.18%	-262.99%	-1,289.93%
Return on total assets	-2.97%	1.02%	-12.05%	-7.06%	-1.99%
% change	-389.93%	108.50%	-70.62%	-254.95%	-1,324.05%
Return on tangible assets	-3.53%	1.26%	-15.97%	-10.17%	-2.98%
% change	-379.89%	107.91%	-56.97%	-241.32%	-1,374.94%
Source:	10-Q 3/9/2020	10-Q 3/9/2020	10-K 10/10/2019	10-Q 6/12/2019	10-Q 3/9/2020

YEAR OVER YEAR STATEMENT OF CASH FLOWS

Consecutive
year-to-date
net losses

Statement of Cash Flows - Year-over-Year - Standardized - Year to Date

(Thousands of U.S. Dollars)

Period Ended	26 weeks 2/1/2020	26 weeks 2/2/2019	26 weeks 1/27/2018	26 weeks 1/28/2017	26 weeks 1/23/2016
Cash Flows from Operating Activities:					
Net income	(\$65,700)	(\$65,600)	(\$32,700)	(\$20,800)	(\$40,700)
Depreciation/depletion	142,500	165,300	179,800	190,200	171,900
Deferred taxes	10,200	(4,800)	(26,700)	2,100	6,900
Non-cash Items	54,300	(11,500)	2,200	(1,200)	106,200
Changes in working capital	(5,300)	(39,000)	32,900	44,700	(83,100)
Total cash from operating activities	136,000	44,400	155,500	215,000	161,200
Cash Flows from Investing Activities:					
Capital expenditures	(46,000)	(68,900)	(91,800)	(166,400)	(173,200)
Other investing cash flow items, total	5,000	400	47,000	800	(1,469,000)
Total cash from investing activities	(41,000)	(68,500)	(44,800)	(165,600)	(1,642,200)
Cash Flows from Financing Activities:					
Financing cash flow items	0	(600)	(300)	0	(42,400)
Issuance/retirement of stock, net	100	400	0	800	(9,800)
Issuance/retirement of debt, net	(49,400)	0	(22,500)	(122,500)	1,586,400
Total cash from financing activities	(49,300)	(200)	(22,800)	(121,700)	1,534,200
Net change in cash	45,700	(24,300)	87,900	(72,300)	53,200
Net cash-beginning balance	329,200	240,100	325,600	371,800	240,600
Net cash-ending balance	\$374,900	\$215,800	\$413,500	\$299,500	\$293,800
Supplemental Disclosures:					
Cash interest paid			\$54,600	\$52,300	\$26,700
Cash taxes paid, supplemental			\$5,700	\$6,100	\$17,200
Source:			10-Q 3/5/2018	10-Q 3/6/2017	10-Q 3/1/2016

Limited
cash from
operations
relative to
debt

NEWS ALERTS: A TIMELINE OF CONCERNING NEWS ITEMS

<p>Q3 2019 filing – Sales stayed flat compared to last year’s comparable period while merchandise inventories continued to grow. The company also reported substantially wider operating and net losses due to higher SG&A expenses and impairment charges related to its brands.</p>		
06/12/2019	CRMZ News Service	Ascena Retail Group Inc. – updated financials available
<p>The Nasdaq Stock Exchange informed the company that it was not in compliance with its listing requirements and had 180 days to satisfy the deficiency. Substantial declines in stock prices reflect a shareholder base that lacks confidence in the business and almost always precedes a potential bankruptcy filing.</p>		
08/02/2019	CRMZ News Service	Ascena Retail Group Inc. files (8-K) Disclosing Notice of Delisting of Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing
<p>Q4 2019 filing - Sales declined by 4% year-over-year, while operating and net losses were sustained. In this period alone, total restructuring and impairment charges totaled \$372.4 million, the largest one-time costs reported since fiscal period end April 2017.</p>		
08/03/2019	CRMZ News Service	Ascena Retail Group Inc. – updated financials available
<p>S&P Global downgraded the company from CCC+ to CCC, while maintaining a negative outlook. Its rationale was supported by intense industry challenges and continued weak operating results. Companies that carry CCC credit ratings harbor significant default and bankruptcy risk over a long term time horizon.</p>		
11/21/2019	CRMZ News Service	Ascena downgraded by S&P
<p>The coronavirus pandemic caused management to close all B&M stores, which represented the vast majority of the company’s revenue and earnings. In the following month, the company’s Senior Vice President, General Counsel and Corporate Secretary departed. Executive departures in combination with financial stress are a major warning sign.</p>		
04/10/2020	CRMZ News Service	Ascena Retail Group Inc. files (8-K) Disclosing Change in Directors or Principal Officers.
<p>Moody’s downgraded Ascena from Caa2 to Caa3 and maintained a negative outlook. The downgrade was triggered by the company’s high leverage and anticipated decline in earnings due to recent store closures caused by the coronavirus and other industry macro headwinds.</p>		
04/14/2020	Moody’s Investors Service	Moody’s downgrades Ascena’s CFR to Caa3
<p>Ascena Retail Group entered into a Restructuring Support Agreement with its lenders. While the company received commitments of \$150 million in new cash, disclosures designated that only certain customer and supplier commitments would be honored. Total accounts payable prior to the bankruptcy filing were approximately \$305 million with some of the largest claims being owed to various real estate investment trusts, merchandise vendors, and software business services.</p>		
07/23/2020	CRMZ News Service	Ascena Retail Group Inc.: Chapter 11 Petition filed on 7/23/2020

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