

17<sup>th</sup> June 2021



## TRADING UPDATE FOR THE 13 WEEKS TO 29<sup>th</sup> MAY 2021

### Q1 FY22 trading in line with expectations

#### Highlights

- Good momentum in product revenue which returned to growth with a 4.6% increase in Q1
- Five strategic brands of Jacamo, Simply Be, JD Williams, Ambrose Wilson and Home Essentials, grew product revenue by 15.5%
- As guided, Financial Services revenue was 5.9% lower than the prior year
- Customer repayment rates higher than the prior year
- Amanda Holden and Davina McCall signed as brand ambassadors for JD Williams
- Strong net cash position of £84.9m<sup>1</sup> at 29<sup>th</sup> May 2021
- FY22 guidance remains unchanged

#### Q1 FY22 Revenue performance

Q1 FY22 <sup>2</sup> vs. Q1 FY21 <sup>3</sup>	Q1 FY22 <sup>2</sup> £m	% change
Product revenue	106.9	+4.6%
<i>Strategic brands</i> <sup>4</sup>	86.1	+15.5%
<i>Other brands</i> <sup>5</sup>	20.8	(24.6)%
Financial Services revenue	61.8	(5.9)%
Group revenue	168.7	+0.5%

#### Product revenue growth

The Group's Q1 product revenue growth was driven by the five strategic brands which grew 15.5% in the period. This is as a result of the strategic transformation which has taken place over the last two years. In Q1 FY22 strategic brands were 81% of product revenue compared to 67% in the same period 2 years ago and this represents the first quarter of product revenue growth since Q3 FY18.

Within our product lines, Clothing & Footwear sales have continued to recover and demand increased 21% compared to the prior period with own brand Womenswear +27% and Menswear own brand +25%. Demand for Home & Gift was lower than the prior period which benefitted from pandemic related purchases of garden furniture and personal grooming products.

As previously guided, lower product revenue in the prior year resulted in a smaller debtor book and a 5.9% reduction in Financial Services revenue. Customer repayment rates are higher than the prior year and as at 29<sup>th</sup> May 2021 less than 0.2% of debtor balances remained on a Covid-19 related payment deferral, down from a peak of 3% in May 2020.

We continue to invest in effective marketing spend to increase awareness of our strategic brands and their customer offer. This month, we have signed Amanda Holden and Davina McCall as brand ambassadors for JD Williams to increase consideration for our boutique shopping experience amongst the target audience.

## Strong financial position

The Group finished the period with net cash of £84.9m<sup>1</sup>, leaving it well positioned to continue its investment in strategic initiatives to drive profitable growth. Adjusted net debt was £287.7m<sup>6</sup>, incorporating £84.9m of cash and £372.6m of debt drawn against the securitisation funding facility which is backed by the eligible customer receivables. The £502.3m net customer loan book significantly exceeds this adjusted net debt figure. The Group has no unsecured debt.

## FY22 guidance is unchanged

- Product revenue growth of between 3% and 7%
- Financial services revenue is expected to be lower compared to FY21
- Group revenue growth to be +1% to +4%
- Adjusted EBITDA<sup>7</sup> to be in the range of £93m to £100m
- Capex of £30m - £35m
- Depreciation and amortisation of c.£40m
- Net interest costs of c.£16m
- Adjusted net debt<sup>6</sup> is expected to be in the range of £280m to £300m

## Steve Johnson, Chief Executive, said:

*“The strategic transformation initiatives we have enacted over the past two years have now started to deliver product revenue growth, with customers responding well to the new ranges across our core brands.*

*We have a number of exciting initiatives in the pipeline and today we have announced a new partnership with Amanda Holden and Davina McCall to be the new faces of JD Williams, leading some innovative new campaigns which will serve as a rich source of inspiration for our customers.*

*Whilst the external environment remains challenging, we have made a good start to the financial year and trading remains in-line with our expectations.”*

1. Excludes debt securitised against receivables (customer loan book) of £372.6m and lease liabilities of £4.3m.
2. Q1 FY22 is the 13 weeks to 29<sup>th</sup> May 2021.
3. Q1 FY21 is the 13 weeks to 30<sup>th</sup> May 2020 and is adjusted to reflect the actual returns performance in Q1 FY21, as reflected in the FY21 results.
4. JD Williams, Simply Be, Ambrose Wilson, Jacamo and Home Essentials.
5. Other brands are Fashion World, Marisota, Oxendales and Premier Man. High & Mighty, House of Bath and Figleaves were folded into Strategic brands in FY21.
6. Total liabilities from financing activities less cash, excluding lease liabilities.
7. Adjusted EBITDA is defined as operating profit, excluding exceptional items, with depreciation and amortisation added back.

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**About N Brown Group:**

N Brown is a top 10 UK clothing and footwear digital retailer, with a Home proposition, serving customers across five strategic brands. Our strategic brands are JD Williams, Simply Be, Jacamo, Ambrose Wilson and Home Essentials and our financial services proposition allows customers to spread the cost of shopping with us. We are headquartered in Manchester where we design, source and create our product offer and we employ over 1,800 people across the UK.