

15th January 2021



Q3 TRADING UPDATE FOR THE 18 WEEKS TO 2nd JANUARY 2021

Highlights

- Successful completion of fund raising to accelerate strategy and eliminate unsecured debt
- Product revenue trajectory has shown continued improvement driven by the 5 strategic brands
- Financial Services cash collection rates remain stable
- Strong pivot to Home & Gift customer demand enabled by agility of business model
- Net cash at 2nd January 2021 of £83.7m⁴
- Looking ahead the number one priority remains the safety of our colleagues and customers
- Group continues to trade in line with its expectations and expects to deliver FY'21 adjusted EBITDA¹ of between £84m and £86m

Continued improvement in revenue trajectory

Versus Last Year %	Q1 FY'21	Q2 FY'21	Q3 FY'21
Product revenue	(28.8%)	(12.0%)	(8.9%)
<i>5 strategic brands²</i>	<i>(25.1%)</i>	<i>(7.2%)</i>	<i>(1.4%)</i>
<i>Other brands³</i>	<i>(36.5%)</i>	<i>(22.4%)</i>	<i>(26.1%)</i>
Financial Services revenue	(8.3%)	(15.8%)	(8.3%)
Group revenue	(21.9%)	(13.4%)	(8.8%)

Q1 FY'21 is the 13 weeks to 30th May 2020, Q2 FY'21 is the 13 weeks to 29th August 2020, Q3 FY'21 is the 18 weeks to 2nd January 2021
All percentage changes reflect FY'21 revenue against the comparable period in FY'20

1. Adjusted EBITDA is defined as operating profit, excluding exceptionals, with depreciation and amortisation added back
2. JD Williams, Simply Be, Ambrose Wilson, Jacamo and Home Essentials
3. Fashion World, Premier Man, House of Bath, Marisota, Oxendales, High & Mighty, Figleaves

Product revenue has continued to recover from the sudden and sharp decline experienced in the first quarter of FY'21 caused by the impact of Covid-19. Customer trends in the Q3 period continued to reflect the Covid-19 environment. We experienced particularly strong demand for computing (+115%), gaming (+50%) and white goods (+48%), and Home & Gift sales now comprise 42% of product revenue, compared to 32% in the same period last year. Within Apparel we saw strong growth in leisurewear and nightwear offset by a decline in dresses, formalwear and swimwear.

The five strategic brands delivered product revenue down a modest 1.4%, in a period when Group marketing costs were 40% lower than the prior year, and we were particularly pleased with the performance of JD Williams and Home Essentials. Encouragingly, we saw growth in online customer accounts in JD Williams, Simply Be, Jacamo and Home Essentials in the period.

Financial Services cash collection rates continue to remain in line with the prior year and we have seen an improvement in the quality of the debtor book with arrears rates at 7.0% compared to 7.9% in the prior year. As expected, lower product revenue and regulatory changes continue to result in lower

Financial Services revenue, down 8.3% against the same period last year. As at 2nd January 2021 the number of customers on a Covid-19 related payment holiday represented just 0.3% of debtor balances, down from a peak of 3% in May 2020.

Unsecured debt eliminated

On 23rd December 2020 the Group successfully completed its £100m capital raising and move to AIM. The net proceeds of the capital raise combined with the on-going focus on cash generation have allowed the Group to repay all unsecured debt and in line with the targets laid out in November, the Group now has a net cash position of £83.7m. As previously stated, the capital raise will also enable the business to invest further in its digital capabilities and accelerate its growth strategy.

£m	29 th February 2020	2 nd January 2021	Change (%)
Drawings under the RCF	(125.0)	-	(100%)
Cash balances	47.5	83.7	76%
Net Cash / (Unsecured Net Debt) ⁴	(77.5)	83.7	n/a
Drawings under the securitisation facility	(419.7)	(399.6)	(4.8%)
Net Debt ⁵	(497.2)	(315.9)	(36.5%)
<i>Gross debtor book</i>	<i>656.9</i>	<i>663.6</i>	<i>+1.0%</i>

⁴ Excludes debt securitised against receivables (customer loan book) of £399.6m and lease liabilities of £5.3m

⁵ Total liabilities from financing activities less cash, excluding lease liabilities

Environment, Social and Governance

As part of our focus on plastics in year one of our sustainability plan, we have successfully conducted a trial of Green Polyethylene (Green PE) despatch bags. This is an important first step as we progress towards the goal of 100% Green PE despatch bags by the end of FY'22. We are also proud to have signed up to the BRC Climate Action Roadmap to help the Retail Industry, including supply chains, to hit net zero carbon emissions by 2040. Whilst we continue to focus on our own ESG strategy, we recognise the huge potential in sharing knowledge and learning from other retail leaders as we join forces and work collaboratively towards a Net Zero UK.

FY'21 outlook and guidance

The latest lockdown restrictions will continue to present opportunities and challenges for the Group, and the number one priority remains the safety of our colleagues and customers. We will utilise the experience gained from previous lockdown periods to ensure the wellbeing of the team, whilst continuing to serve our customer base. As with a number of other retailers, we are currently experiencing delays of two to three weeks for many of our stock deliveries, given global container issues, as well as cost pressure in the supply chain. We are working through the operational challenges which this presents us and looking to minimise the impact on customers.

Based on our current assumptions on the likely impact of Covid-19 on our operations we provide the following guidance for the remainder of this financial year:

- The Group now expects to offset more than 80% of the absolute gross margin decline, driven by the pandemic's impact on sales and bad debt provisions, through operational cost savings, with bad debt provision movements being the main net driver negatively affecting EBITDA
- As a result, the Group currently expects to deliver FY'21 adjusted EBITDA of between £84m to £86m
- We expect depreciation to be higher than FY'20 as we accelerate the pace of our strategic change
- Following the successful equity raise, we are accelerating our strategy and now expect FY'21 capex to be c.£23m
- FY'21 year-end net debt is now expected to be in the range of £285m to £305m, down from £497.2m at the end of FY'20
- Exceptional costs, driven by restructuring costs, are expected to be c.£10m

Steve Johnson, Chief Executive, said:

"We remain focused on our number one priority of looking after our colleagues, whilst ensuring the business has the agility to respond to the ever-changing external environment and can continue to serve our loyal customers.

We continue to move through the acceleration phase of our strategy; simplifying and strengthening our core brand proposition whilst improving our digital capabilities. This is generating continued momentum within the business, despite the difficult macroeconomic backdrop. We saw a continued recovery in product sales over the key Christmas period with particular strength in our Home & Gift proposition.

We were pleased to recently complete our successful capital raise, which will help us continue the acceleration phase of our strategy and create a sustainable business delivering profitable growth over the long term. We remain mindful of the ongoing uncertainty in the UK retail environment, but as a digital business, we look forward to building on the unique strength of the Group's brands in 2021 and beyond."

Conference call

A conference call will be held at 8:30am (London time) today for analysts and investors. To register for access, please contact MHP Communications on +44 20 3128 8193 or email NBrown@mhpc.com

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About N Brown Group:

N Brown is a top 10 UK clothing & footwear digital retailer. We are size inclusive, focusing on the needs of underserved customer groups – size 20+ and age 50+. We offer an extensive range of products, predominantly clothing, footwear and homewares, and our financial services proposition allows customers to spread the cost of shopping with us. We have five distinct brands: Simply Be, JD Williams, Ambrose Wilson, Jacamo and Home Essentials. We are headquartered in Manchester where we design, source and create our product offer and we employ c.2,000 people across the UK.