

3 March 2022



FULL YEAR TRADING UPDATE FOR THE 52 WEEKS ENDED 26 FEBRUARY 2022

N Brown Group Plc (“N Brown” or the “Group”), a top 10 UK clothing & footwear digital retailer, today provides an update on trading for the 52 weeks ended 26 February 2022 (“FY22”) and the outlook for the 53 weeks ending 4 March 2023 (“FY23”).

FY22 trading update¹

We have closed the year with pleasing growth in product revenue from our strategic brands which, subject to audit, has increased approximately 9% versus the 52 weeks ended 27 February 2021 (“FY21”). Total active customers are now in year-on-year growth closing c. 3% up at 2.9m (FY21: 2.8m) and for FY22 we expect to report all financial metrics in line with the guidance provided at the Q3 update on 20 January 2022 including Adjusted EBITDA² between £93m and £96m.

Our robust balance sheet positions us well for the future, with net debt at year end of c. £260m and available liquidity of more than £200m comprising approximately £40m of cash, underdrawn securitisation facility headroom and the fully undrawn RCF and overdraft.

FY23 outlook

As a result of the escalating and fast-moving inflationary environment, we currently anticipate that Adjusted EBITDA² for FY23 will be similar to the level reported in FY21, before growing again as the macroeconomic headwinds recede and the Group’s strategy is executed.

We enter FY23 with confidence in generating revenue growth from our strategic brands. Within other brands, the managed decline in revenues experienced in recent years will moderate significantly as we no longer cycle against the drag from the Figleaves website closure.

Retail customer demand is normalising as we exit Covid-19 pandemic restrictions, with clothing driving demand and customers moving back into categories such as dresses and formalwear. The softer conditions in the online home market, as previously reported, are assumed to continue. Our customer offering will continue to improve in both clothing and home throughout FY23.

Financial Services revenue trajectory is expected to continue to improve in FY23, following better product revenue performance in FY22 flowing through to the debtor book.

Proactive actions taken by management largely mitigated the operational impact of the global supply chain challenges during FY22, although a net drag to margin was experienced due to higher freight rates. Freight rates had been expected to moderate but are now assumed to continue at an elevated level for FY23. Additionally, we expect the well-publicised inflationary headwinds to affect our wider cost base. Although management actions are planned across all areas to mitigate the effect of these pressures, we expect a net increase in the cost to sales ratio in FY23 inclusive of continuing our strategic investments in areas such as brand marketing.

Product gross margin is expected to improve driven by the Group's planned pricing response to cost inflation, the movement of the product mix back into clothing, and continued initiatives including advancing data usage to optimise pricing strategies. Financial Services gross margin, as indicated in the FY22 Interim Results, benefited temporarily from a lower than normal level of write offs in FY22 following customer government support during the Covid-19 pandemic and so is expected to normalise to a low to mid 50s per cent range in FY23.

At the end of FY23 we expect the Group to continue to have a strong unsecured net cash position and maintain the structural reduction in net debt achieved during FY21 and FY22, setting N Brown up well to continue delivering strategic change through FY23 and beyond.

The Board remains confident in achieving the Group's medium-term objective of delivering sustainable profitable growth.

Steve Johnson, Chief Executive, said:

"I am pleased with the progress which we continue to make and despite the volatile backdrop our expected full year numbers remain in line with previous guidance. It's encouraging to see full year customer numbers return to growth and to be closing the year with a strong balance sheet.

We enter the new financial year with continued confidence in our proposition. We are not immune to the supply chain and inflationary cost pressures being seen across the wider market, however, we continue to take proactive actions to offset these and mitigate the impact on our FY23 performance.

I would like to thank our colleagues for their continued commitment in serving our customers and delivering a strong performance for the year, which positions us well for the future."

Notice of Preliminary Results

Publication of N Brown's preliminary results is scheduled for 18 May 2022.

1. Subject to external audit
2. 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 & footwear digital retailer. Our retail 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.