



## TRADING UPDATE FOR THE 13 WEEKS TO 28 MAY 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 13 weeks ended 28 May 2022 (“Q1 FY23”).

### Highlights

- Continued growth in strategic brands product revenue, reflecting resilient performance against a prior year period which included lockdown
- Clothing & Footwear demand driving performance with Home & Gift remaining soft
- FY23 Adjusted EBITDA<sup>1</sup> guidance remains unchanged
- Strong balance sheet maintained

### Continued growth in strategic brands

|                                     | Q1 FY23       | Change Q1 FY23 v Q1 FY22 <sup>2</sup> |
|-------------------------------------|---------------|---------------------------------------|
| Product revenue                     | £106.3m       | (0.6)%                                |
| <i>Strategic brands<sup>3</sup></i> | <i>£75.2m</i> | <i>2.5%</i>                           |
| <i>Heritage brands<sup>4</sup></i>  | <i>£31.1m</i> | <i>(7.2)%</i>                         |
| Financial Services revenue          | £58.8m        | (4.8)%                                |
| Group revenue                       | £165.1m       | (2.1)%                                |

Q1 FY23 has seen continued growth in revenue from strategic brands against a comparative period last year that covered the final period of full lockdown in March and early April 2021, which provided a tailwind to online retail demand. The managed decline in revenue from heritage brands continued, albeit at a much more moderate level than previously, as we no longer cycle against the drag from closing the Figleaves website. The trading environment has been challenging since the start of FY23, with inflation impacting consumer confidence, resulting in softer volumes and revenue than anticipated at the start of the year.

We have grown our share of the online market during the quarter. Our improved product is resonating with customers including strong sell through rates on JD Williams’ recently launched in-house designed own brand range, Anise, and growth in demand for Jacamo’s tailoring products. We have experienced further normalisation in the mix towards Clothing & Footwear, which represented 71% of product revenue (FY22: 66%), with strong performances in categories including formalwear and occasionwear, alongside mix-driven higher return rates. The previously reported softer conditions in the online home market have continued into FY23, and we expect this to continue.

Financial Services revenue has declined at a similar level to FY22. We have seen a greater level of interest from customers in our credit product during the period as well as further normalisation of arrears rates.

## Strong balance sheet positions us well for the future

As at 28 May 2022 the Group had unsecured net cash of £30.8m. The securitisation facility was voluntarily underdrawn by £66.6m and can be redrawn if required. In addition, the RCF of £100.0m and overdraft of £12.5m are both fully undrawn.

## FY23 Outlook

Our earnings expectations for FY23 remain unchanged from those outlined in our Preliminary Results on 18 May 2022, with Adjusted EBITDA<sup>1</sup> expected to remain at a level similar to that reported in FY21. The Group remains mindful of the high level of economic uncertainty and the ongoing impact of this on consumer activity and operating costs. However, these dynamics are being actively managed, and the Group will update on trading at the time of its Interim Results in October.

The Board remains confident that over the medium term our strategy will support the delivery of 7% product revenue growth with a 13% EBITDA margin.

### Steve Johnson, Chief Executive, said:

*“Sales volumes since the start of the financial year have been softer, reflecting various well-documented pressures on consumer confidence, which are showing no signs of abating in the short term. As these pressures persist, we expect the trading environment to remain challenging and will, therefore, continue to take actions to mitigate the effects wherever possible.*

*Despite this uncertain backdrop, our FY23 Adjusted EBITDA expectations remain in line with previous guidance, as we balance cost control and our variable cost base with investments in our technology, our people and in our strategic brands.*

*The Board remains confident in the Group’s strategy and achieving its medium-term objective of delivering sustainable profitable growth.”*

1. Adjusted EBITDA is defined as operating profit, excluding exceptional items, with depreciation and amortisation added back.
2. Q1 FY23 is the 13 weeks to 28 May 2022; Q1 FY22 is the 13 weeks to 29 May 2021. FY22 product revenue has been rephased to reflect the year end adjustment described in Note 4 to the FY22 Annual Report and Accounts and better reflect the actual returns performance in the year. The net impact is immaterial to the quarter.
3. JD Williams, Simply Be and Jacamo. Note that Ambrose Wilson and Home Essentials were previously included in Strategic brands but, consistent with the strategic evolution outlined in the FY22 Preliminary Results, are now included in Heritage brands.
4. Ambrose Wilson, Home Essentials, Fashion World, Marisota, Oxendales and Premier Man.

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## About N Brown Group:

N Brown is a top 10 UK clothing & footwear digital retailer, with a home proposition. Our retail brands include JD Williams, Simply Be and Jacamo, 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.