



## HALF YEAR RESULTS FOR THE 26 WEEKS ENDED 2 SEPTEMBER 2023

### Further strategic progress and robust liquidity, H1 Adjusted EBITDA in line with Board expectations

£m	26 weeks to 2 September 2023 (H1 24)	26 weeks to 27 August 2022 (H1 23)	% Change
Group revenue	297.0	331.5	(10.4)%
Product revenue	187.5	211.2	(11.2)%
Financial Services revenue	109.5	120.3	(9.0)%
Adjusted EBITDA <sup>1</sup>	17.5	27.9	(37.3)%
Adjusted EBITDA margin	5.9%	8.4%	(2.5)ppts
Adjusted profit before tax <sup>1</sup>	0.1	4.3	(97.7)%
Statutory (loss) / profit before tax	(4.1)	7.2	N/A
Cash and cash equivalents	49.1	47.2	4.0%
Adjusted net debt <sup>1</sup>	(258.4)	(243.5)	(6.1)%

### Highlights

- **Revenue reflective of market conditions; progress on gross margin**
  - Group revenue contracted 10.4%, reflecting the challenging market conditions including unseasonable weather through Spring and July to August:
    - Improvement in product revenue trend in Q2, with a decline of 11.2% for H1. Strategic brands down 7.4%, tracking ahead of the online pureplay market<sup>2</sup>
    - Lower retail sales and opening debtor book, resulted in lower FS revenue, down 9.0%
  - Adjusted group gross profit margin increased 0.4ppts to 47.6%:
    - Product margin rate continued to improve, up 1.6ppts and benefiting from normalised freight rates
    - FS margin rate broadly in line with normalised FY23, whilst we have seen a lower underlying level of arrears
- **H1 Adjusted EBITDA in line with Board expectations**
  - Despite the continued macro-economic challenges that saw softer trading and higher costs, H1 adjusted EBITDA performance was in line with the Board's expectations, supported by disciplined management of areas within the business' direct control
  - Adjusted profit before tax of £0.1m. Following the impairment of non-financial assets in FY23, depreciation and amortisation has reduced by £7.2m against H1 last year

- Statutory loss before tax includes adjusting items of £4.5m relating to restructuring activities to right-size the cost base
- **Continued to deliver strategic and operational progress**
  - Successful launch of new mobile-first website for Jacamo, the second of our three strategic brands to have transitioned to the new platform, and a key transformational priority
  - Good traction in Net Promoter Score (NPS), up 5pts against full year FY23, benefitting from continued focus on operational improvements including extension in order cut off for next day delivery to 11pm
  - Building on recent strategic progress, a clear set of priorities is in train for the year ahead to set the business up for 2024 peak trading
- **Cost inflation offset successfully through ongoing mitigating actions**
  - Adjusted operating costs reduced by £4.7m, with volume-related savings and management actions more than offsetting c. £7m of inflationary pressures
  - Cost base inflation increased in H2 23, and has flowed through into FY24 as previously flagged. Combined with negative operational leverage on fixed costs, this has resulted in an increase of 2.9ppt in adjusted operating costs as a percentage of group revenue
- **Robust balance sheet and available liquidity**
  - Net cash generation of £13.6m in the period, after further investment of c. £9m in the transformation of the business
  - Proactive moderation of intake and clearance of older stock items has driven a c. 20% reduction (£20m) in stock balances compared to H1 23, improving working capital efficiency
  - Strong balance sheet with significant cash and cash equivalents, and total accessible liquidity of £133.1m. RCF and overdraft remain undrawn with limits of £75m and £12.5m respectively
- **Current trading, outlook and guidance**
  - FY24 Adjusted EBITDA expected to be in line with market expectations<sup>3</sup>
  - Trading during the first five weeks of Q3 reflects a further improvement over the Q2 run rate
  - Macro-economic challenges of a high inflationary environment and low consumer confidence expected to persist throughout FY24
  - Benefits from cost actions taken in H1, and planned for H2, are expected to mitigate the impact of slightly moderated full year revenue expectations, with H2 24 adjusted EBITDA margin expected to be marginally higher than achieved in full year FY23
  - FY24 year end adjusted net debt expected to be better than FY23's closing position. Strategic investment will continue to be self-funded through carefully managed cash flows
  - Continued confidence in strategic direction and in the benefits of the ongoing investment in our digital transformation, with a focus on delivering sustainable profitable growth

**Steve Johnson, Chief Executive, said:**

*“We expected external market conditions to remain soft and for the first half of FY24 to be particularly challenging. In response, we acted decisively to adapt to the trading environment and maintain real focus and discipline in areas which we can directly control, remaining on track to deliver full year adjusted EBITDA in line with the Board’s expectations.*

*“Alongside this, we’re pleased with the delivery of our strategy as we position the business for medium-term growth. Our investment across JD Williams, Simply Be and Jacamo has led to new commercial partnerships*

*and technology upgrades to drive performance. We have a clear set of transformational priorities in train and expect to continue to deliver further progress during the second half of the year.*

*“Good work by our teams, including more efficient stock management, has helped generate cash and further improve our liquidity position in the half, providing a solid base for the continued investment in our priorities.”*

**Webcast for analysts and investors:**

A webcast presentation of these results will take place at 9am on 12 October 2023 followed by a Q&A conference call for analysts and investors. Please contact [Nbrown@mhpgroup.com](mailto:Nbrown@mhpgroup.com) for details.

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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 1,700 people across the UK.

<sup>1</sup> A full reconciliation of statutory to adjusted measures is included in the Financial Review.

<sup>2</sup> For the 26 weeks ended 2 September 2023, the online pureplay market according to IMRG declined by 9%.

<sup>3</sup> The market consensus for FY24 Adjusted EBITDA was £44.7m as at 11 October 2023.

## **PERFORMANCE REVIEW**

As set out within our guidance at the start of the year, the macro-economic challenges of a high inflationary environment and low consumer confidence persisted in the first half of FY24. Contraction in the online market, cautious consumer behaviour and unseasonable weather conditions, are reflected in a lower level of website sessions and orders for the period. However, our discipline and focus on factors we can directly control means that we have been able to deliver H1 Adjusted EBITDA in line with Board expectations, leaving us on track to meet our full year expectations.

Our strategy is predicated on five pillars and a short update on progress made against each is set out below. Our five pillars are underpinned by two key enablers: our people and talent, and a sustainable and efficient operating model. We have continued to invest in our strategic transformation, which aims to deliver value faster, through a simpler and more focused business. We are pleased to have launched our new Jacamo website, the second of our three strategic brands to transition to the new platform and one of the key transformational priorities outlined in FY23 results in June 2023.

In an unpredictable market, we are concentrating on elements we can directly control as a business, ensuring we deliver value for our customers in the most effective way possible. We expect the macro-economic challenges of a high inflationary environment and low consumer confidence to continue throughout the second half of FY24, but our balance sheet liquidity ensures we are well positioned for investing in the future. It provides a foundation from which we can continue to execute our strategy, and the Board remains confident in achieving the Group's medium-term objective of delivering sustainable profitable growth.

### **Strategic update**

We outlined within our FY23 results the **five transformational priorities** which we would focus investment on to provide the capabilities required to enable us to grow in more favourable market conditions:

- **New websites for all strategic brands** – roll out our new mobile-first website experience and continuously iterate site launches with new features.
- **A technology platform to support our Financial Services proposition** – the platform will enhance the ways in which customers can choose to pay for the products they love and will be supported by the launch of a new FS brand.
- **Data culture** – further empower our colleagues to engage with data to identify and leverage analytical opportunities.
- **A Product Information Management ('PIM') system** – providing a single place to collect, manage and enrich product data, to provide a better experience for customers and a more efficient process for colleagues.
- **A fully embedded agile operating model** – evolving our organisational design so that all relevant colleagues will have moved to an agile way of working.

The progress which has been made against these transformational priorities is included within the following update against our strategic pillars. We are confident in making further progress during the second half of the year.

#### **1. Build a Differentiated Brand Portfolio**

*Strategic objective: Build two multi brand and category platforms, one for women (JD Williams) and one for men (Jacamo), as well as one inclusive fashion brand for young women (Simply Be).*

Our differentiated brand portfolio has progressed on our creative and marketing platforms, as we continue to concentrate on our target brand positioning.

**Simply Be** embarked on a journey of empowerment, focusing on fashionable fit with the introduction of the 'Serious about Shape' campaign, with a core group of diverse affiliates (our 'fit muses') to demonstrate 'Every body deserves fashion that fits'. This message was further reaffirmed by the launch of a new podcast hosted by the influential Fleur East. Our customers are more engaged and feel emotionally connected to our brand position, which is displayed through our *Excellent* rating on Trustpilot.

**JD Williams** set out to continue its transformative journey and drive customer engagement. During September, JD Williams partnered with ITV and Global as headline sponsor of My Mum Your Dad, a prime-time TV show. This vision was brought to life by brand ambassador Davina McCall, with the goal of driving greater brand awareness as we lead up to JD Williams' peak period of trade.

**Jacamo** led a transformative partnership with LADbible and paved the way for connection with where Jacamo's customers spend their time. This approach allows us to engage with our customers, through social media outlets, aligning with their passion points, and increasing the ability of the brand to drive more loyalty and retention. The outcome allows Jacamo to drive engagement and has heightened the brand's unique visibility.

## 2. Elevate the fashion and fintech proposition

*Strategic objective: Elevate the fashion assortment, integrate the credit offer into the journey and create a credit brand.*

Reflecting further progress within our own brand proposition, *Anthology*, a JD Williams own premium line, designed with an elevated approach to dressing which offers versatile quality fabrics, was launched in early September.

Our commitment to providing propositions that are inclusive for all, through diversity of choice, was demonstrated through the continued onboarding of successful third party brands onto our category platforms. Both the men's and women's branded offering continues to grow, with a good performance from our latest brands including FatFace and TALA, enriching our third-party offerings and elevating our fashion assortment.

The selling of our clothing ranges via partnerships with other retailers has also continued to gain momentum, providing additional exposure for our product, with Simply Be's swimwear proposition now a leading category in Next. The launch of Simply Be on Sainsbury's online platform during the first half and selected stores in early September, marked another significant milestone and provides enhanced exposure to a variety of different customer segments.

We developed a new credit limit strategy to ensure we continue to lend to our customers responsibly, minimising the impact of write offs and arrears on the business. Simultaneously, our innovative payment arrangement, providing extended reduced payment periods for those in need, demonstrated its worth by enhancing customer retention.

In line with the transformational priority set out previously, our new **FS platform** has progressed as expected through H1, proceeding through initial discovery phases. The platform is anticipated to give us further product flexibility to provide our customers with a choice of how they manage their payments.

### 3. Transform the customer experience

*Strategic objective: Transform the customer experience, pre and post purchase, and drive conversion at checkout through a personalised experience.*

We continue to make good progress in transforming the customer experience, with the launch of our **new mobile-first website for Jacamo**, the second of our three strategic brands to move to the new platform. The build and rollout were executed in less than a third of the time taken to deliver the new Simply Be website, the first brand to transfer to the new platform. This was a testament to our commitment to agile working and executing against our transformational priorities. We have seen positive initial performance of the Jacamo site, and each of the new Jacamo and Simply Be sites are 20% faster than legacy sites and have doubled Google lighthouse scores (an open-source measure of site performance). In tandem with the iterative improvements of our Jacamo and Simply Be sites' capability, we also intend to launch the new JD Williams site in FY24.

A significant milestone was reached with the validation of our **Product Information Management (PIM)** solution, another of our transformational priorities, and we remain on track for the integration of our first brand. The goal of the project is to provide our customers with a consistent offering regarding products sizing, fabric and specifications. It will elevate and ensure that our pre-purchase communication with customers remains effective and pertinent. Greater consistency in distributing enhanced content across all channels is anticipated to reduce returns rates, leading to a better customer experience.

### 4. Win with our Target Customer

*Strategic objective: Grow our customer base through our existing core customer, high value lapsed customers and a new, younger generation.*

To engage our target customer in an ever-challenging consumer landscape, we continue to foster close collaboration with strategic partners. By striking a balance between securing visibility to build our brand awareness and facilitating conversion in driving purchase, we have continued to integrate the capability of AI and Machine Learning in our marketing campaigns. By leveraging the data processing proficiency of AI systems, we ensure that campaigns are targeted to consumers with a high probability of purchase, further streamlining our customer proposition.

We continue to optimise our Customer Relationship Management levers, with an emphasis on acknowledging and rewarding our valued customers for their repeat purchases. With a focus on customer engagement, we have seen an increase in the number of customers opting into our loyalty programmes.

### 5. Establish Data as an Asset to Win

*Strategic objective: Establish data as an asset to drive top line and margin improvements.*

We have leveraged data-driven insights from the analysis of customer lifetime value models. We have used this to shape our prediction models for customer behaviour, ensuring customer benefit through a more personalised marketing approach and consistent experience. We have also used this insight to send targeted onsite messaging to customers who might benefit from using our credit proposition.

We have expanded the application of PriceTagger, our in-house tool which helps us optimally promote product using pricing elasticity. PriceTagger has allowed for AI driven pricing, by measuring how sensitive the demand and supply of products are to price changes. We continue to advance our prediction models

to cater for seasonal trends in customer behaviour, and the impact this has on rate of sale, ultimately increasing our agility of price within the market space.

### **Key Enablers**

The five pillars are underpinned by two enablers, the foundations of our strategy: a sustainable and efficient operating model, and our People and Talent.

The Financial Conduct Authority's Consumer Duty regulations have been delivered, through the continuous evaluation of all our products, services, policies and processes, ensuring all our colleagues understand their role in protecting customers.

Our employees are vital enablers of our success. We continue to nurture an inclusive culture celebrating diversity through our Embrace Strategy. Colleague-led communities help to make change happen within the business to further our inclusivity. To promote this, we are delivering a week of events in line with national inclusion week. Our commitment to progression is shown in our Employee Net Promoter Score scores, over-indexing the UK retail benchmark by 16 points in Q1 FY24, with one of our highest scoring statements being *'People of all cultures and backgrounds are respected and valued here'*.

Our proud partnership with the Prince's Trust continues, including integrating Prince's Trust programmes and connecting those with disadvantages with real job opportunities.

### **Key Performance Indications ('KPIs')<sup>1</sup>**

As a digital retailer committed to accelerating our strategy, we continue to report various digital customer metrics, which provide operational measures of how our strategy is progressing. The following disclosure reflects our performance in the half.

	<b>26 weeks to 2 Sep 2023</b>	<b>26 weeks to 27 Aug 2022 (Restated)</b>	<b>Change</b>
Total website sessions <sup>2</sup>	95m	109m	(12.8)%
Conversion <sup>2</sup>	3.6%	3.8%	(0.2)ppts
Total Orders <sup>3</sup>	3.7m	4.5m	(17.8)%
AOV	£83.3	£78.7	5.8%
Items per order	2.8	2.9	(3.4)%
AIV	£29.2	£27.5	6.2%
Total active customers	2.4m	2.8m	(14.3)%
FS arrears <sup>4</sup>	9.8%	9.9%	(0.1)ppts
NPS	62	59	3

<sup>1</sup> KPIs are defined on page 21.

<sup>2</sup> H1 23 website sessions and conversion restated to match definition post roll-out of new Simply Be website. The restatement is estimated based on brand specific metrics, with actuals using the new session definition.

<sup>3</sup> Total orders includes online and offline orders.

<sup>4</sup> H1 23 now presented on comparable basis with H1 24, including insolvency accounts now classified in arrears rather than written-off.

Consistent with the broader market, we have continued to see the impact of macro-economic challenges and consumer behaviour, including a rebalancing of spend between offline and online channels.

This is reflected in broad trends in customers, sessions and ordering continuing from FY23. The lower active customers trend includes our Heritage portfolio of brands where our focus is on stabilisation and value protection rather than growth.

The reduction in orders has been partially offset by an increase in Average Item Value ('AIV') as we have seen a continuation of more intentional behaviour from customers, which has included buying into more premium ranges, and measured price increases supported by data tools, which have, in turn, offset an element of the inflationary impacts on our product costs. However, at the same time, we also invested in opening price points to drive value for money for our customers.

The Financial Services arrears rate is slightly lower than prior year, reflecting the resilience of the customer base despite cost of living pressures.

Our Net Promoter Score ('NPS') improved in the half and is significantly ahead of FY23's full year score of 57. This has been driven by a number of operational improvements including better delivery timeliness, an extension in order cut off for next day deliveries to 11pm, sharper opening price points, new "value" ranges and the launch of the new mobile-first website for Jacamo unlocking new features.

As we look forward, we are pleased with the strategic execution demonstrated through an efficient and successful launch of our new mobile-first website for Jacamo, with the initial site performance being positive. We are confident that the combination of delivering against our transformational priorities whilst seeking incremental improvements in all areas of the business will move us towards unlocking progress in our KPIs alongside an improvement in the macro-economic environment.



## Environment, Social and Governance

We have continued to embed our Environmental, Social and Governance strategy into the business. Our sustainability plan, SUSTAIN, fully aligns our ethical policies with our commercial activities and our commitment to Our People and Our Planet.

A key pillar of SUSTAIN is our commitment to responsibly source own-brand product, and we have reached 44% of own brand designed Clothing and Home textile ranges with sustainable properties (from 0% in 2019) as we target growing this to 100% by FY30 in line with our Textiles 2030 commitment. From understanding our Textiles 2030 reporting data and our commitment towards addressing climate change, we have developed additional targets for each product division to further enhance our approach. We have implemented circular design workshops to educate internal teams on designing for longevity, with a reduced environmental impact, and we are developing a circular design handbook to illustrate the importance of our 2030 commitments.

Alongside mapping our Tier 2 supply base (currently at 66%) we have implemented our Supplier Sustainability Questionnaire for the first time to enable further understanding of how our suppliers are addressing the social and environmental impacts associated with their business and the industry (now implemented by over 50% of Tier 1 suppliers).

In continuing our commitment to increasing socioeconomic diversity and making a difference in the communities we serve, we engaged six colleagues with The Prince's Trust Mosaic Mentoring programme. The programme aims to help students build employability skills, raise their aspirations, and get excited about their futures. The colleagues volunteered their time over eight weeks to mentor groups of up to 30 Year 10 students across two schools identified in lower socioeconomic areas in Greater Manchester. Simply Be also released an International Women's Day edit, in collaboration with The Prince's Trust, which raised £19,091 by donating £1 from the sale of each item from the edit across an eight week period.

As part of our DEI & B (Diversity, Equity, Inclusion & Belonging) strategy, EMBRACE, we proudly sponsored Manchester Pride in August, with colleagues taking part in the Pride parade. We have also joined Manchester Pride's All Equals Charter. The All Equals Charter is a programme to help businesses understand, recognise and challenge any form of discrimination in the workplace.

Following the launch of our two new corporate charity partners, the Retail Trust and FareShare Greater Manchester, colleagues have so far raised over £30,000. Colleagues have also given over 500 hours of their time to charities through our Make A Difference Day scheme which encourages every colleague to give back to a charity close to their hearts.

### FY24 Outlook

Trading during the first five weeks of Q3 reflects a further improvement over the Q2 run rate.

We continue to expect the macro-economic challenges of a high inflationary environment and low consumer confidence to persist throughout FY24.

FY24 adjusted EBITDA is expected to be in line with market expectations<sup>1</sup>, reflecting slightly moderated full year product and Financial Services revenue expectations; offset by benefits in H2 from:

1. cost actions undertaken in H1 and also planned for H2;
2. better operational leverage through normal seasonality leading to greater weighting of sales towards H2;
3. year-on-year retail margin rate improvements, with H2 24 retail gross margin similar to that achieved in H1 24; and
4. improvement in FS margin rate driven by initiatives.

As a result, the H2 24 EBITDA margin rate is expected to be marginally higher than achieved in full year FY23. As reflected in H1, depreciation and amortisation reduced following the £53m impairment of non-financial assets in FY23, with a full year reduction of around £15m against FY23. H2 24 finance costs are expected to be broadly in line with H1 24.

The business continues to be well positioned to invest in and deliver strategic change, with full year investment continuing at a similar level to that seen in FY23, aligned to our transformational priorities. We will continue to self-fund investment through carefully managed cash flows including tight control of stock. At the end of FY24, we expect adjusted net debt to be lower than FY23's closing position. We remain confident in our strategic direction and our digital transformation as we focus on driving sustainable profitable growth.

<sup>1</sup> The market consensus for FY24 Adjusted EBITDA was £44.7m as at 11 October 2023.

## **FINANCIAL REVIEW**

### **Financial KPIs**

Our non-financial KPIs are contained in the Performance Review. We also use a number of financial KPIs to manage the business. These are shown below and will continue to be reported going forwards.

	<b>H1 24</b>	<b>H1 23</b>	<b>Change</b>
Product revenue	£187.5m	£211.2m	(11.2)%
Adjusted EBITDA	£17.5m	£27.9m	(37.3)%
Adjusted EBITDA margin <sup>1</sup>	5.9%	8.4%	(2.5)ppts
Adjusted operating costs to Group revenue <sup>1</sup>	41.7%	38.8%	(2.9)ppts
Cash and cash equivalents <sup>2</sup>	£49.1m	£47.2m	4.0%
Total Accessible Liquidity <sup>1,3</sup>	£133.1m	£201.1m	(33.8)%
Statutory (loss) / profit before tax	£(4.1)m	£7.2m	N/A
Adjusted EPS <sup>1</sup>	0.15p	0.72p	(79.2)%

*1 A full glossary of Alternative Performance Measures and their definitions is included on page 22.*

*2 During FY22 we agreed with our banks that the securitisation facility does not need to be fully drawn and that surplus cash can be used to repay drawings from time to time. The securitisation facility was fully drawn at H1 24. H1 23 excludes accessible amounts voluntarily undrawn against the securitisation facility of £45.5m.*

*3 Reduction includes £49.5m settlement of Allianz litigation in H2 23.*

### **Reconciliation of Statutory financial results to adjusted results**

The reporting includes Alternative Performance Measures ('APMs'), which are not defined or specified under the requirements of IFRS. These APMs are consistent with how the Group measures performance internally and are also used in assessing performance under the Group's incentive plans. Therefore, the Directors believe that these APMs provide stakeholders with additional, useful information on the Group's performance.

The adjusted figures are presented before the impact of adjusting items. These are items of income and expenditure which are one-off in nature and material to the current financial year, or represent true ups to items presented as adjusting in prior periods. These are detailed in note 5.

A full glossary of Alternative Performance Measures and their definitions is included on page 22.

£m	H1 24	H1 24	H1 24	H1 23	H1 23	H1 23
	Statutory	Adjusting items	Adjusted	Statutory	Adjusting items	Adjusted
<b>Group Revenue</b>	<b>297.0</b>		<b>297.0</b>	331.5		331.5
Group cost of sales	(156.6)	1.0	(155.6)	(175.0)		(175.0)
<b>Gross Profit</b>	<b>140.4</b>	<b>1.0</b>	<b>141.4</b>	156.5		156.5
Gross profit margin	47.3%		47.6%	47.2%		47.2%
<b>Operating costs</b>	<b>(127.4)</b>	<b>3.5</b>	<b>(123.9)</b>	(128.6)	-	(128.6)
<b>Adjusted operating costs to Group revenue ratio</b>			<b>41.7%</b>			<b>38.8%</b>
<b>Adjusted EBITDA</b>			<b>17.5</b>			27.9
<b>Adjusted EBITDA margin</b>			<b>5.9%</b>			8.4%
Depreciation & amortisation	(9.9)		(9.9)	(17.1)		(17.1)
<b>Operating profit</b>	<b>3.1</b>	<b>4.5</b>	<b>7.6</b>	10.8	-	10.8
Finance costs	(7.5)		(7.5)	(6.5)		(6.5)
<b>(Loss) / Profit before taxation and fair value adjustment to financial instruments</b>	<b>(4.4)</b>	<b>4.5</b>	<b>0.1</b>	4.3	-	4.3
Fair value adjustments to financial instruments	0.3		0.3	2.9	-	2.9
<b>(Loss) / Profit before taxation</b>	<b>(4.1)</b>	<b>4.5</b>	<b>0.4</b>	7.2	-	7.2
Taxation credit / (charge)	1.6	(1.1)	0.5	(1.6)	-	(1.6)
<b>(Loss) / Profit for the year</b>	<b>(2.5)</b>	<b>3.4</b>	<b>0.9</b>	5.6	-	5.6
<b>(Loss) / Earnings per share</b>	<b>(0.54)p</b>		<b>0.15p</b>	1.22p		0.72p

#### Reconciliation of Cash and cash equivalents and Unsecured debt and bank overdrafts to Unsecured Net Cash / (Debt) and Adjusted Net Debt

£m	H1 24	H1 23
Cash and cash equivalents	49.1	47.2
Unsecured debt and bank overdrafts	-	-
<b>Unsecured Net Cash / (Debt)</b>	<b>49.1</b>	<b>47.2</b>
Secured debt facility linked to eligible receivables	(307.5)	(290.7)
<b>Adjusted Net Debt</b>	<b>(258.4)</b>	<b>(243.5)</b>

## Reconciliation of Net movement in Cash and cash equivalents and bank overdrafts to Net Cash generation / (utilisation)

£m	H1 24	H1 23
Net increase in cash and cash equivalents and bank overdraft	13.6	4.1
Voluntary flexible drawdown of securitisation loan	-	(14.6)
<b>Net Cash generation / (utilisation)</b>	<b>13.6</b>	<b>(10.5)</b>

### Overview

The first half of FY24 has seen both our customers and N Brown continue to face a challenging environment, in part due to elevated levels of inflation. We had anticipated and planned for conditions during FY24 to remain challenging, particularly in H1, and our Adjusted EBITDA of £17.5m and Adjusted Profit before Tax of £0.1m leave us on track for our full year expectations.

The continued softer market dynamics and cautious customer behaviour, combined with unseasonable weather conditions, led to product revenue down 11.2% or £23.7m, with the ongoing impact on the debtor book from lower product revenue leading to FS revenue down 9.0%. Group gross margin progressed versus the prior year, reflecting further growth in the retail gross margin rate driven by freight rate normalisation, offset by slightly lower FS margin rate, which remains broadly in line with normalised levels.

Adjusted operating costs were £4.7m lower than H1 23 with cost inflation of c. £7m being offset by volume savings and management actions. This has partially offset the impact of lower revenue. The continuation of significant pressures on the cost base and lower operational leverage resulted in an increase in the adjusted operating cost to revenue ratio of 2.9ppts in H1. We have, and continue to, put in place actions to mitigate these pressures.

Interest costs were £1.0m higher than prior year due to greater utilisation of the securitisation facility. The interest rate payable has benefitted from the interest rate hedge in place and we also remain well hedged on foreign exchange. Depreciation and amortisation reduced by £7.2m following the impairment of non-financial assets in FY23.

We generated £13.6m of cash in H1 after investing a further £8.9m in the transformation of the business. Given the softer trading environment, proactive intake reductions and clearance of older stock items has taken place, driving a reduction of c. 20% (£20m) against the stock balance at the end of H1 23. Stock and wider working capital efficiency will remain a key focus area, freeing up cash and further improving the overall relevance and quality of the stock package which we hold.

Cash and cash equivalents amounted to £49.1m with Total Accessible Liquidity of £133.1m, which includes the fully undrawn RCF of £75.0m and overdraft of £12.5m, net of a low level of restricted cash. Our balance sheet remains strong, allowing us to continue to take a measured and well-managed approach to capital investment, with strategic progress made in the half including the launch of the new mobile-first website for Jacamo.

## Revenue

£m	H1 24	H1 23	Change
<b>Revenue</b>			
Strategic brands <sup>1</sup>	<b>139.4</b>	150.6	(7.4)%
Heritage brands <sup>2</sup>	<b>48.1</b>	60.6	(20.6)%
<b>Total product revenue</b>	<b>187.5</b>	211.2	(11.2)%
Financial services revenue	<b>109.5</b>	120.3	(9.0)%
<b>Group revenue</b>	<b>297.0</b>	<b>331.5</b>	<b>(10.4)%</b>

<sup>1</sup> JD Williams, Simply Be, Jacamo.

<sup>2</sup> Ambrose Wilson, Home Essentials, Fashion World, Marisota, Oxendales and Premier Man.

Group revenue declined 10.4% to £297.0m reflecting a 11.2% decline in product revenue and a 9.0% decline in FS revenue.

The product revenue trend for H1 24 in total was in line with that seen in H2 23 but includes an improvement in trajectory in Q2. The H1 24 performance reflects the continued challenging market for online pureplay retailers, which declined by 9%<sup>1</sup>, and unseasonable weather conditions for selling summer ranges through Spring and July to August. Against this market backdrop, our strategic brands saw a decline of 7.4%. Our heritage brands, which are managed for contribution as opposed to growth, saw product revenue down 20.6%.

Looking ahead to H2, we continue to evolve our offering by ensuring our own designed product delivers the versatility required for our customers, both within our lead in price propositions as well as our more premium offering such as Anthology. At the same time we continue to evolve our 3rd party offer to complement the uniqueness of product we design in-house, by launching new 3rd party brands our customers are asking for such as Ted Baker, Fat Face, TALA and others, alongside those already in place. We have also strengthened transitional ranges between seasons and have an elevated focus on layering of products. Campaigns in place across our strategic brands reflect an increased focus on areas which matter most to our customers, such as Christmas, and offer more reasons to update their wardrobe.

The reduced level of product sales from this fiscal year and prior years resulted in a smaller customer receivables loan book, down 7.5% at the end of the half. This in turn drove lower FS revenue, down 9.0%.

Our responsible and flexible credit offering remains an integral part of our customer proposition, particularly in the current macro-economic environment.

<sup>1</sup> IMRG view of online pureplay market.

## Adjusted Gross profit<sup>1</sup>

£m	H1 24	H1 23	Change
Product gross profit	88.4	96.2	(8.1)%
<i>Product gross margin %</i>	<b>47.1%</b>	45.5%	1.6ppts
Financial services gross profit	53.0	60.3	(12.1)%
<i>Financial services gross margin %</i>	<b>48.4%</b>	50.1%	(1.7)ppts
<b>Adjusted Group gross profit<sup>1</sup></b>	<b>141.4</b>	<b>156.5</b>	<b>(9.6)%</b>
<b>Adjusted Group gross profit margin</b>	<b>47.6%</b>	<b>47.2%</b>	<b>0.4ppts</b>

<sup>1</sup> A reconciliation of statutory measures to adjusted measures is included on page 12. A full glossary of Alternative Performance Measures and their definitions is included on page 22.

Adjusted gross profit margin progressed over prior year to 47.6%, reflecting continued growth in retail margin, partially offset by slightly lower FS margin.

Product gross margin improved 1.6ppts to 47.1% despite unfavourable trading impacts including lower full price mix and additional clearance activity of aged stock which adversely impacted the gross margin rate by c. 0.4ppts. c. 1.3ppt of the improvement came from normalisation of freight rates and c. 0.7ppt reflected a benefit from higher VAT bad debt relief due to the timing of debt sales<sup>1</sup>.

The FX contracts used to hedge US \$ spend are described in Note 6 to the financial statements and we remain well hedged through the remainder of FY24 with over 95% of the US \$ cash spend hedged.

FS gross margin rate returned to more normal levels in FY23 (49.3%), with the rate broadly continuing into H1 24. H1 24 FS gross margin was 1.7ppts lower than H1 23 largely reflective of timing impacts between provisioning and write offs following the change in payment arrangement ('PA') strategy in FY23, with a stable level of PAs in H1 24 annualising against PAs building in H1 23.

<sup>1</sup> Included in product gross margin as they are only recoverable as we are a combined retail and financial services business, and they would not be recoverable as a standalone credit business.

## Adjusted operating costs<sup>1</sup>

£m	H1 24	H1 23	Change
Warehouse & fulfilment costs	<b>(27.8)</b>	(31.7)	12.3%
Marketing & production costs <sup>2</sup>	<b>(32.7)</b>	(35.6)	8.1%
Admin & payroll costs <sup>2</sup>	<b>(63.4)</b>	(61.3)	(3.4)%
<b>Adjusted operating costs<sup>1</sup></b>	<b>(123.9)</b>	<b>(128.6)</b>	<b>3.7%</b>
<b>Adjusted operating costs as a % of Group Revenue</b>	<b>41.7%</b>	<b>38.8%</b>	<b>2.9ppts</b>

<sup>1</sup> A reconciliation of statutory measures to adjusted measures is included on page 12. A full glossary of Alternative Performance Measures and their definitions is included on page 22.

<sup>2</sup> H1 23 FS statement costs re-presented from Marketing & production into Admin & payroll costs, consistent with updated classification used in H1 24.

Total operating costs excluding adjusting items reduced £4.7m to £123.9m through a real focus and discipline in areas which the business can directly control. This included a headwind of c. £7m cost inflation being offset by volume savings and management initiatives. The inflationary pressure had increased the cost base in H2 23 against H1 23, for both supplier costs and internal pay awards, and this has flowed through and annualised into FY24 as previously flagged.

Adjusted operating costs as a percentage of Group revenue increased 2.9ppts to 41.7% reflecting the negative operational gearing on fixed costs. Although management actions have helped to mitigate the increase, we expect further benefits from actions taken in H1, and further actions planned in H2, to benefit the full year position, along with greater operational leverage in H2 due to sales seasonality.

Warehouse and fulfilment costs were £3.9m or 12.3% lower than the prior year, benefiting from the flexible cost base, with c. £6m of savings from lower core volumes. This was partially offset by a headwind of c. £2m across fuel surcharges and inflationary price impacts on carrier and resource costs.

Marketing and production costs were £2.9m or 8.1% lower than prior year reflecting the continued benefit from lower order volumes on performance marketing costs, more than offsetting cost inflation of c. £2m.

Admin and payroll costs increased by £2.1m or 3.4%, driven predominantly by the continuation of inflationary price increases, totaling c. £3m, including utilities, technology contracts and pay awards, as well as additional transformation investment of c. £1m, partially offset by cost savings.

Statutory operating costs, including adjusting items reduced by 0.1%.

## Depreciation and amortisation

Depreciation and amortisation of £9.9m, down £7.2m versus £17.1m in the prior year. This was driven by the non-cash impairment of £53.0m against non-financial assets which took place in FY23.

## Finance costs

Net finance costs of £7.5m, were higher than £6.5m in the prior year reflecting higher utilisation of the securitisation facility, with lower voluntarily undrawn amounts during the half than prior year. The Group has limited its exposure to interest rate movements through interest rate hedging which it continues to have in place.



## Adjusting items

The multi-year transformation of the business has continued including the ongoing review of the operating model. A restructuring programme of the Group's operational and head office headcount to reflect the lower sales orders, was initiated at the end of FY23 and continued through the half with total redundancy costs of £1.3m incurred in the period.

During the period, the Board also approved the rationalisation of the Group's warehousing facilities following a review of the overall warehouse portfolio capacity, utilisation and associated operational cost base resulting in a £3.3m charge across provisioning and onerous lease impairment. Further details can be found in note 5.

£m	H1 24	H1 23
Strategic change	4.6	-
Other	(0.1)	-
<b>Items charged to profit before tax</b>	<b>4.5</b>	<b>-</b>

## Profit and earnings per share

Driven by the trading environment remaining challenging and lower retail volumes, as anticipated, Adjusted EBITDA decreased by £10.4m to £17.5m and Adjusted EBITDA margin decreased by 2.5ppts to 5.9%.

Statutory operating profit decreased by £7.7m against the prior year, to £3.1m, reflecting the reduction in Adjusted EBITDA and £4.5m of Adjusting items, partially offset by lower depreciation and amortisation.

Statutory loss before tax of £(4.1)m, down £(11.3)m year on year (H1 23: profit before tax of £7.2m), reflecting the reduction in statutory operating profit, higher interest costs, and a lower fair value gain on financial instruments as a result of the movement in the US dollar driving lower foreign exchange mark to market gains.

The taxation credit for the year is based on the underlying estimated effective tax rate for the full year of 39.0%, and reflects movement in deferred tax in the year and prior year adjustments. Further tax analysis is contained in note 7.

Statutory earnings per share decreased to a loss of (0.54)p (H1 23: 1.22p). Adjusted earnings per share decreased to 0.15p (H1 23: 0.72p).

## Financial services customer receivables and impairment charge on customer receivables

Gross customer trade receivables at H1 24 reduced by 7.5% against H1 23 to £528.9m, driven by the reduced level of product sales in the prior year and H1 of this year.

Arrears rates reduced by 0.1%pts against prior year to 9.8%, based on H1 23 being presented on a comparable basis, including insolvency accounts now classified in arrears rather than written-off. Macro conditions have resulted in pressure on customers, which is being carefully monitored and support is provided where required. Our customers have proved resilient to the conditions with book performance

better than expected. Our macro-economic overlay held at FY23 year-end has reduced from £2.5m to £1.1m to reflect this.

The change in the payment arrangements debt sale strategy at the end of FY23 has meant that we have maintained a higher stock of customers who are on forbearance measures. The change in debt sale strategy is the main driver behind the expected credit loss ('ECL') provision ratio increasing to 14.3% from 13.9% in H1 23 as these payment arrangement balances are provided for at a higher rate than the receivables not on a payment arrangement. However, provisions on the normal book are lower at 11.6% compared to 11.8% in H1 23, reflecting improved book performance.

<b>£m</b>	<b>H1 24</b>	<b>H1 23</b>	<b>Change</b>
Gross customer loan balances	528.9	571.7	(7.5)%
ECL provision	(75.8)	(79.7)	(4.9)%
<i>Normal account provisions</i>	<i>(54.3)</i>	<i>(62.5)</i>	<i>0.7ppts</i>
<i>Payment arrangement provisions</i>	<i>(20.4)</i>	<i>(17.1)</i>	<i>(0.9)ppts</i>
<i>Inflationary impacts</i>	<i>(1.1)</i>	-	<i>(0.2)ppts</i>
<b>ECL provision ratio</b>	<b>14.3%</b>	<b>13.9%</b>	<b>(0.4)ppts</b>
<b>Net customer loan balances</b>	<b>453.1</b>	<b>492.0</b>	<b>(7.9)%</b>

The profit and loss net impairment charge on customer receivables for H1 24 was £56.1m, £3.2m lower than last year, driven by lower write-offs, fraud and macro-economic releases.

<b>£m</b>	
<b>H1 23 impairment charge on customer receivables</b>	<b>59.3</b>
Lower write-offs due to book size	(2.6)
Macro-economic releases	(1.4)
Lower fraud	(1.4)
Lower recoveries and timing of sales	1.2
Payment arrangement strategy	1.0
<b>H1 24 net impairment charge on customer receivables</b>	<b>56.1</b>

### **Funding and total accessible liquidity ('TAL')**

The Group has the following arrangements in place:

- A £400m securitisation facility (H1 23: £400m) committed until December 2024, drawings on which are linked to prevailing levels of eligible receivables but with flexibility around the level which the Group chooses to draw. As previously disclosed, in February 2023 the Group chose to proactively reduce the

lender commitment from £400m to £340m to reflect the accessible funding level and reduce ongoing fees;

- A RCF of £75m, and an overdraft facility of £12.5m, both fully undrawn at 2 September 2023. As previously disclosed, these facilities were refinanced following the FY23 year end to a maximum limit of £75m and £12.5m respectively, and are both committed to December 2026;
- At 2 September 2023 Group TAL was £133.1m, comprising cash of £49.1m including restricted cash of £3.5m, the fully undrawn RCF of £75.0m and overdraft of £12.5m.

### Net Cash Generation / (Utilisation)

£m	H1 24	H1 23
<b>Adjusted EBITDA</b>	<b>17.5</b>	<b>27.9</b>
Inventory working capital movement	11.6	(15.6)
Other working capital, operating cash flows and provision movement	2.3	19.8
<b>Cash flow adjusted for working capital</b>	<b>31.4</b>	<b>32.1</b>
Adjusting items	(3.1)	(3.3)
Capital investing activities	(8.9)	(11.2)
Non-operating tax & treasury	1.4	(0.6)
Interest paid	(8.1)	(6.5)
<b>Non-operational cash outflows</b>	<b>(18.7)</b>	<b>(21.6)</b>
Gross customer loan book repayment	26.3	5.4
Decrease in securitisation debt in line with customer loan book <sup>1</sup>	(25.4)	(26.4)
<b>Net cash inflow from the customer loan book<sup>1</sup></b>	<b>0.9</b>	<b>(21.0)</b>
<b>Net cash generation / (utilisation)</b>	<b>13.6</b>	<b>(10.5)</b>

<sup>1</sup> H1 23 excludes voluntary flexible drawdown of the securitisation facility of £14.6m. The net movement in Cash and cash equivalents, including the voluntary flexible drawdown, is shown on page 13.

The business generated cash of £13.6m in the half, closing with £49.1m net unsecured cash. The inflow was driven by positive EBITDA generation and work undertaken to right-size the stock balance.

Capital expenditure of £8.9m (H1 23: £11.2m) has continued to be self-funded as we invest in delivering the ongoing digital transformation of the business. We expect higher capital investment in H2 than H1 as part of the continued transformation of the business, with full year investment expected to be broadly in line with FY23.

Net inventory levels at the end of the half were down 19.8%, at £82.6m (H1 23: £103.0m), driving a net improvement in working capital. We have been executing against our previously flagged plans to carefully manage inventory intake and reduce stock holding, with units at the end of the half nearly 1m below H1 23.

The net inflow from the customer loan book reflects the reduction in the customer loan book, partially offset by associated lower securitisation borrowings.

### **Adjusted net debt**

Unsecured net cash / (debt), which is defined as the amount drawn on the Group's unsecured borrowing facilities less cash balances, closed the half in a positive position with unsecured net cash of £49.1m (H1 23: unsecured net cash £47.2m plus an additional £45.5m which was voluntarily underdrawn on the securitisation funding facility to optimise interest costs).

Adjusted net debt reduced by £39.0m in the half against FY23 year end, to £258.4m (FY23: £297.4m; H1 23: £243.5m). This is the net amount of £49.1m of unsecured net cash and £307.5m of debt drawn against the securitisation funding facility which is backed by eligible customer receivables. The £453.1m net customer loan book significantly exceeds this adjusted net debt figure. The reduction in net debt in the half reflects the net cash generation described above and lower securitised borrowings.

### **Dividend and capital allocation**

As previously announced in the Group's FY23 results and in light of the macro-economic environment, our clear set of investment plans and the number of competing demands on our cash resources, the Board decided not to re-introduce a dividend in FY23 or FY24.

### **Pension scheme**

The Group's defined benefit pension scheme had a surplus of £20.0m at the end of the half, which has reduced over the prior year (H1 23: £31.4m surplus) driven by lower returns on the scheme assets, offset partly by the increase in corporate yields and reduced long-term inflation expectations, remaining in line with the FY23 year end position.

## KPI DEFINITIONS

Measure	Definition
Total website sessions	Total number of sessions across N Brown apps, mobile and desktop websites in the 12 month period
Total active customers	Customers who placed an accepted order in the 12 month period to reporting date
Total orders	Total accepted orders placed in the 12 month period. Includes online and offline orders.
AOV	Average order value based on accepted demand <sup>1</sup>
AIV	Average item value based on accepted demand <sup>1</sup>
Items per order	Average number of items per accepted order
Orders per customer	Average number of orders placed per ordering customer
Conversion	% of app/web sessions that result in an accepted order
NPS	Customers asked to rate likelihood to “recommend the brand to a friend or colleague” on a 0-10 scale (10 most likely). NPS is (% of 9-10) minus (% of 0-6). NPS is recorded on JD Williams, Simply Be, Jacamo and Ambrose Wilson
FS Arrears	Arrears are stated including both customer debts with two or more missed payments, or customer debts on a payment hold

<sup>1</sup>Accepted demand is defined as the value of Orders from customers (including VAT) that we accept, i.e. after our credit assessment processes.

## APM GLOSSARY

The Preliminary Results statement includes alternative performance measures ('APMs'), which are not defined or specified under the requirements of IFRS. These APMs are consistent with how the Group measures performance internally and are also used in assessing performance under the Group's incentive plans. Therefore, the Directors believe that these APMs provide stakeholders with additional, useful information on the Group's performance.

<b>Alternative Performance Measure</b>	<b>Definition</b>
Adjusted gross profit	Gross profit excluding adjusting items.
Adjusted gross profit margin	Adjusted gross profit as a percentage of Group Revenue.
Adjusted EBITDA	Operating profit, excluding adjusting items, with depreciation and amortisation added back.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of Group Revenue.
Adjusted profit before tax	Profit before tax, excluding adjusting items and fair value movement on financial instruments.
Adjusted profit before tax margin	Profit before tax, excluding adjusting items and fair value movement on financial instruments expressed as a percentage of Group Revenue.
Net Cash generation	Net cash generated from the Group's underlying operating activities.
Adjusted Operating costs	Operating costs less depreciation, amortisation and adjusting items.
Adjusted Operating costs to revenue ratio	Operating costs less depreciation, amortisation and adjusting items as a percentage of Group revenue.
Adjusted Net debt	Total liabilities from financing activities less cash, excluding lease liabilities.
Net debt	Total liabilities from financing activities less cash.
Unsecured net cash / (debt)	Amount drawn on the Group's unsecured debt facilities less cash balances. This measure is used to calculate the Group's leverage ratio, a key debt covenant measure.
Total Accessible Liquidity	Total cash and cash equivalents, less restricted amounts, and available headroom on secured and unsecured debt facilities.
Adjusted Earnings per share	Adjusted earnings per share based on earnings before adjusting items and fair value adjustments, which are those items that do not form part of the recurring operational activities of the Group.

The reconciliation of the statutory measures to adjusted measures is included in the Financial Review on page 12.

**Unaudited Condensed consolidated income statement  
for the 26 weeks ended 2 September 2023**

		<b>26 weeks to 2 September 2023</b>	<b>26 weeks to 2 September 2023</b>	<b>26 weeks to 2 September 2023</b>	26 weeks to 27 August 2022	26 weeks to 27 August 2022	26 weeks to 27 August 2022
	Note	<b>Before adjusting items £m</b>	<b>Adjusting items (Note 5) £m</b>	<b>Total £m</b>	Before adjusting items £m	Adjusting items (Note 5) £m	Total £m
Revenue		<b>197.1</b>	-	<b>197.1</b>	222.1	-	222.1
Credit account interest	4	<b>99.9</b>	-	<b>99.9</b>	109.4	-	109.4
Total revenue	4	<b>297.0</b>	-	<b>297.0</b>	331.5	-	331.5
Cost of sales		<b>(99.5)</b>	<b>(1.0)</b>	<b>(100.5)</b>	(115.7)	-	(115.7)
Impairment losses on customer receivables	4	<b>(56.1)</b>	-	<b>(56.1)</b>	(59.3)	-	(59.3)
Gross profit	4	<b>141.4</b>	<b>(1.0)</b>	<b>140.4</b>	156.5	-	156.5
Operating profit	4	<b>7.6</b>	<b>(4.5)</b>	<b>3.1</b>	10.8	-	10.8
Finance costs		<b>(7.5)</b>	-	<b>(7.5)</b>	(6.5)	-	(6.5)
Profit/(Loss) before taxation and fair value adjustments to financial instruments		<b>0.1</b>	<b>(4.5)</b>	<b>(4.4)</b>	4.3	-	4.3
Fair value adjustments to financial instruments	6	<b>0.3</b>	-	<b>0.3</b>	2.9	-	2.9
Profit/(Loss) before taxation		<b>0.4</b>	<b>(4.5)</b>	<b>(4.1)</b>	7.2	-	7.2
Taxation	7	<b>0.5</b>	<b>1.1</b>	<b>1.6</b>	(1.6)	-	(1.6)
Profit/(Loss) for the period		<b>0.9</b>	<b>(3.4)</b>	<b>(2.5)</b>	5.6		5.6
(Loss)/Earnings per share from continuing operations							
Basic	8			<b>(0.54)p</b>			1.22p
Diluted	8			<b>N/A</b>			1.21p

**Unaudited condensed consolidated statement of comprehensive income  
for the 26 weeks ended 2 September 2023**

	26 weeks to 2 September 2023	26 weeks to 27 August 2022
	£m	£m
<b>(Loss)/Profit for the period</b>	<b>(2.5)</b>	5.6
<b>Items that will not be classified subsequently to profit or loss:</b>		
Actuarial losses on defined benefit pension schemes	<b>(0.8)</b>	(6.8)
Tax relating to items not reclassified	<b>0.3</b>	2.5
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of foreign operations	<b>(0.6)</b>	0.1
Fair value movements of cash flow hedges	<b>0.7</b>	27.3
Reclassified from OCI to profit & loss	<b>(5.0)</b>	(0.2)
Tax relating to these items	<b>1.0</b>	(5.7)
<b>Other comprehensive (loss)/income for the period</b>	<b>(4.4)</b>	17.2
<b>Total comprehensive (loss)/income for the period attributable to equity holders of the parent</b>	<b>(6.9)</b>	22.8



**Condensed consolidated balance sheet**  
**As at 2 September 2023**

	Note	As at 2 September 2023 (unaudited) £m	As at 27 August 2022 (unaudited) £m	As at 4 March 2023 (audited) £m
<b>Non-current assets</b>				
Property, plant & equipment	10	50.8	58.6	50.9
Intangible assets	9	58.4	108.3	58.3
Right-of-use assets		1.2	0.7	0.5
Retirement benefit surplus		20.0	31.4	20.0
Derivative financial instruments	6	3.2	10.3	7.6
Deferred tax assets		29.2	11.5	29.2
		<b>162.8</b>	<b>220.8</b>	<b>166.5</b>
<b>Current assets</b>				
Inventories		82.6	103.0	94.1
Trade and other receivables	11	477.8	516.3	504.7
Derivative financial instruments	6	16.5	21.1	19.1
Current tax asset		1.8	0.4	0.1
Cash and cash equivalents	13	49.1	47.2	35.5
		<b>627.8</b>	<b>688.0</b>	<b>653.5</b>
<b>Total assets</b>		<b>790.6</b>	<b>908.8</b>	<b>820.0</b>
<b>Current liabilities</b>				
Trade and other payables	12	(75.1)	(103.8)	(72.5)
Lease liability		(0.6)	(0.6)	(0.3)
Provisions	16	(10.8)	(27.6)	(10.1)
Derivative financial instruments	6	(0.4)	-	(0.1)
		<b>(86.9)</b>	<b>(132.0)</b>	<b>(83.0)</b>
<b>Net current assets</b>		<b>540.9</b>	<b>556.0</b>	<b>570.5</b>
<b>Non-current liabilities</b>				
Bank loans	14	(307.5)	(290.7)	(332.9)
Lease liability		(0.5)	(0.2)	(0.2)
Provisions		(0.3)	-	-
Derivative financial instruments	6	(0.1)	-	-
Deferred tax liabilities		(11.5)	(24.0)	(13.2)
		<b>(319.9)</b>	<b>(314.9)</b>	<b>(346.3)</b>
<b>Total liabilities</b>		<b>(406.8)</b>	<b>(446.9)</b>	<b>(429.3)</b>
<b>Net assets</b>		<b>383.8</b>	<b>461.9</b>	<b>390.7</b>
<b>Equity</b>				
Share capital		51.2	50.9	50.9
Share premium		85.7	85.0	85.7
Own shares		(0.1)	-	(0.2)
Cash flow hedge reserve		11.5	22.7	15.7
Foreign currency translation reserve		1.2	1.1	1.8
Retained earnings		234.3	302.2	236.8
<b>Total equity</b>		<b>383.8</b>	<b>461.9</b>	<b>390.7</b>

**Condensed consolidated cash flow statement**  
**For the 26 weeks ended 2 September 2023**

	26 weeks to 2 September 2023 (unaudited) £m	26 weeks to 27 August 2022 (unaudited) £m	53 weeks to 4 March 2023 (audited) £m
<b>Net cash inflow from operating activities</b>	<b>52.6</b>	34.3	5.8
<b>Investing activities</b>			
Purchase of property, plant and equipment	(1.2)	(1.9)	(5.8)
Expenditure on intangible assets	(7.7)	(9.3)	(19.8)
<b>Net cash used in investing activities</b>	<b>(8.9)</b>	(11.2)	(25.6)
<b>Financing activities</b>			
Interest paid	(8.1)	(6.5)	(15.0)
(Decrease)/Increase in bank loans	(25.4)	(11.8)	30.4
Principal elements of lease payments	(0.5)	(0.5)	(1.0)
Proceeds from foreign exchange contracts	3.4	0.8	(1.2)
Proceeds on issue of share capital	0.3	-	-
Purchase of shares by ESOT	(0.3)	-	-
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(30.6)</b>	(18.0)	13.2
Net foreign exchange difference	0.5	(1.0)	(1.0)
Net increase/(decrease) in cash and cash equivalents and bank overdraft	<b>13.6</b>	4.1	(7.6)
Cash and cash equivalents and bank overdraft at beginning of period	<b>35.5</b>	43.1	43.1
<b>Cash and cash equivalents and bank overdraft at end of period</b>	<b>49.1</b>	47.2	35.5

## Reconciliation of operating profit to net cash from operating activities

	26 weeks to 2 September 2023 (unaudited) £m	26 weeks to 27 August 2022 (unaudited) £m	53 weeks to 4 March 2023 (audited) £m
(Loss)/Profit for the period	(2.5)	5.6	(51.4)
Adjustments for:			
Taxation (credit)/charge	(1.6)	1.6	(19.7)
Fair value adjustments to financial instruments	(0.3)	(2.9)	(8.9)
Net foreign exchange (loss) /gain	(0.5)	1.0	1.0
Finance costs	7.5	6.5	14.1
Depreciation of right-of-use assets	0.4	0.4	0.8
Depreciation of property, plant and equipment	1.2	2.1	4.3
Loss on disposal of intangible assets	-	-	0.8
Impairment of non-financial assets	-	-	53.0
Amortisation of intangible assets	8.3	14.6	30.6
Share option charge	0.9	1.1	1.5
Operating cash flows before movements in working capital	13.4	30.0	26.1
Decrease / (Increase) in inventories	11.6	(15.6)	(6.7)
Decrease in trade and other receivables	26.7	16.3	28.3
Increase / (decrease) in trade and other payables	1.6	8.2	(22.3)
Increase / (decrease) in provisions	1.1	(3.3)	(20.9)
Pension obligation adjustment	(0.4)	(0.3)	(1.0)
Cash generated by operations	54.0	35.3	3.5
Taxation (paid) / received	(1.4)	(1.0)	2.3
Net cash inflow from operating activities	52.6	34.3	5.8

<b>Changes in liabilities from financing activities</b>	26 weeks to 2 September 2023 (unaudited) £m	26 weeks to 27 August 2022 (unaudited) £m	53 weeks to 4 March 2023 (audited) £m
Loans and borrowings balance brought forward	333.4	303.8	303.8
<b>Changes from financing cashflows</b>			
Net repayment on loans and borrowings <sup>1</sup>	(25.4)	(11.8)	30.4
New leases entered in the year	1.1	-	-
Lease payments in the period	(0.5)	(0.5)	(0.8)
Increase/(Decrease) in loans and borrowings	(24.8)	(12.3)	29.6
Loans and borrowings balance carried forward	308.6	291.5	333.4

<sup>1</sup>Repayments relating to the Group's securitisation facility are represented net of cash receipts in respect of the customer book collections. The Directors consider that the net representation more accurately reflects the way the securitisation cashflows are managed.

## Unaudited consolidated statement of changes in equity

	Share Capital £m	Share premium £m	Own shares £m	Cash Flow Hedge Reserve £m	Foreign currency translation Reserve £m	Retained earnings £m	Total £m
<b>Balance at 26 February 2022</b>	<b>50.9</b>	<b>85.0</b>	<b>(0.2)</b>	<b>5.5</b>	<b>1.0</b>	<b>300.1</b>	<b>442.3</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	5.6	5.6
Other items of comprehensive income /(loss) for the period	-	-	-	21.4	0.1	(4.3)	17.2
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21.4</b>	<b>0.1</b>	<b>1.3</b>	<b>22.8</b>
Hedging gains & losses transferred to the cost of inventory	-	-	-	(4.2)	-	-	(4.2)
<b>Transactions with owners recorded directly in equity</b>							
Issue of own shares by ESOT	-	-	0.2	-	-	(0.3)	(0.1)
Share option charge	-	-	-	-	-	1.1	1.1
<b>Total contributions by and distributions to the owners</b>	<b>-</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>0.8</b>	<b>1.0</b>
<b>Balance at 27 August 2022</b>	<b>50.9</b>	<b>85.0</b>	<b>-</b>	<b>22.7</b>	<b>1.1</b>	<b>302.2</b>	<b>461.9</b>
<b>Total comprehensive income for the period</b>							
Loss for the period	-	-	-	-	-	(57.1)	(57.1)
Other items of comprehensive income/(loss) for the period	-	-	-	(3.5)	0.7	(8.3)	(11.1)
<b>Total comprehensive (loss)/income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3.5)</b>	<b>0.7</b>	<b>(65.4)</b>	<b>(68.2)</b>
Hedging gains and losses transferred to the cost of inventory	-	-	-	(3.5)	-	-	(3.5)
<b>Transactions with owners recorded directly in equity</b>							
Issue of own shares by ESOT	-	-	0.1	-	-	0.3	0.4
Share option charge	-	-	-	-	-	0.4	0.4
Historic adjustment to equity for share payments	-	0.7	(0.3)	-	-	(0.4)	-
Adjustment to equity for share payments	-	-	-	-	-	(0.3)	(0.3)
<b>Total contributions by and distributions to the owners</b>	<b>-</b>	<b>0.7</b>	<b>(0.2)</b>	<b>(3.5)</b>	<b>-</b>	<b>-</b>	<b>(3.0)</b>
<b>Balance at 4 March 2023</b>	<b>50.9</b>	<b>85.7</b>	<b>(0.2)</b>	<b>15.7</b>	<b>1.8</b>	<b>236.8</b>	<b>390.7</b>
<b>Total comprehensive income for the period</b>							
Loss for the period	-	-	-	-	-	(2.5)	(2.5)
Other items of comprehensive loss for the period	-	-	-	(3.3)	(0.6)	(0.5)	(4.4)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3.3)</b>	<b>(0.6)</b>	<b>(3.0)</b>	<b>(6.9)</b>
Hedging gains and losses transferred to the cost of inventory	-	-	-	(0.9)	-	-	(0.9)
<b>Transactions with owners recorded directly in equity</b>							
Issue of shares	0.3	-	-	-	-	-	0.3
Issue of own shares by ESOT	-	-	0.1	-	-	-	0.1
Share option charge	-	-	-	-	-	0.9	0.9
Adjustment to equity for share payments	-	-	-	-	-	(0.4)	(0.4)
<b>Total contributions by and distributions to the owners</b>	<b>0.3</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>0.5</b>	<b>0.9</b>
<b>Balance at 2 September 2023</b>	<b>51.2</b>	<b>85.7</b>	<b>(0.1)</b>	<b>11.5</b>	<b>1.2</b>	<b>234.3</b>	<b>383.8</b>

## Notes to the unaudited consolidated financial statements For the 26 weeks ended 2 September 2023

### 1. Basis of preparation

This condensed set of consolidated interim financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting in conformity with the requirements of the Companies Act 2006. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the 53 weeks ended 4 March 2023. The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006.

The comparative figures for the 53 weeks ended 4 March 2023 are extracted from the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of these financial statements. This is explained in further detail in note 3.

The accounting policies and presentation adopted in the preparation of these consolidated interim financial statements are consistent with those disclosed in the published annual report and accounts for the 53 weeks ended 4 March 2023.

At the date of issue of these interim financial statements the following standards and interpretations became effective in the current financial year, and have been applied for the first time in these financial statements:

*Definition of Accounting Estimates (Amendments to IAS 8)*

*Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*

*Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*

*IFRS 17 Insurance Contracts*

None of these new standards and interpretations have had any material impact on these financial statements.

### Critical judgements and key sources of estimation uncertainty

In preparing the condensed interim financial statements, the areas of critical judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty related to the same areas as those applied to the consolidated financial statements for the 53 weeks ended 4 March 2023.

The key areas of significant judgements made by management in applying the Group's accounting policies during the period were as follows:

- Impairment of customer receivables (*critical judgement and estimation uncertainty*)
- Software and development costs (*critical judgement and estimation uncertainty*)
- Impairment of non-financial assets (*critical judgement and estimation uncertainty*)
- Other litigation (*critical judgement and estimation uncertainty*)
- Defined benefit plan (*estimation uncertainty*)

## 2. Key risks and uncertainties

The Group continues to enhance and embed risk management practices in support of the N Brown Enterprise Risk Management Framework (“RMF”). The RMF enables the Group to maintain robust governance and oversight of risk management activities across the business to underpin a standardised approach to managing risks and to consider the commercial and regulatory impacts of internal and external risk events.

Principal risk categories with the potential to impact on performance and the delivery of the strategic roadmap in year or through the planning cycle are defined in the RMF as:

- |                             |   |
|-----------------------------|---|
| 1. Customer and Conduct     | 6. Strategic                                  |
| 2. Credit Risk              | 7. Financial                                  |
| 3. Financial Crime          | 8. Business Resilience                        |
| 4. People                   | 9. Legal and Regulatory Compliance            |
| 5. Supplier and Outsourcing | 10. Information, Technology and Cybersecurity |

The Group Risk Profile remains challenging, principally due to the moving and uncertain UK economy and related volatilities. Significant activity to manage the impacts has been established and continues to be delivered across the Group.

Although recently less severe, significant increases in energy prices, general price increases and interest rate increases over the period has put pressure on household budgets and adversely impacting consumer confidence and, consequently, on spending on non-essential items.

The Group continues to manage currency and interest rate fluctuations through hedging in the near term. Currency arrangements expire on a rolling basis with reducing hedging levels up to 24 months. We continue to monitor rates to identify the most appropriate hedging strategy going forward.

The cost pressures noted above may create affordability challenges for our credit customers. Leading indicators are tracked to enable the Group to react to changes in the lending market. We also ensure that appropriate forbearance options are in place to ensure good customer outcomes for those impacted by these issues.

The Board maintains a continuous process for identifying, evaluating and managing risk as part of its overall responsibility for maintaining internal controls and the RMF. This process is intended to provide reasonable assurance regarding compliance with laws and regulations as well as commercial and operational risks.

Specific review and identification of existing and emerging risks is facilitated by routine Board-level risk assessment cycles completed during the year, as informed by a routine of regular risk assessments at business unit level. Outputs are reported to the Audit and Risk Committee.

In setting strategy, the Board considers Environmental, Social and Governance (“ESG”) factors, drivers and impacts on the health and sustainability of the business. Furthermore, in general terms the strategy is designed to deliver long term sustainable business success. The RMF has been established to provide an overview of strategic risk and as such incorporates assessments of risks that have the potential to create ESG exposures. During the period ESG risks have been further considered and their potential impacts on the broader Group Risk environment are being assessed.

ESG and related risks will be embedded in the RMF and will be evaluated and reported as part of the existing Governance routines and managed accordingly.

In spite of increased risk in the external environment of many of our principal risks, enhancements to the internal control environment are successfully mitigating many of the threats. This is resulting in a broadly stable net risk position and has created a positive risk outlook for when the economic conditions improve. Control enhancements are identified routinely and we continue to implement Control Development Plans. On a continuous basis as we test controls, review operational issues and perform assurance activities.

The Group recognises that no system of controls can provide absolute assurance against material misstatement, loss or failure to meet its business objectives.

### **3. Going Concern**

After reviewing the Group's forecasts and risk assessments, including assumptions around capital and operating expenditure and their impact on cash flows, the Directors have formed a judgement at the time of approving the interim financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of signing these financial statements.

In reaching their conclusions, the Directors have considered the Group's cashflow and revenue projections for the 12 months following the date of signing these results, which have been borne out of extensive scenario testing, based on a variety of end market assumptions, while taking account of appropriate mitigating actions within the direct control of the Group. The Directors have had regard to the implications of ongoing market movements, and in particular, the effect of the rising interest rates on consumer confidence and the health of its debtor book which affects its ability to draw down on the securitisation facility and the impact of severe but plausible downside scenarios on the cash flows. Under the severe but plausible downside scenario, the Group continues to be in compliance with all relevant covenants associated with its available facilities.

For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

As at 2 September 2023, the Group had cash of £45.6m, net of restricted cash of £3.5m. In addition, the Group had £87.5m of accessible unsecured facilities that were not drawn. This gives rise to total accessible liquidity ("TAL") of £133.1m (FY23 year end at £143.9m and £112.0m following refinancing on 14 April 2023).

#### 4. Business Segments

The Group has identified two operating segments in accordance with IFRS 8 – Operating segments, Product Revenue and Financial Services (“FS”). The Board receives monthly financial information at this level and uses this information to monitor the performance of the Group, allocate resources and make operational decisions. Internal reporting focuses and tracks revenue, cost of sales and gross margin performance across these two segments separately. However, it does not track operating costs or any other income statement items by segment.

Revenues and costs associated with the product segment relate to the sale of goods through various brands. The Product cost of sales is inclusive of VAT bad debt relief claimed of £9.8m (H1 23: £9.0m) as a consequence of customer debt write off, with the write off presented in Financial Services cost of sales. The revenue and costs associated with the Financial Services segment relate to the income from provision of credit terms for customer purchases, and the costs to the business of providing such funding. To increase transparency, the Group has included additional voluntary disclosure analysing product revenue within the relevant operating segment, by strategic and other brand categorisation.

	26 weeks to 2 September 2023	26 weeks to 27 August 2022
	£m	£m
<b>Analysis of revenue:</b>		
Sale of goods	178.3	200.7
Postage and packaging	9.2	10.5
Product – total revenue	187.5	211.2
Other financial services revenue	9.6	10.9
Credit account interest	99.9	109.4
Financial Services – total revenue	109.5	120.3
<b>Total Group Revenue</b>	<b>297.0</b>	<b>331.5</b>
<b>Analysis of cost of sales:</b>		
Product – total cost of sales	(99.1)	(115.0)
Impairment losses on customer receivables	(56.1)	(59.3)
<i>Other financial services cost of sales</i>	(0.4)	(0.7)
Financial Services – total cost of sales	(56.5)	(60.0)
Cost of sales before adjusting items	(155.6)	(175.0)
<b>Adjusted Gross profit<sup>1</sup></b>	<b>141.4</b>	<b>156.5</b>
Adjusted Gross profit margin <sup>1</sup>	47.6%	47.2%
Adjusted Gross margin – Product <sup>1</sup>	47.1%	45.5%
Adjusted Gross margin – Financial Services <sup>1</sup>	48.4%	50.1%
Warehouse and fulfilment	(27.8)	(31.7)
Marketing and production <sup>2</sup>	(32.7)	(35.6)
Other administration and payroll <sup>2</sup>	(63.4)	(61.3)
Adjusted operating costs <sup>1</sup>	(123.9)	(128.6)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>17.5</b>	<b>27.9</b>
Adjusted EBITDA margin <sup>1</sup>	5.9%	8.4%
Depreciation and amortisation	(9.9)	(17.1)
Adjusting items charged to operating profit (note 5)	(4.5)	-
<b>Operating profit</b>	<b>3.1</b>	<b>10.8</b>
Finance costs	(7.5)	(6.5)
Fair value adjustments to financial instruments	0.3	2.9
<b>Profit before taxation</b>	<b>(4.1)</b>	<b>7.2</b>

<sup>1</sup>A reconciliation of statutory measures to adjusted measures is included on page 12. A full glossary of Alternative Performance Measures and their definitions is included on page 22.

<sup>2</sup> Financial Services statement costs have been re-presented from marketing and production and into Other admin and payroll for both the current and prior periods



	26 weeks to 2 September 2023 £m	26 weeks to 27 August 2022 £m
<b>Analysis of Product revenue:</b>		
Strategic brands <sup>1</sup>	139.4	150.6
Heritage brands <sup>2</sup>	48.1	60.6
Total Product revenue	187.5	211.2
Financial Services revenue	109.5	120.3
<b>Total Group revenue</b>	<b>297.0</b>	<b>331.5</b>

<sup>1</sup>Strategic brands include JD Williams, Simply Be and Jacamo.

<sup>2</sup>Heritage brands include Ambrose Wilson, Home Essentials, Fashion World, Marisota, Oxendales and Premier Man.

The Group has one significant geographical segment, which is the United Kingdom. Revenue derived from Ireland amounted to £7.8m (H1 23: £8.6m). Operating results from international markets amounted to £0.5m profit (H1 23, £0.8m profit). All segment assets are located in the UK and Ireland. All non-current assets are located in the UK.

For the purposes of monitoring segment performance, assets and liabilities are not measured separately for the two reportable segments of the Group. Impairments of tangible and intangible assets in the current period were £nil (H1 23: £nil).

## 5. Adjusting items

	26 weeks to 2 September 2023 £m	26 weeks to 27 August 2022 £m
Allianz litigation	(0.1)	-
Strategic change	4.6	-
Total adjusted items	4.5	-

### ALLIANZ LITIGATION

As previously reported, the Group was involved in a legal dispute with Allianz Insurance Plc ('Allianz'). The matter related to a claim issued against JD Williams & Company Limited ('JDW'), a subsidiary of the Group, by the Insurer in January 2020 (claim number CL-2020-000004) and JDW's counterclaims in that litigation (the 'Dispute'). The Dispute related to significant amounts of redress previously paid to customers by JDW and the Insurer in respect of certain historic insurance products, including payment protection insurance.

In January 2023 the Board agreed to the Settlement. Under the Settlement, which is a negotiated settlement and made without admission of liability, JDW paid the Insurer a sum of £49.5m in full and final settlement of the Dispute, below the sums claimed by the Insurer (which exceeded £70m inclusive of interest and costs). The Dispute has been brought to an end and this removes a significant element of uncertainty for all stakeholders and allows the Group to focus on creating shareholder value through its core business activities as it continues its transformation.

The provision outstanding at 2 September 2023 was £0.2m, relating to amounts payable to Allianz following closure of the joint redress account. The release of £0.1m in the period relates to amounts previously provided in respect of legal costs that are no longer required.

### STRATEGIC CHANGE

During the current year, the Group continued the multi-year transformation of the business and the ongoing review of the operating model. Specifically, a restructuring program of the Group's operational and head office headcount to reflect the lower sales orders, was initiated at the end of FY23 and continued through the half year period. Total redundancy costs of £1.3m were incurred in the period. A provision of £0.5m was outstanding at 2 September 2023 relating to payments made in the months following the period end.

During the period, the Board also approved the rationalisation of the Group's warehousing facilities following a review of the overall warehouse portfolio capacity, utilisation and associated operational cost base. Accordingly a provision of £3.2m was booked at half year end relating to £2.2m of incremental costs associated with staff exits, onerous contracts and the expected dual running of warehouses, and £1.0m of incremental stock provision arising from the rationalisation of terminal stock due to reduced storage capacity across the warehouse portfolios. The remaining £0.1m charge in the period relates to the onerous impairment in respect of one of the Group's leased warehouses.

## 6. Derivative financial instruments

At the balance sheet date, details of outstanding forward foreign exchange contracts that the Group has committed to are as follows:

	2 September 2023	27 August 2022
	£m	£m
Notional amount – Sterling contract value (designated cash flow hedges – Interest rate swap)	250.0	250.0
Notional amount – Sterling contract value (designated cash flow hedges – Foreign exchange forwards)	80.6	120.9
Notional amount – Sterling contract value (FVPL)	160.0	15.0
<b>Total notional amount</b>	<b>490.6</b>	<b>385.9</b>

The Group has fair value amounts held for derivative financial liabilities in the following line items on the Balance Sheet:

	2 September 2023	27 August 2022
	£m	£m
<b>Current Assets</b>		
Interest rate swap – cash flow hedges	11.8	7.7
Interest rate caps - non designated instruments at FVPL	2.2	-
Foreign currency forwards – cash flow hedges	2.2	11.8
Foreign currency forwards – non designated instruments at FVPL	0.3	1.6
<b>Total</b>	<b>16.5</b>	<b>21.1</b>

	2 September 2023	27 August 2022
	£m	£m
<b>Non-current Assets</b>		
Interest rate swap – cash flow hedges	2.7	7.3
Interest rate caps - non designated instruments at FVPL	0.4	-
Foreign currency forwards – cash flow hedges	0.1	3.0
<b>Total</b>	<b>3.2</b>	<b>10.3</b>

	2 September 2023	27 August 2022
	£m	£m
<b>Current liabilities</b>		
Foreign currency forwards – cash flow hedges	(0.3)	-
Foreign currency forwards – non designated instruments at FVPL	(0.1)	-
<b>Total</b>	<b>(0.4)</b>	<b>-</b>

	2 September 2023	27 August 2022
	£m	£m
<b>Non-current liabilities</b>		
Foreign currency forwards – cash flow hedges	(0.1)	-
<b>Total</b>	<b>(0.1)</b>	<b>-</b>

The fair value of foreign currency and interest rate derivative contracts is the market value of the instruments as at the balance sheet date. Market values are calculated with reference to the duration of the derivative instrument together with the observable market data such as spot and forward interest rates, foreign exchange rates and market volatility at the balance sheet date.

Changes in the fair value of derivatives not designated for hedge accounting amounted to a gain of £0.5m (H1 23: £2.9m), recognised through the Income statement in the period.

Changes in the fair value of derivatives designated for hedging purposes amounted to a gain of £0.7m (H1 23: £27.3m) recognised through the cash flow hedge reserve.

Fair value movements previously held within the hedge reserve were released as the hedged future cash flows were no longer expected to occur. This resulted in one off fair value losses of £0.2m (H1 23: £nil) recognised in the income statement within the fair value adjustments to financial instruments line and also included within amounts reclassified from other comprehensive income to profit and loss line in the statement of other comprehensive income.

There are no balances remaining within the closing hedge reserve balance in respect of previous hedge relationships where hedge accounting is no longer applied. There were no amounts recognised in the income statement in the period (H1 23: £nil) for hedge ineffectiveness on either foreign exchange or interest rate hedges.

Financial instruments that are measured subsequent to initial recognition at fair value are all grouped into Level 2 (H1 23: Level 2).

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

There were no transfers between Level 1 and Level 2 during the current or prior period.

## **7. Taxation**

The underlying effective tax rate for the full year is estimated to be 39% (FY 23 27.7%) and this rate has been applied to the loss for the 26 weeks ended 2nd September 2023. In the Spring Budget on 15 March 2023, it was confirmed that the UK tax rate would increase from 19% to 25% from 1 April 2023, so the effective tax rate has been calculated based on the enacted UK rate of 25% (other than 35% on the retirement benefit scheme) and taxation for other jurisdictions at the rates prevailing in those jurisdictions.

The current period effective tax rate is higher than the statutory UK tax rate of 25% due to the impact of prior year adjustments on deferred tax charge in the half year following agreement of FY22 tax returns and the deferred tax charge resulting from the continued unwinding of the deferred tax asset recognised on adoption of IFRS 9 in FY2019 and spread over 10 years. Without the impact of these factors the underlying effective tax rate would be below 25%.

As previously reported, the Group continues to provide a total of £0.7m (2023: £0.7m) for potential future corporation tax charges based upon the Group's best estimate and the outcome from discussions with HMRC. In the prior year, HMRC notified the Group of a previously unidentified and unpaid historic tax balance, relating to years 2010-2015, which HMRC had stood over awaiting resolution of other historic tax matters. The matter related to tax liabilities in Ambrose Wilson Limited and Oxendales & Company Limited from transfer pricing adjustments calculated on intercompany balances with JD Williams & Company Limited for the years in question. The Group believed the tax had previously been paid, however, following a detailed internal investigation, it was agreed with HMRC in May 2023 that this balance was outstanding. Accordingly, a tax provision of £0.7m was included as a prior year adjustment in the 2023 tax calculation, with a provision

for related interest estimated at £0.3m included in finance charges. In September 2023 the steps to settle this liability and potential interest were agreed with HMRC, and the principal liability of £0.7m has now been fully settled.

## 8. (Loss) / earnings per share

The calculation of earnings per ordinary share is based on earnings after tax and the weighted average number of ordinary shares in issue during the period.

The adjusted earnings per share figures have also been calculated based on adjusted earnings, after adjusting for those items of income and expenditure which are one-off in nature and material to the current financial year, and for which the Directors believe that they require separate disclosure to avoid distortion of underlying performance (see note 5), and fair value adjustments to derivative instruments. These have been calculated to allow the shareholders to gain an understanding of the underlying trading performance of the Group. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. Earnings per share for the current year have not been diluted following the loss after tax in the period.

<i>(Loss) / earnings for the purposes of basic and diluted earnings per share:</i>	<b>26 weeks to 2 September 2023</b>	26 weeks to 27 August 2022
	<b>£m</b>	£m
Total net (loss)/profit attributable to equity holders of the parent	<b>(2.5)</b>	<b>5.6</b>
Fair value adjustment to financial instruments (net of tax)	<b>(0.2)</b>	<b>(2.3)</b>
Adjusting items (net of tax)	<b>3.4</b>	-
Adjusted profit for the period as used in headline earnings per share	<b>0.7</b>	<b>3.3</b>

<i>Number of shares for the purposes of basic and diluted earnings per share:</i>	<b>26 weeks to 2 September 2023</b>	26 weeks to 27 August 2022
	<b>m</b>	m
Weighted average number of shares in issue – basic	<b>459.9</b>	<b>459.3</b>
Dilutive effect of share options	<b>4.5</b>	<b>2.6</b>
Weighted average number of shares in issue – diluted	<b>464.4</b>	<b>461.9</b>

### **(Loss)/earnings per share**

Basic	<b>(0.54)</b>	<b>1.22</b>
Diluted	<b>N/A</b>	<b>1.21</b>

### **Adjusted earnings per share**

Basic	<b>0.15</b>	<b>0.72</b>
Diluted	<b>N/A</b>	<b>0.71</b>

## 9. Intangible assets

	Brands	Software	Customer database	Total
	£m	£m	£m	£m
<b>Cost</b>				
<b>As at 26 February 2022</b>	16.9	373.3	1.9	392.1
Additions	-	9.9	-	9.9
<b>As at 27 August 2022</b>	<b>16.9</b>	<b>383.2</b>	<b>1.9</b>	<b>402.0</b>
Additions	-	10.2	-	10.2
Disposals	-	(0.9)	-	(0.9)
<b>As at 4 March 2023</b>	<b>16.9</b>	<b>392.5</b>	<b>1.9</b>	<b>411.3</b>
Additions	-	8.5	-	8.5
Disposals	-	(0.1)	-	(0.1)
<b>As at 2 September 2023</b>	<b>16.9</b>	<b>400.9</b>	<b>1.9</b>	<b>419.7</b>
<b>Amortisation</b>				
<b>As at 26 February 2022</b>	16.9	260.3	1.9	279.1
Charge for the period	-	14.6	-	14.6
<b>As at 27 August 2022</b>	<b>16.9</b>	<b>274.9</b>	<b>1.9</b>	<b>293.7</b>
Charge for the period	-	16.0	-	16.0
Impairment	-	43.4	-	43.4
Disposals	-	(0.1)	-	(0.1)
<b>As at 4 March 2023</b>	<b>16.9</b>	<b>334.2</b>	<b>1.9</b>	<b>353.0</b>
Charge for the period	-	8.3	-	8.3
<b>As at 2 September 2023</b>	<b>16.9</b>	<b>342.5</b>	<b>1.9</b>	<b>361.3</b>
<b>Carrying amounts</b>				
<b>As at 2 September 2023</b>	-	<b>58.4</b>	-	<b>58.4</b>
As at 4 March 2023	-	58.3	-	58.3
As at 27 August 2022	-	108.3	-	108.3
As at 26 February 2022	-	113.0	-	113.0

Assets in the course of development included in intangible assets at the period end total £9.3m (H1 23: £8.8m). No amortisation is charged on these assets.

### IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of the last financial year (53 weeks ended 4 March 2023), the Group recognised a £53m impairment loss against its intangible and tangible assets, following an assessment of the discounted value of the Group's latest financial forecasts using a value in use model ("VIU") against the carrying value of the Group's net assets.

At half year end, the Group has performed a review in line with the requirements of IAS 36 Impairment of Assets and IAS 34 Interim Financial Reporting, for any new indications of a significant increase or reversal of the impairment loss previously recognised. The assessment took into consideration both internal and external factors as guided by IAS 36, and has concluded that there have been no significant changes in any of the factors that would indicate the requirement of a full reassessment of the VIU model at half year end. Management considers that the impairment loss of £53m recognised at the previous financial year end continues to represent a reasonable estimate of the impairment to the Group's net assets.

## 10. Property, plant and equipment

Additions to tangible fixed assets during the period of £1.1m (H1 23: £2.1m) primarily relate to warehousing improvement projects. Depreciation of £1.2m (H1 23: £2.0m) was charged during the period. Additionally, depreciation relating to IFRS 16 right of use assets amounted to £0.4m (H1 23: £0.4m) during the period.

Assets in the course of construction included in fixtures and equipment at the period end total £1.5m (H1 23: £1.3m), and in land and buildings total £nil (H1 23: £nil). No depreciation is charged on these assets until they are available for commercial use.

## 11. Trade and other receivables

	2 September 2023 £m	27 August 2022 £m	4 March 2023 £m
Amounts receivable for the sale of goods and services	528.9	571.7	555.2
Allowance for expected credit losses	(75.8)	(79.7)	(74.6)
Net trade receivables	453.1	492.0	480.6
Other receivables and prepayments	24.7	24.3	24.1
<b>Trade and other receivables</b>	<b>477.8</b>	<b>516.3</b>	<b>504.7</b>
<b>Income statement impairment charge</b>			
Provision movements	1.2	11.0	5.9
Gross write-offs	55.8	52.7	131.2
Recoveries	(5.6)	(7.1)	(21.0)
Other items	4.7	2.7	6.2
<b>Net impairment charge</b>	<b>56.1</b>	<b>59.3</b>	<b>122.3</b>

Other receivables and prepayments include a balance of £1.2m (H1 23: £0.8m) relating to amounts due from wholesale partners.

Trade receivables are measured at amortised cost.

### As at 2 September 2023

	Stage 1	Stage 2	Stage 3	Total
Gross trade receivables	351.7	88.5	88.7	528.9
Allowance for ECL	(14.9)	(20.0)	(40.9)	(75.8)
<b>Net trade receivables</b>	<b>336.8</b>	<b>68.5</b>	<b>47.8</b>	<b>453.1</b>
<b>ECL %</b>	<b>(4.2%)</b>	<b>(22.6%)</b>	<b>(46.1%)</b>	<b>(14.3%)</b>

### As at 27 August 2022

	Stage 1	Stage 2	Stage 3	Total
Gross trade receivables	388.1	99.7	83.9	571.7
Allowance for ECL	(7.6)	(25.2)	(46.9)	(79.7)
<b>Net trade receivables</b>	<b>380.5</b>	<b>74.5</b>	<b>37.0</b>	<b>492.0</b>
<b>ECL %</b>	<b>(2.0%)</b>	<b>(25.2%)</b>	<b>(55.9%)</b>	<b>(13.9%)</b>

## 12. Trade and other payables

	2 September 2023	27 August 2022	4 March 2023
	£m	£m	£m
Trade payables	40.3	61.6	40.2
Other payables	5.2	6.4	3.6
Accruals and deferred income	29.6	35.8	28.7
<b>Trade and other payables</b>	<b>75.1</b>	<b>103.8</b>	<b>72.5</b>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases, based on invoice date, at H1 24 is 48 days (H1 23: 50 days).

The Group has financial risk management policies in place to ensure that all payables are paid within agreed credit terms.

The Group continues to have a supplier financing arrangement which is facilitated by HSBC. The principal purpose of this arrangement is to enable the supplier, if it so wishes, to sell its receivables due from the Group to a third party bank prior to their due date, thus providing earlier access to liquidity. From the Group's perspective, the invoice payment due date remains unaltered and the payment terms of suppliers participating in the programme are similar to those suppliers that are not participating.

The maximum facility limit as at 2 September 2023 was £15m (H1 23: £15m). At 2 September 2023, total of £6.8m (H1 23: £11.9m) had been funded under the programme. The scheme is based around the principle of reverse factoring whereby the bank purchases from the suppliers approved trade debts owed by the Group. Access to the supplier finance scheme is by mutual agreement between the bank and supplier, where the supplier wishes to be paid faster than standard Group payment terms; the Group is not party to this contract. The scheme has no cost to the Group as the fees are paid by the supplier directly to the bank. The bank has no special seniority of claim to the Group upon liquidation and would be treated the same as any other trade payable. As the scheme does not change the characteristics of the trade payable, and the Group's obligation is not legally extinguished until the bank is repaid, the Group continues to recognise these liabilities within trade payables and all cash flows associated with the arrangements are included within operating cash flow as they continue to be part of the normal operating cycle of the Group. There is no fixed expiry date on this facility.

### 13. Cash and cash equivalents

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less. Included in the amount below is £1.0m (H1 23: £1.0m) of restricted cash which is held in respect of the Group's customer redress programmes and £2.5m (H1 23: £3.0m) in respect of our securitisation reserve account. This cash is available to access by the Group for restricted purposes.

A breakdown of significant cash and cash equivalent balances by currency is as follows:

	<b>2 September 2023</b>	27 August 2022	4 March 2023
	<b>£m</b>	£m	£m
Sterling	<b>26.9</b>	19.6	24.9
Euro	<b>4.1</b>	10.8	2.9
US dollar	<b>18.1</b>	16.8	7.7
<b>Net cash and cash equivalents and bank overdrafts</b>	<b>49.1</b>	47.2	35.5
Made up of:			
Cash and cash equivalents	<b>49.1</b>	47.2	35.5
Bank overdrafts	-	-	-

The Group operates a notional pooling and net overdraft facility whereby cash and overdraft balances held with the same bank have a legal right of offset. In line with the requirements of IAS 32, gross balance sheet presentation is required where there is no intention to settle any amounts net. The balance has therefore been separated between overdrafts and cash balances.

### 14. Bank Borrowings

	<b>2 September 2023</b>	27 August 2022	4 March 2023
	<b>£m</b>	£m	£m
Bank loans	<b>(307.5)</b>	(290.7)	(332.9)
Repayable as follows:			
- Within one year	-	-	-
- In the second year	<b>(307.5)</b>	-	(332.9)
- In the third to fifth year	-	(290.7)	-
<b>Amounts due for settlement after 12 months</b>	<b>(307.5)</b>	(290.7)	(332.9)

	<b>2 September 2023</b>	27 August 2022	4 March 2023
	<b>%</b>	%	%
The weighted average interest rates were as follows:			
Net overdraft facility	<b>6.1</b>	1.7	3.5
Bank loans	<b>6.1</b>	2.9	3.6

All borrowings are held in sterling.

The principal features of the Group's borrowings are as follows:

During April 2023, the Group completed the refinancing of its unsecured Revolving Credit Facility ('RCF'). The new RCF facility has a maximum limit of £75m (H1 23: £100m) and an overdraft facility of £12.5m (H1 23: £25m) both respectively committed to December 2026. The full £87.5m was accessible but undrawn at 2 September 2023 (H1 23: £nil).



The key covenants in respect of the new RCF continue to be as follows:

- (a) Leverage less than 1.5 – representing the ratio of unsecured net cash/(debt)<sup>1</sup>, over Adjusted EBITDA<sup>1</sup> after the deduction of Securitisation interest; and
- (b) Interest cover greater than 4.0 – representing the ratio of Adjusted EBITDA<sup>1</sup> over finance costs after excluding Securitisation interest and adding back pension interest credit.

Throughout the reporting period all covenants have been complied with.

The Group has a bank loan of £307.5m (H1 23: £290.7m) secured by a charge over certain “eligible” trade debtors (current and 0–28 days past due) of the Group and is without recourse to any of the Group’s other assets. The facility has a current limit of £400m and is committed to December 2024. In February 2023, whilst not reducing the £400m facility limit, the Group pro-actively reduced the lenders’ commitment to £340m from £400m to reflect the smaller customer receivables book and subsequent reduction in the accessible funding level, so optimising funding costs by reducing non-utilisation costs. This has not changed the Group’s total accessible funding levels. The securitisation facility allows the Group to draw down cash, based on set criteria linked to eligible customer receivables which move flexibly in line with business volumes. Accordingly, the net cashflows of the facility are treated within working capital rather than financing cashflows. Unamortised fees relating to this facility of £1.2m are offset against the carrying amount of the loan.

The key covenants applicable to the securitisation facility include three month average default, return and collection ratios, and a net interest margin ratio on the total and eligible pool. Through the reporting period all covenants have been complied with.

There is no material difference between the fair value and carrying amount of the Group’s borrowings.

<sup>1</sup> A full glossary of Alternative Performance Measures and their definitions is included on page 22. A reconciliation of statutory measures to adjusted measures is included on page 12.

## 15. Dividends

No dividends were paid or proposed in either the current period or prior period.

## 16. Provisions

	Other Litigation £m	Strategic Change £m	Allianz Litigation £m	Other £m	Total £m
Balance as at 4 March 2023	6.9	2.2	0.3	0.7	10.1
Provisions made/(reversed) during the period	0.1	4.0	(0.1)	-	4.0
Provisions used during the period	(0.1)	(2.5)	-	(0.4)	(3.0)
Balance as at 2 September 2023	6.9	3.7	0.2	0.3	11.1
Non-current	-	0.3	-	-	0.3
Current	6.9	3.4	0.2	0.3	10.8
<b>Balance as at 2 September 2023</b>	<b>6.9</b>	<b>3.7</b>	<b>0.2</b>	<b>0.3</b>	<b>11.1</b>

### *ALLIANZ LITIGATION*

During the prior year, the Group reached full and final settlement in respect of the legal dispute with Allianz Insurance plc. Further detail provided in note 5 and in the FY23 Annual Report and accounts. The provision outstanding at 2 September 2023 was £0.2m, relating to amounts payable to Allianz following closure of the joint redress account. The release of £0.1m in the period relates to amounts previously provided in respect of legal costs that are no longer required.

### *OTHER LITIGATION*

During the prior year, the Group made a provision of £5.5m, as an estimate of litigation costs. This is principally committed external legal costs associated with legacy customer claims. This is not a new exposure and in prior years the Group has handled such claims on a case by case basis and the costs incurred have not been material. The Group will continue to defend such claims of unfair relationships and the Board supports a strategy to robustly defend any past and future claims. The Group has engaged external counsel which is reflected in the provision recorded. £0.1m of the provision has been utilised in respect of legal costs incurred in the period. The remaining provision of £5.4m is expected to be paid in the next 12 months.

The provision outstanding at 2 September 2023 of £6.9m also includes a provision of £1.5m recognised in prior periods in relation to certain PPI related customer redress complaints which are expected to be paid in the next 12 months.

### *STRATEGIC CHANGE*

During the prior year, the Group commenced a restructuring exercise to 'right size' its headcount and payroll overhead, following the contraction in revenues and profitability during the Covid-19 pandemic and the more recent downturn in retail market performance as a result of the cost-of-living crisis. The Group has continued with this exercise in the current period, resulting in additional provision of £0.8m booked in the period. A provision of £0.5m relating to restructuring costs was outstanding at 2 September which is expected to be fully paid in the months following the period end.

During the period, the Board also approved the rationalisation of the Group's warehousing facilities following a review of the overall warehouse portfolio capacity, utilisation and associated operational cost base. Accordingly a provision of £3.2m was booked at half year end relating to £2.2m of incremental costs associated with staff exits, onerous contracts and the expected dual running of warehouses, £1.0m of incremental stock provision arising from the rationalisation of terminal stock due to reduced storage capacity across the warehouse portfolios.

*OTHER*

The provision held at 2 September 2023 of £0.3m relates to costs and interest in relation to matters under discussion with HMRC relating to prior years. Agreement on this matter is still pending with HMRC as of the date of this financial report. The utilisation of £0.4m in the period relates to the settlement of a legal claim that existed at FY23 year end.

## **Responsibility statement of the directors in respect of the half-yearly financial report**

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with *IAS 34 Interim Financial Reporting* as adopted with the requirements of the Companies Act 2006

This report was approved by the Board of Directors on 12 October 2023

**Stephen Johnson**  
Chief Executive

**Dominic Appleton**  
Chief Financial Officer