10 October 2024

HALF YEAR RESULTS FOR THE 26 WEEKS ENDED 31 AUGUST 2024

Profit growth and strategic progress in H1

FY25 adjusted EBITDA outlook remains unchanged

£m	**26 weeks to 31 August 2024 (H1 25)**	26 weeks to 2 September 2023 (H1 24)	Change
Group revenue	**277.2**	297.0	(6.7)%
Product revenue	***172.7***	*187.5*	*(7.9)%*
Financial Services revenue	***104.5***	*109.5*	*(4.6)%*
Adjusted EBITDA[1]	**18.8**	17.5	7.4%
Adjusted EBITDA margin	**6.8%**	5.9%	0.9ppts
Adjusted profit before tax[1]	**3.6**	0.1	N/M
Statutory profit / (loss) before tax[2]	**0.2**	(2.8)	N/A
Cash and cash equivalents	**66.0**	49.1	34.4%
Adjusted net debt[1]	**(211.6)**	(258.4)	18.1%
Gross customer receivables	**480.2**	528.9	(9.2)%

Steve Johnson, Interim Executive Chair & Chief Executive, said:

"We have built on our return to profit in FY24 by delivering year-on-year progression in the first half of FY25. Our focus on maximising profitable sales and managing the cost base in a soft trading environment, has ensured we remain on track to achieve management's full year adjusted EBITDA expectations and we are encouraged by trading at the start of Q3.

"We have continued to deliver against our self-funded transformational priorities, including the successful launch of the new JD Williams website and our Product Information Management system to the remaining strategic brands, whilst our financial services transformation continues to progress well with the new platform now in testing. These developments will enhance the customer experience and will be supported by strengthened marketing activity to help position the business for sustainable profitable growth."

Highlights

Further strategic progress

- Successful launch of new mobile-first website for JD Williams, completing the transitioning of our three strategic brands to the new platform, a key transformational priority
- Product Information Management ('PIM') system, fundamental to our marketing strategy, now launched on all three strategic brands
- Financial Services ('FS') transformation continues to progress well, with the testing of the new platform's minimum viable product having commenced

Financial

Gross margin and cost discipline driving H1 EBITDA and PBT progression

- Improved Group revenue trajectory, down 6.7% against prior year, with product revenue of (-7.9%) and FS revenue of (-4.6%) both also showing improved trend in H1
- Continued focus on profitable sales in a market which remained soft[3] and was characterised by unseasonal weather, drove adjusted group gross profit margin up 1.6ppts to 49.2%, with progression seen across both product and FS margin
- Adjusted operating costs reduced by £6.2m following planned management initiatives and despite c. £1m additional marketing spend, as rebalancing of spend into marketing to support future growth commenced
- Adjusted EBITDA up 7.4% to £18.8m and adjusted EBITDA margin up 0.9ppts to 6.8%, with gross profit margin progress more than offsetting the impact of operational deleverage from reduced sales
- Adjusted profit before tax of £3.6m, up from £0.1m in H1 24, reflecting progress in adjusted EBITDA and lower net interest costs
- Statutory profit before tax of £0.2m, up from a loss of £2.8m[2] in H1 24

Cash generative after self-funded investment, with no unsecured borrowings

- Net cash generation of c. £1m after investment of £14.4m in progressing the strategic transformation
- Strong balance sheet with significant cash and cash equivalents, and total accessible liquidity of £150.2m. RCF and overdraft remain undrawn with limits of £75m and £12.5m respectively
- £66.0m cash and cash equivalents; securitisation borrowings of £277.6m are well covered by £480.2m of gross customer receivables
- Adjusted net debt of £211.6m reflects the securitisation borrowings and net cash

Current trading encouraging and FY25 outlook unchanged

- FY25 adjusted EBITDA expected to be in line with management expectations
- Trading during the first five weeks of Q3 has been encouraging, with product revenue trajectory improving to -2% against prior year
- Expected continued improvement in product revenue trajectory in H2 supported by delivery of our strategic initiatives and increased investment in marketing
- Continued management focus on margin rate and operating cost efficiencies
- Strategic investment will continue to be self-funded through carefully managed cash flows
- Board has continued confidence that the progress made against the Group's strategic transformation plans and its differentiated brands leave it well positioned to deliver future sustainable growth

Webcast for analysts and investors:

A webcast presentation of these results will take place at 9.00am on 10 October 2024 followed by a Q&A conference call for analysts and investors. Please contact Hawthorn on +44 (0)7719 078 196 or email nbrown@hawthornadvisors.com for details.

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About N Brown Group:

N Brown is a top 10 UK clothing and footwear digital retail platform, with a home proposition, headquartered in Manchester and employs around 1,700 people nationwide. Through our strategic retail brands including JD Williams, Simply Be and Jacamo, we exist to make our customers look and feel amazing, and take great pride in passionately championing inclusion and serving the under-served. Our customer-first shopping experience, supported by our innovative financial services proposition, is designed to deliver choice, affordability, and value to our customers, and allows us to be truly inclusive and accessible.

[1] *A full reconciliation of statutory to adjusted measures is included in the Financial Review.*

[2] *Loss before tax for the 26 weeks to 2 September 2023 restated from £(4.1)m to £(2.8)m – see Note 18.*

[3] *For the 26 weeks ended 31 August 2024, the online pureplay market according to IMRG declined by 6%.*

PERFORMANCE REVIEW

We have continued to make good progress on delivering against our strategic objectives in H1 25 following a return to profit in FY24. The transformation of the business gained pace last year and we have now delivered further enhancements for our customers with the launch of the new JD Williams website and the roll out of our Product Information Management ('PIM') System to the remaining strategic brands. Our new Financial Services platform, minimum viable product ('MVP'), entered testing.

Our assumption entering the year was that macro-economic conditions would remain challenging but that conditions would improve. We are gradually seeing conditions improve through key macro-economic indicators but we have not yet seen a material change in consumer spending habits in our markets. However, despite the market conditions and unseasonal weather in the period, the H1 revenue performance reflects an improvement over FY24's trajectory.

A focus on profitable trade and planned management cost actions have driven progress in profitability in H1, with our full year outlook remaining unchanged. During H1, we commenced the strategic rebalancing of the cost base with greater investment in marketing, and further brand-building activity having commenced in Q3 as we target a continued improvement in product revenue trajectory in H2. We are encouraged by performance at the start of Q3. After increasing the level of capital expenditure deployed during H1, reflective of a business now making change faster, the Group has remained cash generative and maintained a strong balance sheet.

Strategic update

We have continued to focus investment on the following five transformational priorities:

- **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 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 significant further progress which has been made against these transformational priorities is included within the following update against our five strategic pillars. Within this, we have completed the roll out of new websites and PIM to all strategic brands. Our five pillars are underpinned by two key enablers: our people and talent, and a sustainable and efficient operating model.

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 through evolving our creative and marketing platforms, as we continue to concentrate on our target brand positioning.

JD Williams: announced that it was once again to be the headline sponsor for ITV's popular relationship show, My Mum, Your Dad. Gok Wan was introduced as the new brand ambassador, a collaboration which is further connecting with, and inspiring, our customers. This partnership aligns perfectly with JD Williams' commitment to celebrating midlife and will continue to engage with its core audience through this platform.

Simply Be: as previously outlined in our focus areas for the year, H1 has been spent refining the Simply Be proposition. At the start of H2, we saw the launch of Simply Be's latest campaign 'Find That Feeling'. The campaign showcases a diverse cast of women, highlighting how fashion can evoke powerful feelings. It is showing up on a variety of places where Simply Be target customers spend their time, including mobile streaming services and terrestrial TV.

Jacamo: the brand's partnership with LADbible has continued to captivate the target consumer and received a nomination for the upcoming Retail Gazette awards for the 'Marketing Game-Changer'. The campaign continues to focus on connecting with our customers through their unique interests and shopping habits.

In late September Jacamo launched the 'Men's Style. Sorted' campaign to showcase this year's Autumn / Winter collection. The campaign, aimed at redefining men's fashion for the season is being displayed across multiple platforms including billboards, YouTube, Sky Sports and various social media platforms.

The **heritage** portfolio continued to focus on stabilising its customer file. Progress has been made in H1 in both the moderation in decline in heritage revenue, as described in the Financial Review, and also in the moderation in total active customer decline, described within the non-financial KPIs.

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.

Within women's brands, we continue to evolve our portfolio for JD Williams, expanding our offerings with brands which resonate most with our customers and phasing out those that do not. Notably, Adidas and Under Armour have shown particularly strong progress in H1. Looking ahead to H2, we are excited to launch Sweaty Betty on JD Williams at the end of October, further enhancing our successful sportswear branded offerings.

We continued to build the fashion credentials of Simply Be's proposition. Own brand mix has grown, with a particularly high mix within women's fashion, at 74%. The own brand performance and credibility is reflected through several third parties, both in the UK and globally, expressing interest in stocking and selling our brands and we are currently exploring these commercial opportunities.

We have seen a strong performance from men's brands, particularly on Jacamo. We have also strengthened our partnerships with premium tech brands such as Apple and Samsung, enabling us to offer their products at launch, aligned with market standards.

Work on the **new FS platform** has progressed with good momentum during H1. The first round of testing with a small group of colleagues has commenced and we have an internal rollout roadmap in place for the wider population. We remain on track to commence the external MVP rollout in FY26, providing a modern, market-standard credit proposition.

3. Transform the customer experience

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

Progress in transforming the customer experience has built on the momentum gained in FY24. The **launch of our new mobile-first website for JD Williams** marked a significant milestone in our transformation, being the last of our strategic brands to launch. JD Williams was the most complex site to transition to the new platform, given it has the widest product categories. However, with the experience and learnings gained from the Simply Be and Jacamo releases, we were able to deliver the fastest roll out to date – in 14 days compared to over 100 days for Simply Be. The efficient delivery of the new site is testament to the level of collaboration which our agile ways of working have unlocked. Google Lighthouse scores, an open-source measure for site performance and user experience, have more than tripled compared to the previous website.

Following on from FY24's successful launch of our **PIM** system on our first strategic brand, Simply Be, progress has continued with **PIM** having been sequentially launched on Jacamo and JD Williams during H1. This marks the completion of delivery across all of our strategic brands. The Retail Systems Awards recognised this key milestone in one of our transformational priorities, by awarding PIM the 'Technology Project of the Year' award in June this year.

We have enhanced the ability to measure and report investments into our mobile apps. This has significantly improved our understanding of friction points. As an example, by testing the app delivery subscription during checkout, we successfully removed friction from the customer experience, by providing customers with more choice with delivery options. Additionally, extending the duration over which app customers remain logged in, from 30 days to 365 days, has not only reduced friction at checkout but also improved our ability to target customers more effectively throughout their journeys.

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.

We continued to increase the focus on the specificity of our target customer. We have identified a series of virtues, unique to each brand, which align with our most valuable customers. We have ensured our marketing channels align with these virtues, which will allow each brand to be more targeted and personalised in communication, which we believe is ever important in a challenging consumer market.

One of these virtues, shared by both Simply Be and JD Williams, is being a member of one of the loyalty schemes. The loyalty programme across the Group has shown significant growth in H1. The number of engaged accounts increased by 45% during this period, which has increased our reach and highlighted our ability to attract high-value customers.

The strategic rebalancing of spend into marketing and production has commenced in H1 with spend increasing by c. £1m (c. 3)% over prior year. As described within the non-financial KPIs, there has been an improvement in the retention of existing customers, performing better than either half within FY24. In addition to improving retention, management is focused on increasing new customers recruited and this is supported by marketing activities which have commenced in H2.

5. Establish Data as an Asset to Win

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

Data continued to underpin our strategy and provide the foundations for decision making. At the beginning of July, we successfully transitioned from Google Analytics 3 to Google Analytics 4 (GA4), a move which significantly enhances our data analytics capabilities. This transition was a critical piece of work to continue

to establish data as an asset to win via our **data culture strategy**, resulting in a notable increase in colleagues accessing our data estate and a reduction in interactions with our legacy data estate.

The completion of GA4 was also pivotal for our shift from third-party cookies to first-party data collection, ensuring compliance before the upcoming UK privacy law changes. Additionally, it serves as a gateway to the future transition to a cloud-native Analytics Platform, which consolidates data, accelerates analytics, facilitates self-service use cases, and mitigates compliance risks.

Key Enablers

Good progress continues to be made with the shift to our new **agile ways of working model** in our head office, with the anticipated efficiency and operational improvements coming through. We expect 80% of the retail business function to be fully embedded in these ways of working by the end of Q3.

In recent years, the business has transformed to become digital and data-focused, embraced hybrid working, and adopted an equality, diversity, inclusion and belonging strategy, all while aiming for agile ways of working across the organisation. To support our evolving culture and growth ambitions, we collaborated with external consultants over the summer to define the necessary cultural shifts, involving over 70 colleagues and leadership to identify strengths and areas for improvement.

Key Performance Indications ('KPIs')[1]

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.

	H1 25	H1 24	Change
Total website sessions[2]	72.8m	74.9m	(2.8)%
Conversion[2]	3.6%	3.9%	(0.3)ppts
Total Orders[3]	3.4m	3.7m	(8.1)%
AOV	£84.1	£83.3	1.0%
Items per order	2.8	2.8	-
AIV	£29.8	£29.2	2.1%
Total active customers	2.14m	2.39m	(10.5)%
FS arrears	9.3%	9.8%	(0.5)ppts
Net Promoter Score ('NPS')	60	62	(2)

1 KPIs are defined on page 19.

2 Sessions and conversion for H1 24 restated for consistency with definitions within H1 25 reporting including to reflect the transition to Google Analytics 4 (GA4).

3 Total orders includes online and offline orders.

Although total orders decreased by 8.1% in the period, this represents a significant improvement against the prior year trajectory driven by a better trend in website sessions, benefitting from additional marketing spend. The lower conversion than prior year includes the impact from a continued soft market and higher sessions

mix within paid traffic, which has a naturally lower conversion rate. The positive trend seen in Average Item Value ('AIV') over recent periods has continued, albeit at a more moderate level.

The lower active customers includes an improved performance in H1 25. Of the c. 250k (10.5%) reduction in active customers against a year ago, c. 60k of this occurred in H1 25, with the balance reflecting H2 24's movement. This is driven by better retention of existing customers than seen in either half of FY24. Marketing activities which have commenced in H2 support management's intention to increase new customers recruited, in order to drive the total active customer figure and product revenue.

The Financial Services arrears rate is lower than prior year, reflecting a lower level of insolvent account balances held. Excluding insolvent accounts, the arrears rate is 8.9% (H1 24: 8.4%). The business continues to support and retain customers through times of financial hardship, with the increase in rate including the impact from a higher mix of payment arrangements held at the end of the half, due to a later timing of debt sales relative to prior year.

Our NPS remains strong. The slight reduction against prior year includes a greater mix of new customers, which inherently score lower than the mature customer base. Additionally, although maintaining the level of customer promises met, the average time taken to meet a standard order has slightly increased. Improvements have been seen in areas including sentiment towards the product proposition, with enhanced product descriptions enabled by our PIM system being a contributing factor.

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. One of the key commitments for the business is responsibly sourcing own-brand product. We have reached 53% 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.

FY25 Outlook

FY25 adjusted EBITDA is expected to be in line with management expectations.

Trading during the first five weeks of Q3 has been encouraging, with the product revenue trajectory improving to -2% against prior year. We expect continued improvement in the product revenue trajectory in H2 supported by the successful execution of our strategic priorities, and the scaling of investment into marketing and production spend, funded by cost efficiencies.

The Board has continued confidence that the investment in the Group's strategic transformation plan, its differentiated brands and a new credit proposition in testing, leave it well positioned to deliver future sustainable growth.

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.

	H1 25	H1 24	Change
Product revenue	£172.7m	£187.5m	(7.9)%
Adjusted EBITDA[1]	£18.8m	£17.5m	7.4%
Adjusted EBITDA margin[1]	6.8%	5.9%	0.9ppts
Adjusted operating costs to Group revenue[1]	42.5%	41.7%	0.8ppts
Cash and cash equivalents	£66.0m	£49.1m	34.4%
Total Accessible Liquidity[1]	£150.2m	£133.1m	12.8%
Statutory profit / (loss) before tax[2]	£0.2m	£(2.8)m	N/A
Adjusted EPS[1]	0.61p	0.15p	306.7%

1 A full glossary of Alternative Performance Measures and their definitions is included on page 20.

2 Prior year loss before tax restated from £(4.1)m to £(2.8)m – see Note 18.

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 APMs and their definitions is included on page 20.

Reconciliation of Income Statement Measures

£m	H1 25 Statutory	H1 25 Adjusting items	H1 25 Adjusted	H1 24 Statutory *Restated*[1]	H1 24 Adjusting items *Restated*[1]	H1 24 Adjusted
Group Revenue	**277.2**		**277.2**	297.0		297.0
Cost of sales	**(140.7)**	**-**	**(140.7)**	(156.6)	1.0	(155.6)
Gross Profit	**136.5**	**-**	**136.5**	140.4	1.0	141.4
Gross profit margin	***49.2%***		***49.2%***	*47.3%*		*47.6%*
Operating costs	**(120.5)**	**2.8**	**(117.7)**	(126.1)	2.2	(123.9)
Adjusted operating costs to Group revenue ratio			***42.5%***			*41.7%*
Adjusted EBITDA			**18.8**			17.5
Adjusted EBITDA margin			***6.8%***			*5.9%*
Depreciation & amortisation	**(10.0)**		**(10.0)**	(9.9)		(9.9)
Operating profit	**6.0**	**2.8**	**8.8**	4.4	3.2	7.6
Net finance costs	**(5.2)**		**(5.2)**	(7.5)		(7.5)
Profit / (Loss) before taxation and fair value adjustment to financial instruments	**0.8**	**2.8**	**3.6**	(3.1)	3.2	0.1
Fair value adjustments to financial instruments	**(0.6)**		**(0.6)**	0.3		0.3
Profit / (Loss) before taxation	**0.2**	**2.8**	**3.0**	(2.8)	3.2	0.4
Taxation (charge) / credit	**-**	**(0.7)**	**(0.7)**	1.3	(0.8)	0.5
Profit / (Loss) for the year	**0.2**	**2.1**	**2.3**	(1.5)	2.4	0.9
Earnings / (Loss) per share	**0.04p**		**0.61p**	(0.33)p		0.15p

1 The adjusting items in the 26 week period to 2 September 2023 have been restated. Refer to note 18 for further details of the restatement.

Reconciliation of Cash and cash equivalents and bank overdrafts to Unsecured Net Cash and Adjusted Net Debt

£m	H1 25	H1 24
Cash and cash equivalents	66.0	49.1
Unsecured debt and bank overdrafts	-	-
Unsecured Net Cash	**66.0**	**49.1**
Secured debt facility linked to eligible receivables	(277.6)	(307.5)
Adjusted Net Debt	**(211.6)**	**(258.4)**

Reconciliation of Net movement in Cash and cash equivalents and bank overdraft to Net Cash generation

£m	H1 25	H1 24
Net increase in cash and cash equivalents and bank overdraft	0.8	13.6
Voluntary flexible drawdown of securitisation loan	-	-
Net Cash generation	**0.8**	**13.6**

Overview

Following the return to profit in FY24, we have built on this performance with progress in adjusted EBITDA, adjusted PBT and statutory PBT in H1 25. Our Adjusted EBITDA of £18.8m and Adjusted PBT of £3.6m leave us on track for management's full year expectations.

Although there has been some improvement in macro-economic indicators, the online pureplay market remained soft during the half and we have kept a strong focus on profitable trade. Product revenue reduced 7.9% with FS revenue down 4.6%, with the drag continuing to reflect the opening debtor book and the product revenue. Both product and FS revenue performances reflect an improvement in trajectory. Alongside this, the focus on profitable trade helped Group gross margin progress by 1.6ppts versus the prior year.

Planned management actions on the cost base drove adjusted operating costs £6.2m lower than H1 24 after commencing the rebalancing of spend into marketing. As a result of operational deleverage, the adjusted operating costs to revenue ratio increased by 0.8ppts over prior year.

Interest costs were £2.3m lower than prior year due to lower utilisation of the securitisation facility and greater interest income from cash held on deposit. The interest rate payable has benefitted from the interest rate hedge in place and we also remain well hedged on foreign exchange.

Net cash of £0.8m was generated after investing a further £14.4m in the transformation of the business. Following the proactive intake reductions and clearance of older stock in the prior year, stock has remained a key focus area and a lower and cleaner position has been maintained.

Cash and cash equivalents amounted to £66.0m with Total Accessible Liquidity of £150.2m, 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 after continuing to self-fund strategic progress made in the half, which included the launch of the new mobile-first website for JD Williams and rollout of our PIM system to remaining strategic brands.

Revenue

£m	H1 25	H1 24	Change
Revenue			
Strategic brands[1]	**128.6**	139.4	(7.7)%
Heritage brands[2]	**44.1**	48.1	(8.3)%
Total product revenue	**172.7**	187.5	(7.9)%
Financial services revenue	**104.5**	109.5	(4.6)%
Group revenue	**277.2**	**297.0**	**(6.7)%**

1 JD Williams, Simply Be, Jacamo.

2 Ambrose Wilson, Home Essentials, Fashion World, Marisota, Oxendales and Premier Man.

Group revenue declined 6.7% to £277.2m, which represent an improvement of around 3ppts against the FY24 trajectory. The Group revenue movement reflects a 7.9% decline in product revenue and a 4.6% decline in FS revenue.

Total product revenue also reflects an improvement in trajectory over FY24's performance, with a significant moderation in the level of decline in heritage brands, which are managed for contribution as opposed to growth.

Market conditions have remained challenging, with the online pureplay market declining by 6%[1], whilst unseasonal weather caused a weaker performance in seasonal fashion categories. A strong focus on driving profitable sales has been maintained and we have evolved our approach to discounts and promotions in the period, leading to the removal of some less profitable sales.

New websites and the PIM system are now in place for all strategic brands, which provides good foundations for H2. Alongside this, marketing activity is being upweighted including brand building activity which commenced in September with campaigns on Simply Be and Jacamo, and JD Williams' second year as headline sponsor of My Mum, Your Dad.

The reduced level of product revenue during the first half and prior year resulted in a smaller customer receivables loan book, down 9.2% at the end of the half. FS revenue experienced a more moderate decrease, of 4.6%, driven by a higher yield resulting from APR increases applied since the comparative period. FS revenue performance is consistent with the guidance that FS revenue would decline at a slightly improved rate.

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

1 IMRG view of online pureplay market.

Adjusted gross profit[1]

£m	H1 25	H1 24	Change
Product gross profit	**81.9**	88.4	(7.4)%
Product gross margin %	***47.4%***	*47.1%*	0.3ppts
Financial services gross profit	**54.6**	53.0	3.0%
Financial services gross margin %	***52.2%***	*48.4%*	3.8ppts
Adjusted Group gross profit[1]	**136.5**	**141.4**	**(3.5)%**
Adjusted Group gross profit margin	***49.2%***	***47.6%***	**1.6ppts**

[1] A reconciliation of statutory measures to adjusted measures is included on page 10. A full glossary of Alternative Performance Measures and their definitions is included on page 20.

Adjusted gross profit margin further progressed over prior year to 49.2%, reflecting continued growth in both retail margin and FS margin.

Product gross margin improved 0.3ppts to 47.4% driven by good retail disciplines including benefitting from a cleaner stock package. The improvement was despite headwinds from foreign exchange, and lower VAT bad debt relief due to lower write offs[1].

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 FY25 with nearly 90% of the US $ cash spend hedged.

FS gross margin rate improved by 3.8ppts to 52.2% resulting from the combined benefit of the higher yield and an improvement in bad debt, particularly seen in lower write offs following refinements to customer credit scorecards.

[1] 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[1]

£m	H1 25	H1 24	Change
Warehouse & fulfilment costs	**(27.0)**	(27.8)	2.9%
Marketing & production costs	**(33.6)**	(32.7)	(2.8)%
Admin & payroll costs	**(57.1)**	(63.4)	9.9%
Adjusted operating costs[1]	**(117.7)**	**(123.9)**	**5.0%**
Adjusted operating costs as a % of Group Revenue	***42.5%***	***41.7%***	***0.8ppts***

[1] A reconciliation of statutory measures to adjusted measures is included on page 10. A full glossary of Alternative Performance Measures and their definitions is included on page 20.

Total operating costs excluding adjusting items reduced by £6.2m to £117.7m driven by management initiatives, particularly within admin and payroll costs, and some volume driven reductions. Within this, the strategic rebalancing of spend into marketing and production costs has commenced.

Adjusted operating costs as a percentage of Group revenue increased 0.8ppts to 42.5% reflecting the negative operational gearing on fixed costs partially mitigated by the management cost initiatives.

Warehouse and fulfilment costs were £0.8m (2.9%) lower than the prior year, benefiting from the flexible cost base, with c. £2m of savings from lower core volumes. This was partially offset by a headwind of c. £1m inflationary price impacts on carrier and resource costs.

Marketing and production costs were £0.9m (2.8%) higher than prior year reflecting the strategic decision to start rebalancing the cost base into marketing spend. This is with the objective of growing customer numbers through strengthening the existing customer base and recruiting more credit customers.

Admin and payroll costs reduced by £6.3m or 9.9%, driven by planned management initiatives to optimise the cost base.

Statutory operating costs, including adjusting items reduced by 4.4%.

Depreciation and amortisation

Depreciation and amortisation of £10.0m was in line with the prior year (H1 24: £9.9m).

Finance costs

Net finance costs of £5.2m, were lower than the £7.5m in the prior year reflecting lower utilisation of the securitisation facility due to debtor balances, and greater levels of cash earning interest from overnight deposit. The Group has limited its exposure to interest rate movements through interest rate hedging which it continues to have in place.

Adjusting items

Adjusting items of £2.8m reflect a reduction against the £3.2m incurred in H1 24 (restated)[1].

During the current year, the Group continues the multi-year transformation of the business and the ongoing review of the cost base. A restructuring programme of the Group's operational and head office headcount to reflect the lower sales orders, was initiated at the end of FY24 and continues through FY25, with total redundancy costs of £1.0m incurred in the period. Also included are costs of transferring certain workstreams to an outsourced company and costs associated with an onerous lease.

Further details can be found in note 5.

During the prior year, the Board 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 in H1 24 across provisioning and onerous lease impairment.

1 Adjusting items in the 26 week period to 2 September 2023 have been restated. Refer to note 18 for further details of the restatement.

Profit and earnings per share

Adjusted EBITDA increased by £1.3m to £18.8m reflecting an improvement in Adjusted EBITDA margin of 0.9ppts, on a reduced level of Group revenue against prior year.

Statutory operating profit increased by £1.6m against the prior year (restated), to £6.0m, reflecting the increase in Adjusted EBITDA and £0.4m lower adjusting items.

Statutory profit before tax of £0.2m, up £3.0m year on year (H1 24: loss before tax (restated) of £2.8m), driven by the improvement in statutory operating profit, lower interest costs, partially offset by a fair value loss on financial instruments as a result of the movement in the US dollar driving foreign exchange mark to market losses.

The taxation charge for the year is based on the underlying estimated effective tax rate for the full year of 24.8%. Further tax analysis is contained in note 7.

Statutory earnings per share increased to a profit of 0.04p (H1 24 (restated): loss of (0.33)p). Adjusted earnings per share increased to 0.61p (H1 24: 0.15p).

Financial services customer receivables and impairment charge on customer receivables

Gross customer receivables at the end of H1 25 reduced by 9.2% against H1 24 to £480.2m, driven by the reduced level of product sales in the prior year and H1 of this year.

Arrears rates are lower than prior year, reflecting a reduction in the level of insolvent account balances held. Excluding insolvent accounts, the arrears rate was 8.9% (H1 24: 8.4%) with the increase in rate driven by a higher mix of payment arrangements held at the end of the half, through later timing of the debt sale relative to prior year.

Although there has been some more stability in macro-economic conditions, there continues to be pressure on customers from higher prices and higher interest rates, which is being carefully monitored as we continue to support our customers.

The expected credit loss ('ECL') provision ratio improved to 13.5% from 14.3% in prior year. This reflects an improvement in debtor book quality, as well as a lower level of insolvent accounts held. These benefits which reduce the required provision have been partially offset by the later timing of the debt sale against prior year. Provisions on the normal book are lower at 10.8% compared to 11.6% in H1 24, reflecting lower insolvency balances held.

£m	**H1 25**	**H1 24**	**Change**
Gross customer receivables	480.2	528.9	(9.2)%
ECL provision	(64.9)	(75.8)	(14.4)%
Normal account provisions	*(45.7)*	*(54.3)*	*(0.7)ppts*
Payment arrangement provisions	*(18.0)*	*(20.4)*	*(0.1)ppts*
Inflationary impacts	*(1.2)*	*(1.1)*	-
ECL provision ratio	**13.5%**	**14.3%**	**(0.8)ppts**
Net customer receivables	**415.3**	**453.1**	**(8.3)%**

The profit and loss net impairment charge on customer receivables for H1 25 was £49.6m, £6.5m lower than last year, driven by debtor book quality, as seen in lower write-offs and in provision movements.

£m	
H1 24 net impairment charge on customer receivables	**56.1**
Lower write-offs including through book size	(3.0)
ECL provision movements	(3.7)
Lower recoveries (including lower write offs and timings of debt sales)	0.6
Other	(0.4)
H1 25 net impairment charge on customer receivables	**49.6**

Funding and total accessible liquidity ('TAL')

The Group has the following arrangements in place:

- A £400m securitisation facility (H1 24: £400m) committed until December 2026, drawings on which are linked to prevailing levels of eligible receivables but with flexibility around the level which the Group chooses to draw. The Group has previously chosen 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 31 August 2024 and committed to December 2026;

At 31 August 2024 Group TAL was £150.2m, comprising cash of £66.0m including restricted cash of £3.3m, the fully undrawn RCF of £75.0m and overdraft of £12.5m.

Net Cash Generation

£m	H1 25	H1 24
Adjusted EBITDA	**18.8**	**17.5**
Inventory working capital movement	(3.9)	11.6
Other working capital, operating cash flows and provision movement	(6.4))	2.3
Cash flow adjusted for working capital	**8.5**	**31.4**
Adjusting items	(2.3)	(3.1)
Capital investing activities	(14.4)	(8.9)
Non-operating tax & treasury	0.3	1.4
Interest paid	(4.3)	(8.1)
Non-operational cash outflows	**(20.7)**	**(18.7)**
Gross customer loan book repayment	36.8	26.3
Decrease in securitisation debt in line with customer loan book	(23.8)	(25.4)
Net cash inflow from the customer loan book	**13.0**	**0.9**
Net cash generation	**0.8**	**13.6**

The business generated cash of £0.8m in the half, closing with £66.0m unsecured net cash. The inflow was driven by positive EBITDA generation and net cash inflow from the customer loan book, partially offset by self-funded capital expenditure.

Net inventory levels at the end of the half were down 5.8%, against prior year at £77.8m (H1 24: £82.6m), remaining well controlled against the year end position (FY24: £73.9m) having focused on selling through older items last year.

Capital expenditure of £14.4m reflects a step-up on prior year (H1 24: £8.9m) and has continued to be self-funded as we invest in delivering the ongoing digital transformation of the business. We expect to undertake a similar level of capital investment in H2 as part of the continued transformation.

The lower interest paid is due to the lower utilisation of the securitisation facility, reflective of debtor balances, and greater levels of cash earning interest from overnight deposit

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 £66.0m (H1 24: unsecured net cash of £49.1m).

Adjusted net debt reduced by £24.7m in the half against FY24 year end, to £211.6m (FY24: £236.3m; H1 24: £258.4m). This is the net amount of £66.0m of unsecured net cash and £277.6m of debt drawn against the securitisation funding facility which is backed by eligible customer receivables. The £415.3m 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. The Board continues to keep its dividend policy under review and will evaluate the re-introduction of a dividend when transformational priorities and business performance allows.

Pension scheme

The Group's defined benefit pension scheme had a surplus of £19.4m at the end of the half, which is broadly consistent with the prior year (H1 24: £20.0m).

KPI DEFINITIONS

Measure	Definition
Total website sessions	Total number of sessions across N Brown apps, mobile and desktop websites in the 6 or 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 6 or 12 month period. Includes online and offline orders.
AOV	Average order value based on accepted demand[1]
AIV	Average item value based on accepted demand[1]
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

[1]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.

Alternative Performance Measure	Definition
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 Basic 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. These are calculated in note 8.

The reconciliation of the statutory measures to adjusted measures is included in the Financial Review on page 9.

Unaudited condensed consolidated income statement
for the 26 weeks ended 31 August 2024

	Note	**26 weeks to 31 August 2024 Before adjusting items**	**26 weeks to 31 August 2024 Adjusting items (Note 5)**	**26 weeks to 31 August 2024 Total**	26 weeks to 2 September 2023 Before adjusting items	26 weeks to 2 September 2023 Adjusting items (Note 5) *Restated*[1]	26 weeks to 2 September 2023 Total *Restated*[1]
		£m	**£m**	**£m**	£m	£m	£m
Revenue	4	**181.9**	**-**	**181.9**	197.1	-	197.1
Credit account interest	4	**95.3**	**-**	**95.3**	99.9	-	99.9
Total revenue	4	**277.2**	**-**	**277.2**	297.0	-	297.0
Cost of sales		**(91.1)**	**-**	**(91.1)**	(99.5)	(1.0)	(100.5)
Impairment losses on customer receivables	4	**(49.6)**	**-**	**(49.6)**	(56.1)	-	(56.1)
Gross profit	4	**136.5**	**-**	**136.5**	141.4	(1.0)	140.4
Operating profit	4	**8.8**	**(2.8)**	**6.0**	7.6	(3.2)	4.4
Finance income[2]		**1.4**	**-**	**1.4**	1.1	-	1.1
Finance costs[2]		**(6.6)**	**-**	**(6.6)**	(8.6)	-	(8.6)
Profit/(Loss) before taxation and fair value adjustments to financial instruments		**3.6**	**(2.8)**	**0.8**	0.1	(3.2)	(3.1)
Fair value adjustments to financial instruments	6	**(0.6)**	**-**	**(0.6)**	0.3	-	0.3
Profit/(Loss) before taxation		**3.0**	**(2.8)**	**0.2**	0.4	(3.2)	(2.8)
Taxation	7	**(0.7)**	**0.7**	**-**	0.5	0.8	1.3
Profit/(Loss) for the period		**2.3**	**(2.1)**	**0.2**	0.9	(2.4)	(1.5)

1. The adjusting items in the 26 week period to 2 September 2023 have been restated. Refer to note 18 for further details of the restatement.
2. The 26 week period to 2 September 2023 has been re-presented to separately disclose finance income and finance costs.

Earnings/(Loss) per share from continuing operations	Note	2024	2023
Basic	8	**0.04p**	(0.33)p
Diluted	8	**0.04p**	N/A

Unaudited condensed consolidated statement of comprehensive income for the 26 weeks ended 31 August 2024

	26 weeks to 31 August 2024 £m	26 weeks to 2 September 2023 *Restated* £m
Profit/(Loss) for the period[1]	**0.2**	(1.5)
Items that will not be classified subsequently to profit or loss:		
Actuarial gains/(losses) on defined benefit pension schemes	**1.8**	(0.8)
Tax relating to items not reclassified	**0.9**	0.3
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(0.2)**	(0.6)
Fair value movements of cash flow hedges	**(2.2)**	0.7
Reclassified from OCI to profit and loss	**(5.3)**	(5.0)
Tax relating to these items	**1.9**	1.0
Other comprehensive loss for the period	**(3.1)**	(4.4)
Total comprehensive loss for the period attributable to equity holders of the parent[1]	**(2.9)**	(5.9)

1. The loss for the 26 week period to 2 September 2023 has been restated. Refer to note 18 for further details of the restatement.

Condensed consolidated balance sheet
As at 31 August 2024

	Note	As at 31 August 2024 (unaudited) £m	As at 2 September 2023 (unaudited) *Restated* £m	As at 2 March 2024 (audited) £m
Non-current assets				
Property, plant & equipment	10	**40.3**	50.8	47.0
Intangible assets	9	**63.9**	58.4	60.9
Right-of-use assets		**6.1**	1.2	6.3
Retirement benefit surplus		**19.4**	20.0	17.1
Derivative financial instruments	6	**-**	3.2	0.1
Deferred tax assets[1]		**18.6**	17.7	15.9
		148.3	151.3	147.3
Current assets				
Inventories		**77.8**	82.6	73.9
Trade and other receivables	12	**442.1**	477.8	468.6
Derivative financial instruments	6	**2.9**	16.5	8.8
Current tax asset[1]		**-**	1.5	0.2
Cash and cash equivalents	14	**66.0**	49.1	65.2
Assets held for sale	11	**7.8**	-	-
		596.6	627.5	616.7
Total assets		**744.9**	778.8	764.0
Current liabilities				
Trade and other payables	13	**(70.4)**	(75.1)	(65.0)
Lease liability		**(0.9)**	(0.6)	(1.1)
Provisions[1]	17	**(4.7)**	(9.5)	(4.9)
Derivative financial instruments	6	**(2.2)**	(0.4)	(0.7)
Current tax liability		**(0.1)**	-	-
		(78.3)	(85.6)	(71.7)
Net current assets		**518.3**	541.9	545.0
Non-current liabilities				
Bank loans	15	**(277.6)**	(307.5)	(301.5)
Trade and other payables	13	**-**	-	(0.2)
Lease liability		**(4.8)**	(0.5)	(4.8)
Provisions	17	**(6.1)**	(0.3)	(6.6)
Derivative financial instruments	6	**(0.4)**	(0.1)	(0.1)
		(288.9)	(308.4)	(313.2)
Total liabilities		**(367.2)**	(394.0)	(384.9)
Net assets		**377.7**	384.8	379.1
Equity				
Share capital		**51.7**	51.2	51.2
Share premium		**85.7**	85.7	85.7
Own shares		**-**	(0.1)	(0.1)
Cash flow hedge reserve		**0.4**	11.5	5.4
Foreign currency translation reserve		**1.0**	1.2	1.2
Retained earnings[1]		**238.9**	235.3	235.7
Total equity		**377.7**	384.8	379.1

1. The balance for the 26 week period to 2 September 2023 has been restated. Refer to note 18 for further details of the restatement.

Condensed consolidated cash flow statement
For the 26 weeks ended 31 August 2024

	26 weeks to 31 August 2024 (unaudited) £m	26 weeks to 2 September 2023 (unaudited) *Restated* £m	52 weeks to 2 March 2024 (audited) £m
Net cash inflow from operating activities[2]	**43.8**	53.2	92.2
Investing activities			
Purchase of property, plant and equipment	**(3.0)**	(1.2)	(2.9)
Expenditure on intangible assets	**(11.4)**	(7.7)	(19.8)
Initial direct costs of right-of-use additions	**-**	-	(0.5)
Net cash used in investing activities	**(14.4)**	(8.9)	(23.2)
Financing activities			
Interest paid[1]	**(5.3)**	(8.7)	(15.4)
Repayment of bank loans	**(23.8)**	(25.4)	(31.4)
Principal elements of lease payments	**(0.5)**	(0.5)	(0.7)
Foreign exchange forward contracts	**0.5**	3.4	7.7
Proceeds on issue of share capital	**0.5**	0.3	0.3
Purchase of shares by ESOT	**(0.5)**	(0.3)	(0.3)
Net cash outflow from financing activities	**(29.1)**	(31.2)	(39.8)
Net foreign exchange difference	**0.5**	0.5	0.5
Net increase in cash and cash equivalents and bank overdraft	**0.8**	13.6	29.7
Cash and cash equivalents and bank overdraft at beginning of period	**65.2**	35.5	35.5
Cash and cash equivalents and bank overdraft at end of period	**66.0**	49.1	65.2

1. The 26 week period to 2 September 2023 has been re-presented to separately disclose finance income and finance costs.

2. The balance for the 26 week period to 2 September 2023 has been restated. Refer to note 18 for further details of the restatement.

Reconciliation of operating profit to net cash from operating activities

	26 weeks to 31 August 2024 (unaudited) £m	26 weeks to 2 September 2023 (unaudited) *Restated* £m	52 weeks to 2 March 2024 (audited) £m
Profit/(Loss) for the period[1]	**0.2**	(1.5)	0.8
Adjustments for:			
Taxation (credit)/charge[1]	**-**	(1.3)	4.5
Fair value adjustments to financial instruments	**0.6**	(0.3)	0.5
Net foreign exchange loss	**(0.5)**	(0.5)	(0.5)
Finance income[2]	**(1.4)**	(1.1)	(2.6)
Finance costs[2]	**6.6**	8.6	16.2
Depreciation of right-of-use assets	**0.5**	0.4	0.8
Depreciation of property, plant and equipment	**1.5**	1.2	2.6
Loss on disposal of intangible assets	**-**	-	0.1
Impairment of non-financial assets	**-**	-	3.3
Amortisation of intangible assets	**8.0**	8.3	17.3
Share option charge	**0.9**	0.9	1.5
Operating cash flows before movements in working capital	**16.4**	14.7	44.5
(Increase)/decrease in inventories	**(3.9)**	11.6	21.2
Decrease in trade and other receivables	**25.8**	26.7	35.6
Increase/(decrease) in trade and other payables	**5.2**	1.6	(8.3)
(Decrease)/increase in provisions[1]	**(0.7)**	(0.2)	1.5
Pension obligation adjustment	**(0.3)**	(0.4)	(0.8)
Cash generated by operations	**42.5**	54.0	93.7
Taxation received/(paid)	**0.3**	(1.4)	(3.1)
Interest received[2]	**1.0**	0.6	1.6
Net cash inflow from operating activities	**43.8**	53.2	92.2

1. The balances for the 26 week period to 2 September 2023 have been restated. Refer to note 18 for details of the restatement.
2. The 26 week period to 2 September 2023 has been re-presented to separately disclose finance income and finance costs.

Changes in liabilities from financing activities	26 weeks to 31 August 2024 (unaudited) £m	26 weeks to 2 September 2023 (unaudited) £m	52 weeks to 2 March 2024 (audited) £m
Loans and borrowings balance brought forward	**307.4**	333.4	333.4
Changes from financing cashflows			
Net repayment on loans and borrowings[1]	**(23.8)**	(25.4)	(31.4)
New leases entered in the year	**0.2**	1.1	6.1
Lease payments in the period	**(0.5)**	(0.5)	(0.7)
Decrease in loans and borrowings	**(24.1)**	(24.8)	(26.0)
Loans and borrowings balance carried forward	**283.3**	308.6	307.4

[1]*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
Balance at 4 March 2023	**50.9**	**85.7**	**(0.2)**	**15.7**	**1.8**	**236.8**	**390.7**
Total comprehensive income for the period							
Loss for the period[1]	-	-	-	-	-	(1.5)	(1.5)
Other items of comprehensive loss for the period	-	-	-	(3.3)	(0.6)	(0.5)	(4.4)
Total comprehensive loss for the period	**-**	**-**	**-**	**(3.3)**	**(0.6)**	**(2.0)**	**(5.9)**
Hedging gains and losses transferred to the cost of inventory	-	-	-	(0.9)	-	-	(0.9)
Transactions with owners recorded directly in equity							
Purchase of own shares[2]	-	-	(0.3)	-	-	-	(0.3)
Issue of shares	0.3	-	-	-	-	-	0.3
Issue of own shares by ESOT[2]	-	-	0.4	-	-	-	0.4
Share option charge	-	-	-	-	-	0.9	0.9
Adjustment to equity for share payments	-	-	-	-	-	(0.4)	(0.4)
Total contributions by and distributions to the owners	**0.3**	**-**	**0.1**	**-**	**-**	**0.5**	**0.9**
Balance at 2 September 2023	**51.2**	**85.7**	**(0.1)**	**11.5**	**1.2**	**235.3**	**384.8**
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2.3	2.3
Other items of comprehensive loss for the period	-	-	-	(5.0)	-	(2.5)	(7.5)
Total comprehensive loss for the period	**-**	**-**	**-**	**(5.0)**	**-**	**(0.2)**	**(5.2)**
Hedging gains and losses transferred to the cost of inventory	-	-	-	(1.1)	-	-	(1.1)
Transactions with owners recorded directly in equity							
Share option charge	-	-	-	-	-	0.6	0.6
Total contributions by and distributions to the owners	**-**	**-**	**-**	**-**	**-**	**0.6**	**0.6**
Balance at 2 March 2024	**51.2**	**85.7**	**(0.1)**	**5.4**	**1.2**	**235.7**	**379.1**
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	0.2	0.2
Other items of comprehensive loss/(income) for the period	-	-	-	(5.6)	(0.2)	2.7	(3.1)
Total comprehensive (loss)/income for the period	**-**	**-**	**-**	**(5.6)**	**(0.2)**	**2.9**	**(2.9)**
Hedging gains and losses transferred to the cost of inventory	-	-	-	0.6	-	-	0.6
Transactions with owners recorded directly in equity							
Purchase of own shares	-	-	(0.5)	-	-	-	(0.5)
Issue of shares	0.5	-	-	-	-	-	0.5
Issue of own shares by ESOT	-	-	0.6	-	-	-	0.6
Share option charge	-	-	-	-	-	0.9	0.9
Adjustment to equity for share payments	-	-	-	-	-	(0.6)	(0.6)
Total contributions by and distributions to the owners	**0.5**	**-**	**0.1**	**-**	**-**	**0.3**	**0.9**
Balance at 31 August 2024	**51.7**	**85.7**	**-**	**0.4**	**1.0**	**238.9**	**377.7**

1. The loss for the 26 week period to 2 September 2023 has been restated. Refer to note 18 for further details of the restatement.
2. The 26 week period to 2 September 2023 has been re-presented to separately disclosure the purchase of own shares and issue of own shares by ESOT.

Notes to the unaudited consolidated financial statements
For the 26 weeks ended 31 August 2024

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 52 weeks ended 2 March 2024. 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 52 weeks ended 2 March 2024 are extracted from the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group'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 52 weeks ended 2 March 2024.

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:

Classification of Liabilities as Current or Noncurrent and Non-current Liabilities with Covenants (Amendments to IAS 1)
Disclosures: Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

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 52 weeks ended 2 March 2024.

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*)
- Deferred tax asset for tax losses *(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 reporting 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. Conduct and Customer
2. Lending
3. Data
4. People
5. Supplier and Outsourcing
6. Strategic and Change
7. Financial
8. Business Resilience
9. Legal and Regulatory Compliance
10. Information, Technology and Cyber Security

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.

Monitoring activity is undertaken to determine potential impacts of economic and political factors that influence customer confidence, household budgets and disposal income (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. Lead Risk 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; ESG and related risks are embedded in the RMF, managed accordingly and are evaluated and reported as part of the existing Governance routines.

In spite of increased risk in the external environment facing 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 stabilise. Control

enhancement potential is examined 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 to October 2025.

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 to October 2025, 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 31 August 2024, the Group had cash of £66.0m, including restricted cash of £3.3m, in addition the Group had £87.5m of accessible unsecured facilities that were not drawn. This gives rise to total accessible liquidity ("TAL") of £150.2m (FY24 year end: £148.5m).

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.

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 £8.2m (H1 24: £9.8m) 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 31 August 2024	26 weeks to 2 September 2023
	£m	£m
Analysis of revenue:		
Sale of goods	**163.6**	178.3
Postage and packaging	**9.1**	9.2
Product – total revenue	**172.7**	187.5
Other financial services revenue	**9.2**	9.6
Credit account interest	**95.3**	99.9
Financial Services – total revenue	**104.5**	109.5
Total Group Revenue	**277.2**	297.0
Analysis of cost of sales:		
Product – total cost of sales	**(90.8)**	(99.1)
Impairment losses on customer receivables	**(49.6)**	(56.1)
Other financial services cost of sales	**(0.3)**	(0.4)
Financial Services – total cost of sales	**(49.9)**	(56.5)
Cost of sales before adjusting items	**(140.7)**	(155.6)
Adjusted Gross profit[1]	**136.5**	141.4
Adjusted Gross profit margin[1]	**49.2%**	47.6%
Adjusted Gross margin – Product[1]	**47.4%**	47.1%
Adjusted Gross margin – Financial Services[1]	**52.2%**	48.4%
Warehouse and fulfilment	**(27.0)**	(27.8)
Marketing and production	**(33.6)**	(32.7)
Other administration and payroll	**(57.1)**	(63.4)
Adjusted operating costs[1]	**(117.7)**	(123.9)
Adjusted EBITDA[1]	**18.8**	17.5
Adjusted EBITDA margin[1]	**6.8%**	5.9%
Depreciation and amortisation	**(10.0)**	(9.9)
Adjusting items charged to operating profit (note 5)[2]	**(2.8)**	(3.2)
Operating profit	**6.0**	4.4
Net finance costs	**(5.2)**	(7.5)
Fair value adjustments to financial instruments	**(0.6)**	0.3
Profit/(Loss) before taxation	**0.2**	(2.8)

[1]A reconciliation of statutory measures to adjusted measures is included on page 10. A full glossary of Alternative Performance Measures and their definitions is included on page 20.
[2] Adjusting items for the 26 week period to 2 September 2023 have been restated. Refer to note 18 for details of the restatement.

	26 weeks to 31 August 2024 £m	26 weeks to 2 September 2023 £m
Analysis of Product revenue:		
Strategic brands[1]	**128.6**	139.4
Heritage brands[2]	**44.1**	48.1
Total Product revenue	**172.7**	187.5
Financial Services revenue	**104.5**	109.5
Total Group revenue	**277.2**	297.0

[1]*Strategic brands include JD Williams, Simply Be and Jacamo.*
[2]*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 £6.7m (H1 24: £7.8m). Operating results from international markets amounted to £0.7m profit (H1 24: £0.5m 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 24: £nil).

5. Adjusting items

	26 weeks to 31 August 2024 £m	26 weeks to 2 September 2023 *Restated* £m
Allianz litigation	**-**	(0.1)
Strategic change[1]	**2.6**	3.3
Other Litigation	**0.2**	-
Total adjusted items	**2.8**	3.2

[1] *The strategic change adjusting items for the 26 weeks to 2 September 2023 have been restated. Refer to note 18 for details of the restatement.*

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 claim was settled in FY23. The release of £0.1m in the prior period relates to amounts previously provided in respect of legal costs that were no longer required.

STRATEGIC CHANGE

During the current year, the Group continues the multi-year transformation of the business and the ongoing review of the cost base. 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 FY24 and continues through FY25. Total redundancy costs of £1.0m were incurred in the period in relation to the restructuring program.

As part of the on-going review of the cost base, certain workstreams are to be transferred to an outsourced company. The total cost of the project is estimated at £0.7m of which £0.1m has been incurred during the period and the remaining costs relating to pay in lieu of notice (PILON) and redundancy of £0.6m have been provided.

During the prior year, the Board approved the rationalisation of the Group's warehousing facilities following a review of the overall warehouse portfolio capacity, utilisation and associated operational cost base. During the current period, the costs incurred in relation to the parallel running of the warehouse were £0.4m and £0.2m

following the full warehouse closure where costs continue during the "mothballing" period to the point of sale. A provision brought forward from 2 March 2024 of £0.4m was released in the period in relation to dilapidations of the warehouse following the signing of a deed of release which extinguished the Group's liability for dilapidations. Therefore, the net costs included within adjusted items for the period in relation to the warehouse rationalisation were £0.2m.

A provision of £0.5m has been recognised with respect to a dilapidations liability under an historic onerous property lease of which the lease will expire in March 2025. The provision is based on the maximum contractual liability. £0.2m has also been provided in the period for transition charges with respect to an existing outsourcing arrangement. The transition charges relate to historic, completed transition services which are no longer expected to achieve any future benefits for the Group.

OTHER LITIGATION

During the prior year, the Group provided for potential litigation costs in relation to legacy customer claims alleging unfair relationships resulting from undisclosed PPI commission brought under s140A of the Consumer Credit Act 1974. This is not a new exposure and in prior years the Group has settled such claims on a case by case basis, and the external legal costs resulting from the change in strategic approach. The Group changed its strategy in 2023 to robustly defend such claims and put claimants to proof; and engaged external legal counsel which is reflected in the provision recorded. The Board supports the strategy to robustly defend and put to proof any past and future claims. The expected timeline of resolution of the outstanding claims is expected to be more than 12 months. The provision which has continued to be included as an adjusting item for consistency with prior years has been increased by £0.2m in the current period reflecting additional claims received during the half which have been added to the collective strategy.

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:

	31 August 2024	2 September 2023
	£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)	**79.2**	80.6
Notional amount – Sterling contract value (FVPL)	**160.6**	160.0
Total notional amount	**489.8**	490.6

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

	31 August 2024	2 September 2023
Current Assets	**£m**	£m
Interest rate swap – cash flow hedges	**2.8**	11.8
Interest rate caps - non designated instruments at FVPL	**-**	2.2
Foreign currency forwards – cash flow hedges	**0.1**	2.2
Foreign currency forwards – non designated instruments at FVPL	**-**	0.3
Total	**2.9**	16.5

Non-current Assets	**31 August 2024** **£m**	2 September 2023 £m
Interest rate swap – cash flow hedges	**-**	2.7
Interest rate caps - non designated instruments at FVPL	**-**	0.4
Foreign currency forwards – cash flow hedges	**-**	0.1
Total	**-**	3.2

Current liabilities	**31 August 2024** **£m**	2 September 2023 £m
Foreign currency forwards – cash flow hedges	**(1.8)**	(0.3)
Foreign currency forwards – non designated instruments at FVPL	**(0.4)**	(0.1)
Total	**(2.2)**	(0.4)

Non-current liabilities	**31 August 2024** **£m**	2 September 2023 £m
Foreign currency forwards – cash flow hedges	**(0.4)**	(0.1)
Total	**(0.4)**	(0.1)

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 loss of £0.5m (H1 24: £0.5m gain), recognised through the Income statement in the period.

Changes in the fair value of derivatives designated for hedging purposes amounted to a loss of £2.2m (H1 24: £0.7m gain) 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 loss of £0.1m (H1 24: £0.2m loss) 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 £nil amounts recognised in the income statement in the period (H1 24: £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 24: 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 24.8% (H1 FY24: 38.9%) and this rate has been applied to the profit for the 26 weeks ended 31st August 2024. The Finance Act (No.2) 2023, enacted on 11 July 2023, formalised the increase in UK Corporation Tax from 19% to 25%, previously confirmed in the Spring

Budget on 15 March 2023. In addition, The Authorised Surplus Repayments Charge (Variation of Rate) Order 2024, enacted on 11 March 2024, reduced the tax charge on pension surplus payments from 35% to 25%. Accordingly the effective tax rate has been calculated based on the enacted UK rate of 25% and taxation for other jurisdictions at the rates prevailing in those jurisdictions.

The current period effective tax rate is lower than the statutory UK tax rate of 25% due to the impact of the change in deferred tax rate on pension scheme assets, mentioned above, which creates a deferred tax credit in the period, partially offset by the tax charge caused by the impact of permanent and temporary timing differences on capital assets where tax depreciation exceeds accounting depreciation as a consequence of accelerated claims made under the government's 100% first year capital expensing regime.

At the half-year, the Group has no provision (FY24 £0.0m) for potential tax charges and is not aware of any historic tax issues.

The Group is aware that reporting requirements for BEPS Pillar II may apply in FY25 and has completed a risk assessment with its external advisors to establish whether the N Brown Group meets threshold criteria or can apply Safe Harbour rules for one or more jurisdictions. Whilst the Group does not expect to meet Safe Harbour rules in all jurisdictions and is expected to exceed thresholds in others, based on current trading expectations and the bias towards UK trade taxed at 25%, the Group currently considers the risk that additional top up taxes will be payable as low.

8. Earnings / (loss) 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 prior period have not been diluted following the loss after tax in the period.

Earnings/(loss) for the purposes of basic and diluted earnings per share:	**26 weeks to 31 August 2024**	26 weeks to 2 September 2023 *Restated*
	£m	£m
Total net profit/(loss) attributable to equity holders of the parent	**0.2**	(1.5)
Fair value adjustment to financial instruments (net of tax)	**0.5**	(0.2)
Adjusting items (net of tax)[1]	**2.1**	2.4
Adjusted profit for the period as used in headline earnings per share	**2.8**	0.7

[1] *Adjusting items for the 26 weeks to 2 September 2023 have been restated. Refer to note 18 for details of the restatement.*

Number of shares for the purposes of basic and diluted earnings per share:	**26 weeks to 31 August 2024**	26 weeks to 2 September 2023
	m	m
Weighted average number of shares in issue – basic	**462.2**	459.9
Dilutive effect of share options	**8.9**	4.5
Weighted average number of shares in issue – diluted	**471.1**	464.4
Earnings/(loss) per share		
Basic	**0.04**	(0.33)
Diluted	**0.04**	N/A
Adjusted earnings per share		
Basic	**0.61**	0.15
Diluted	**0.59**	N/A

9. Intangible assets

	Brands	**Software**	**Customer database**	**Total**
	£m	**£m**	**£m**	**£m**
Cost				
As at 4 March 2023	16.9	392.5	1.9	411.3
Additions	-	8.5	-	8.5
Disposals	-	(0.1)	-	(0.1)
As at 2 September 2023	**16.9**	**400.9**	**1.9**	**419.7**
Additions	-	11.5	-	11.5
Disposals	-	(4.9)	-	(4.9)
As at 2 March 2024	**16.9**	**407.5**	**1.9**	**426.3**
Additions	-	11.0	-	11.0
As at 31 August 2024	**16.9**	**418.5**	**1.9**	**437.3**
Amortisation				
As at 4 March 2023	16.9	334.2	1.9	353.0
Charge for the period	-	8.3	-	8.3
As at 2 September 2023	**16.9**	**342.5**	**1.9**	**361.3**
Charge for the period	-	9.0	-	9.0
Disposals	-	(4.9)	-	(4.9)
As at 2 March 2024	**16.9**	**346.6**	**1.9**	**365.4**
Charge for the period	-	8.0	-	8.0
As at 31 August 2024	**16.9**	**354.6**	**1.9**	**373.4**
Carrying amounts				
As at 31 August 2024	**-**	**63.9**	**-**	**63.9**
As at 2 March 2024	-	60.9	-	60.9
As at 2 September 2023	-	58.4	-	58.4
As at 4 March 2023	-	58.3	-	58.3

Assets in the course of development included in intangible assets at the period end total £22.6m (H1 24: £9.3m). No amortisation is charged on these assets.

IMPAIRMENT OF NON-FINANCIAL 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 £52.2m recognised at the previous financial year end continues to represent a reasonable estimate of the impairment to the Group's net assets. Movement in the period is due to the disposal of assets which were previously impaired.

10. Property, plant and equipment

Additions to tangible fixed assets during the period of £2.6m (HY 24: £1.1m) primarily relate to warehousing improvement projects. Depreciation of £1.5m (HY 24: £1.2m) was charged during the period. Additionally, depreciation relating to IFRS 16 right of use assets amounted to £0.5m (HY 24: £0.4m) during the period.

Assets in the course of construction included in fixtures and equipment at the period end total £1.8m (HY 24: £1.5m), and in land and buildings total £nil (HY 24: £nil). No depreciation is charged on these assets until they are available for commercial use.

A warehouse facility with a carrying value of £7.8m has been reclassified to assets held for sale in the period. Refer to note 11 for further information.

During the period a verification review of existing assets has been performed to confirm whether all assets remain in use by the Group. Assets with a total cost of £12.7m were identified as no longer in use, all of which were fully depreciated, and therefore removed from the fixed asset register.

11. Assets held for sale

During the prior year, the Board approved the rationalisation of the Group's warehousing facilities. As a result of the rationalisation program, a warehouse facility owned by the Group was identified for closure. The warehouse was impaired by £3.3m to a carrying value of £7.8m in the prior year to reflect the estimated sale proceeds less costs to sell. The property was not reclassified to assets held for sale at 2 March 2024 as the program to actively market the property and locate a buyer had not yet commenced. During the current period, the warehouse has been formally advertised and actively marketed for sale and as a result the warehouse has been reclassified to assets held for sale. There has been no change to the assessment of the fair value of the warehouse at the reporting date. A sale is expected to complete within 12 months of the reclassification to held for sale.

12. Trade and other receivables

	31 August 2024 £m	2 September 2023 £m	2 March 2024 £m
Amounts receivable for the sale of goods and services	**480.2**	528.9	517.0
Allowance for expected credit losses	**(64.9)**	(75.8)	(73.3)
Net trade receivables	**415.3**	453.1	443.7
Other receivables and prepayments	**26.8**	24.7	24.9
Trade and other receivables	**442.1**	477.8	468.6
Income statement impairment charge			
Provision movements	**(8.4)**	1.2	(1.4)
Gross write-offs	**59.8**	55.8	120.7
Recoveries	**(8.9)**	(5.6)	(23.7)
Other items	**7.1**	4.7	10.6
Net impairment charge	**49.6**	56.1	106.2

Other receivables and prepayments include a balance of £0.7m (H1 24: 1.2m) relating to amounts due from wholesale partners.

Trade receivables are measured at amortised cost.

As at 31 August 2024

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross trade receivables	340.2	57.2	82.8	480.2
Allowance for ECL	(15.9)	(13.2)	(35.8)	(64.9)
Net trade receivables	**324.3**	**44.0**	**47.0**	**415.3**
ECL %	(4.7%)	(23.1%)	(43.2%)	(13.5%)

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)
Net trade receivables	336.8	68.5	47.8	453.1
ECL %	(4.2%)	(22.6%)	(46.1%)	(14.3%)

13. Trade and other payables

	31 August 2024	2 September 2023	2 March 2024
	£m	£m	£m
Trade payables	**34.8**	40.3	30.1
Other payables	**4.3**	5.2	7.1
Accruals and deferred income	**31.3**	29.6	27.8
Trade and other payables	**70.4**	75.1	65.0

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 25 is 49 days (H1 24: 48 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 31 August 2024 was £15m (H1 24: £15m). At 31 August 2024, a total of £5.7m (H1 24: £6.8m) 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.

14. 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 24: £1.0m) of restricted cash which is held in respect of the Group's customer redress programmes and £2.3m (H1 24: £2.5m) 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:

	31 August 2024	2 September 2023	2 March 2024
	£m	£m	£m
Sterling	**50.4**	26.9	49.6
Euro	**7.3**	4.1	2.7
US dollar	**8.3**	18.1	12.9
Net cash and cash equivalents and bank overdrafts	**66.0**	49.1	65.2
Made up of:			
Cash and cash equivalents	**66.0**	49.1	65.2
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.

15. Bank Borrowings

	31 August 2024	2 September 2023	2 March 2024
	£m	£m	£m
Bank loans	**(277.6)**	(307.5)	(301.5)
Repayable as follows:			
- Within one year	**-**	-	-
- In the second year	**-**	(307.5)	-
- In the third to fifth year	**(277.6)**	-	(301.5)
Amounts due for settlement after 12 months	**(277.6)**	(307.5)	(301.5)

	31 August 2024	2 September 2023	2 March 2024
	%	%	%
The weighted average interest rates were as follows:			
Net overdraft facility	**6.7**	6.1	6.4
Bank loans	**2.9**	3.5	3.4

All borrowings are held in sterling.

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

The Group has available an RCF facility with a maximum limit of £75m (H1 24: £75m) and an overdraft facility of

£12.5m (H1 24: £12.5m) both respectively committed to December 2026. The full £87.5m was accessible but undrawn at 31 August 2024 (H1 24: £nil).

The key covenants in respect of RCF are as follows:

(a) Leverage less than 1.5 – representing the ratio of unsecured net cash/(debt)[1], over Adjusted EBITDA[1] after the deduction of Securitisation interest; and

(b) Interest cover greater than 4.0 – representing the ratio of Adjusted EBITDA[1] 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 £277.6m (H1 24: £307.5m) 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. The maturity of the facility was extended during the prior year to December 2026. 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. Amortised fees relating to this facility of £0.9m are offset against the carrying amount of the loan.

[1] *A full glossary of Alternative Performance Measures and their definitions is included on page 20. A reconciliation of statutory measures to adjusted measures is included on page 10.*

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.

16. Dividends

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

17. Provisions

	Other Litigation	Strategic Change	Allianz Litigation	Other	Total
	£m	£m	£m	£m	£m
Balance as at 2 March 2024	9.2	1.8	0.2	0.3	**11.5**
Provisions made during the period	0.4	1.5	-	-	**1.9**
Provisions reversed during the period	(0.1)	(0.4)	-	-	**(0.5)**
Provisions used during the period	(0.8)	(1.3)	-	-	**(2.1)**
Balance as at 31 August 2024	8.7	1.6	0.2	0.3	**10.8**
Non-current	5.6	0.2	-	0.3	**6.1**
Current	3.1	1.4	0.2	-	**4.7**
Balance as at 31 August 2024	**8.7**	**1.6**	**0.2**	**0.3**	**10.8**

ALLIANZ LITIGATION

The provision outstanding at 31 August 2024 was £0.2m which relates to amounts payable to Allianz following the closure of the joint redress account.

OTHER LITIGATION

The other litigation provision is an estimate of the litigation costs in relation to legacy customer claims alleging unfair relationships resulting from undisclosed PPI commission brought under s140 of the Consumer Credit Act 1974. This is not a new exposure and in prior years the Group has handled such claims on a case by case basis and the external legal costs have not been material. The provision is principally in relation to committed incremental external legal costs resulting from the change in strategic approach. The Group changed its strategy in 2023 to robustly defend such claims and put claimants to proof and engaged external counsel which is reflected in the provision recorded. The Board supports the strategy to robustly defend and put to proof any past and future claims. The expected timeline of resolution of the outstanding claims is more than 12 months. 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. £0.1m of the provision has been utilised during H1 FY25 and a further £0.3m has been provided during H1 FY25.

The provision outstanding at 2 March 2024 of £9.2m also included a provision of £0.7m in relation to certain PPI related customer redress complaints which has been utilised during H1 FY25.

STRATEGIC CHANGE

During the period, the Group continues the multi-year transformation of the business and restructuring program of the Group's operational and head office headcount following the contraction in revenues. The provision outstanding at 2 March 2024 of £0.5m for redundancy costs has been fully utilised in H1 FY25. As the review of the business continues through FY25, an additional provision of £0.6m was recognised and remains outstanding at 31 August 2024.

During the prior period, the Board 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 was made during FY24 for incremental costs associated with staff exits, onerous contracts, inventory utilisation and dilapidations. The outstanding provision at 2 March 2024 was £1.3m. During the current period, a total of £0.9m of the provision was utilised against £0.7m redundancy costs and £0.2m costs associated with inventory rationalisation. £0.4m of the provision was reversed during the period as a deed of release was signed which extinguished the Group's liability for dilapidations.

We received notification during H1 FY25 that an historic onerous property lease would expire in March 2025 and, as a result, our liability to contribute to the dilapidations costs (if any) would crystallise at that time. A provision of £0.5m has been recognised which aligns with our maximum contractual liability for the dilapidations contribution. A further £0.2m has been provided and £0.2m reclassified from accruals in the period in respect of transition charges due by the Group for historic, completed transition services under an existing outsourcing arrangement which are no longer expected to achieve any future benefits for the Group.

OTHER

The provision held at 31 August 2024 of £0.3m relates to estimated future costs to restore leased warehouse premises as required by the lease agreement. This was capitalised to the right-of-use asset at recognition in line with IFRS 16.

18. Prior Period Adjustment

There have been two adjustments to the H1 FY24 period ending 2 September 2023 as follows:

1) The Group has restated the presentation of deferred tax assets and liabilities as at 2 September 2023 to correctly present these balances on a net basis, as they had previously been presented on a gross basis in 2023. This is to reflect the legal right and intention to offset within the jurisdiction of the UK, in line with IAS 12 income taxes. This restatement impacts the condensed consolidated balance sheet only with no impact to net assets. No other primary statements have been impacted by this restatement.

2) £1.3m was provided during H1 FY24 in relation to costs associated with the parallel running and mothballing phases associated with the Group's warehouse rationalisation (further details can be found in note 5). At the year end, it was determined that these costs did not meet the requirements of IAS 37 as there was no legal or contractual obligation to incur these costs and any costs provided in relation to these were released. A prior period adjustment to the H1 FY24 results has been processed to release the £1.3m provision associated with the parallel running and mothball costs which aligns with the adjusted position at the FY24 year end. As a result of the above adjustment, the tax credit for the H1 FY24 position has reduced by £0.3m. The impact of the adjustment on the consolidated income statement and consolidated balance sheet is shown below:

Condensed consolidated income statement

	2 September 2023	Adjustment 1	Adjustment 2	**2 September 2023** *Restated*
	£m	£m	£m	**£m**
Operating profit	3.1	-	1.3	4.4
Loss before tax	(4.1)	-	1.3	(2.8)
Taxation	1.6	-	(0.3)	1.3
Loss for the period	(2.5)	-	1.0	**(1.5)**

Condensed consolidated balance sheet

	2 September 2023	Adjustment 1	Adjustment 2	**2 September 2023** *Restated*
	£m	£m	£m	**£m**
Non-current assets				
Deferred tax assets	29.2	(11.5)	-	17.7
Current assets				
Current tax asset	1.8	-	(0.3)	1.5
Current liabilities				
Provisions	(10.8)	-	1.3	(9.5)
Non-current liabilities				
Deferred tax liabilities	(11.5)	11.5	-	-
Net assets	383.8	-	1.0	**384.8**
Equity				
Retained earnings	234.3	-	1.0	**235.3**
Total equity	383.8	-	1.0	**384.8**

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 9 October 2024

Stephen Johnson
Interim Executive Chair and Chief Executive Officer

Dominic Appleton
Chief Financial Officer