6 June 2024

FULL YEAR RESULTS FOR THE 52 WEEKS ENDED 2 MARCH 2024

Continued strategic progress delivering for our customers
Adjusted EBITDA above market expectations and return to profit
Strong balance sheet and liquidity

£m	**52 weeks to 2 Mar 2024 (FY24)**	52 weeks to 25 Feb 2023[1]	Change 52 weeks v 52 weeks	53 weeks to 4 Mar 2023 (FY23)[1]
Group revenue	**600.9**	666.0	(9.8)%	677.5
Product revenue	***381.2***	*426.6*	*(10.6)%*	*433.4*
Financial Services revenue	***219.7***	*239.4*	*(8.2)%*	*244.1*
Adjusted EBITDA[2]	**47.6**	54.4	(12.5)%	57.3
Adjusted EBITDA margin	**7.9%**	8.2%	(0.3)ppts	8.5%
Adjusted profit before tax[2]	**13.3**	4.9	171.4%	7.5
Statutory profit / (loss) before tax	**5.3**	N/A	N/A	(71.1)
Cash and cash equivalents	**65.2**	N/A	N/A	35.5
Adjusted net debt[2]	**(236.3)**	N/A	N/A	(297.4)
Gross customer receivables	**517.0**	N/A	N/A	555.2

Steve Johnson, Chief Executive, said:

"We have delivered against our strategic and financial objectives this year. We have kept to our transformation plans, despite the macro-economic backdrop, whilst building resilience through our strong balance sheet, and achieving adjusted EBITDA above market expectations.

"Our customers are now seeing tangible benefits from our transformation, with an enhanced experience being delivered by our new websites and our recently launched Product Information Management system ensuring customers have more detailed product descriptions to inform their purchases.

"Looking ahead, our strong liquidity position allows for continued investment in our strategy, positioning the business for sustainable growth whilst always improving the customer experience.

"I'd like to thank all our colleagues for their continued hard work in progressing our transformation and for the results achieved this year. We are confident in our strategy and in building a stronger N Brown for all stakeholders."

Highlights

Delivering strong strategic and operational progress

- Improved customer experience through the launch of Jacamo's new mobile-first website and launch of Product Information Management ('PIM') system, fundamental to our marketing strategy, initially on Simply Be
- Successful launch of new product lines across our strategic brands:

    - JD Williams launched its Anthology premium line, increasing prominence of own brand offering
    - Simply Be enriched its third-party offering with the launch of lifestyle sports brand TALA and started offering select lines in Sainsbury's stores
    - Jacamo enhanced its own brand offer, expanding across key categories including smart casual, denim, and footwear

- Financial Services ('FS') transformation continues to progress well, with the new platform build underway and end to end testing commencing this year
- Net Promoter Score ('NPS') 6pts ahead of last year, including benefits from better delivery performance as well as customer experience improvements
- Approval by the Science Based Targets initiative ('SBTi') of commitment to reduce Scope 1, 2 and 3 greenhouse gas emissions by 46% by FY31 against a FY22 base year, aligned with Paris Climate Agreement
- Received Drapers Award for Diversity and Inclusion for 2023 and named as one of The Sunday Times Best Places to Work 2024

Financial

Adjusted EBITDA above market expectations[3], supporting a return to statutory profit

- Despite macro-economic challenges, management actions drove adjusted EBITDA margin up c. 4ppts from H1 to H2, with full year margin of 7.9% broadly in line with FY23
- Group revenue decreased 9.8%, reflecting the continued challenging market conditions and a focus on driving profitable sales
- Full year adjusted group gross profit margin increased 1.5ppts to 47.7%:
    - Product margin up 1.2ppts, benefiting from a cleaner year-end stock position, the focus on profitable sales and lower freight rates
    - FS margin rate up 1.8ppts driven by lower write offs and more active debt management strategy

- Full year adjusted operating costs reduced by £15m, with volume-related savings and management actions more than offsetting c.£12m of inflationary pressures
- Statutory profit before tax of £5.3m, reflecting improvement of £76.4m, driven by lower adjusting items
- Adjusted profit before tax of £13.3m, an improvement of £8.4m, including a reduction in depreciation and amortisation of £15.0m following the impairment of non-financial assets in FY23

Robust balance sheet and available liquidity, with no unsecured borrowings

- Net cash generation of approximately £30m in the year, after further investment of £23m in the transformation of the business
- Strong balance sheet with significant cash and cash equivalents, and total accessible liquidity of over £148m. RCF and overdraft remain undrawn with limits of £75m and £12.5m respectively
- £65.2m cash and cash equivalents; securitisation borrowings of £301.5m under the facility extended to December 2026 in the year are well covered by £517.0m gross customer receivables
- Adjusted net debt of £236.3m reflects the securitisation borrowings and net cash

Current trading and outlook - gradual improvement in trading expected through FY25

- The rate of FY24's product revenue decline has moderated at the start of FY25, with Q1 declining by 6%
- This improvement is expected to continue as the year progresses, and for full year FY25 the Group anticipates product revenue will return to a moderate level of growth, alongside a modest improvement in the rate of decline in Financial Services revenue and a Group gross margin rate consistent with FY24

- Clear priorities to set the business up for 2024 peak trading, with the third of the three strategic brands, JD Williams, launching its new mobile-first website ahead of peak
- To support sustainable growth, planning to scale FY25 marketing investment by around £10m, funded by cost efficiencies
- FY25 year end adjusted net debt is expected to be similar to FY24's closing position. Strategic investment will continue to be self-funded through carefully managed cash flows
- The Board has continued confidence that the investment in the Group's strategic transformation plan, its differentiated brands and a new credit proposition in development, 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 6 June 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.

Financial calendar

The Group's next scheduled update is its FY25 Interim results in October 2024.

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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] FY23 was the 53 week period ended 4 March 2023. A detailed comparison of the 53 week results to 4 March 2023 and 52 week results to 25 February 2023, for comparability with this year's 52 week period, is set out on page 15. The Highlights narrative refers to the 52 weeks to 25 February 2023 as the comparative period, except for Statutory profit / (loss) before tax and balance sheet / cash flow metrics, for which 52 week comparatives are not available.

[2] A full reconciliation of statutory to adjusted measures is included in the FY24 Financial Performance section.

[3] The market consensus for FY24 Adjusted EBITDA is £44.7m as at 5 June 2024.

PERFORMANCE REVIEW

There is much to be proud of in relation to the progress N Brown has made this year in challenging macro-economic conditions. The transformation of our business gained pace, as we became more agile and able to deliver changes faster. We made significant strides against our strategic pillars, which had a meaningful impact on our business. And we delivered a profit performance ahead of expectations, whilst returning to a profitable pre-tax position.

There is no denying that we continue to operate in challenging times but we remain confident in our strategic direction. We believe that, with our differentiated brands, improving consumer sentiment and a new credit proposition in development, we are well positioned for the future. We are also well-capitalised to continue to invest in our self-funded transformation.

Strategic Execution

Although the macro-economic challenges seen during the year were broadly anticipated in our FY24 guidance, it has been a year of notable market softness, demonstrated by the online pureplay market declining by 10%[1]. Despite the backdrop, we have executed against our plans, delivering levels of financial performance and strategic transformation which means that FY24 represents an important step forward in building a stronger N Brown for all stakeholders.

We entered the year with a set of streamlined transformational priorities as laid out in our full year results in June 2023, concentrating on select programmes to drive mid-term business change. We are laying the foundations to support our ambition to return to sustainable, profitable growth, and have delivered the work we planned against our five transformational areas. This included the successful rollout of a **mobile-first website for Jacamo**. It was delivered in a third of the time of our first rollout for the Simply Be site, with the faster delivery benefitting from our commitment to **agile ways of working**. Jacamo's site performance has been promising, with conversion during Black Friday week reaching the highest level in three years.

We made significant strides in enhancing our customer experience with the successful launch of a **Product Information Management ('PIM') system** on our first strategic brand, Simply Be, towards the end of FY24. This system is fundamental to our marketing strategy and enriches product descriptions on display pages, offering detailed information on sizing, fit, and fabric. By ensuring greater consistency and accuracy in pre-purchase communications across all channels, we're empowering our customers to make more informed purchases. This is anticipated to lower return rates, thereby elevating the overall customer experience.

We have further developed our **data culture**, by leveraging analytical opportunities throughout the year. This has included increasing the number of categories which use PriceTagger, our in-house tool which optimises product promotion by leveraging price elasticity.

Our **new Financial Services ('FS') platform** has progressed as planned through FY24, with all discovery phases now concluded. All brand development work has also been completed, including marketing guidelines, and the build of a new system has begun. The platform is anticipated to give the Group further product flexibility to provide customers with more choices in how they manage their payments.

Our new **agile ways of working** are structured around putting our customers first and provide the business with the agility required to flex to their needs. Over 50% of our head office colleagues have officially adopted our new ways of working, which promotes cross-functional cooperation and communication, and has allowed us to deconstruct conventional business silos, enabling acceleration in the pace of execution for our brand strategies.

1 *For the 52 weeks ended 2 March 2024, the online pureplay market according to IMRG declined by 10%.*

Our agile ways of working have ensured we have made more mature choices in our technology roadmap and continued to invest iteratively in all areas of our technology estate. In our continuous feedback loop, we take confidence that our operating model has allowed the deployment of user changes that release value now, but set the correct foundations for future releases, whilst also enabling a higher velocity of change.

Our efforts to establish clearer, more distinct brand identities continue, highlighting our progress through engaging and creative campaigns which resonate with our customers. We continue to develop more unique fashion propositions for all of our brands, with own brand launches including Anthology, and multiple third-party releases across our portfolio throughout FY24. Our own brand fashion propositions have been elevated with strategic partners, with a strong first year collaborating with Sainsbury's. Working closely with our logistics partners, we also continued to optimise our final mile service, which has contributed to a 6pts increase in Net Promoter Score ('NPS') in the year.

Further information on the significant progress we are making with our strategic transformation is included from page 7.

Financial Review

A strong focus on managing our cost base and driving profitable sales has helped to drive a number of important achievements within financial performance. Firstly, Adjusted EBITDA of £47.6m and Adjusted profit before tax of £13.3m are each ahead of market expectations. Secondly, the business returned to a statutory profit before tax, reporting £5.3m, following a statutory loss before tax of £(71.1)m in FY23 which included the final settlement of the Allianz litigation and non-cash impairment of non-financial assets. Thirdly, cash generation has been strong at nearly £30m and has been achieved after delivering against our plans to continue to self-fund the transformation of the business, with c.£23m of further capital expenditure, including the strategic areas discussed above.

As a result of ongoing cautious consumer behaviour and our focus on driving profitable sales, product revenue declined by 10.6% against the prior year, excluding last year's additional 53rd week, leading to Group revenue declining by 9.8%. The implementation of a number of initiatives, set out in our Interim results in October 2023, improved both Adjusted gross profit margin and Adjusted operating costs in H2, leading to growth in Adjusted EBITDA margin of 4ppts in H2 relative to H1.

Against last year, Adjusted EBITDA reduced by £6.8m excluding the 53rd week, driven by lower revenue. A year-on-year increase in Adjusted gross profit margin of 1.5ppts broadly offset an increase in Adjusted operating costs as a percentage of Group revenue. The cost ratio was impacted by lower operational leverage, despite a strong focus on costs having driven a reduction in Adjusted operating costs of nearly £15m.

The strong cash generation has helped to further strengthen our balance sheet, with total accessible liquidity closing the year at £148.5m and with unsecured net cash of £65.2m. During the year, the Revolving Credit Facility ('RCF') and overdraft were refinanced to December 2026, and remain undrawn, with facility limits of £75m and £12.5m respectively. The Group also extended its securitisation facility commitment to December 2026, maintaining the facility limit of £400m and lender commitment of £340m.

Year end adjusted net debt of £236.3m is now under half of the peak level reported at FY20 year-end (£497.2m). A key achievement over the last few years through the transformation journey is the improvement in this position – with the only borrowings within adjusted net debt being £301.5m drawings against the securitisation facility, and which are well covered by the £517.0m gross customer receivables. The unsecured net cash position partially offsets the securitisation drawings, benefitting the adjusted net debt position. This provides a position of strength from which to scale marketing spend in FY25.

Leadership Update

As previously announced, Ron McMillan retired as Chair and stepped down from the Board, as of 30 April 2024. The Board would like to thank Ron for his dedication to N Brown and for the critical role he has played in the transformation of our company. The search for a permanent Chair has commenced and a further announcement will be made in due course.

In addition to Ron McMillan's retirement as Chair, we announced that Vicky Mitchell had announced her intention not to stand for re-election and will step down from the Board of N Brown to focus on other professional commitments following the Company's Annual General Meeting in July 2024. The Board has commenced a process to identify and appoint an additional Independent Non-Executive Director and will provide an update on this process in due course. The Board would like to express their gratitude to Vicky Mitchell for her service to N Brown.

A number of previously announced Board changes were also confirmed during the financial year. In June 2023, Dominic Appleton succeeded Rachel Izzard as Chief Financial Officer and joined the Board, having previously joined the Group as Chief Financial Officer Designate in March 2023. In April 2023, Meg Lustman was appointed as an Independent Non-Executive Director. In July 2023, following the conclusion of the Annual General Meeting, Gill Barr and Richard Moross stepped down from the Board. Gill served as Senior Independent Director. Gill was also Chair of the Remuneration Committee, in which she has been succeeded by Meg Lustman.

With regards to our Executive Leadership team, we were pleased to announce two changes, in line with our ongoing strategic transformation.

We have welcomed Clare Empson as Director of Supply Chain. Clare has an extensive range of experience across the retail sector over the past 25 years and in leading global retail operations. Clare was most recently Director of Operations at Ted Baker, where she also held senior roles within its Retail and Transformation areas during her time there.

Natalie Rogers has joined as our Chief People Officer. Natalie brings with her more than 25 years of extensive cross-sector experience – including digital, tech and financial services – in a breadth of HR disciplines covering organisational culture, employee relations, leadership development, reward and organisational design.

FY25 Outlook

The strategic progress against our transformational priorities during FY24 leaves us well placed to continue investment in FY25, in support of our vision, mission and purpose. Having delivered new mobile-first websites for two of our three strategic brands, Simply Be and Jacamo, we plan to launch a new site for JD Williams ahead of FY25 peak trading. In doing so, we will complete our priority of new websites being in place for all of our strategic brands. Investment will also continue into a new technology platform for FS to enhance the ways customers can pay, having begun the build of the new system in FY24. Alongside this, and particularly given the digital nature of our business, we will further upweight our focus on use cases for AI technologies.

We are assuming that macro-economic conditions felt by consumers will still be a feature of our performance during FY25 but believe that conditions will continue to improve. Product revenue during the start of FY25 has moderated against FY24's rate of decline, with year-on-year product revenue for the 13 weeks ended 1 June 2024 (Q1 FY25) declining by 6%. We currently anticipate FY25 product revenue returning to a moderate level of growth, with a weighting towards H2.

Management actions will help drive product revenue growth through scaling the investment in marketing & production by around £10m, funded by cost efficiencies, in order to improve new customer recruitment and stimulate the existing base to trade more frequently.

The FS customer loan book opened the year lower than the prior year and the benefit from product revenue growth will take longer to feed through to FS revenue performance. However, we do expect FS revenue to decline at a slightly improved rate to that seen in FY24.

We anticipate Adjusted gross profit margin to be consistent with FY24. This reflects an expected further improvement in product gross margin, including benefits from higher clothing mix, commencing the year with a cleaner stock position and better underlying factory gate pricing, offsetting a slightly lower FS gross margin. We are well hedged against our US Dollar purchases for FY25.

We expect a low single-digit £m increase in total across depreciation and amortisation, and net finance costs. This is reflective of capex levels and the expiry of the existing interest rate hedge on the securitisation facility at the end of 2024 calendar year.

The business will increase investment in FY25, aligned to the transformational priorities, which will continue to be self-funded through carefully managed cash flows. At the end of FY25, we expect Adjusted net debt to be similar to FY24's closing position, and for strong levels of liquidity to be maintained. We remain confident in our strategic direction and our digital transformation as we focus on driving sustainable profitable growth.

An update against our five strategic pillars is provided below:

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).

What we have achieved in FY24

Our strategic brands (JD Williams, Simply Be, and Jacamo) have each embarked on unique initiatives in the year to enhance customer engagement and brand visibility:

JD Williams partnered with ITV and Global to sponsor the TV show, My Mum Your Dad, which had over 33 million views throughout the series. The partnership increased the recognition of JD Williams, leading to a 36% increase in the awareness of the brand.

Simply Be launched the 'Serious about Shape' campaign, promoting inclusivity and body positivity in fashion, aiming to resonate with a diverse customer base. This message was further reaffirmed through the launch of a new podcast hosted by the influential Fleur East.

Jacamo collaborated with LADbible, a community within which our target audience spends their time. Our 'No Average Jack' campaign received recognition at the Campaign Media Awards in March 2024, winning in the Fashion and Beauty category. The first year of the partnership achieved over 95 million views and a significant increase in customer conversion rate from customers directed to the website from the campaign.

What we will focus on in FY25

We will invest more of our marketing budget into raising brand awareness and consideration, to increase acquisition through earned channels. We will support performance via media efficiency programmes to ensure our spending is at the optimum level and appropriately targeted. Customer acquisition costs in performance media have risen significantly during FY24 and so to mitigate over-exposure to these channels, we plan to build on current initiatives and learnings, investing more in awareness to foster brand recognition.

JD Williams has partnered with Sky and Channel 5, in a new campaign fronted by Gok Wan, Judi Love and Helen Skelton. This exciting journey promises to bring our brand closer to our customers, sparking conversations and fostering relationships. JD Williams will continue to focus engagement with midlife women, leveraging a new digital platform powered by the launch of our new mobile-first website.

Simply Be is here for trend-led women aged 25-45 who prioritise great fit, but we have recognised that it's helpful to be more specific about who within that broader target we're particularly designing for. Simply Be will be re-positioned to target a slightly older customer, in a less congested area of the market. We will refine its proposition in the first half of the year, before investing in brand awareness in the second half.

Jacamo will be entering the second year of our successful partnership with LADbible, where we will be focusing on bigger moments in customers' lives, which we anticipate will be more impactful with them. Our 'No Average Jack' campaign which launched last year continues, moving beyond areas he is interested in and leaning into 'style missions'; identifying moments coming up where he wants to look and feel confident.

Within the heritage portfolio, the focus will be on stabilising the customer base through a series of initiatives agreed upon and launched via our agile operating model.

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.

What we have achieved in FY24

JD Williams: Reflecting further progress within our own brand proposition, we launched Anthology, a JD Williams own premium line. The line is designed with an elevated approach to dressing which offers versatile, quality fabrics. This move is part of JD Williams' ongoing efforts to increase the prominence of its own brand offering and enhance the product choice further with third-party offerings.

Simply Be: Simply Be continues to enrich its third-party offering, elevating our fashion assortment, with great success in the launch of TALA. Simply Be also continued to champion accessibility and enhance its customer-first approach through partnerships. Within partnerships, the launch of Simply Be on Sainsbury's online clothing platform and selected stores has performed strongly in its first year, as well as providing enhanced exposure to different customer segments.

Jacamo: Jacamo has enhanced its own brand offer, expanding the offer across key categories like smart casual, denim, and footwear, while investing more in sizes XL and below. The team has also worked closely with key third-party brands such as Polo Ralph Lauren and BOSS, increasing the depth of buy, improving availability and ensuring the platform continues to provide its customers with access to the brands they love in an inclusive range of sizes.

New FS Platform: As outlined on page 4, our new Financial Services platform has made good progress during FY24.

Whilst we develop the new platform ahead of go live, we implemented a fresh credit limit strategy to maintain responsible lending to our customers, while also mitigating the effects of write-offs and arrears on our business. Simultaneously, our innovative new payment arrangement, which extends reduced payment periods for those facing financial difficulties, has improved customer retention effectively.

What we will focus on in FY25

Strategic brands: We are committed to enhancing our brand offerings across all our strategic brands. Specifically, we recognise the potential to expand the presence of premium products within JD Williams. Additionally, we aim to diversify Jacamo by incorporating more men's fashion items whilst rationalising the tech offering. Furthermore, we intend to increase the proportion of own-designed products within Simply Be. Following Simply Be's strong partnership performance with Sainsbury's, we believe there is a strategic opportunity which partnerships can have in our fashion proposition, particularly in raising the awareness in

broader customer segments of Simply Be. Our intent is to grow partnerships as a distribution channel through existing and potential new partners.

New FS Platform: We look forward to releasing the new FS proposition to our colleagues once the minimum viable product ('MVP') has been built. Upon successful testing with colleagues, the external MVP rollout will commence in FY26, providing a modern, market-standard credit proposition. Before delivery of the new FS platform, we will ensure the current offer is as competitive and visible as possible.

3. Transform the Customer Experience

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

What we have achieved in FY24

As outlined on page 4, we have continued to roll out the new mobile-first websites to our strategic brands with the new Jacamo website going live in FY24. The new websites remain the cornerstone in transforming our customer experience and we have seen a doubling of our Google Lighthouse scores (an open-source measure of site performance and user experience).

Our new Product Information Management ('PIM') system, as described on page 4 was launched on our first strategic brand in Simply Be. Having a single place to collect, manage, and enrich product data, will not only provide a better experience for our customers on-site but will also create a more efficient process for colleagues.

What we will focus on in FY25

Significant progress has been made in rolling out new mobile-first websites. The implementation of a new content management system at the start of FY25 will enable the launch of the new mobile-first website for JD Williams. Following this, heritage brands will begin to be sequentially transitioned to the new platform. We will continue to iterate on the website capabilities, with feature releases planned throughout the year to continue to enhance the customer journey.

Following the successful launch of the PIM system on Simply Be, we plan to operationalise the technology onto the remaining strategic brands in FY25. We believe that the PIM system will also improve search engine optimisation (SEO), thereby improving marketing efficiency.

We plan to improve the mobile app offering for our strategic brands. This will provide a home for future enhancement to our loyalty programme offering for both Retail and Financial Services. This will then support activities that follow, having greater insight into notification performance, and using data from customers to improve personalisation, which will also improve engagement with the app, and the overall customer experience.

4. Win with our Target Customer

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

What we have achieved in FY24

To engage our target customers in an ever-challenging consumer landscape, we continue to foster close collaboration with strategic partners. Together with Meta, we have implemented automated product promotion campaigns (ASC+). The system uses machine learning to combine prospecting and existing customer audiences and ensure that the campaign is targeted to customers who have a high probability of purchase, further streamlining our customer acquisition strategy.

We have diversified the way we engage our customers. We have enhanced our Customer Relationship Management (‘CRM’) proposition, by launching SMS as a new channel. We have also strengthened our loyalty programmes, engaging more of our target customers, and optimising our contactable base. These enhancements, dovetailed with data-driven messaging, have led to an increase in customers enrolling in our loyalty programmes, with a 20% increase in the number of customers who opted into our loyalty programme compared to FY23.

We have continued to make data-driven decisions, conducting tests to determine the best way to continuously identify opportunities for customer experience enhancements. This includes offering more ways to pay, with the launch of Apple Pay.

What we will focus on in FY25

We plan to increase new customer acquisition and ensure we maximise the value of our existing base, whilst always being focused on our most active customers. We will be able to reach more customers in a relevant, timely way thanks to improvements in data usage and new channels to reach our customers.

Our apps remain the highest converting channel, reinforcing how integral the app channels are to transforming the customer experience. Credit customers are some of our longest-serving customers; their loyalty and continued engagement contribute significantly to the longevity of our customer base. Hence, we will prioritise targeting both credit and app customers, as they show higher levels of engagement with our brands than other customers.

The approach we will take when communicating with opted-in loyalty members will be more engaging and personalised to specific customer groups. We will reduce usage of discount and promotional activity, instead focusing more on brand-specific content which will fuel more desire for our offer.

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

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

What we have achieved in FY24

We’ve harnessed data-driven insights from our Customer Lifetime Value models to shape our predictive models for customer behaviour. This ensures a more personalised marketing approach and a consistent customer experience. These insights have been used to deliver targeted onsite messaging to customers who could benefit from our credit proposition.

We’ve broadened the use of PriceTagger, our in-house tool that optimises product promotion using price elasticity, which has seen adoption across 34% more of our products. PriceTagger enables machine learning-driven pricing by gauging how demand and supply of products respond to price changes. We’re continually refining our predictive models to account for seasonal trends in customer behaviour and their impact on the rate of sale, thereby enhancing our pricing agility in the market space.

What we will focus on in FY25

Data-driven decision-making will continue to drive our strategy forward and there will be an increased focus on marketing analysis to ensure optimal channel mix by brand, whilst ensuring efficiencies in spend. We will continue to deliver data, analytics and reporting, to help improve profitability, such as planned enhancements to our Customer Lifetime Value models.

We will begin transitioning to a cloud-native Analytics Platform to consolidate data, accelerate analytics, facilitate self-service use cases, and mitigate compliance risks. This will require an upgrade to Google Analytics 4 for continued data tracking on our sites. We will also transition from third-party cookies to first-party data collection for compliance with UK privacy law changes in 2024.

Key Enablers

What we have achieved in FY24

In FY24, the new Consumer Duty set higher and clearer standards for consumer protection in financial services, emphasising customer-centric practices. At N Brown, we adopted the new Consumer Duty regulations on time and to a high standard, highlighting our commitment to prioritising our customers. We consistently assess our offerings, policies, and processes to uphold this customer-focused strategy.

The company fosters an inclusive culture through the EMBRACE Strategy and colleague-led communities. Our commitment to colleague development and welfare is reflected in our eNPS scores, which exceeded the UK retail benchmark by 16 points in FY24. This is again a testament to our agile ways of working, which have fostered our collaborative environment.

What we will focus on in FY25

We will act to scale the marketing spend in FY25 and fund this through cost efficiencies. This choice is needed to help change the momentum in our active customer file.

We will roll out agile ways of working to the remainder of employees at head office, leaving only our logistics operation to finalise. The rollout of this transformation has complemented the right-sizing of our cost base.

We will develop our transition plan in line with the Climate-Related Financial Disclosures ('CRFD') requirements and cultivate a culture that revolves around sustainability throughout our organisation.

Key Performance Indications ('KPIs')[1]

As a digital retailer committed to accelerating our strategy and navigating a post-pandemic environment, we continue to report various digital customer metrics, which provide operational measures of how our strategy is progressing.

	52 weeks to 2 Mar 2024	52 weeks to 25 Feb 2023	Change
Total website sessions[2]	183m	220m	(16.8)%
Conversion[2]	3.7%	3.7%	-
Total Orders	7.3m	8.7m	(16.1)%
AOV	£83.6	£79.2	5.6%
Items per order	2.8	2.8	-
AIV	£30.2	£28.3	6.7%
Total active customers	2.2m	2.6m	(15.4)%
FS arrears	10.6%	9.1%	1.5ppts
NPS	63	57	6

1 KPIs are defined on page 25. KPIs shown above on a 52 week basis for FY23 other than Financial Services Arrears, which reflects a 2 March 2024 balance sheet date.

2 Sessions and conversion for 52 weeks to 25 Feb 2023 restated for consistency with definitions within 52 weeks to 2 Mar 2024 reporting. Note that approach to reporting associated with "Google Consent Mode" going forward is anticipated to lead to a restatement of sessions and conversion for 52 weeks to 2 Mar 2024 within FY25 reporting.

Consistent with the broader market, we have continued to see the impact of macro-economic challenges and consumer behaviour, which has been accentuated for online pureplay businesses.

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

The reduction in orders has been partially offset by an increase in Average Item Value ('AIV'). We have seen a continuation of more intentional behaviour from customers, which has included buying into more premium ranges, and we have also implemented measured price increases supported by data tools to offset an element of the inflationary impacts on our product costs.

The Financial Services arrears rate includes a higher level of insolvent accounts, reflecting debt sale timings year-on-year. Excluding insolvent accounts, the arrears rate was 9.0% (FY23: 8.7%) with the increase due to a higher mix of payment arrangements held at year end, as a year end debt sale did not occur at the end of FY24 unlike in prior years. The business continues to support and retain customers through times of financial hardship.

Our Net Promoter Score ('NPS') further improved in H2. Full year performance has been driven by a number of operational improvements including better delivery performance, an extension in order cut off time for next day deliveries to 11pm, and website improvements.

We are pleased with the strategic execution in the year and have a clear set of priorities looking forward. Combining the strategic progress, scaling of marketing spend described in the FY25 Outlook section and an anticipated gradual improvement in macro-economic conditions, provides us with confidence in unlocking progress across the KPIs.

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.

Our near-term science-based targets to reduce greenhouse gas ('GHG') emissions have been approved by the Science Based Targets initiative ('SBTi'). The Group has committed to reduce Scope 1, 2 and 3 emissions by 46% by FY31 against an FY22 base year, with the SBTi ensuring that targets are aligned with the latest climate science under the Paris Climate Agreement. These targets are part of the Group's ambition to achieve net zero emissions by 2040 under the British Retail Consortium's ('BRC') Climate Action Roadmap.

A key commitment for the business is responsibly sourcing own brand product. We have reached 47% of own brand designed Clothing and Home textile ranges with sustainable attributes (from 0% in 2019) as we target growing this to 100% by FY30 in line with our Textiles 2030 commitment. We have also reached 70% of cotton use being responsibly sourced (Better cotton, organic or recycled) as we focus on transitioning to 100% responsibly sourced cotton by FY26.

During the year we have driven engagement with our colleague-led charity partners - the Retail Trust and FareShare Greater Manchester. Through a variety of fundraising activities we reached the fundraising milestone of £50,000 just over one year into the partnership.

FY24 FINANCIAL PERFORMANCE

Financial KPIs

Our non-financial KPIs are contained in the Chief Executive Officer's statement. We also use a number of financial KPIs to manage the business. These are shown below and will continue to be reported going forwards.

	52 weeks to 2 March 2024	52 weeks to 25 Feb 2023[1]	Change	53 weeks to 4 March 2023[1]
Product revenue	£381.2m	£426.6m	(10.6)%	£433.4m
Adjusted EBITDA[2]	£47.6m	£54.4m	(12.5)%	£57.3m
Adjusted EBITDA margin[2]	7.9%	8.2%	(0.3)ppts	8.5%
Adjusted operating costs to Group revenue[2]	39.8%	38.1%	1.7ppts	37.7%
Cash and cash equivalents[3]	£65.2m	N/A	N/A	£35.5m
Total Accessible Liquidity[2,3]	£148.5m	N/A	N/A	£143.9m
Statutory profit before tax	£5.3m	N/A	N/A	£(71.1)m
Adjusted EPS[2]	1.65p	N/A	N/A	1.81p

1 FY23 was the 53 week period ended 4 March 2023. A detailed comparison of the 53 week results to 4 March 2023 and 52 week results to 25 February 2023, for comparability with this year's 52 week period, is set out on page 15.

2 A full glossary of Alternative Performance Measures and their definitions is included on page 26.

3 FY23 Total Accessible Liquidity of £143.9m and cash and cash equivalents of £35.5m are as at the balance sheet date, 4 March 2023. Subsequent to the balance sheet date, the Group refinanced its borrowings and extended their maturities to December 2026. As at 6 May 2023 and following the refinancing and extended maturity dates, Total Accessible Liquidity was £112.0m.

Reconciliation of Statutory financial results to adjusted results

The Annual Report and Accounts includes Alternative Performance Measures ('APMs'), which are not defined or specified under the requirements of IFRS. These APMs are consistent with how we measure performance internally and are also used in assessing performance under our 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 6.

A full glossary of Alternative Performance Measures and their definitions is included on page 26.

Reconciliation of Income Statement Measures

£m	52 weeks to 2 Mar 2024 Statutory	52 weeks to 2 Mar 2024 Adjusting items	52 weeks to 2 Mar 2024 Adjusted	53 weeks to 4 March 2023 Statutory	53 weeks to 4 March 2023 Adjusting items	53 weeks to 4 March 2023 Adjusted	52 weeks to 25 Feb 2023 53rd week impact	52 weeks to 25 Feb 2023 52 weeks Adjusted
Group Revenue	**600.9**		**600.9**	677.5		677.5	(11.5)	666.0
Cost of sales	**(315.2)**	**0.8**	**(314.4)**	(364.7)		(364.7)	6.7	(358.0)
Gross Profit	**285.7**	**0.8**	**286.5**	312.8		312.8	(4.8)	308.0
Gross profit margin	***47.5%***		***47.7%***	*46.2%*		*46.2%*		*46.2%*
Operating costs	**(242.3)**	**3.4**	**(238.9)**	(290.0)	34.5	(255.5)	1.9	(253.6)
Adjusted operating costs to Group revenue ratio			***39.8%***			*37.7%*		*38.1%*
Adjusted EBITDA			**47.6**			57.3	(2.9)	54.4
Adjusted EBITDA margin			**7.9%**			8.5%		8.2%
Depreciation & amortisation	(20.7)		(20.7)	(35.7)		(35.7)	-	(35.7)
Impairment of non-financial assets	(3.3)	3.3	-	(53.0)	53.0	-	-	-
Operating profit / (loss)	**19.4**	**7.5**	**26.9**	(65.9)	87.5	21.6	(2.9)	18.7
Net finance costs	(13.6)		(13.6)	(14.1)		(14.1)	0.3	(13.8)
Profit / (loss) before taxation and fair value adjustments to financial instruments	**5.8**	**7.5**	**13.3**	(80.0)	87.5	7.5	(2.6)	4.9
Fair value adjustments to financial instruments	(0.5)		(0.5)	8.9		8.9	-	8.9
Profit / (loss) before taxation	**5.3**	**7.5**	**12.8**	(71.1)	87.5	16.4	(2.6)	13.8
Taxation (charge) / credit	(4.5)	(1.1)	(5.6)	19.7	(20.6)	(0.9)	-	(0.9)
Profit / (loss) for the year	**0.8**	**6.4**	**7.2**	(51.4)	66.9	15.5	(2.6)	12.9
Earnings / (loss) per share	**0.17p**		**1.65p**	(11.19)p		1.81p		N/A

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

£m	2 March 2024	4 March 2023
Cash and cash equivalents	65.2	35.5
Unsecured debt and bank overdrafts	-	-
Unsecured Net Cash	**65.2**	**35.5**
Secured debt facility linked to eligible receivables	(301.5)	(332.9)
Adjusted Net Debt	**(236.3)**	**(297.4)**

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

£m	52 weeks to 2 March 2024	53 weeks to 4 March 2023
Net increase / (decrease) in cash and cash equivalents and bank overdraft	29.7	(7.6)
Voluntary flexible drawdown of securitisation loan	-	(60.1)
Net cash generation / (outflow)	**29.7**	**(67.7)**

Overview

It is encouraging that this year's return to a positive statutory profit before tax, the delivery of Adjusted EBITDA above market expectations, and strong levels of cash generation, have been achieved despite the challenging macro-economic conditions.

The discussion of revenue, Adjusted gross margin, Adjusted operating costs and Adjusted EBITDA which follows is against last year's 52 week comparative, for comparability with FY24's 52 week period.

We planned for the continued market softness which has characterised FY24, albeit conditions have weighed on customer behaviour for longer than we expected at the outset of the year. These conditions drove product revenue down 10.6%. Financial Services revenue reduced 8.2% as a result of the lower opening debtor book and the impact from lower product revenue in the year, with the Financial Services debtor book remaining well controlled.

Adjusted EBITDA margin strengthened significantly in H2, up 4ppts against H1, returning full year EBITDA margin broadly to the level achieved in FY23. This reflects a strong focus on areas which are in the business' direct control, consistent with our plans and guidance set out in October at Interim results. The H2 Adjusted gross profit margin improved by c.2ppts over H2 of FY23, leading to full year 1.5ppts up on prior year. The H2 Adjusted operating costs to Group revenue ratio improved by c.4ppts against H1, with some easing of inflationary impacts as H2 annualised against significant increases in the prior year, helping to contain the full year ratio to under 40% despite further operational deleverage in the year.

Adjusting items reduced to £7.5m, from £87.5m last year. The prior year charge largely related to a non-cash impairment of non-financial assets and settlement of the Allianz litigation. Combined with lower depreciation and amortisation following last year's impairment, statutory profit before tax improved to a positive level of £5.3m.

A proactive moderation of intake and clearance of older stock items has driven inventory £20m lower than prior year and supported strong cash generation of nearly £30m after £23m of self-funded capital investment into the transformation of the business. The balance sheet remains strong with £148.5m of total accessible liquidity, with £65.2m of unsecured net cash, and the RCF and overdraft remaining undrawn with limits of £75m and £12.5m respectively.

Revenue

£m	52 weeks to 2 Mar 2024	52 weeks to 25 Feb 2023[1]	Change 52 weeks to 52 weeks	53 weeks to 4 Mar 2023[1]
Revenue				
Strategic brands[2]	**282.5**	**306.8**	(7.9)%	**311.8**
Heritage brands[3]	**98.7**	**119.8**	(17.6)%	**121.6**
Total product revenue	**381.2**	**426.6**	(10.6)%	**433.4**
Financial services revenue	**219.7**	**239.4**	(8.2)%	**244.1**
Group revenue	**600.9**	**666.0**	**(9.8)%**	**677.5**

1 FY23 was a 53 week period, ending 4 March 2023. Revenue has also been presented on a 52 week basis, excluding the 53rd week for comparability with FY24's 52 week period. A detailed comparison of the 53 week results to 4 March 2023 and 52 week results to 25 February 2023, for comparability with this year's 52 week period, is set out on page 15.

2 JD Williams, Simply Be, Jacamo.

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

Group revenue declined 9.8% to £600.9m reflecting a 10.6% decline in product revenue and a 8.2% decline in FS revenue.

The product revenue decline seen in FY24 is broadly a continuation of that seen in H2 of FY23 when there was a softening in performance reflective of more challenging market conditions and the impact of cost-of-living pressures evident in customers' buying behaviour. FY24's performance is in the context of a decline in the online pureplay market of 10%[1], a 12% reduction in marketing spend, as well as unseasonable weather conditions experienced at certain times during the year, particularly for selling Summer ranges through Spring and July to August. As explained within the non-financial KPI section, customer behaviour has continued to be cautious in the year, reflected in customer numbers, sessions and orders, but partially offset by strength in average item values.

Against this market backdrop, our strategic brands saw a decline of 7.9%. Our heritage brands, which are managed for contribution as opposed to growth, saw product revenue down 17.6%.

The product revenue trend improved through Quarters 1 to 3 (Q1: -11.9%, Q2: -10.4%, Q3: -9.7%). In Q4, which is the quietest period of the year, product revenue reduced by 11.2%, reflecting a softening in the market after Christmas and a focus on profitable trading.

The reduced level of product sales from this year and prior years resulted in a smaller year end customer receivables loan book of £517.0m (FY23: £555.2m), down 6.9%. This in turn drove lower FS revenue, down 8.2%. The reduction in FS revenue is greater than the reduction in book size due to a higher mix of non-interest bearing payment arrangements.

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

1 For the 52 weeks ended 2 March 2024, the online pureplay market according to IMRG declined by 10%.

Adjusted Gross profit[1]

£m	52 weeks to 2 Mar 2024	52 weeks to 25 Feb 2023[2]	Change 52 weeks to 52 weeks	53 weeks to 4 Mar 2023[2]
Product gross profit	**173.8**	189.6	(8.3)%	**192.5**
Product gross margin %	***45.6%***	44.4%	1.2ppts	***44.4%***
Financial services gross profit	**112.7**	118.4	(4.8)%	**120.3**
Financial services gross margin %	***51.3%***	49.5%	1.8ppts	***49.3%***
Adjusted Group gross profit[1]	**286.5**	**308.0**	**(7.0)%**	**312.8**
Adjusted Group gross profit margin[1]	***47.7%***	**46.2%**	**1.5ppts**	***46.2%***

[1] *A reconciliation of statutory measures to adjusted measures is included on page 15. A full glossary of Alternative Performance Measures and their definitions is included on page 26.*

[2] *FY23 was a 53 week period, ended 4 March 2023. Adjusted gross profit has also been presented on a 52 week basis, excluding the 53rd week for comparability with FY24's 52 week period. A detailed comparison of the 53 week results to 4 March 2023 and 52 week results to 25 February 2023, for comparability with this year's 52 week period, is set out on page 15.*

Adjusted gross profit margin increased 1.5ppts year-on-year to 47.7%, driven by improvements across both product and FS gross margin.

Product gross margin improved 1.2ppts to 45.6%, reflecting better stock purchasing and realisation of margins. c.0.5ppts of the improvement came from trading benefits, including annualising against additional provisioning when year end stock was higher than normal for the forward level of sales, which reduced prior year margin rate by c.1ppt, partially offset by adverse year-on-year impact of c.0.5ppts from product mixes. c.1ppts of the improvement came from normalisation of freight rates, partially offset by c.0.5ppts adverse impact from lower VAT bad debt relief due to lower write-offs[1].

FS gross margin increased 1.8ppts to 51.3%, reflecting improvement in write-offs and a more active debt management strategy adopted. This has had a more prominent benefit in H2, yielding a higher gross margin compared to H1, as the benefit is realised. The FX contracts used to hedge US dollar spend are described in note 7 to the financial statements and we remain well hedged throughout FY25, with the anticipated level of US dollar spend fully hedged.

[1] *Included in product gross margin as they are only recoverable due to being a combined retail and financial services business, and they would not be recoverable as a standalone credit business.*

Adjusted operating costs[1]

£m	52 weeks to 2 Mar 2024	52 weeks to 25 Feb 2023[2]	Change 52 weeks to 52 weeks	53 weeks to 4 Mar 2023[2]
Warehouse & fulfilment costs	**(58.1)**	**(62.2)**	6.6%	**(63.2)**
Marketing & production costs[3]	**(59.3)**	**(67.6)**	12.3%	**(68.2)**
Admin & payroll costs[3]	**(121.5)**	**(123.8)**	1.9%	**(124.1)**
Adjusted operating costs[1]	**(238.9)**	**(253.6)**	**5.8%**	**(255.5)**
Adjusted operating costs to Group Revenue ratio[1]	***39.8%***	***38.1%***	***1.7ppts***	***37.7%***

[1]A reconciliation of statutory measures to adjusted measures is included on page 15. A full glossary of Alternative Performance Measures and their definitions is included on page 26.

[2] FY23 was a 53 week period, ended 4 March 2023. Adjusted operating costs have also been presented on a 52 week basis, excluding the 53rd week for comparability with FY24's 52 week period. A detailed comparison of the 53 week results to 4 March 2023 and 52 week results to 25 February 2023, for comparability with this year's 52 week period, is set out on page 15.

[3] FY23 FS statement costs re-presented from Marketing & production into Admin & payroll costs, consistent with updated classification used in FY24.

Total operating costs excluding adjusting items reduced £14.7m to £238.9m through a real focus and discipline in areas which the business can directly control. This included a headwind of c.£12m cost inflation being more than offset by volume savings and management initiatives. As previously highlighted, the inflationary pressure had increased the cost base in H2 23, for both supplier costs and internal pay awards, and this has flowed through and annualised into FY24.

Adjusted operating costs as a percentage of Group revenue increased 1.7ppts to 39.8% reflecting the negative operational gearing on fixed costs. As guided to at Interim results in October 2023, further management actions have been taken in H2 and which have moderated the H2 increase relative to that seen in H1, with the H2 Adjusted operating costs ratio improving by c.4ppts against H1.

Warehouse and fulfilment costs were £4.1m or 6.6% lower than the prior year, benefiting from the flexible cost base, with c.£11m of savings from lower core volumes. This was partially offset by inflationary headwinds of c.£4m, and cost increases totaling c.£3m including the impact of lower volumes on efficiency levels, and a slightly higher returns rate.

Marketing and production costs were £8.3m or 12.3% lower than prior year driven by the continued benefit from lower performance marketing costs, reflecting lower website sessions, and the decision to pull back spend given the softer conditions, particularly in H2 (down 17%) as management has focused on profitable sales in a subdued market. This more than offset cost inflation of c.£2m. As explained within the FY25 Outlook section, management has plans to scale marketing and production spend in FY25 with a focus on returning to sustainable profitable growth.

Admin and payroll costs reduced by £2.3m or 1.9%, as management initiatives have more than offset inflationary increases, totaling c. £6m, including utilities, technology contracts and pay awards.

Statutory operating costs including adjusting items decreased by 16.4% against last year's 53 week comparative due to the movements discussed above and lower adjusting items (see below section).

Depreciation and amortisation

Depreciation and amortisation of £20.7m was down £15.0m versus £35.7m in the prior year. This was driven by the non-cash impairment of £53.0m against non-financial assets booked in FY23, with the reduction consistent with guidance provided at the time of FY23 full year results.

Finance costs

Net finance costs of £13.6m were in line with the £13.8m in the prior year on a 52 week basis, despite the increase in external interest rates. The Group has limited its exposure to interest rate movements through interest rate hedging which it continues to have in place, as described in note 7, and an increased level of interest has been earned this year on cash balances, with the RCF and overdraft remaining undrawn.

Adjusting items

During the year, the Group continued the multi-year transformation of the business and the ongoing review of the operating model. Specifically, a restructuring programme of the Group's operational and head office headcount to reflect the lower sales orders, was initiated in Q2 FY24 and continued throughout the financial year. Total redundancy costs of £1.7m were incurred in the period within the strategic change total below.

During the year, the Board also approved the rationalisation of the Group's warehousing facilities following a review of the overall warehouse portfolio capacity, utilisation and associated operational cost base. This resulted in a charge of approximately £2.4m including staff exits, onerous contracts and terminal stock rationalisation included within the strategic change total below. £3.3m of property impairment was also booked. Further details can be found in note 6.

The prior year adjusting items include an accounting impairment of £53.0m which was recorded against intangible and plant and equipment assets and a charge of £26.1m representing the additional amount required to cover the settlement and legal costs to completion following the Group reaching full and final settlement in respect of the legal dispute with Allianz Insurance plc. Under the negotiated settlement, which was made without admission of liability, the Group paid the sum of £49.5m.

£m	**52 weeks to 2 March 2024**	**53 weeks to 4 March 2023**
Strategic change	4.2	2.4
Impairment of non-financial assets	3.3	53.0
Settlement of Allianz litigation	(0.1)	26.1
Other	0.1	6.0
Items charged to profit before tax	**7.5**	**87.5**

Profit and earnings per share

Driven by lower product and FS revenues, on a comparable 52 week basis Adjusted EBITDA decreased by £6.8m to £47.6m. The lower revenues were largely mitigated at an Adjusted EBITDA margin level, which showed a relatively small decline of 0.3ppts, to 7.9%.

Statutory operating profit / (loss) improved by £85.3m over prior year to a profit of £19.4m (FY23 £(65.9)m) reflecting the lower level of adjusting items charged to operating profit and reduction in depreciation and amortisation, partially offset by the reduction in Adjusted EBITDA.

Statutory profit before tax was £5.3m, up £76.4m year-on-year (FY23 statutory loss before tax: £(71.1)m), reflecting the improvement in statutory operating profit, partially offset by a loss of £0.5m on fair value adjustments to financial instruments. This annualised against a gain of £8.9m in the prior year which reflected foreign exchange and interest rate hedging mark to market gains.

The taxation charge for the year is based on the underlying estimated effective tax rate for the full year of 87%, impacted by the low level of pre-tax profit in the year and the value of tax adjustments made to derive taxable profits. Further tax analysis is contained in note 8.

Statutory earnings per share improved to 0.17p (FY23: loss of 11.19p). Adjusted earnings per share reduced to 1.65p (FY23: 1.81p).

Financial services customer receivables and impairment charge on customer receivables

Gross customer receivables at year end reduced by 6.9% to £517.0m (FY23: £555.2m), driven by the reduced level of product sales despite an increase in credit penetration.

Arrears rates excluding insolvent accounts increased to 9.0% (FY23: 8.7%), driven by a larger balance of accounts on payment arrangements held at the year end (£53.2m v £48.6m in FY23) as, unlike prior year, a year end debt sale did not occur at the end of FY24. The business continues to support and retain customers through times of financial hardship.

Macro-economic conditions have evolved in the year from inflationary pressures at the start of the year moving towards political uncertainty at the end of the year, with continued pressure on customers from higher prices and higher interest rates, which is being carefully monitored as we continue to support our customers during this time.

Supporting customers on payment arrangements for longer, a strategy adopted at the end of FY23, has resulted in a marked year-on-year reduction of customer balances written-off, improved collections and return to trade.

The expected credit loss ('ECL') provision ratio increased to 14.2% (FY23: 13.4%). The 0.8ppts increase reflects a c.1.1ppts year-on-year impact due to holding more insolvent accounts (included within normal) at year end as a result of debt sale timings year-on-year. Excluding this, the ECL provision ratio would have reduced by 0.3ppts.

£m	2 March 2024	4 March 2023	Change
Gross customer receivables	517.0	555.2	(6.9)%
ECL provision	(73.3)	(74.6)	(1.8)%
Normal account provisions[1]	*(55.7)*	*(55.6)*	*(0.8)ppts*
Payment arrangement provisions	*(15.4)*	*(16.5)*	*0.0ppts*
Inflationary impacts[1]	-	*(2.5)*	*0.4ppts*
Unemployment rate uncertainty	*(2.2)*	-	*(0.4)ppts*
ECL provision ratio	**14.2%**	**13.4%**	**0.8ppts**
Net customer receivables	**443.7**	**480.6**	**(7.7)%**

[1]4 March 2023 categorisation re-presented.

The profit and loss net impairment charge on customer receivables for FY24 was £106.2m, £16.1m lower than the prior year driven by reduced write-offs from a smaller customer receivables loan book, improved credit decisioning and a more active debt management strategy adopted.

£m	
53 weeks to 4 Mar 2023 net impairment charge on customer receivables	**122.3**
Lower write-offs due to smaller book size	(7.6)
Lower write-offs due to improving credit risk	(17.4)
Change in annual impairment charge	(7.2)
Lower recoveries and timing of sales	14.1
Week 53 in prior year	(2.3)
Other impacts, including nominal interest	4.3
52 weeks to 2 March 2024 net impairment charge on customer receivables	**106.2**

Funding and total accessible liquidity ('TAL')

The Group has the following arrangements in place:

- A £400m securitisation facility (FY23: £400m) with commitment extended during the year 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 2 March 2024. As previously disclosed, these facilities were refinanced following the FY23 year end and are both committed to December 2026.

Throughout the year all covenants have been complied with.

At 2 March 2024, the Group had TAL of £148.5m, comprising cash of £65.2m including restricted cash of £4.2m, the fully undrawn RCF of £75.0m and overdraft of £12.5m. At the end of FY23 TAL was £143.9m and following the refinancing of the RCF facility, at 6 May 2023, TAL was £112.0m.

Net Cash Generation / (Outflow)

£m	**52 weeks to 2 March 2024**	**53 weeks to 4 March 2023**
Adjusted EBITDA	**47.6**	**57.3**
Inventory working capital movement	21.1	(6.7)
Other working capital, operating cash flows and provision movement	(9.8)	(14.7)
Cash flow adjusted for working capital	**58.9**	**35.9**
Adjusting items	(3.0)	(55.4)
Capital investing activities	(23.2)	(25.6)
Non-operating tax & treasury	4.0	0.2
Interest paid	(13.8)	(15.0)
Non-operational cash outflows	**(36.0)**	**(95.8)**
Gross customer loan book repayment	38.2	21.9
Decrease in securitisation debt in line with customer loan book	(31.4)	(29.7)
Net cash inflow / (outflow) from the customer loan book	**6.8**	**(7.8)**
Net cash generation / (outflow)	**29.7**	**(67.7)**

The business generated cash of £29.7m in the year, a significant improvement from the £67.7m cash utilised in the prior year. The inflow was driven by positive EBITDA generation and work undertaken to right-size the stock balance. The year closed with £65.2m of unsecured net cash.

Year end net inventory levels were down 21%, at £73.9m (FY23: £94.1m), driving a net improvement in working capital. As outlined at Interim results in October 2023, we have been executing against our previously flagged plans to carefully manage inventory intake and reduce older stock holdings, with units at the end of the year 1.8m below FY23. This has allowed FY25 to be entered with a cleaner stock position.

Adjusting items of £3.0m largely reflect cash outflows from previously announced restructuring activity. These annualise against adjusting items totaling £55.4m, including the full and final settlement paid to Allianz.

Capital expenditure of £23.2m (FY23: £25.6m) has continued to be self-funded as we invest in delivering the ongoing digital transformation of the business. Capital investment was higher in H2 than H1, as guided to in the Interim results in October 2023. The lower full year spend than FY23 reflects timing of certain expected investment now falling into FY25.

The net cash inflow from the customer loan book of £6.8m reflects the reduction in the customer loan book in the year. This annualises against an outflow of £7.8m in FY23, which incorporated a £14.3m adverse impact from a partial deferral of the debt sale.

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 year in a positive position with unsecured net cash of £65.2m (FY23: unsecured net cash £35.5m) with the RCF and overdraft facilities remaining undrawn.

Adjusted net debt reduced by £61.1m in the year, to £236.3m (FY23: £297.4m). This is the net amount of £65.2m of unsecured net cash and £301.5m of debt drawn against the securitisation funding facility, which is well covered by the gross customer receivables book of £517.0m.

The reduction in net debt over the prior year reflects the net cash generation described above and the 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 £17.1m at the end of the year, slightly below the prior year's position (FY23: £20.0m surplus) reflecting asset returns over the period and an allowance for high levels of short term inflation.

Financial risk management and processes

Controls over financial reporting is an area of continuous improvement and remains a key priority for the Group. Due to the legacy systems and processes across the Group, we continue to target improvements in documentation, clarity on key controls, and overall process level controls to reduce reliance on detective management controls. This feeds into the Audit and Risk Committee focus on improving controls. Examples of improvements deployed during the year include refinements to our inventory stock count processes and further development of our IFRS 9 model and policy documentation, including quarterly stress testing of macro-economic updates. In preparation for potential UK SOx attestation requirements, we also completed a review of all key Retail and Financial Services processes and controls. We have an ambition to cover all material areas in the next financial year.

KPI DEFINITIONS

Measure	Definition
Total website sessions	Total number of sessions across N Brown apps, mobile and desktop websites in the 12 month period
Total active customers	Customers who placed an accepted order in the 12 month period to reporting date
Total orders	Total accepted orders placed in the 12 month period. Includes online and offline orders.
AOV	Average order value based on accepted demand[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 Group 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 9.

The reconciliation of the statutory measures to adjusted measures is included in the Financial Performance section on page 15.

Consolidated income statement
for the 52 weeks ended 2 March 2024

		52 weeks ended 2 March 2024			53 weeks ended 4 March 2023		
	Note	**Before adjusted items £m**	**Adjusted items (note 6) £m**	**Total £m**	Before adjusted items £m	**Adjusted items (note 6) £m**	Total £m
Revenue		**400.6**	**-**	**400.6**	455.7	-	455.7
Credit account interest		**200.3**	**-**	**200.3**	221.8	-	221.8
Group revenue	5	**600.9**	**-**	**600.9**	677.5	-	677.5
Cost of sales	5	**(208.2)**	**(0.8)**	**(209.0)**	(242.4)	-	(242.4)
Impairment losses on customer receivables		**(106.2)**	**-**	**(106.2)**	(122.3)	-	(122.3)
Gross profit	5	**286.5**	**(0.8)**	**285.7**	312.8	-	312.8
Impairment of non-financial assets	10	**-**	**(3.3)**	**(3.3)**	-	(53.0)	(53.0)
Operating profit/(loss)		**26.9**	**(7.5)**	**19.4**	21.6	(87.5)	(65.9)
Finance income[1]		**2.6**	**-**	**2.6**	1.5	-	1.5
Finance costs[1,]		**(16.2)**	**-**	**(16.2)**	(15.6)	-	(15.6)
Profit/(loss) before taxation and fair value adjustments to financial instruments		**13.3**	**(7.5)**	**5.8**	7.5	(87.5)	(80.0)
Fair value adjustments to financial instruments	7	**(0.5)**	**-**	**(0.5)**	8.9	-	8.9
Profit/(loss) before taxation		**12.8**	**(7.5)**	**5.3**	16.4	(87.5)	(71.1)
Taxation	8	**(5.6)**	**1.1**	**(4.5)**	(0.9)	20.6	19.7
Profit/(loss) for the period		**7.2**	**(6.4)**	**0.8**	15.5	(66.9)	(51.4)
Earnings/(loss) per share from continuing operations							
Basic	9			**0.17**			(11.19)
Diluted	9			**0.17**			N/A

[1]FY23 has been re-presented to separately disclose finance income and finance costs

Consolidated statement of comprehensive income
for the 52 weeks ended 2 March 2024

	Note	**52 weeks ended 2 March 2024 £m**	53 weeks ended 4 March 2023 £m
Profit/(loss) for the period		**0.8**	(51.4)
Items that will not be reclassified subsequently to profit or loss			
Actuarial losses on defined benefit pension schemes		**(4.6)**	(19.4)
Tax relating to items not reclassified	8	**1.6**	6.7
Net other comprehensive loss that will not be reclassified to profit and loss		**(3.0)**	(12.7)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(0.6)**	0.8
Fair value movements of cash flow hedges		**(1.0)**	30.5
Amounts reclassified from other comprehensive income to profit and loss		**(10.1)**	(6.6)
Tax relating to these items		**2.8**	(6.0)
Net other comprehensive (loss)/income that may be reclassified subsequently to profit and loss		**(8.9)**	18.7
Other comprehensive (loss)/income for the period		**(11.9)**	6.0
Total comprehensive loss for the period attributable to equity holders of the parent		**(11.1)**	(45.4)

Consolidated balance sheet
As at 2 March 2024

	Note	As at 2 March 2024 £m	As at 4 March 2023 £m *(Restated)*[2]
Non-current assets			
Property, plant and equipment	11	**47.0**	50.9
Intangible assets	10	**60.9**	58.3
Right-of-use assets		**6.3**	0.5
Retirement benefit surplus		**17.1**	20.0
Derivative financial instruments	7	**0.1**	7.6
Deferred tax assets[2]	8	**15.9**	16.0
		147.3	153.3
Current assets			
Inventories		**73.9**	94.1
Trade and other receivables	12	**468.6**	504.7
Derivative financial instruments	7	**8.8**	19.1
Current tax asset	8	**0.2**	0.1
Cash and cash equivalents	14	**65.2**	35.5
		616.7	653.5
Total assets		**764.0**	806.8
Current liabilities			
Trade and other payables	13	**(65.0)**	(72.5)
Lease liability		**(1.1)**	(0.3)
Provisions	18	**(4.9)**	(10.1)
Derivative financial instruments	7	**(0.7)**	(0.1)
Current tax liability		**-**	-
		(71.7)	(83.0)
Net current assets[1]		**545.0**	570.5
Non-current liabilities			
Bank loans	15	**(301.5)**	(332.9)
Trade and other payables	13	**(0.2)**	-
Lease liability		**(4.8)**	(0.2)
Provisions	18	**(6.6)**	-
Derivative financial instruments	7	**(0.1)**	-
		(313.2)	(333.1)
Total liabilities		**(384.9)**	(416.1)
Net assets		**379.1**	390.7
Equity attributable to equity holders of the parent			
Share capital	17	**51.2**	50.9
Share premium account		**85.7**	85.7
Own shares		**(0.1)**	(0.2)
Cash flow hedge reserve		**5.4**	15.7
Foreign currency translation reserve		**1.2**	1.8
Retained earnings		**235.7**	236.8
Total equity		**379.1**	390.7

[1] FY23 net current assets has been re-totalled in comparison to the figure reported in the FY23 Annual Report

[2] FY23 deferred tax assets and deferred tax liabilities have been restated to present on a net basis (see note 19)

Consolidated cash flow statement
For the 52 weeks ended 2 March 2024

	Note	**For the 52 weeks ended 2 March 2024 £m**	For the 53 weeks ended 4 March 2023 £m
Net cash inflow from operating activities		**92.2**	6.3
Investing activities			
Purchases of property, plant and equipment		**(2.9)**	(5.8)
Purchases of intangible assets		**(19.8)**	(19.8)
Initial direct costs of right-of-use additions		**(0.5)**	-
Net cash used in investing activities		**(23.2)**	(25.6)
Financing activities			
Interest paid[1, 2]		**(15.4)**	(15.5)
(Repayments)/proceeds from bank loans		**(31.4)**	30.4
Principal elements of lease payments		**(0.7)**	(1.0)
Foreign exchange forward contracts		**7.7**	(1.2)
Proceeds on issue of share capital		**0.3**	-
Purchase of shares by ESOT		**(0.3)**	-
Net cash (outflow)/inflow from financing activities		**(39.8)**	12.7
Net foreign exchange difference		**0.5**	(1.0)
Net increase / (decrease) in cash and cash equivalents and bank overdraft		**29.7**	(7.6)
Cash and cash equivalents and bank overdraft at beginning of period		**35.5**	43.1
Cash and cash equivalents and bank overdraft at end of period	14	**65.2**	35.5

[1] Included within Interest paid is £14.0m (FY23: £13.0m) relating to interest incurred on the Group's securitisation facility, drawings on which are linked to prevailing levels of eligible receivables

[2] *FY23 has been re-presented to separately disclose interest received and interest paid*

Reconciliation of profit/(loss) to net cash flow from operating activities

	For the 52 weeks ended 2 March 2024 £m	For the 53 weeks ended 4 March 2023 £m
Profit/(loss) for the period	**0.8**	(51.4)
Adjustments for:		
Taxation charge/(credit)	**4.5**	(19.7)
Fair value adjustments to financial instruments	**0.5**	(8.9)
Net foreign exchange gain	**(0.5)**	1.0
Finance income	**(2.6)**	(1.5)
Finance costs	**16.2**	15.6
Depreciation of right-of-use assets	**0.8**	0.8
Depreciation of property, plant and equipment	**2.6**	4.3
Loss on disposal of intangible assets	**0.1**	0.8
Impairment of non-financial assets	**3.3**	53.0
Amortisation of intangible assets	**17.3**	30.6
Share option charge	**1.5**	1.5
Operating cash flows before movements in working capital	**44.5**	26.1
Decrease/(increase) in inventories	**21.2**	(6.7)
Decrease in trade and other receivables	**35.6**	28.3
Decrease in trade and other payables	**(8.3)**	(22.3)
Increase/(decrease) in provisions	**1.5**	(20.9)
Pension obligation adjustment	**(0.8)**	(1.0)
Cash generated by operations	**93.7**	3.5
Taxation (paid)/received	**(3.1)**	2.3
Interest received[1]	**1.6**	0.5
Net cash inflow from operating activities	**92.2**	6.3

[1] FY23 has been re-presented to separately disclose interest received and interest paid

Changes in liabilities from financing activities	**52 weeks to 2 March 2024 £m**	53 weeks to 4 March 2023 £m
Loans and borrowings		
Opening balance at 4 March 2023 (26 February 2022)	**333.4**	**303.8**
Changes from financing cash flows		
Net (repayment)/proceeds from loans and borrowings[1]	**(31.1)**	**27.9**
Lease principal payments in the period	**(0.7)**	**(0.8)**
Lease disposals in the period	**6.1**	**-**
(Decrease)/increase in loans and borrowings due to changes in interest rates	**(0.3)**	**2.5**
(Decrease)/increase in loans and borrowings	**(26.0)**	**29.6**
Closing balance at 2 March 2024 (4 March 2023)	**307.4**	**333.4**

[1] Repayments relating to the Group's Securitisation facility are re-presented 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 cash flows are managed.

Consolidated statement of changes in equity
for the 52 weeks ended 2 March 2024

	Share capital (note 17) £m	Share premium £m	Own Shares £m	Cash flow hedge Reserve (note 7) £m	Foreign currency translation reserve (note 7) £m	Retained earnings £m	Total £m
Balance at 26 February 2022	50.9	85.0	(0.2)	5.5	1.0	300.1	442.3
Comprehensive income for the period							
Loss for the period	-	-	-	-	-	(51.4)	(51.4)
Other items of comprehensive income/(loss) for the period	-	-	-	17.9	0.8	(12.7)	6.0
Total comprehensive income/(loss) for the period	-	-	-	17.9	0.8	(64.1)	(45.4)
Hedging gains & losses transferred to the cost of inventory purchased in the year	-	-	-	(7.7)	-	-	(7.7)
Transactions with owners recorded directly in equity							
Issue of own shares by ESOT	-	-	0.3	-	-	-	0.3
Adjustment to equity for share payments	-	-	-	-	-	(0.3)	(0.3)
Historic adjustment to equity for share payments	-	0.7	(0.3)	-	-	(0.4)	-
Share option charges	-	-	-	-	-	1.5	1.5
Total contributions by and distributions to owners	-	0.7	-	-	-	0.8	1.5
Balance at 4 March 2023	50.9	85.7	(0.2)	15.7	1.8	236.8	390.7
Comprehensive income for the period							
Profit for the period	-	-	-	-	-	0.8	0.8
Other items of comprehensive loss for the period	-	-	-	(8.3)	(0.6)	(3.0)	(11.9)
Total comprehensive loss for the period	-	-	-	(8.3)	(0.6)	(2.2)	(11.1)
Hedging gains and losses transferred to the cost of inventory purchased in the year	-	-	-	(2.0)	-	-	(2.0)
Transactions with owners recorded directly in equity							
Issue of shares	0.3	-	-	-	-	-	0.3
Purchase of own shares	-	-	(0.3)	-	-	-	(0.3)
Issue of own shares by ESOT	-	-	0.4	-	-	-	0.4
Adjustment to equity for share payments	-	-	-	-	-	(0.4)	(0.4)
Share option charge	-	-	-	-	-	1.5	1.5
Total contributions by and distributions to owners	0.3	-	0.1	-	-	1.1	1.5
Balance at 2 March 2024	**51.2**	**85.7**	**(0.1)**	**5.4**	**1.2**	**235.7**	**379.1**

Notes to the consolidated financial statements
For the 52 weeks ended 2 March 2024

1. Basis of preparation

The Group's financial statements for the 52 weeks ended 2 March 2024 will be prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Whilst the financial information included in this preliminary announcement has been prepared in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. As such, these financial statements do not constitute the Group's statutory accounts and the Group expects to publish full financial statements that comply with IFRS in June 2024.

The financial information set out in this document does not constitute the Group's statutory accounts for the 52 weeks ended 2 March 2024 or the 53 weeks ended 4 March 2023. Statutory accounts for the period of 53 weeks ended 4 March 2023 have been delivered to the registrar of companies, and those for the period of 52 weeks ended 2 March 2024 will be delivered in due course.

The comparative figures for the year ended 4 March 2023 are extracted from the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditor and their 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 without qualifying their report, 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 4.

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

2. Critical Judgements and key sources of estimation uncertainty

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty in these financial statements, which together are deemed critical to the Group's results and financial position, are as follows:

Impairment of customer receivables

Critical Judgement and Estimation Uncertainty

The allowance for expected credit losses ('ECL') for trade receivables involves several areas of judgement, including estimating forward-looking modelled parameters (Probability of default ('PD'), Loss given default ('LGD') and Exposure at default ('EAD')), developing a range of unbiased future economic scenarios, estimating expected lives and assessing significant increases in credit risk, based on the Group's experience of managing credit risk.

Key judgements involved in the determination of expected credit loss are:

- Determining which receivables have suffered from a significant increase in credit risk;
- Determining the appropriate PD to apply to the receivables;
- Determining the recovery price of any receivables sold to third parties; and
- Determining the impact of forward looking macroeconomic uncertainties on ECL including cost of living increases.

Where these key judgements result in a post model adjustment, these are disclosed in note 12.

The change in behavioural risk score for which the significant increase in credit risk ('SICR') threshold is set is based on applicable back tested data that reflects the current risk to our credit customers. Where the change in risk score since origination exceeds the threshold, the asset will be deemed to have experienced a significant increase in credit risk.

Once collection strategies are no longer appropriate or effective, management typically sell customer receivables to third parties. Therefore the estimated sales price for these balances is a key judgement. The expected recovery through debt sales built into the year end ECL reflects expectations of achievable prices which includes latest sale history over the last year, recent bids, and existing sale contracts depending on the type of debt sale.

The ECL incorporates forward looking information including macro-economic variables on unemployment, Bank of England Base Rate, and average weekly earnings. Book performance in FY24 improved, with reduced write offs year on year. When adjusted for impacts of debt sale timings, arrears were maintained at FY23 levels despite inflation continuing to put pressure on affordability. Macro-economic and cost of living pressures continue to impact on the customer base, but customers continue to be resilient. Post model adjustments are held at the end of FY24 to cover both model risk and further expected impacts from these macro-economic pressures.

Sensitivity analysis is disclosed and further explained in note 12.

Impairment of non-financial assets

Critical Judgement and estimation uncertainty

Impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount, which is the higher of its fair value less costs of disposal or its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the Group's five-year forecasts, taken into perpetuity, and are adjusted to exclude restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used as well as the expected future cash flows, including capital expenditure, and the long-term growth rate used in perpetuity. The key assumptions used to determine the recoverable amount for the Group's non-financial assets, including a sensitivity analysis, are disclosed
and further explained in note 10.

Within the current financial year, warehouse buildings which are no longer part of the cash generating unit being assessed through the value in use have been tested separately for impairment with reference to the expected fair value less cost to sell given these assets have no continuing value in use to the Group.

Software and Development costs

Critical Judgement

Included within intangible assets are significant software and development project costs in respect of the Group's technological development programme. Included in the year are development costs for the production of new or substantially improved processes or systems; development of the new website and other internal development of software and technology infrastructure.

Initial capitalisation of costs is based on management's judgement that technological feasibility is confirmed, the project will be successfully completed and that future economic benefits are expected to be generated by the project. If these criteria are not subsequently met, the asset would be subject to a future impairment charge which would impact the Group's results.

Significant judgement is required in determining whether the Group has control over the software, and if not whether any spend incurred in the implementation of the software results in the creation of an asset in its own right which the Group controls and satisfies the criteria of IAS 38.

Estimation uncertainty

The estimated useful lives and residual values are based on management's best estimate of the period the asset will be able to generate economic benefits for the Group and are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis from the date at which a change in life is determined to be triggered. Sensitivity of the estimation uncertainty is disclosed in note 10.

Other Litigation

Critical Judgement and estimation uncertainty

Provisions are recognised at the value of management's best estimate of the expenditure required to settle the obligation (legal or constructive) at the reporting date. Litigation provisions involve significant levels of estimation and judgement.

The provision recognised at the balance sheet date in respect of legacy customer claims, represents the best estimate of the committed incremental external legal costs and associated redress costs related to the settlement of the legal obligation existent at the balance sheet date and based on information available at signing date, taking into account factors including risk and uncertainty. Sensitivities performed on key assumptions are disclosed in note 18.

Deferred Tax Asset for Tax Losses

Estimation uncertainty

A deferred tax asset for tax losses is recognised only to the extent that it is probable that sufficient trading profits will arise in future trading periods to support the fact that the tax losses will be utilised. The recognition of a deferred tax asset for losses is based on management's best assessment at the end of each reporting period as to the future trading profits as aligned to the forecasts used for the Group's 5 year plan which are prepared using various assumptions on future economic conditions and growth. The following sensitivity analysis has been performed:

- A 5% decrease in the profit before tax across all years included in the 5 year plan would result in a £0.9m timing impact on the recognition of deferred tax assets recognised at FY24 year end, with the £0.9m being recognised in the subsequent year.

Defined Benefit plan

Estimation Uncertainty

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The following sensitivities have been performed on the key assumptions:

- A reduction of 0.50% in the discount rate used would decrease the defined benefit obligation by £6.6m (2023: £6.3m);
- An increase of 0.50% in the inflation assumption would increase the defined benefit obligation by £3.7m (2023: £3.5m);
- An increase of one year in the life expectancy assumption would increase the defined benefit obligation by £2.2m (2023: £2.1m).

3. Key risks and uncertainties

The Group continues to invest and improve its risk management capabilities. As part of the ongoing refinement of the Risk Management Framework ('RMF') the Group has further consolidated the Principal Risk Categories, including Financial Crime risk within the Legal and Regulatory category.

Principal risks with the potential to impact on performance and the delivery of our strategic objectives in year or through the planning cycle are defined as:

1. Strategic and Change
2. Information, Technology and Cybersecurity
3. Conduct and Customer
4. Business Resilience
5. Financial
6. Legal and Regulatory
7. Credit
8. People
9. Supplier and Outsourcing

The Board of Directors 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.

The Board considers Environmental, Social and Governance ('ESG') factors, drivers and impacts on the health and sustainability of the business when setting the strategy. Furthermore, in general terms the strategy is designed to deliver long term sustainable business success. The RMF has been established to provide a comprehensive overview of risks and as such incorporates assessments of risks that have the potential to create ESG exposures; these are reported through the governance framework and managed accordingly.

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

The Macro-economic Environment, and other key areas of focus

The current operating and economic environment remains challenging. Whilst there are signs of improvement, there is still significant pressure on household budgets and consumer confidence is low by historical standards, impacting spending on non-essential items.

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

The Group actively manages currency and interest rate fluctuations through hedging in the near term. Currency arrangements expire on a rolling basis. We continue to monitor rates to identify the most appropriate hedging strategy going forward.

The Group continues to focus on Regulatory enhancements. ESG processes continue to be integrated and strengthened through a programme of work integrated into business activities. The Group successfully implemented the FCA Consumer Duty and continues to actively embed it. In preparation for potential UK Sox attestation requirements, we also completed a review of all key Retail and Financial revenue processes and controls and have an ambition to cover all other material areas in the next financial year.

4. Going Concern

In determining the appropriate basis of preparation of the financial statements for the period ending 2 March 2024, the Directors are required to consider whether the Group and Parent Company can continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements.

The Board has set a going concern period to 30 June 2025. The Group is delivering on a multi-year transformation programme that will create a platform to deliver sustainable medium-term growth in financial performance. The Board has reflected on this plan and the headwinds from the economic challenges that have led to the cost-of-living crises and how they impact N Brown's input costs and customer base.

To support the going concern assumption, Management prepared a robust analysis for the Board to consider, stress testing the forecasts for several assumptions that are set out below. The output confirmed the resilience of the Group with no liquidity concerns or non-compliance with the Group's debt covenants, in a severe but plausible downside scenario, over the going concern period.

The Company renewed its Securitisation facility in December 2023 and extended to the end of December 2026 and also renewed its revolving credit facility ('RCF') in April 2023 at £75m and extended to the end of December 2026, together with a committed overdraft facility of £12.5m Both the RCF and Overdraft facilities were undrawn at the year end and the Group also had available cash / cash equivalents of £65.2m at the balance sheet date.

The severe but plausible downside scenario model prepared by Management provided a robust assessment, which the Audit & Risk Committee reviewed in support of the Board's evaluation. The scenario prepared by Management is challenging and considers the cumulative impact of various downsides and additional stress sensitivities on the Group's forecasts. The severe but plausible downside scenario modelled is more severe than the sensitivities assumed for the impairment test, purposely to allow the Board to assess the resilience of the Group.

Reflecting the Board's confidence in the transformation programme together with the understanding of the ongoing economic challenges, the Directors concluded that the Group will continue to have adequate financial resources to discharge its liabilities as they fall due over the going concern assessment period. In preparing their assessment, the Directors have considered the potential impacts of climate and other ESG related risks, as set out in the Approach to Environmental, Social and Governance section of the Group's annual report.

In arriving at their conclusion, the Directors considered the following:

a) the Group's cash flow forecasts and revenue projections for the 12 months from the date of signing the accounts (the "Base Case"), reflecting, amongst other things the following assumptions:

    - The business continues to be fully operational;
    - Progress against the strategic growth programme with product revenue returning to a moderate level of growth;

- Product gross margin improvement is achieved through planned price increases, a reduction of low margin stock clearance activity and moderate changes to product mix;
- Continued cautious customer behaviour until the UK cost-of-living crisis eases will continue to drive a highly promotional retail market;
- Financial Services revenue reduces in the short term as the average size of the loan book is smaller as a function of FY24 lower product sales;
- Operating costs reflecting inflationary and macro-economic cost base pressures.

The Base Case has material total accessible liquidity headroom over the next twelve months and all bank covenant conditions are met. Adjusted EBITDA would have to reduce by more than 66% against the Base Case low point in FY26 to breach covenants.

b) the impact on trading performance of severe but plausible downside scenarios (the "Downside Case"), including:

    - Further adverse macro-economic conditions impacting customer sentiment, customer behaviour, bad debt write-offs and customer account payment collection rates;
    - Business interruptions reducing product revenue, for example from a denial of service caused by a cyber-attack as well as delivery delays caused by warehouse interruption and supply chain shipping challenges;
    - Additional sensitivities to product revenue, product margin rate and opex cost base.

The severe but plausible downside assumes a reduced level of revenue growth and the compounded cumulative impact of all scenarios with the sensitivities layered on top. Material total accessible liquidity headroom exists throughout the severe but plausible downside assessment and all bank covenant conditions are met. Adjusted EBITDA would have to reduce by more than 22% against the Downside low point in P3 of FY26 to breach covenants.

In the very remote event of the further reduction to the severe but plausible downside low point occurring, management has identified tactical and structural mitigating actions they could apply including the reduction of uncommitted opex spend.

c) the committed facilities available to the Group and the covenants thereon. Details of the Group's committed facilities are set out in note 15, the main components of which are:

    - A £400m securitisation facility, with maximum lenders commitment of £340m, until December 2026 (£301.5m drawn against the maximum of eligible customer receivable which varies based on the customer loanbook);
    - An RCF of £75m committed until December 2026, fully undrawn; and
    - An overdraft facility of £12.5m which is committed until December 2026 (undrawn at the date of signing the accounts).

d) the Group's robust policy towards liquidity and cash flow management. As at 4 May 2024, the Group had cash of £32.4m, including restricted cash of £3.7m. In addition, the Group had £32.1m of accessible secured facilities and £87.5m of unsecured facilities that were not drawn. This gives rise to total accessible liquidity ("TAL") of £148.3m (6 May 2023: £112.0m).

e) the Group management's ability to successfully manage the principal risks and uncertainties outlined on pages 37 to 38 during periods of uncertain economic outlook and challenging macroeconomic conditions.

5. Business Segment

The Group has identified two operating segments in accordance with IFRS 8 – Operating segments, Product Revenue and Financial Services ('FS'). The Board, who is considered to be the Chief Operating Decision Maker, receives regular 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 operating costs or any other income statement items are reviewed and tracked at a group level.

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 £17.7m (2023: £19.4m) as a consequence of customer debt write off, with the write off presented in FS cost of sales. The revenue and costs associated with the FS 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.

Analysis of revenue	**52 weeks to 2 March 2024 £m**	53 weeks to 4 March 2023 £m
Analysis of revenue:		
Sale of goods	362.9	412.4
Postage and packaging	18.3	21.0
Product – total revenue	**381.2**	433.4
Other financial services revenue	19.4	22.3
Credit account income	200.3	221.8
Financial Services – total revenue	**219.7**	244.1
Total Group Revenue	**600.9**	677.5
Analysis of cost of sales:		
Product – total cost of sales	**(207.4)**	(240.9)
Impairment losses on customer receivables	(106.2)	(122.3)
Other financial services cost of sales	(0.8)	(1.5)
Financial Services – total cost of sales	**(107.0)**	(123.8)
Cost of sales	**(314.4)**	(364.7)
Adjusted Gross profit	**286.5**	312.8
Adjusted Gross profit margin	47.7%	46.2%
Adjusted Gross margin – Product	45.6%	44.4%
Adjusted Gross margin – Financial Services	51.3%	49.3%
Warehouse and fulfilment	(58.1)	(63.2)
Marketing and production[1]	(59.3)	(68.2)
Other administration and payroll[1]	(121.5)	(124.1)
Adjusted operating costs before adjusted items	**(238.9)**	(255.5)
Adjusted EBITDA	**47.6**	57.3
Adjusted EBITDA margin	7.9%	8.5%
Depreciation and amortisation	(20.7)	(35.7)
Impairment of non-financial assets (note 10)	(3.3)	(53.0)
Adjusted items charged to operating profit/(loss)	(4.2)	(34.5)
Operating profit / (loss)	**19.4**	(65.9)
Finance costs	(13.6)	(14.1)
Fair value adjustments to financial instruments	(0.5)	8.9
Profit/(loss) before taxation	**5.3**	(71.1)

[1] *Financial Services statement costs have been re-presented from marketing and production into other admin and payroll for both periods*

	52 weeks to 2 March 2024	53 weeks to 4 March 2023
	£m	£m
Analysis of Product revenue:		
Strategic brands[1]	**282.5**	311.8
Heritage brands[2]	**98.7**	121.6
Total Product revenue	**381.2**	433.4
Financial Services revenue	**219.7**	244.1
Group revenue	**600.9**	677.5

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 the Republic of Ireland amounted to £15.5m (2023: £18.5m), with operating profit amounting to £1.4m (2023: £1.8m).

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 and therefore are disclosed together below. Impairments of tangible and intangible assets in the current period were £3.3m (2023: £53.0).

6. Adjusted items

	52 weeks to 2 March 2024	53 weeks to 4 March 2023
	£m	£m
Allianz litigation	**(0.1)**	26.1
Marketing supplier rebate	**(1.7)**	-
Other litigation	**1.8**	6.0
Strategic change	**4.2**	2.4
Impairment of non-financial assets	**3.3**	53.0
Total adjusted items	**7.5**	87.5

Cash outflows in the current period relating to adjusted items amounted to £3.0m in the period (FY23: £55.4m). The tax impact on the total adjusted items amount to a credit of £1.1m (FY23: £20.6m).

ALLIANZ LITIGATION

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

In January 2023 the Board agreed to the Settlement, which has brought the Dispute to an end. Under the Settlement, which is a negotiated settlement and made without admission of liability, JDW paid the Insurer a sum of £49.5m in full and final settlement of the Dispute, below the sums claimed by the Insurer (which exceeded £70m inclusive of interest and costs).

The provision outstanding at 2 March 2024 was £0.2m, relating to amounts payable to Allianz following closure of the joint redress account. The release of £0.1m in the period relates to amounts previously provided for in respect of legal costs that are no longer required.

MARKETING SUPPLIER REBATE

During the current year, an audit of an historical supplier arrangement in relation to marketing services provided between 2019 and 2021 determined that a number of contractual terms had not been adhered to. As a result a one off refund relating to the historical services of £1.7m was received by the Group in the current year.

OTHER LITIGATION

During the prior year the Group made a provision of £5.5m, as an estimate of the Group's 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 incurred 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 now expected to be more than 12 months. The provision, which has continued to be included as an adjusting item for consistency with prior year, has been increased by £1.8m in the current year reflecting the additional legal costs expected to be incurred as a result of the emergence of "group litigation" as an alternative process for resolving s140A PPI claims. The provision outstanding at 2 March 2024 was £7.1m.

STRATEGIC CHANGE

During the current year, the Group continued the multi-year transformation of the business and the ongoing review of the operating model initiated at the end of FY23. Specifically, an additional restructuring program of the Group's operational and head office headcount to reflect the lower sales orders, was initiated in Q2 FY24 and continued throughout the financial year. Total redundancy costs of £1.7m were incurred in the period (FY23: £2.4m). A provision of £0.4m was outstanding at 2 March 2024 relating to payments made in the months following the year end (FY23: £1.9m).

During the period, the Board also approved the rationalisation of the Group's warehousing facilities following a review of the overall warehouse portfolio capacity, utilisation and associated operational cost base. Accordingly a provision was booked for incremental costs associated with staff exits and onerous contracts of £1.4m, as well as £1.0m of incremental stock provision arising from the rationalisation of terminal stock due to reduced storage capacity across the warehouse portfolios. At 2 March 2024, £0.8m of the provision for inventory was utilised with the remaining £0.2m released as better than expected realisation was achieved. A further £0.1m accelerated depreciation was also charged in the year.

IMPAIRMENT OF NON-FINANCIAL ASSETS

During the prior year, the Group recorded a non-cash impairment of £53m against its intangible and tangible assets, to reduce the balance sheet asset value to match the lower value in use forecasts driven by the ongoing macro-economic conditions. This arose primarily from the impact of the market and macroeconomic conditions significantly reducing near term Group Adjusted EBITDA levels and a slower recovery through the five year forecast period. No further impairment or reversal of the previous impairment has been recognised in the current year.

Following the exit of owned warehouse property discussed in FY24 Financial Performance above, once no longer in operational use, the Group plans to market the property for sale. At year-end the Group had

commenced discussions with external parties to assess the expected achievable selling price. As a result, an impairment of the property of £3.3m has been recognised to reduce the net book value to its estimated fair value less costs to sell. A programme to actively market the property and locate a buyer had not started at the year end.

7. Derivative financial instruments

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

	52 weeks to 2 March 2024 £m	53 weeks to 4 March 2023 £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)	**74.2**	85.1
Notional amount – sterling contract value (FVPL)	**153.0**	279.3
Total notional amount	**477.2**	614.4

The Group hold the following derivative financial instruments at fair value:

Current Assets	**52 weeks to 2 March 2024 £m**	53 weeks to 4 March 2023 £m
Foreign currency forwards – cash flow hedges	**0.4**	6.1
Foreign currency forwards – non-designated instruments at FVPL	**0.1**	0.8
Interest rate swaps – cash flow hedges	**8.0**	9.2
Interest rate caps – non-designated instruments at FVPL	**0.3**	3.0
Total notional amount	**8.8**	19.1

Non-current Assets:	**52 weeks to 2 March 2024 £m**	53 weeks to 4 March 2023 £m
Foreign currency forwards – cash flow hedges	**0.1**	0.8
Interest rate swaps – cash flow hedges	**-**	6.2
Interest rate caps – non-designated instruments at FVPL	**-**	0.6
Total notional amount	**0.1**	7.6

	52 weeks to 2 March 2024	53 weeks to 4 March 2023
Current liabilities:	**£m**	£m
Foreign currency forwards – cash flow hedges	**(0.7)**	-
Foreign currency forwards – non designated instruments at FVPL	**-**	(0.1)
Total notional amount	**(0.7)**	(0.1)

	52 weeks to 2 March 2024	53 weeks to 4 March 2023
Non current liabilities:	**£m**	£m
Foreign currency forwards – cash flow hedges	**(0.1)**	-
Foreign currency forwards – non designated instruments at FVPL	**-**	-
Total notional amount	**(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 fair value loss of £0.6m (2023: gain of £5.1m), recognised through the income statement in the period.

Changes in the fair value of derivatives designated for hedging purposes amounted to a loss of £1.0m (2023: gain of £30.5m) 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 gains of £0.1m (2023: gain of £3.8m) recognised in the income statement within the fair value adjustments to financial instruments line and also included within amounts reclassified from other comprehensive income to profit and loss line in the statement of other comprehensive income.

There are no balances remaining within the closing hedge reserve balance in respect of previous hedge relationships where hedge accounting is no longer applied. There were no amounts recognised in the income statement in the period (2023: £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 (2023: 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.

Hedge accounting was adopted from the 29 August 2021, and from this point fair value movements on the designated financial instruments were taken to a cash flow hedge reserve. The Group's hedge reserve relates to the following hedging instruments and movements:

	FX forwards	Cost of hedging	Interest rate swaps	**Total**
	£m	£m	£m	**£m**
Balance at 26 February 2022	2.0	(0.3)	3.8	**5.5**
Changes in fair value of hedging instruments recognised in OCI	18.1	(0.8)	13.2	**30.5**
Reclassified to cost of inventory (not included in OCI)	(10.4)	0.1	-	**(10.3)**
Hedge (gains)/losses released to P&L for hedges de-designated in the period	(4.1)	0.3	-	**(3.8)**
Recycled from OCI to profit and loss	-	-	(2.8)	**(2.8)**
Deferred tax	(0.9)	0.1	(2.6)	**(3.4)**
Balance at 4 March 2023	4.7	(0.6)	11.6	**15.7**
Changes in fair value of hedging instruments recognised in OCI	(4.1)	0.6	2.5	**(1.0)**
Reclassified to cost of inventory (not included in OCI)	(2.8)	0.1	-	**(2.6)**
Hedge (gains)/losses released to P&L for hedges de-designated in the period	(0.1)	-	-	**(0.1)**
Recycled from OCI to profit and loss	-	-	(10.0)	**(10.0)**
Deferred tax	1.7	(0.2)	1.9	**3.4**
Closing balance at 2 March 2024	**(0.5)**	**(0.1)**	**6.0**	**5.4**

8. Tax

	52 weeks to 2 March 2024	53 weeks to 4 March 2023
Tax recognised in the Income statement	**£m**	£m
Current tax		
Charge for the period	**0.3**	1.3
Adjustments in respect of previous periods	**(0.8)**	0.7
	(0.5)	2.0
Deferred tax		
Origination and reversal of temporary timing differences	**2.5**	(21.4)
Adjustments in respect of previous periods	**2.5**	(0.3)
	5.0	(21.7)
Total tax (credit) / expense	**4.5**	(19.7)

UK Corporation tax is calculated at 25% (2023: 19%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

In the Spring Budget on 15 March 2023, it was confirmed that the UK tax rate would increase from 19% to 25% from 1 April 2023 which was enacted in Finance Act (No.2) 2023 on 11 July 2023. Accordingly, the UK deferred tax asset and liability as at 2 March 2024 has been calculated based on the enacted rate as at the balance sheet date of 25%, with the exception of the retirement benefit scheme where deferred tax has been provided at the rate of 35%. The effective tax rate of 87.0% is higher than the statutory UK tax rate of 25% due to the impact of: adjusting costs treated as capital expenditure for tax purposes and disallowed in the period and prior year finalised super deduction claims and current year 100% capital expensing claims which have created deferred tax liabilities at 25%, partially offset by deferred tax assets from an increase in prior year tax losses. The Autumn Statement on 22 November 2023 announced an intention to reduce the Pension surplus payments charge from 35% to 25%, this was enacted on 11 March 2024. If the reduction in tax rate had been in place at the balance sheet date the Pension related deferred tax liability would be £1.6m lower in the period and would be split between other comprehensive income and income statement elements based on backward tracing principles.

The charge for the period can be reconciled to the (loss) / profit per the income statement as follows:

	52 weeks to 2 March 2024	53 weeks to 4 March 2023
	£m	£m
Profit/(loss) before tax	**5.3**	(71.1)
Tax charge/(credit) at the UK Corporation tax rate of 25% (2023: 19%)	**1.3**	(13.5)
Effect of change in deferred tax rate	**0.2**	(7.2)
Tax effect of expenses that are not deductible in determining taxable profit	**1.4**	0.5
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(0.1)**	0.1
Tax effect of adjustments in respect of previous periods	**1.7**	0.4
Tax expense/(credit) for the period	**4.5**	(19.7)

In addition to the amount charged to the income statement, tax movements recognised directly through equity were as follows:

	52 weeks to 2 March 2024	53 weeks to 4 March 2023
Tax recognised directly through equity	**£m**	£m
Deferred tax – remeasurement of retirement benefit obligations	**(1.6)**	(6.7)
Deferred tax – hedging related items recognised in other comprehensive income	**(2.8)**	6.0
Deferred tax – fair value movements transferred to the value of inventory recognised directly in equity	**(0.6)**	(2.7)
Deferred tax – share based payments recognised directly in equity	**0.1**	-
Tax (credit) /charge in equity	**(4.9)**	(3.4)

In respect of Corporation tax, as at 2 March 2024 the Group has no provision (2023: £0.7m) for potential future tax charges. During the period, the Group settled the historical tax liabilities relating to Ambrose Wilson Limited and Oxendales & Company Limited of £0.7m, together with related interest of £0.2m both provided in the previous year. The Group is not aware of any further outstanding historic tax issues.

The Group is aware that reporting requirements for BEPS Pillar II may apply in FY25. The Group is currently undertaking a risk assessment with its external advisors to establish whether the Group meets threshold criteria or can apply Safe Harbour rules for one or more jurisdictions. Following the outcome of this work the Group will seek to understand its potential risk exposure. However, 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.

9. Earnings/(Loss) per share

The calculation of basic 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 are 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 6), 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 dilutive potential ordinary shares. Earnings per share for the prior year have not been diluted following the loss after tax in FY23.

The calculations of the basic and diluted earnings per share is based on the following data:

Earnings/(loss)	**52 weeks to 2 March 2024 £m**	53 weeks to 4 March 2023 £m
Earnings/(loss) for the purpose of basic and diluted earnings per share being net profit/(loss) after tax attributable to equity holders	**0.8**	(51.4)

Number of shares ('000s)	**52 weeks to 2 March 2024 Number**	53 weeks to 4 March 2023 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	**461,158**	459,468
Effect of dilutive potential ordinary shares:		
Share options	**9,203**	4,879
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**470,361**	464,347

Earnings/(loss) from continuing operations	**52 weeks to 2 March 2024 £m**	53 weeks to 4 March 2023 £m
Total net profit/(loss) attributable to equity holders of the parent for the purposes of basic earnings per share	**0.8**	(51.4)
Fair value adjustment to financial instruments (net of tax)	**0.4**	(7.2)
Adjusted items (net of tax)	**6.4**	66.9
Adjusted earnings for the purposes of adjusted earnings per share	**7.6**	8.3

The denominators used are the same as those detailed above for basic and diluted earnings per share

Adjusted earnings per share	**52 weeks to 2 March 2024 Pence**	53 weeks to 4 March 2023 Pence
Basic	**1.65**	1.81
Diluted	**1.62**	N/A

(Loss) / Earnings per share	**52 weeks to 2 March 2024 Pence**	53 weeks to 4 March 2023 Pence
Basic	**0.17**	(11.19)
Diluted	**0.17**	N/A

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

10. Intangible assets

	Brands £m	Software £m	Customer Database £m	Total £m
Cost				
At 26 February 2022	16.9	373.3	1.9	392.1
Additions	-	20.1	-	20.1
Disposals	-	(0.9)	-	(0.9)
At 4 March 2023	16.9	392.5	1.9	411.3
Additions	-	20.0	-	20.0
Disposals	-	(5.0)	-	(5.0)
At 2 March 2024	16.9	407.5	1.9	426.3
Accumulated amortisation and impairment				
At 26 February 2022	16.9	260.3	1.9	279.1
Charge for the period	-	30.6	-	30.6
Disposals	-	(0.1)	-	(0.1)
Impairment Charge	-	43.4	-	43.4
At 4 March 2023	16.9	334.2	1.9	353.0
Charge for the period	-	17.3	-	17.3
Disposals	-	(4.9)	-	(4.9)
At 2 March 2024	16.9	346.6	1.9	365.4
Carrying amount				
At 2 March 2024	**-**	**60.9**	**-**	**60.9**
At 4 March 2023	-	58.3	-	58.3
At 26 February 2022	-	113.0	-	113.0

Assets in the course of development included in intangible assets at the year end total £14.6m (2023: £10.5m). No amortisation is charged on these assets. Borrowing costs of £nil (2023: £nil) have been capitalised in the period.

Additions in the year of £15.4m relate to internal development costs (2023: £15.0m). These are costs that are incremental and reflect unavoidable costs which qualify for capitalisation.

As at 2 March 2024, the Group had entered into contractual commitments for the further development of intangible assets of £3.9m (2023: £3.0m) of which £3.9m (2023: £2.9m) is due to be paid within one year.

Research costs of £nil were incurred in the year (2023: £0.8m).

Disposals during the year related to assets under construction which have been discontinued.

IMPAIRMENT TESTING OF NON-FINANCIAL ASSETS

During the prior year a non-cash impairment charge of £53.0m was recognised. The Group has no goodwill reported on the balance sheet and in accordance with IAS 36 the impairment charge was allocated pro rata against the Group's other tangible and intangible assets. This does not imply that the assets impaired have no remaining value as they continue to support the strategic plan and operations adding significant value to the business and delivering on the Group's transformation plan. Applying IAS 36 the intangible assets were reduced from £101.7m to £58.3m, and tangible assets were reduced from £60.5m to £50.9m as at 4 March 2023.

As detailed in the strategic report the benefits of the transformation programme underpin the long-term growth for the Group, with execution of the plan underway.

In applying the IAS 36 impairment indicators, the Board has considered the relationship between the Company's market capitalisation and the carrying amount of the Group's net assets.

The traded volume of shares is limited given the shareholder structure and value has yet to be reflected in the share price for the execution of the strategic plan, which combined contributes to a gap between the market capitalisation and net asset valuations, which, in accordance with IAS 36, continues to indicate that an impairment of the Group's net assets may exist at the year-end and a value in use assessment has been performed by management as detailed below.

Management prepared a value in use ('VIU') model to assess the discounted cash flows and used an appropriate discount rate to reflect the combined retail and consumer credit business model. There is no listed set peer group of a similar size and business model to use as a benchmark and the VIU model is similar to an income-based assessment. The pre-tax discount rate was calculated using the Capital Asset Pricing Model and observable market inputs, to which specific company and market-related premium adjustments were applied. The pre-tax discount rate is an equity only rate to reflect the treatment of the securitisation loan which is in substance a working capital facility. This treatment as a working capital input to the VIU model aligns with the consumer credit model operated by the Group.

The securitisation loan agreement of £400m, with a maximum £340m lenders commitment, supports the credit offered to our customers. The loan allows the Group to draw down cash, based on set criteria linked to eligible receivables which move flexibly in line with business volumes (see note 15). Accordingly, the net cash flows including interest costs are included in the value in use model, with the corresponding customer debtor book included in the carrying value of the cash generating unit ('CGU').

The VIU calculations used the Board approved forecasts covering a five-year period to FY29 which are adjusted to remove any costs or benefits associated with future capex projects not yet commenced. The Board reflected on the current cost-of-living crisis and challenges in consumer confidence, and continue to apply caution to near term outlooks as a slow recovery to the economy and trading conditions is expected to materialise. There are a number of assumptions which are taken in determining the forecasts for cashflow purposes, including product revenue growth, financial services revenue growth, arrears

performance and gross profit margin which all influence the overall forecasted EBITDA considered to be a key assumption for the value in use calculation.

The Board are confident in the longer-term benefits that the transformation plan will deliver, and the value creation from the investments in the Group's digital assets.

The Board concluded that there is only one CGU, reflecting the single group of assets that generate the Group's independent cash flows. The product and financial services offerings are intertwined and the Board monitor the Group's performance based on the combined results.

The forecasts applied have regard to historical performance and knowledge of the current market, together with management's views on the future growth opportunities and the benefits the strategic developments are delivering. After the first five-year cash flows, as required by the accounting standard, a terminal value was included based upon the long-term growth rate and a pre-tax discount rate applied with additional risk factors built in for company size and forecasting risk equivalent to approximately 5% underperformance on the forecast cashflows incorporated into the discount rate.

The long-term growth rate of 2% was determined with reference to external long-term UK growth forecasts which management believe is a reasonable indicator of the expected long term-growth rate for the Group, available at 2 March 2024. The long-term growth rate used is purely for the impairment testing of intangible assets under IAS 36 "Impairment of Assets" and does not reflect long-term planning assumptions used by the Group for investment proposals or for any other assessments. In developing the impairment assessment, management has considered the potential impacts of climate and other ESG related risks, as set out in the Approach to Environmental, Social and Governance section of the Group's annual report.

The impairment review performed over the Group's CGU has indicated that the impairment recognised in FY23 over the assets of the Group, continues to be appropriate. The value in use calculation has demonstrated some headroom to the carrying value of the Group's net assets, net of the impairment recognised in previous year, however the value remains sensitive to the assumptions used and management's best estimate at FY24 year end is that there is insufficient evidence that either a further impairment or a reversal of the previous impairment exists. Considering the sensitivity of the value in use calculation to the assumptions and judgements taken within, a plausible change in the assumptions could lead to a further impairment or a reversal of the impairment previously recognised. Sensitivity to key assumptions is disclosed further below.

THE KEY ASSUMPTIONS ARE AS FOLLOWS:

Years 1-5 to FY29 are based on the EBITDA forecasts per the Board approved business plan adjusted for the removal of costs or benefits associated with future capex projects not yet commenced. This reflects the current cost-of-living crisis and other economic challenges with growth thereafter assumed once the economy stabilises and importantly driven by the benefits that the transformation plan is anticipated to deliver;

Replacement capital expenditure of £17m per year in years 1-5 and £15.7m in the terminal year, inclusive of the replacement of leased assets. The current high levels of investment in the strategic digital platforms completes within the five-year business plan horizon, and subsequently the Group is assuming a steady state level of maintenance and replacement expenditure;

Pre-tax discount rate: 18.9% (2023: 17.7%). The discount rate includes an allowance for risks specific to the Group, including a size premium and a forecasting risk associated with the transformation plan; and

Long term growth rate: 2.0% (2023: 2.2%). Management has sourced external benchmarks and applied a long-term growth rate specific to the UK.

GROUP IMPAIRMENT SENSITIVITY ANALYSIS:

The Board recognises that there is a high degree of estimation uncertainty and the VIU and resulting impairment is sensitive to movements in the key assumptions. In response sensitivity analysis has been applied to the key assumptions to demonstrate the variability of changes in these assumptions which could result in increases or reversals to the level of impairment currently booked:

- A 1% increase or decrease to the discount rate results in a £25m decrease or £29m increase to the value in use respectively;
- A 5% increase or decrease to the EBITDA across all years including terminal year results in a £27m increase or decrease to value in use respectively;
- A 1% increase or decrease to the long term growth rate results in a £19m increase or £16m decrease to the value in use respectively;
- An increase in replacement terminal capex to £20m reduces the value in use by £14m, a decrease in replacement terminal capex to £10m increases value in use by £19m.

USEFUL ECONOMIC LIVES SENSITIVITY ANALYSIS

Whilst management consider the useful economic lives to represent the best estimate at the reporting date, to indicate the level of sensitivity in relation to the estimation of the useful economic lives, we have assessed the impact of reducing or increasing the UELs of all assets by 12 months:

- A reduction in the revised UEL of all assets by 12 months would increase the expected amortisation charge for the following financial year by £6.0m;
- An increase in the UEL of all assets of a further 12 months would decrease the expected amortisation charge for the following financial year by £4.4m.

11. Property, plant and equipment

	Land and buildings £m	Fixtures and Fittings £m	Plant and Machinery £m	Total £m
Cost				
At 26 February 2022	59.1	24.6	53.8	137.5
Additions	-	5.6	0.7	6.3
At 4 March 2023	59.1	30.2	54.5	143.8
Additions	-	2.4	0.6	3.0
Reclass to inventories	-	-	(1.0)	(1.0)
Disposals	-	-	(2.9)	(2.9)
At 2 March 2024	**59.1**	**32.6**	**51.2**	**142.9**
Accumulated depreciation and impairment				
At 26 February 2022	19.9	21.0	38.1	79.0
Charge for the period	1.2	0.7	2.4	4.3
Impairment charge	-	-	9.6	9.6
At 4 March 2023	21.1	21.7	50.1	92.9
Charge for the period	1.2	0.8	0.6	2.6
Impairment charge	3.3	-	-	3.3
Disposals	-	-	(2.9)	(2.9)
At 2 March 2024	**25.6**	**22.5**	**47.8**	**95.9**
Carrying amount				
At 2 March 2024	**33.5**	**10.1**	**3.4**	**47.0**
At 4 March 2023	38.0	8.5	4.4	50.9
At 26 February 2022	39.2	3.6	15.7	58.5

The impairment charge in FY23 relates to the pro-rata allocation of impairment of the Group's net assets to value in use as set out in note 10. A further separate impairment of £3.3m has been recognised in the current financial year relating to the estimated sale proceeds less costs to sell of warehouse facilities owned by the Group, now assessed separately due to the planned closure of the site in line with the warehouse rationalisation program disclosed further in note 6. The property has not been reclassified to assets held for sale at the reporting date, as a programme to actively market the property and locate a buyer had not yet commenced at the period end, as required under IFRS 5 to meet the classification as a non-current asset held for sale.

Assets in the course of development included in fixtures and fittings and plant and machinery at 2 March 2024 total £2.2m (2023: £2.5m), and in land and buildings total £nil (2023: £nil). No depreciation has been charged on these assets. No borrowing costs have been capitalised in the period (2023: £nil).

At 2 March 2024, the Group had entered into contractual commitments of £1.3m for the acquisition of property, plant and equipment (2023: £1.0m).

Reclassification movement in the year relates to replacement parts and spares for plant and machinery which have been reclassified to be held as inventory.

12. Trade and other receivables

	52 weeks to 2 March 2024 £m	53 weeks to 4 March 2023 £m
Amount receivable for the sale of goods and services	**517.0**	555.2
Allowance for expected credit losses	**(73.3)**	(74.6)
Net trade receivables	**443.7**	480.6
Other debtors and prepayments	**24.9**	24.1
Trade and other receivables	**468.6**	504.7

Amounts receivable for the sale of goods and services of £517.0m includes £1.9m (2023: £(3.0)m) of balances not subject to expected credit loss provisioning, this includes a provision for outstanding gross customer returns of £5.1m (2023: £6.3m).

Other debtors include a balance of £0.8m (2023: £1.3m) relating to amounts due from wholesale partners.

The weighted average Annual Percentage Rate ('APR') across the trade receivables portfolio is 60.1% (2023: 58.2%). For customers who find themselves in financial difficulties, the Group may offer revised payment terms (payment arrangements) to support customer rehabilitation. These revised terms may also include suspension of interest for a period of time.

The gross trade receivables whose terms have been renegotiated (payment arrangements) but would otherwise be past due, totalled £40.7m as at 2 March 2024 (2023: £36.4m). Interest income recognised on trade receivables which were credit impaired as at 2 March 2024 was £18.8m (2023: £21.4m).

The amounts written off in the period of £120.7m (2023: £131.2m) include the sale of impaired assets with a net book value of £65.9m (2023: £55.0m). The proceeds from derecognised portfolio sales exceeded the net book value by £nil (2023: £0.1m).

During the year there were £23.7m of proceeds recognised in respect of accounts that had previously been written-off or derecognised (2023: £21.0m).

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 2 March 2024.

	52 weeks to 2 March 2024			53 weeks to 4 March 2023		
Ageing of trade receivables	**Trade receivables**	**Trade receivables on payment arrangements**	**Total trade receivables**	Trade receivables	Trade receivables on payment arrangements	Total trade receivables
Current – not past due	**400.2**	**40.7**	**440.9**	443.3	36.4	479.7
28 days – past due	**17.6**	**3.6**	**21.2**	20.1	5.0	25.1
56 days – past due	**9.9**	**2.1**	**12.0**	10.8	2.6	13.4
84 days – past due	**7.6**	**1.9**	**9.5**	9.5	2.2	11.7
112 days – past due	**5.8**	**1.3**	**7.1**	6.8	1.2	8.0
Over 112 days – past due	**22.7**	**3.6**	**26.3**	16.1	1.2	17.3
Gross trade receivables	**463.8**	**53.2**	**517.0**	506.6	48.6	555.2
Allowance for expected credit losses	**(57.9)**	**(15.4)**	**(73.3)**	(58.1)	(16.5)	(74.6)
Net trade receivables	**405.9**	**37.8**	**443.7**	448.5	32.1	480.6

	52 weeks to 2 March 2024 £m	53 weeks to 4 March 2023 £m
Provision movements[1]	**(1.4)**	5.9
Gross write -offs	**120.7**	131.2
Recoveries	**(23.7)**	(21.0)
Notional interest	**10.6**	6.2
Net Impairment charge	**106.2**	122.3

[1] Provision movement is the closing allowance for expected credit losses less the opening allowance for expected credit losses

SENSITIVITY OF ESTIMATION UNCERTAINTY

To indicate the level of estimation uncertainty, the impact on the ECL of applying different model parameters are shown below:

- A 10% increase or decrease in PDs would lead to a £3.2m (2023: £3.4m) increase or £3.2m (2023: £3.6m) decrease in the ECL;

- Our ECL is probability weighted between a base case, downside and upside scenario which includes economic forecast variables of unemployment, BoE base rate, and average earnings. Adjusting the weighting to 100% impacts the ECL by the following:

  - 100% downside - an increase in the ECL of £0.9m
  - 100% upside –a decrease in the ECL of £0.7m
  - 100% base case - a decrease in the ECL of £0.1m

13. Trade and other payables

	52 weeks to 2 March 2024 £m	53 weeks to 4 March 2023 £m
Trade payables	**30.1**	40.2
Other payables	**7.3**	3.6
Accruals and deferred income	**27.8**	28.7
Trade and other payables	**65.2**	72.5

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Included in the accruals and deferred income total of £27.8m is an amount of £0.2m (2023: £nil) classified as non-current liabilities. The average credit period taken for trade purchases, based on invoice date is 46 days (2023: 50 days).

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

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

The maximum facility limit as at 2 March 2024 was £15m (2023: £15m). At 2 March 2024, total of £6.0m (2023: £7.9m) had been funded under the programme. The scheme is based around the principle of reverse factoring whereby the bank purchases from the suppliers approved trade debts owed by the Group. Access to the supplier finance scheme is by mutual agreement between the bank and supplier, where the supplier wishes to be paid faster than standard Group payment terms; the Group is not party to this contract. The scheme has no cost to the Group as the fees are paid by the supplier directly to the bank. The bank have 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, from point of acquisition. Included in the amount below is £1.0m (2023: £1.0m) of restricted cash which is held in the Group's joint bank account with Allianz Insurance plc in respect of outstanding customer redress payments (further detail in note 6) and £3.2m (2023: £3.1m) in respect of the Group's securitisation reserve account. This cash is available to access by the Group for restricted purposes.

In addition £28.2m (2023: £10.7m) was held at the balance sheet date in relation to amounts to be repaid against the Group's securitisation facility.

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

	52 weeks to 2 March 2024 £m	53 weeks to 4 March 2023 £m
Sterling	**49.6**	24.9
Euro	**2.7**	2.9
US dollar	**12.9**	7.7
Net cash and cash equivalents and bank overdrafts	**65.2**	35.5
Made up of:		
Cash and cash equivalents	**65.2**	35.5
Bank overdrafts	**-**	-

The Group operates a notional pooling and net overdraft facility whereby cash and overdraft balances held with the same bank have a legal right of offset. In line with 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

	2024 £m	2023 £m
Bank loans	**(301.5)**	(332.9)
Net overdraft facility	**-**	-
The borrowings are repayable as follows:		
Within one year	**-**	-
In the second year	**-**	(332.9)
In the third to fifth year	**(301.5)**	-
Amounts due for settlement after 12 months	**(301.5)**	(332.9)

	2024 %	2023 %
The weighted average interest rates paid were as follows:		
Net overdraft facility	**6.4**	3.5
Bank loans	**3.4**	3.6

All borrowings are held in sterling.

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

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. The net overdraft facility limit at 2 March 2024 was £12.5m (2023: £12.5m), of which the Group had a net position of £nil drawn down at 2 March 2024 (2023: £nil).

The Group has a bank loan of £301.5m (2023: £332.9m) secured by a charge over certain "eligible" customer receivables (current and 0–28 days past due) of the Group and is without recourse to any of the Group's other assets. The facility limit at 2 March 2024 was at £400m (2023: £400m). The maturity of the facility was extended during the current period 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.

Management has considered whether the extension to the facility noted above constitutes a substantial modification under IFRS 9 and concluded that a substantial modification has not occurred and therefore the extension has been accounted for as a modification rather than de-recognition. Unamortised fees relating to this facility of £1.1m (2023: £2.0m) are offset against the carrying amount of the loan.

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

On 14 April 2023, the Group completed the refinancing of its unsecured and undrawn Revolving Credit Facility ('RCF'). The new RCF facility has a maximum limit of £75m and an overdraft facility of £12.5m both respectively committed to December 2026, of which £nil (2023: £nil) was drawn down at 2 March 2024.

All borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. The Group's interest rate risk management activities are detailed in note 19 of the Group's Annual Report.

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 year or prior year.

17. Share Capital

	2024 Number	2023 Number	**2024 £m**	2023 £m
Allotted, called-up and fully paid ordinary shares of 11 1/19p each				
Opening as at 4 March 2023 (26 February 2022)	460,483,231	460,483,231	**50.9**	50.9
Issued in the year	**2,841,787**	-	**0.3**	-
At 2 March 2024 (4 March 2023)	**463,325,018**	460,483,231	**51.2**	50.9

The Company has one class of ordinary shares which carry no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

18. Provisions

	Other Litigation	Strategic Change	Allianz Litigation	Other	Total
	£m	£m	£m	£m	£m
Balance as at 4 March 2023	6.9	2.2	0.3	0.7	**10.1**
Provisions made during the period	2.5	4.1	-	0.3	**6.9**
Unused provisions reversed during the period	-	(0.5)	(0.1)	(0.2)	**(0.8)**
Provisions used during the period	(0.2)	(4.0)	-	(0.5)	**(4.7)**
Balance as at 2 March 2024	**9.2**	**1.8**	**0.2**	**0.3**	**11.5**
Non-current	6.3	-	-	1.3	**6.6**
Current	2.9	1.8	0.2	-	**4.9**
Balance as at 2 March 2024	**9.2**	**1.8**	**0.2**	**0.3**	**11.5**

ALLIANZ LITIGATION

During the prior year, the Group reached full and final settlement in respect of the legal dispute with Allianz Insurance plc. Further detail provided in note 6 and in the FY23 Annual Report and accounts. The provision outstanding at 2 March 2024 was £0.2m, relating to amounts payable to Allianz following closure of the joint redress account. The release of £0.1m in the period relates to amounts previously provided in respect of legal costs that are no longer required.

OTHER LITIGATION

In FY23 the Group made a provision of £5.5m, as an estimate of the 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 handled such claims on a case by case basis, and the external legal costs incurred 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 now expected to be more than 12 months. The provision has been increased by £1.8m in the current year reflecting the additional legal costs expected to be incurred as a result of the emergence of “group litigation” as an alternative process for resolving s140A PPI claims. The provision outstanding at 2 March 2024 was £7.1m.

The provision outstanding at 2 March 2024 of £9.2m also includes a provision of £1.4m recognised in prior periods in relation to certain PPI related customer redress complaints, and an amount of £0.7m booked in the year in relation to irresponsible lending claims, both of which are expected to be paid in the next 12 months.

SENSITIVITY OF ESTIMATION UNCERTAINTY

To indicate the level of estimation uncertainty, the following sensitivities have been performed:

- Key assumptions underpinning the provision include estimates as to the proportion of threatened claims that will actually result in court proceedings, the process that the court adopts for determining the cases, the proportion of cases which will be abandoned by claimants before trial, the Group's win rate at trial and the court's likely assessment of quantum where the Group is required to pay redress;
- A 10% combined stress in these assumptions would lead to an increase in the provision of £1.2m;
- A 10% combined improvement in these assumptions would lead to a reduction in the provision of £1.0m;

Given the level of judgement and estimation involved in assessing the Company's success in defending such claims and the associated costs including legal fees, it is reasonably possible that outcomes within the next financial year may be different from management's assumptions.

STRATEGIC CHANGE

During the current year, the Group continued the multi-year transformation of the business and the ongoing review of the operating model initiated at the end of FY23. Specifically, an additional restructuring program of the Group's operational and head office headcount to reflect the lower sales orders, was initiated in Q2 FY24 and continued through the financial year. Total redundancy costs of £1.7m were incurred in the period. A provision of £0.4m was outstanding at 2 March 2024 relating to payments to be made in the months following the period end (FY23: £1.9m).

During the period, the Board also approved the rationalisation of the Group's warehousing facilities following a review of the overall warehouse portfolio capacity, utilisation and associated operational cost base. Accordingly a provision was booked for incremental costs associated with staff exits and onerous contracts of £1.4m, as well as £1.0m of incremental stock provision arising from the rationalisation of terminal stock due to reduced storage capacity across the warehouse portfolios. At 2 March 2024, £0.8m of the provision for inventory was utilised with the remaining £0.2m released as better than expected realisation was achieved.

OTHER

The provision held at 4 March 2023 of £0.7m related to costs and interest in relation to matters under discussion with HMRC relating to prior years and a legal claim made against the Group. Both matters have been settled in the period representing total utilisation of £0.5m, comprising an agreement with HMRC of £0.2m and a settlement of the legal claim of £0.3m. The remaining provision balance of £0.2m was not required and therefore released in the period.

A provision has been recognised in the year of £0.3m for estimated future costs to restore leased warehouse premises as required by the lease agreement, and capitalised to the value of the right-of-use asset at recognition in line with IFRS 16.

19. Prior year adjustment

During the year, the Group has restated the presentation of deferred tax assets and liabilities to correctly present these balances on a net basis, as they had been previously presented on a gross basis in FY23. 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 Consolidated balance sheet only and no other primary statements within the financial statements.

Consolidated balance sheet (extract)	2023 £m	Adjustment £m	**2023** **£m** ***(Restated)***
Non-current assets			
Deferred tax assets	29.2	(13.2)	**16.0**
Non-current liabilities			
Deferred tax liabilities	(13.2)	13.2	**0.0**

20. Post balance sheet events

RECLASSIFICATION OF OWNED WAREHOUSE FACILITIES AS HELD FOR SALE

On 28 March 2024 warehouse facilities which are being exited as part of the rationalisation of the Group's warehousing described in note 6 have been actively marketed for sale and met the criteria to be classified as an asset held for sale under IFRS 5. There has been no change to the assessment of the fair value at the point of reclassification from the impairment assessment made at the reporting date. A sale is expected to complete within 12 months of the reclassification to held for sale.

This report was approved by the Board of Directors on 5 June 2024.