



## Q3 TRADING UPDATE FOR THE 18 WEEKS ENDED 6 JANUARY 2024

### Transforming the business and building resilience. Full year EBITDA on track

N Brown Group Plc (“N Brown” or the “Group”), a top 10 UK clothing & footwear digital retailer, today provides an update on trading for the 18 weeks ended 6 January 2024 (“Q3 FY24”).

#### Highlights

- Improving product revenue trend continued in Q3
- FY24 Adjusted EBITDA<sup>1</sup> guidance remains unchanged
- Ongoing investment in transformational priorities with further progress expected in 2024
- Strong balance sheet, with total accessible liquidity of over £150m

#### Revenue

	Q3 FY24	Change Q3 FY24 v Q3 FY23 <sup>2</sup>	FY24 YTD	Change FY24 YTD v FY23 YTD <sup>2</sup>
Product revenue	£150.2m	(9.7)%	£337.7m	(10.6)%
<i>Strategic brands<sup>3</sup></i>	<i>£111.4m</i>	<i>(7.9)%</i>	<i>£250.8m</i>	<i>(7.6)%</i>
<i>Heritage brands<sup>4</sup></i>	<i>£38.8m</i>	<i>(14.7)%</i>	<i>£86.9m</i>	<i>(18.1)%</i>
Financial Services revenue	£75.8m	(8.5)%	£185.3m	(8.8)%
Group revenue	£226.0m	(9.3)%	£523.0m	(9.9)%

The improving product revenue trend reported in the Group’s Interim Results on 12 October 2023 continued in Q3 (Q1: -11.9%; Q2: -10.4%; Q3: -9.7%). This reflects an improvement in both our Clothing & Footwear and Home businesses in the quarter. Strong performance was seen in categories including third-party branded womenswear and lingerie, beauty, gaming consoles and our premium own-brand, Anthology.

Average item values have continued to be higher, driven by pricing discipline and product mix, whilst volumes, as expected, reflect the continuation of lower consumer confidence and measured choices which we have taken around margin, including the level of marketing investment.

Within partnerships, the launch of Simply Be on Sainsbury’s online clothing platform and selected stores is performing strongly in its first year, as well as providing enhanced exposure to different customer segments.

The debtor book continues to perform as expected despite the cost of living pressures on customers, supported by our ongoing assessment and refinement of credit scoring. Financial Services revenue reflects the lower FY24 opening debtor book position and the product revenue performance during FY24 YTD.

#### Transforming the business through strategic and operational progress

We are continuing to invest in our transformational priorities, building on progress over the last 12 months. Following the successful launch of the new Jacamo website, customers are benefitting from faster site speeds,

and the sales conversion rate has increased by around 20% despite lower promotional activity.

We expect to make further progress to enhance the customer experience in 2024, including the roll-out of the new JD Williams website and the addition of new technologies such as our Product Information Management ('PIM') system, enhancing product descriptions for customers to inform their purchases and which we expect will also lead to reduced returns.

The Net Promoter Score ('NPS') for Q3 of 64 is 11pts ahead of last year and includes benefits from better delivery performance as well as customer experience improvements.

The Group received the Drapers Award for Diversity and Inclusion during the period, which is testament to the broader work taking place in the business, in addition to the technology-focussed transformation.

### **Building resilience through a strong balance sheet**

The proactive moderation of stock intake and clearance of older items reported in the Interim Results allowed the business to enter peak trading with a cleaner stock position. Stock and other working capital items have continued to be well managed, with stock at 6 January 2024 c. £26m lower year-on-year, and with the continued cleaner position providing a good platform into the remainder of FY24 and into FY25.

As at 6 January 2024, the Group had a total of £66.3m across unsecured net cash (£48.9m) and amounts voluntarily undrawn on the securitisation facility (£17.4m), an increase of £30.8m during the financial year when compared to the unsecured net cash at 4 March 2023 of £35.5m with nil voluntarily undrawn on securitisation facility. The Group's Revolving Credit Facility and overdraft remain undrawn and total accessible liquidity at 6 January 2024 was £150.2m, up from £143.9m at 4 March 2023<sup>5</sup>.

Adjusted net debt at 6 January 2024 of £246.1m has reduced from the 4 March 2023 position of £297.4m and is now under half of the peak level of adjusted net debt reported at the FY20 year-end (£497.2m), despite the £49.5m payment made to Allianz in January 2023.

During the period the Group extended its securitisation facility commitment to December 2026, maintaining the facility limit of £400m. This continues to provide an efficient form of funding to the Group and is well covered by the customer receivables book, with a limit of up to 72 per cent of the 'eligible' customer receivables book (current and 0-28 days past due) funded.

### **Outlook and guidance**

Our expectations for FY24 Adjusted EBITDA<sup>1</sup> remain unchanged from those outlined in our Interim Results, with slightly softer revenues expected to be offset by further margin discipline. Adjusted net debt is anticipated to improve when compared to previous guidance and is expected to be under £260m at the end of FY24, whilst retaining a strong unsecured net cash position.

The Board remains confident in the strategic direction of the business and in the benefits of the ongoing investment in our digital transformation, with a focus on delivering sustainable profitable growth. There has been a slight uptick in customer optimism during 2023 and although we are assuming that macro-economic conditions felt by consumers will still be a feature of our performance during 2024, we believe that conditions will gradually improve.

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

*"We are pleased with the progress we have made in transforming the business, the resilience built through our strong balance sheet, and that our full year EBITDA expectations are on track.*

*"Building on what's been achieved in the last 12 months, we continue to make progress on our strategic transformation, with the launch of the new Jacamo website another recent milestone. 2024 will be about further improving the customer experience and positioning the business for future growth, with scheduled launches of the new JD Williams website as well as our Product Information Management system, which will*

ensure our customers have better product descriptions to inform their purchases. Our strong liquidity position provides a solid base for continued investment in our strategic priorities.

“I’d like to thank all our colleagues for their commitment during peak trading, and their continued hard work in progressing our transformation of the business. Change on this scale takes time and energy, but we are confident in our strategy and in building a stronger N Brown for all stakeholders.”

### Conference call

A conference call will be held at 10:00am today for analysts and investors. To register for access, please contact Hawthorn on +44 (0)7719 078 196 or email [nbrown@hawthornadvisors.com](mailto:nbrown@hawthornadvisors.com)

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### About N Brown Group:

N Brown is a top 10 UK clothing and footwear digital retailer, with a home proposition, headquartered in Manchester and employs over 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. Adjusted EBITDA is defined as operating profit, excluding adjusting items, with depreciation and amortisation added back.
2. Q3 FY24 is the 18 weeks to 6 January 2024; FY24 YTD is the 44 weeks to 6 January 2024.
3. JD Williams, Simply Be and Jacamo.
4. Ambrose Wilson, Home Essentials, Fashion World, Marisota, Oxendales and Premier Man.
5. As previously disclosed, subsequent to the 4 March 2023 balance sheet date, the Group refinanced its borrowings and extended their maturities to December 2026, with the new RCF having a limit of £75m (previous RCF facility limit of £100m).