Full Year Results

25 June 2020

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Appendix

1. FY20
Financial Results

N BROWN

Full Year Results 2020

FINANCIAL HIGHLIGHTS

A more resilient and efficient business model

FY20 HIGHLIGHTS

- Legacy issues and related exceptional costs now largely resolved
- FY20 retail challenges offset, as planned, by cost efficiencies
- Significantly ahead of guidance on achieving sustainable operational efficiencies
- FS challenges driven by industry-wide regulation
- Increased digital penetration across Womenswear and Menswear brands
- Stock levels down 15.5% on FY19
- Adjusted PBT £59.5m. Lower than guidance due to lower than expected IFRS9 benefit and enhanced stock provisioning

RECENT DEVELOPMENTS

- Improved balance sheet and new banking arrangements provide significant liquidity headroom and flexibility
- Q1 FY21 strong cash generation despite Covid-19 disruption resulting in materially reduced net debt
- Materially reduced stock levels at FY20 year-end

REVENUE BY BRANDS

Group revenue performance driven by strategic decision to remove unprofitable marketing expenditure

£m	FY20	FY19	Change	Digital Penetration FY20	Digital Penetration FY19
JD Williams	153.1	159.5	-4.0%	81%	76%
Simply Be	128.0	120.1	+6.6%	98%	96%
Ambrose Wilson	45.4	51.3	-11.5%	60%	48%
Womenswear	**326.5**	**330.9**	**-1.3%**	**84%**	**79%**
Menswear[1]	**66.9**	**64.0**	**+4.5%**	**97%**	**96%**
Product Brands	170.2	202.6	-16.0%	82%	75%
Product revenue excluding stores and USA	**563.6**	**597.5**	**-5.7%**	**85%**	**79%**
USA	4.1	11.4	-64.0%	91%	80%
Stores	-	6.9	-100.0%	-	-
Total Product revenue	**567.7**	**615.8**	**-7.8%**	**85%**	**79%**
Financial Services revenue	**290.5**	**298.6**	**-2.7%**	**-**	**-**
Total revenue	**858.2**	**914.4**	**-6.1%**	**-**	**-**

Product

- In line with strategic focus, digital penetration increased across all brands
- Digital growth
  - Womenswear: 5.5%
  - Menswear: 5.5%
- Good growth from Simply Be and Jacamo
- Overall product revenue reduction reflects strategic decision to scale back unprofitable marketing and recruitment

Financial services

- Regulatory change-led to a smaller debtor book and thereby lower interest income and lower admin fees

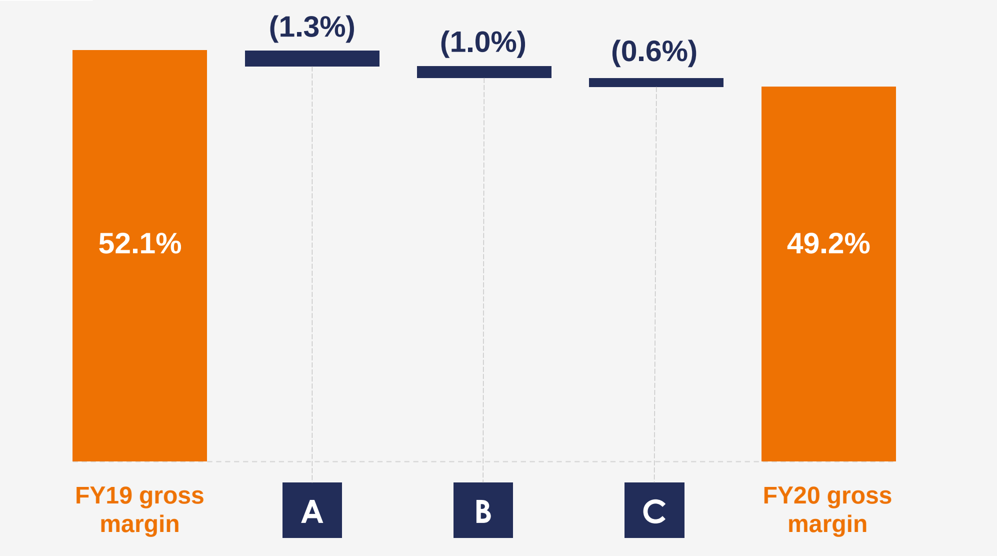
Note 1 – Menswear is the Jacamo brand

PRODUCT MARGIN GROSS PERFORMANCE

Margin impacted by trading and sales mix effects

£m	FY20	FY19	Change
Revenue	567.7	615.8	-7.8%
Gross Profit	279.1	320.8	-13.0%
Gross Margin	49.2%	52.1%	-290bps

UNDERLYING GROSS MARGIN RECONCILIATION



A Discounting and Promotions due to highly promotional retail market

B Stock provision reflecting discontinued brands and lower apparel sales

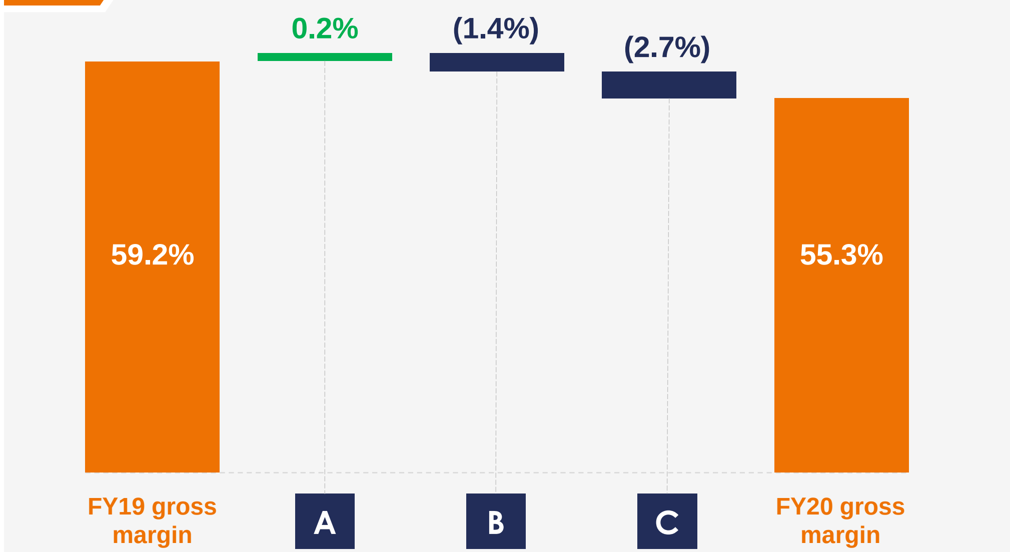
C Product mix reflecting increase in Home sales and less international revenue

FINANCIAL SERVICES GROSS MARGIN PERFORMANCE

Revenue impacted by regulatory changes

£m	FY20	FY19	Change
Revenue	290.5	298.6	-2.7%
Gross Profit	160.7	176.9	-9.1%
Gross Margin	55.3%	59.2%	-390bps

UNDERLYING GROSS MARGIN RECONCILIATION



A Operational cost savings largely due to USA exit

B Lower profit achieved on spot debt sales

- The Group normally undertakes 1 or 2 spot sales of written off debt during a financial year

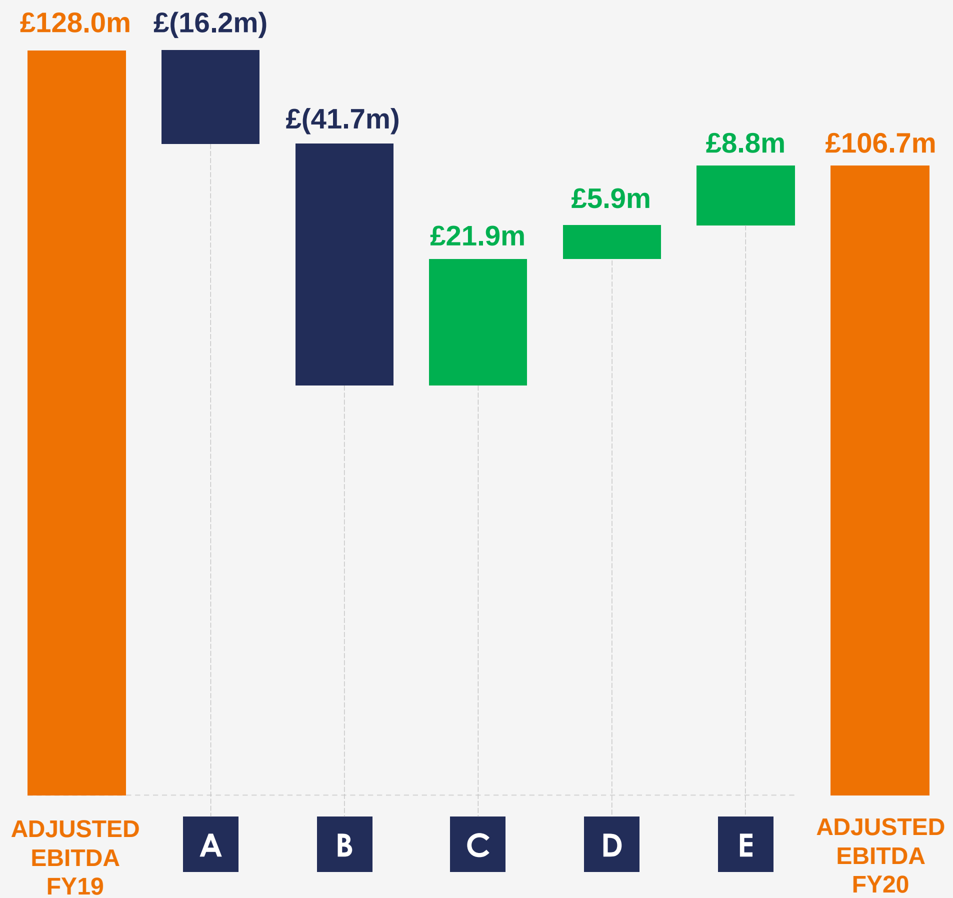
C Lower rate of recovery from external debt markets

- The Group undertakes a monthly forward flow of debt sales. During the year the rate was lower than the prior year.

ADJUSTED EBITDA PROGRESSION

Strong delivery on operating cost savings counterbalances product gross margin decline

ADJUSTED EBITDA FY19 to FY20



A FS gross profit

B Product gross profit

C Marketing & production

- Marketing costs down 13.8% year on year in line with the Group's strategy of scaling back offline marketing and recruitment and improving marketing efficiency
- Cost savings achieved despite strategic investment in building our brands in the period and expanding our social media presence

D Warehouse & fulfilment

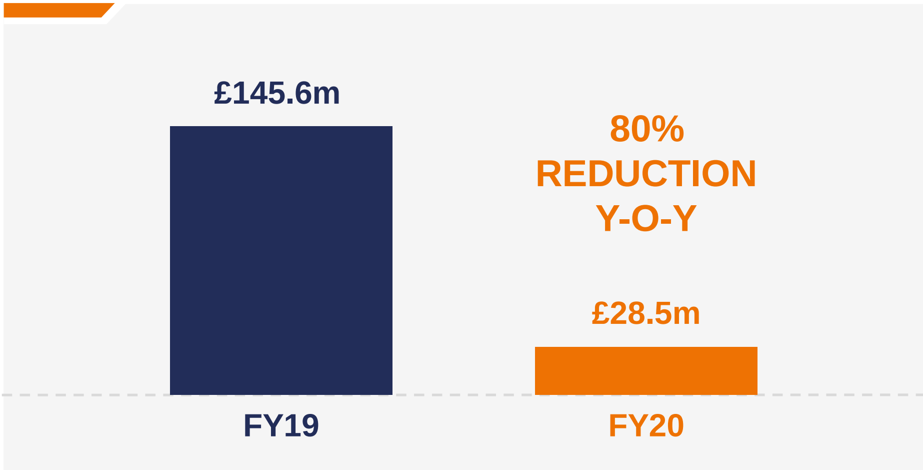
- Warehouse and fulfilment costs decreased by 7.0% to £78.1m, primarily driven by lower volumes

E Admin & payroll

- Decreased by 6.9% to £119.1m, driven predominantly by continued Head Office efficiencies

Adjusted EBITDA is defined as operating profit, excluding exceptionals, with depreciation and amortisation added back

EXCEPTIONAL ITEMS AND HISTORICAL COSTS



£m	FY20	FY19
Customer redress	22.9	45.0
Review of strategy costs	3.8	-
External costs in relation to resolving legacy tax matters	2.4	8.9
Impairment of intangible assets & brands	1.8	20.0
Legal costs	1.0	-
Store closure (credit) / costs	(0.3)	22.0
VAT partial exemption (credit) / cost	(3.1)	49.4
GMP Equalisation	-	0.3
Total	28.5	145.6

CUSTOMER REDRESS

- Customer redress deadline has now passed
- As a result of the August spike in information requests and complaints, an additional provision for customer redress of £25m was made during the first half of the year
- The provision was later reduced by £2.1m as the final amount of customer redress was less than envisaged, resulting in a £22.9m charge for the full year

VAT

- In FY19, an exceptional charge of £49.4m was incurred in relation to the write-off of a VAT debtor balance previously held
- A credit of £3.1m in FY20 reflects the actualisation of previously estimated cost disallowances
- Long-running dispute with HMRC now broadly concluded

REVIEW OF STRATEGY COSTS

- One-off costs in relation to the review of strategy:
  - **£3.5m** redundancy and consultancy costs
  - **£0.3m** stock-write off from discontinued brands

2. Trading
/ Covid-19 Update

N BROWN

Full Year Results 2020

Q1 FY21 HIGHLIGHTS

Cash generative despite challenging market due to agile model and effective management actions

1. Swift business action in response to Covid-19 resulted in remaining profitable with net cash generation despite unprecedented and disruptive market conditions

2. FS and Home Essentials balancing the wider retail revenue impact of Covid-19

3. Cost efficiencies offset >80% of the gross margin impact from lower demand and future bad debt provisioning

4. Tightly controlled stock at lowest levels since 2012

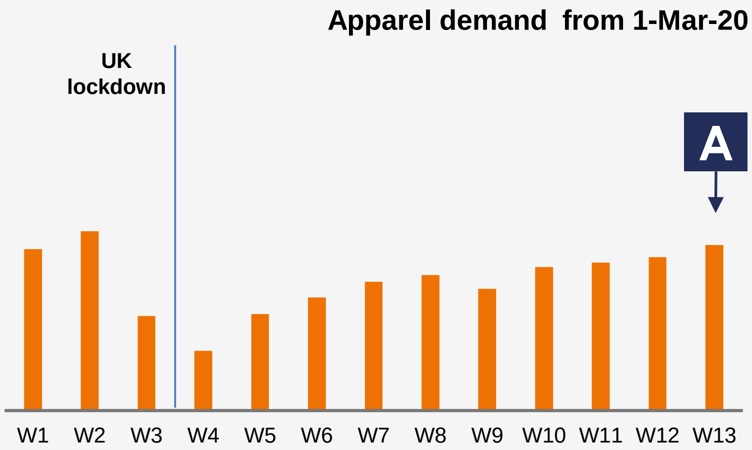
5. Net debt down 9.9%[1] vs. year-end

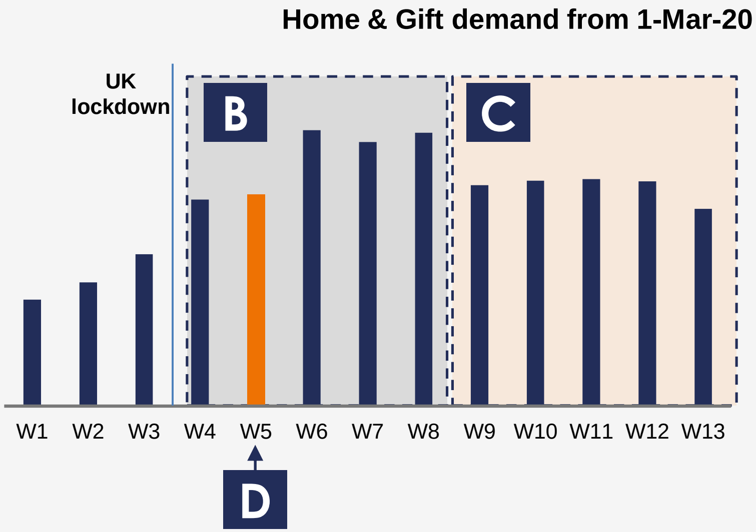
6. Sufficient liquidity, working capital headroom and covenant flexibility to be able to manage effectively in this challenging trading environment

1. As at 19 June 2020

RESPONSE TO COVID-19: TRADING IMPACT

Intensive focus on our fully operational online business





A Continued recovery in apparel since Covid-19 low point, with positive trajectory

B Strong growth in demand as Home Essentials is launched and lockdown is introduced

C Demand remains well above pre-lockdown levels in spite of lockdown measures beginning to ease

D **Launch of Home Essentials**

- Home Essentials launched on 1 April
- Significant boost in Home & Gift demand following UK lockdown measures
- New digital delivery model with smaller benefits-led MVP drops

RESPONSE TO COVID-19: TRADING IMPACT

Intensive focus on our fully operational online business

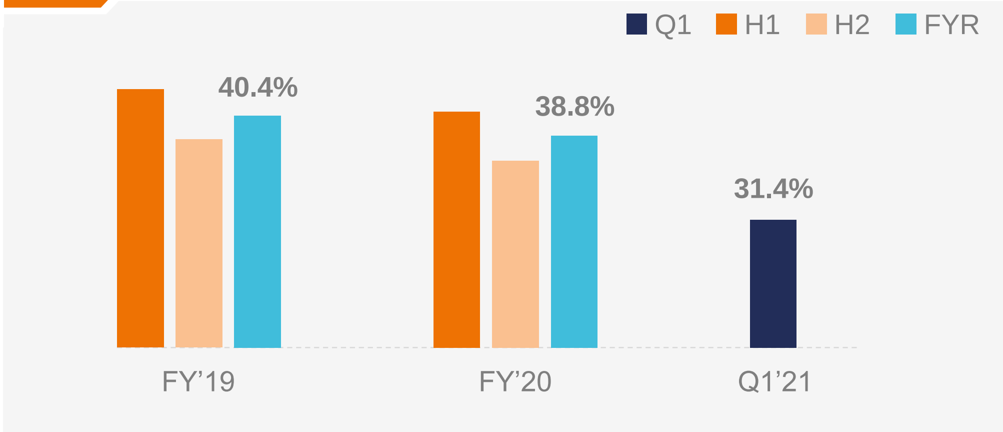
SWIFT BUSINESS ACTION TO COVID-19

HEALTH, SAFETY AND WELLBEING	Our priority through the crisis has been to protect the health, safety and wellbeing of our colleagues and customers
PIVOTING THE CUSTOMER OFFER	Accelerated the MVP and successfully launched Home Essentials on 1st April; new digital way of working
INCREASE IN DIGITAL PENETRATION	Q1 digital penetration: 91%
MARKETING COSTS	Revenue weakness offset by marketing efficiency
CONTINUOUS SUPPLY OF GOODS	Whilst complying with all government guidelines
TREATING CUSTOMERS FAIRLY	3 month forbearance for Covid-19 affected customers
ACCEPT RATES REDUCED	Adopted a more prudent lending approach to new customers
RESTRICTIONS ON SALES	Improved customer journey to encourage customers to bring their accounts up to date before placing another order
PROACTIVE BEHAVIOUR	Close monitoring of day-to-day collections Covid-19 indicator being placed on customers accounts where needed

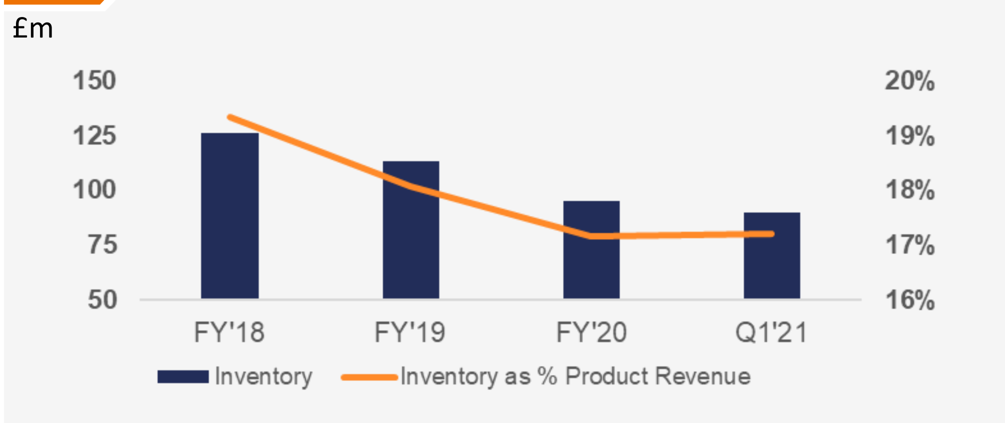
COST BASE STRATEGIC PROGRESS

FY20 cost efficiency progress has continued into Q1

OPERATING COST AS A % OF REVENUE



STOCK CONTROL

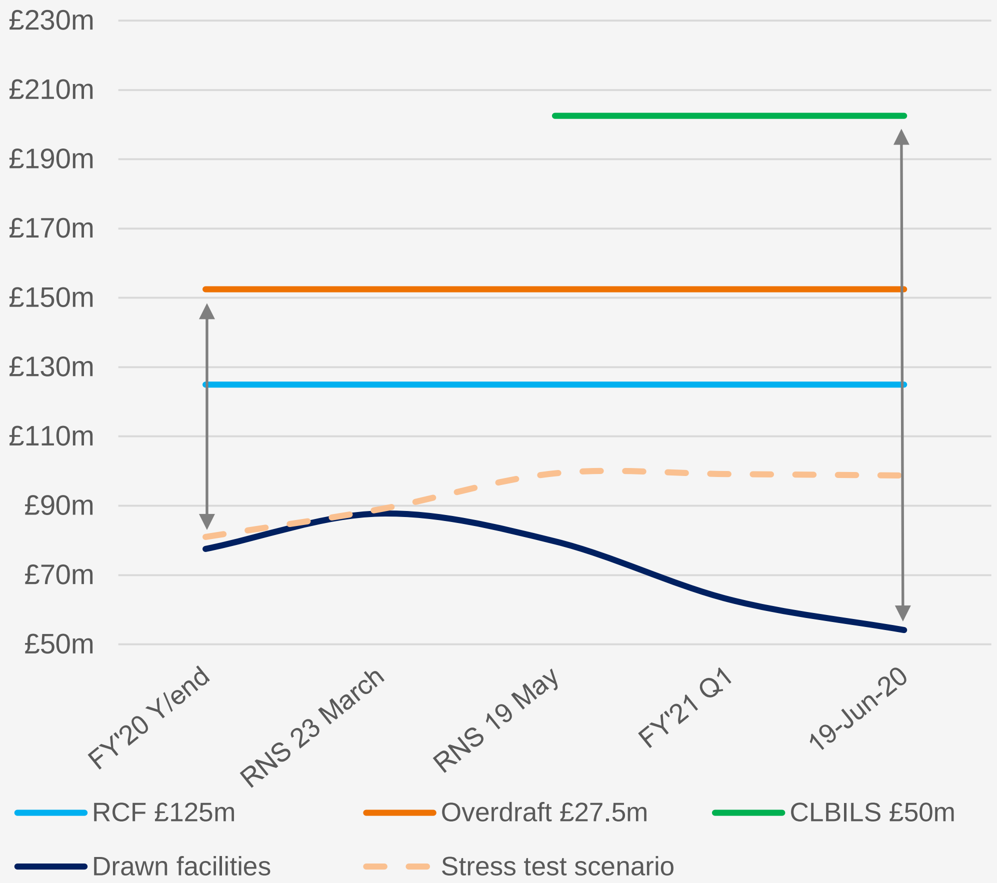


- Strategic progress on improving the efficiency of the cost base has continued into Q1
- Significant improvement in operating efficiency reflects increasingly flexible and variable cost base
- FY21 Q1 operating costs 43% lower than prior year. Savings achieved across all areas
- Strategic focus on efficiency in stock management has continued

MATERIALLY IMPROVED LIQUIDITY

Significant headroom available from Amended Financing Facilities

IMPROVED HEADROOM SINCE YEAR-END

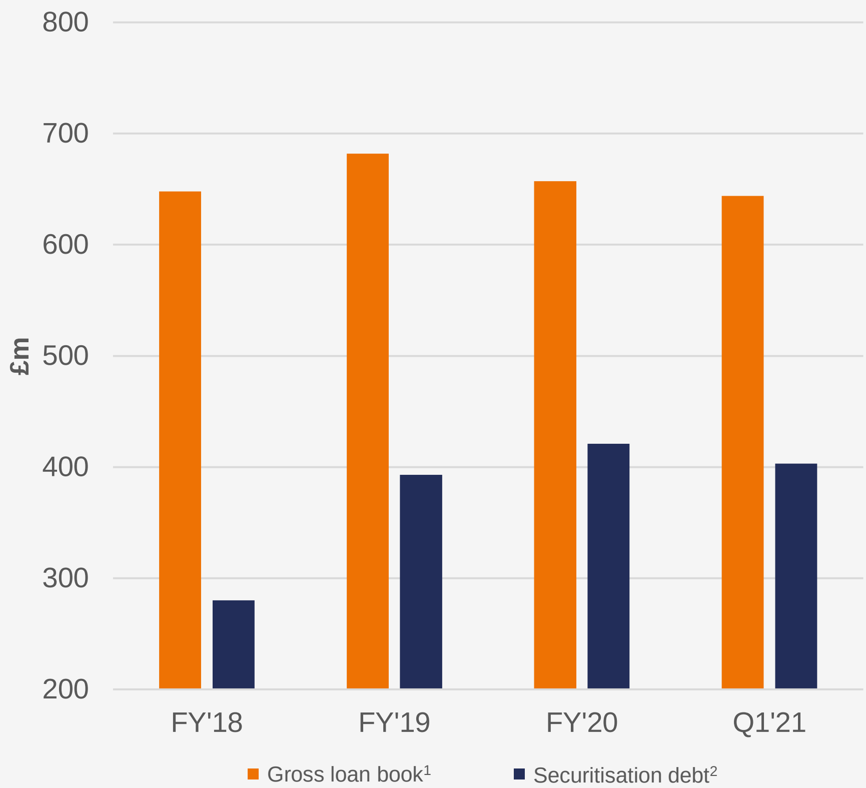


- In response to Covid-19, Group undertook prudent downside stress test scenarios
- Swift business action resulted in net cash generation since lockdown.
- Successfully accessed £50m CLBILS, with temporary covenant relaxation
- Significant headroom even in a reasonable worst-case scenario. Not expected to be utilised but sensible precaution during period of uncertainty

FLEXIBLE SECURITISATION FACILITY TO ENABLE FS

Maximum available draw on the facility is driven by the size and quality metrics of the eligible pool

LOAN BOOK & SECURITISATION FACILITY LOWER IN Q1



- Securitisation facility secured by a charge over certain eligible customer receivables which is without recourse to any of the Group's other assets
- Facility is £500m. Amount drawn depends on the level of eligible customer receivables at any one point in time
- Structure of the facility enables the loan book to flex to meet customer demand
- Amended financing arrangements support Covid-19 pool to assist with FCA customer forbearance measures without de-stabilising the facility
- Securitisation was £403m and gross loan book was £639.6m at Q1 FY21

Note 1 – Gross loan book: the amount receivable for the sale of goods and services
Note 2 – Securitisation debt: amount drawn under the Securitisation facility at period end

FY21 OUTLOOK

Continue to improve the business and accelerate drivers of growth

REVENUE

- Since initial significant impact of Covid-19 on product revenue, trends have continued to improve
- Financial Services revenue has been impacted by the effects of Covid-19 on our markets

MARGIN

- Product gross margin pressure will continue due to mix and a highly promotional retail market
- FS gross margin will decline due to previously guided regulatory pressures and an increase in bad debt provisioning due to impact of Covid-19

OPERATING COSTS

- Strong operating cost efficiency continues
- Bad debt provisioning the main driver of reduced profitability

OTHER P&L AND CASH FLOW ITEMS

- Capex c.£20m
- Net debt £380m - £400m
- Exceptional items<£10m
- No FY21 dividend

IMPROVED DISCLOSURE TO REFLECT THE EVOLUTION OF THE BUSINESS

Our reporting will reflect our digital focus, distinct brands and improve financial services transparency

DIGITAL BUSINESS

- Digital KPIs to reflect our online focus
- Reported from FY21

DISTINCT BRANDS WITH DISTINCT CUSTOMERS

Our brand-level reporting will now include Home Essentials to reflect our updated distinct brand proposition

GREATER TRANSPARENCY BETWEEN RETAIL AND FS

We will report separate retail and FS financial metrics to clearly distinguish progress made across both of our core business areas

DIGITAL KPIs

- TOTAL ACTIVE DIGITAL CUSTOMERS
- NEW CUSTOMERS
- ITEMS PER ORDER
- AVERAGE ORDER VALUE
- AVERAGE ORDER FREQUENCY
- APP DOWNLOADS

3. N Brown today

and our potential

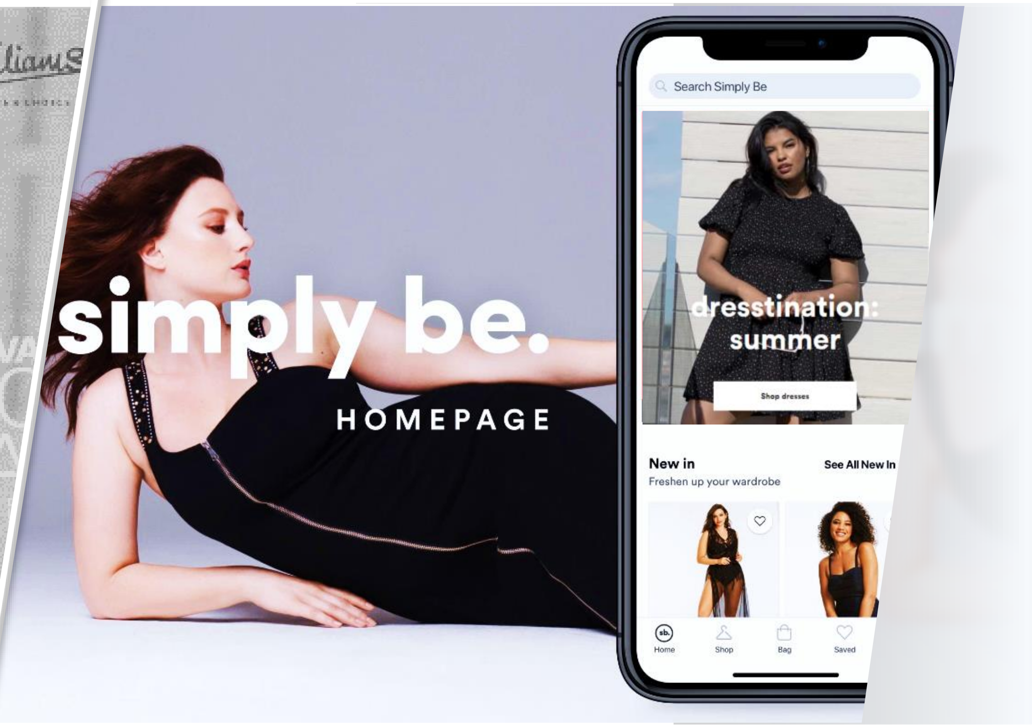
NO LONGER A TRADITIONAL RETAILER BUT NOW A DIGITAL RETAILER

We have restructured our business to build sustainable long-term value

BEFORE

- ✖ Outdated catalogue and store retailer
- ✖ Unsustainable proposition
- ✖ Mixed branding and identity

NOW



- ✔ 91% digital
- ✔ Larger addressable market
- ✔ Focused brand and product strategies

THE BUSINESS TODAY

Our key strengths – a leading market position with an under-served customer base

MARKET SIZE
- Current addressable market is £5.5bn; strategy to extend to £21.6bn
- Retail credit to grow between 3%-7% p.a. over the next five years[1]

MARKET POSITION
- Top 10 UK digital clothing & footwear retailer
- #1 market share in size 20+ online womenswear

BRAND OFFERING
- Transitioning to a rationalised brand portfolio
- New focus on Home Essentials

CUSTOMER BASE
- Differentiated under-served markets; mature and size inclusive
- Strength through a core, reliable, long-standing customer base

FINANCIAL SERVICES OFFERING
- Credit provision differentiates position within the UK retail landscape
- Strengthens customer base and loyalty of customers

DIGITAL PENETRATION
- Benefiting from IT and digital capabilities investment

COST BASE
- Renewed focus on ensuring an efficient and sustainable cost base

STRONG CULTURE & PASSIONATE TEAM
- New executive & senior leadership team to drive the business forward

Note 1 – Estimates source: Mintel, Credit Cards UK Aug 2018

WHY WE EXIST

Inclusivity and our desire to serve the underrepresented are key to our existence

WE SERVE UNDERREPRESENTED MARKETS WITH APPEALING STRUCTURAL GROWTH DRIVERS

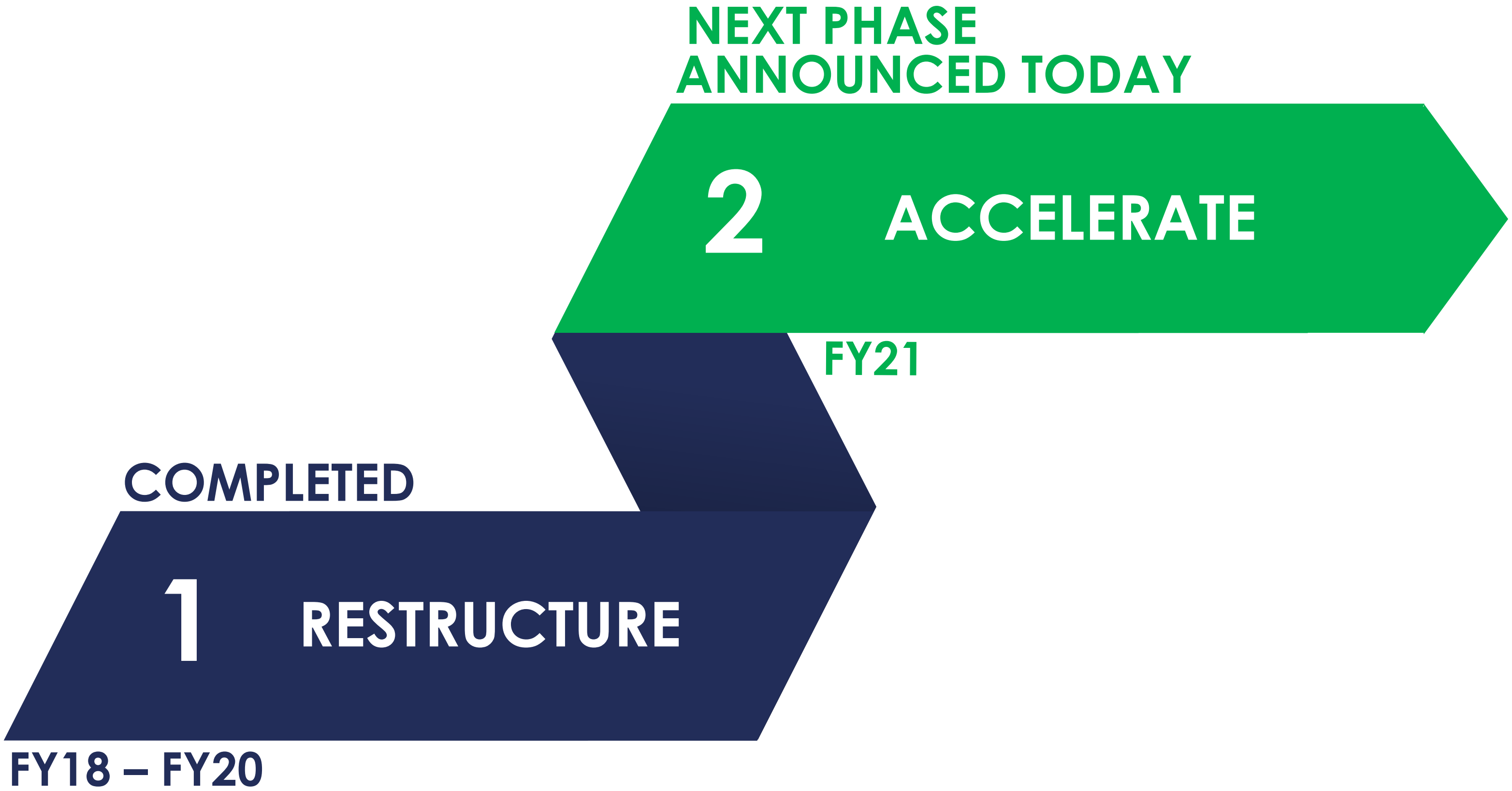
CUSTOMER NEED	MARKET SIZE	OUR PROPOSITION	OUR OPPORTUNITY
+ SIZE	▪ Womenswear: £4.6bn ▪ Menswear: £1.7bn[1]	WE ARE #1 FOR WOMENSWEAR SIZE 20+	POTENTIAL TO GAIN MARKET SHARE IN A GROWING MARKET ✓
UNDERSERVED CREDIT	▪ UK non-standard credit market is approx. £100bn+[2]	WE KNOW 80% OF OUR CUSTOMERS ARE C1, C2, D, E	SCOPE TO EXTEND CREDIT OFFERING TO A WIDER RANGE OF CUSTOMERS ✓
MATURE	▪ UK Womenswear spend by age 65+ was £4.75bn in 2019	WE KNOW OUR AGE GROUP OVERINDEXES VS MARKET	FAVOURABLE STRUCTURAL DRIVERS ✓

WITHOUT N BROWN, 11 MILLION CUSTOMERS WOULD HAVE FEWER / LESS ADEQUATE OPTIONS AVAILABLE

1. *Source: PWC, The UK plus size clothing market review*
2. *Source: Integer Advisors, Demystifying the UK Specialist Lending Markets*
3. *Source: GlobalData, UK: Clothing & Footwear – Womenswear 2019-2024*

OUR STRATEGIC APPROACH

A two phase approach to prepare for the strategic opportunity that lies ahead



4. How we are transforming our business

Full Year Results 2020

PAST ISSUES IDENTIFIED AND ADDRESSED

Our Strategic Plan addresses the key factors identified that were contributing to poor performance

ISSUES IDENTIFIED	HOW WE HAVE ADDRESSED
Restricted growth opportunities	Focus on extending addressable market and broadening product segments
Significant promotional activity	New pricing architecture being introduced
Historical brick and mortar legacy	Closure of store estate and transition to digital
Alignment to a catalogue retailer	Driving digital customer acquisition
Executed inconsistently on technology programmes	Significant investment in digital and tech capabilities
Focus on sales growth across too many brands to the detriment of profit	Brand portfolio rationalisation
Financial services product not understood clearly by the market	FS strategy to support improved product offering, with separate reporting of FS financial metrics
Lack of creative evolution / leadership	Refreshed senior team now in place to implement refreshed strategy
Large cost base / high levels of opex – with a complex and heavy organisation structure	Significant focus on simplification, ensuring increasingly efficient, variable and sustainable cost base
Increased debt through scale and duration of exceptional cash flows	Exceptional issues largely resolved

OUR ROUTE TO A SUSTAINABLE RESHAPED BUSINESS POST COVID-19

Swift and decisive action to improve the foundation / key pillars

1. RESILIENT MODEL THROUGH COVID-19
2. SERVING CORE CUSTOMERS PROFITABLY AND SUSTAINABLY
3. RATIONALISE BRAND PORTFOLIO AND IMPROVE PRODUCT OFFERING
4. DEVELOP DIGITAL AND TECHNOLOGY CAPABILITIES
5. CONTINUE TO OPTIMISE SUSTAINABLE COST BASE
6. ENHANCED FINANCIAL FLEXIBILITY

ACCELERATE

- REFRESHED STRATEGY DELIVERY BEGINS
- RETURN TO GROWTH IN FY22

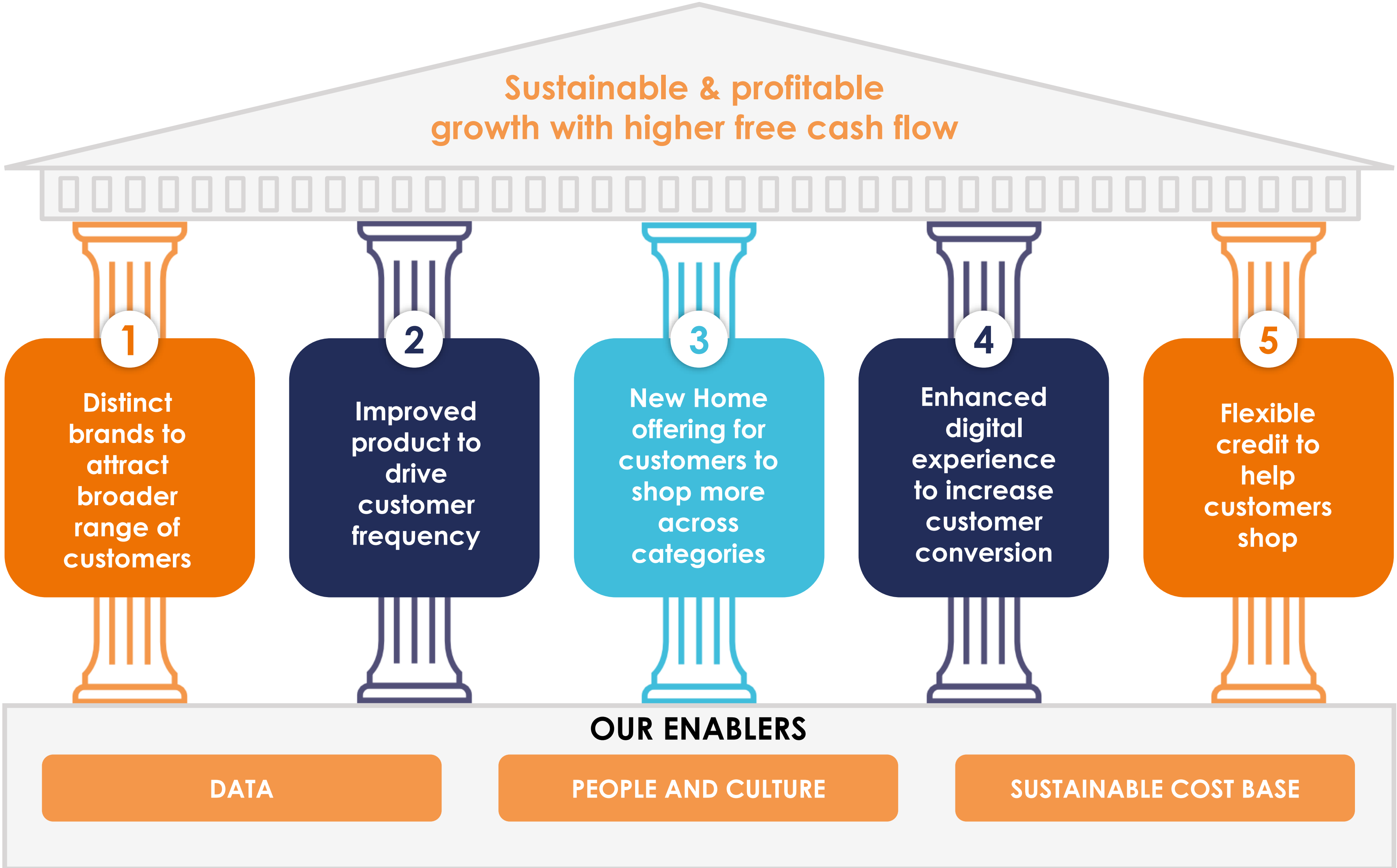
5. Our strategy

for the future

N BROWN

KEY PILLARS OF GROWTH

Clear strategic framework and well defined priorities to drive growth



1 DISTINCT BRANDS TO ATTRACT BROADER RANGE OF CUSTOMERS

Clear brand proposition to standout vs the market and each other

APPROACH

- Redefining brand architecture to broaden customer appeal
- Rationalisation of brand portfolio
- Remaining product brands will either be folded into our rationalised portfolio or gradually wound down
- Continuing to serve our existing customers by maintaining exceptional customer service

IMPACT

- Potential to deliver significant growth in sales
- Quadruple addressable market within apparel
- Clarity of proposition and appeal in our chosen markets
- Separate and distinct home brand boosting cross-sell opportunity
- Improved brand recognition
- Significant scope for cost efficiencies

1 DISTINCT BRANDS TO ATTRACT BROADER RANGE OF CUSTOMERS

Clear brand proposition to standout vs the market and each other

NOW

9 APPAREL BRANDS
1 NICHE HOME BRAND

simply be.
HIGH AND MIGHTY
JACAMO
Marisota
PREMIER MAN
ambrose Wilson
fashion WORLD
FIGLEAVES
JDWILLIAMS
HOUSE of BATH HOME OF INSPIRATION

FUTURE

4 APPAREL BRANDS
1 MAINSTREAM HOME BRAND

simply be.
JACAMO
ambrose Wilson
HOME ESSENTIALS
JDWILLIAMS

1 DISTINCT BRANDS TO ATTRACT BROADER RANGE OF CUSTOMERS

Clear brand proposition to standout vs the market and each other

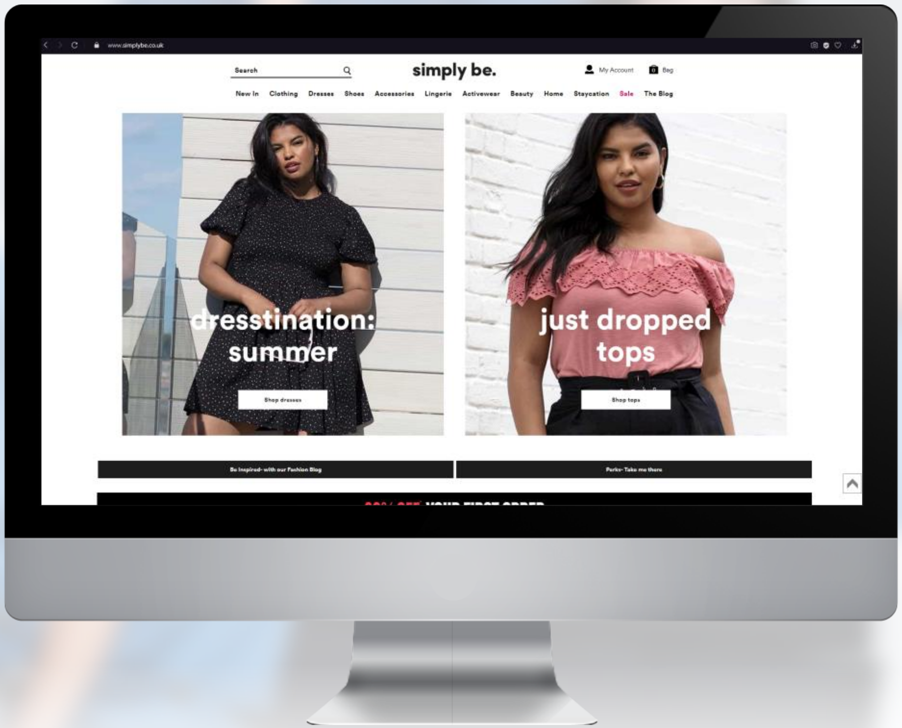
simply be.

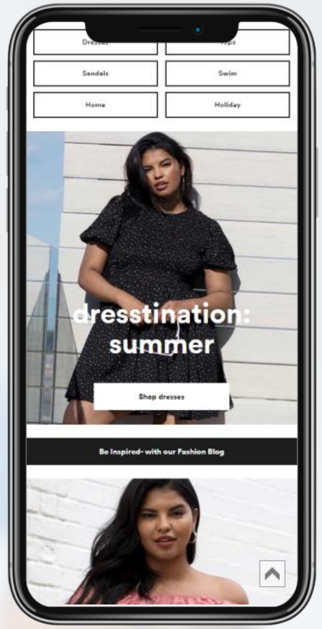
PROPOSITION

Online fashion & beauty brand for plus size women

TARGET CUSTOMER

Plus size woman aged 25-45 with a trend-led attitude to fashion & a credit chooser





1 DISTINCT BRANDS TO ATTRACT BROADER RANGE OF CUSTOMERS

Clear brand proposition to standout vs the market and each other

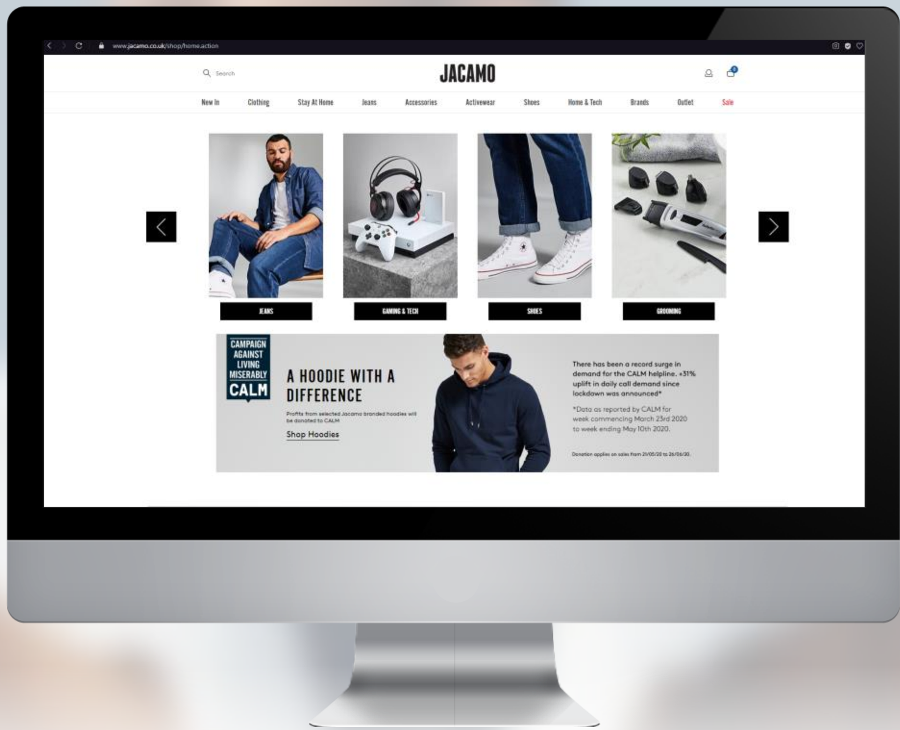
JACAMO

PROPOSITION

Online fashion brand for plus size men

TARGET CUSTOMER

Plus size man aged 25-50 with a trend-led attitude to fashion & a credit chooser



1 DISTINCT BRANDS TO ATTRACT BROADER RANGE OF CUSTOMERS

Clear brand proposition to standout vs the market and each other

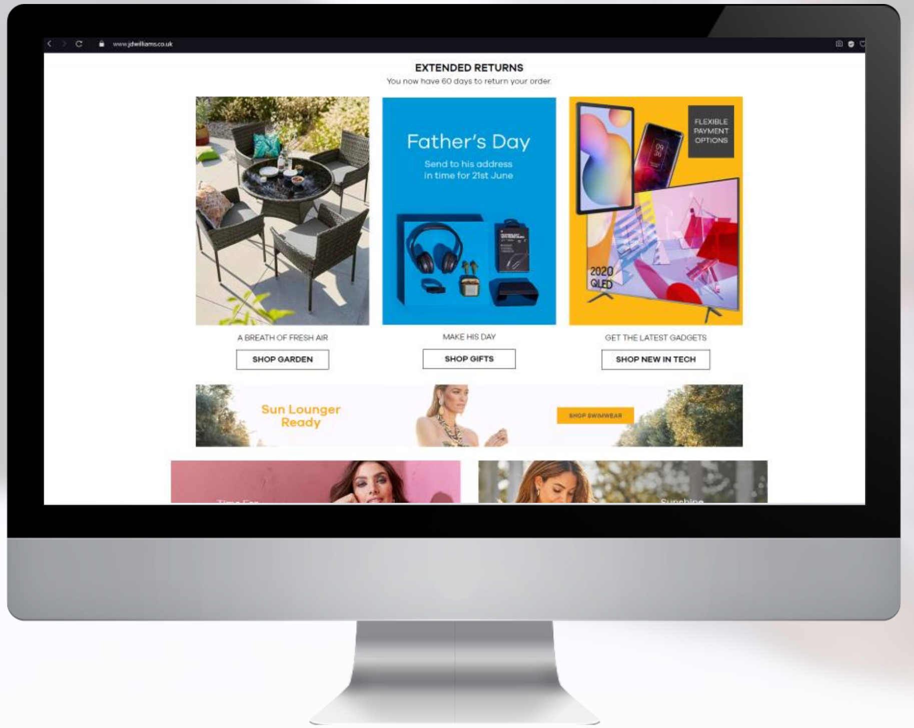
JDWILLIAMS

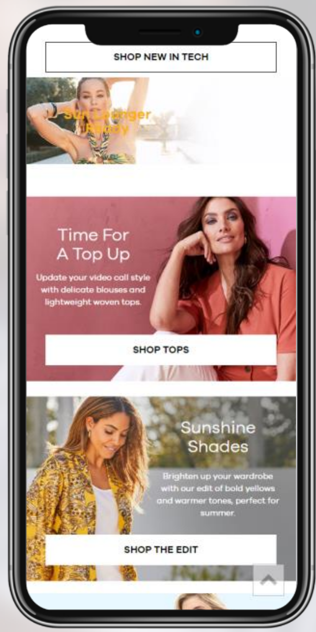
PROPOSITION

Online boutique experience showcasing fashion and home product

TARGET CUSTOMER

45-65 women credit user with a less trend-led attitude to fashion





1 DISTINCT BRANDS TO ATTRACT BROADER RANGE OF CUSTOMERS

Clear brand proposition to standout vs the market and each other

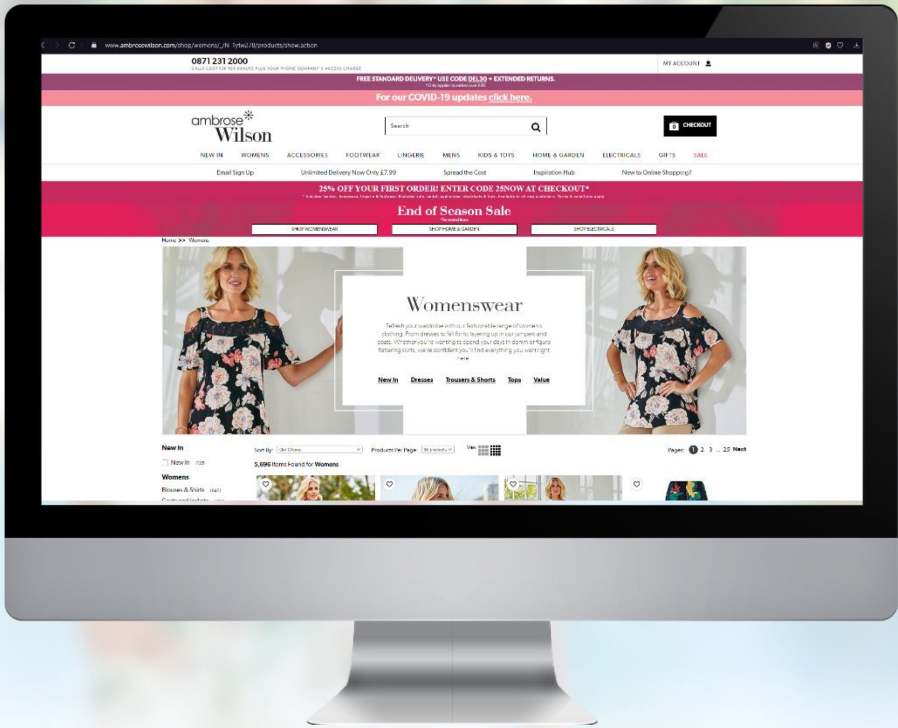
ambrose Wilson

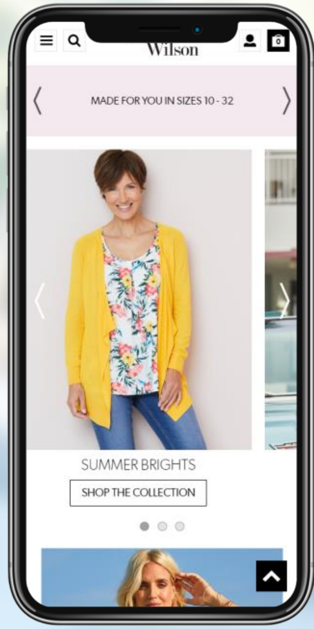
PROPOSITION

Fashion-led brand supported by home, available on & offline that truly values the mature customer

TARGET CUSTOMER

65+ women credit chooser with a value for money fashion need





1 DISTINCT BRANDS TO ATTRACT BROADER RANGE OF CUSTOMERS

Clear brand proposition to standout vs the market and each other

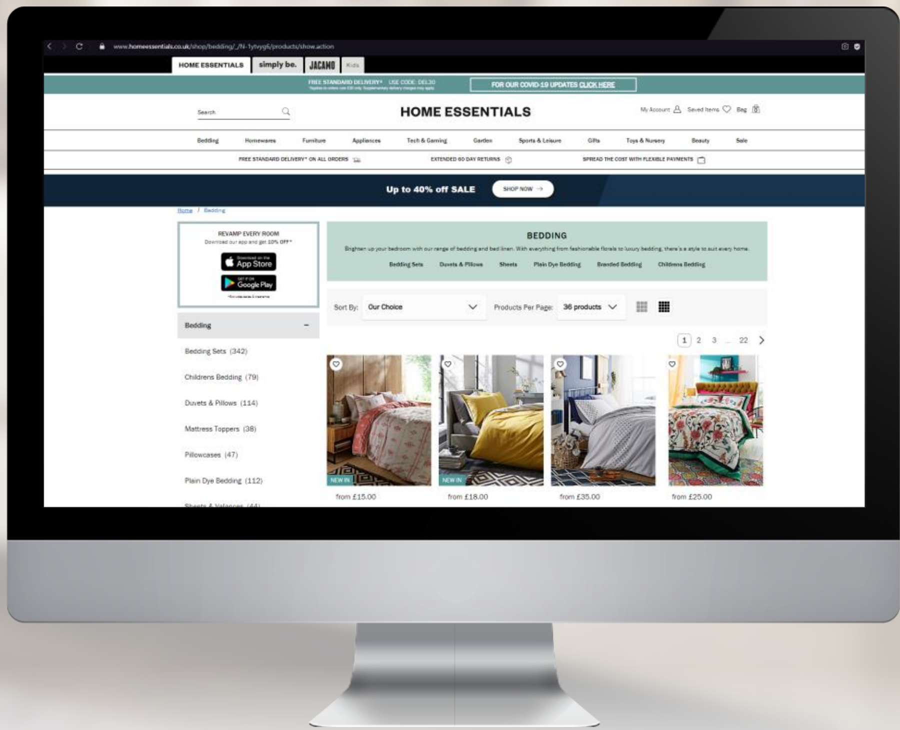
HOME ESSENTIALS

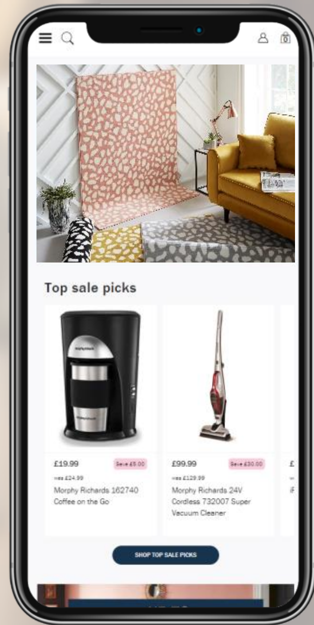
PROPOSITION

A standalone one-stop home brand focused on modern homeware and enabled by a credit offering

TARGET CUSTOMER

The target customer will be families with children at home

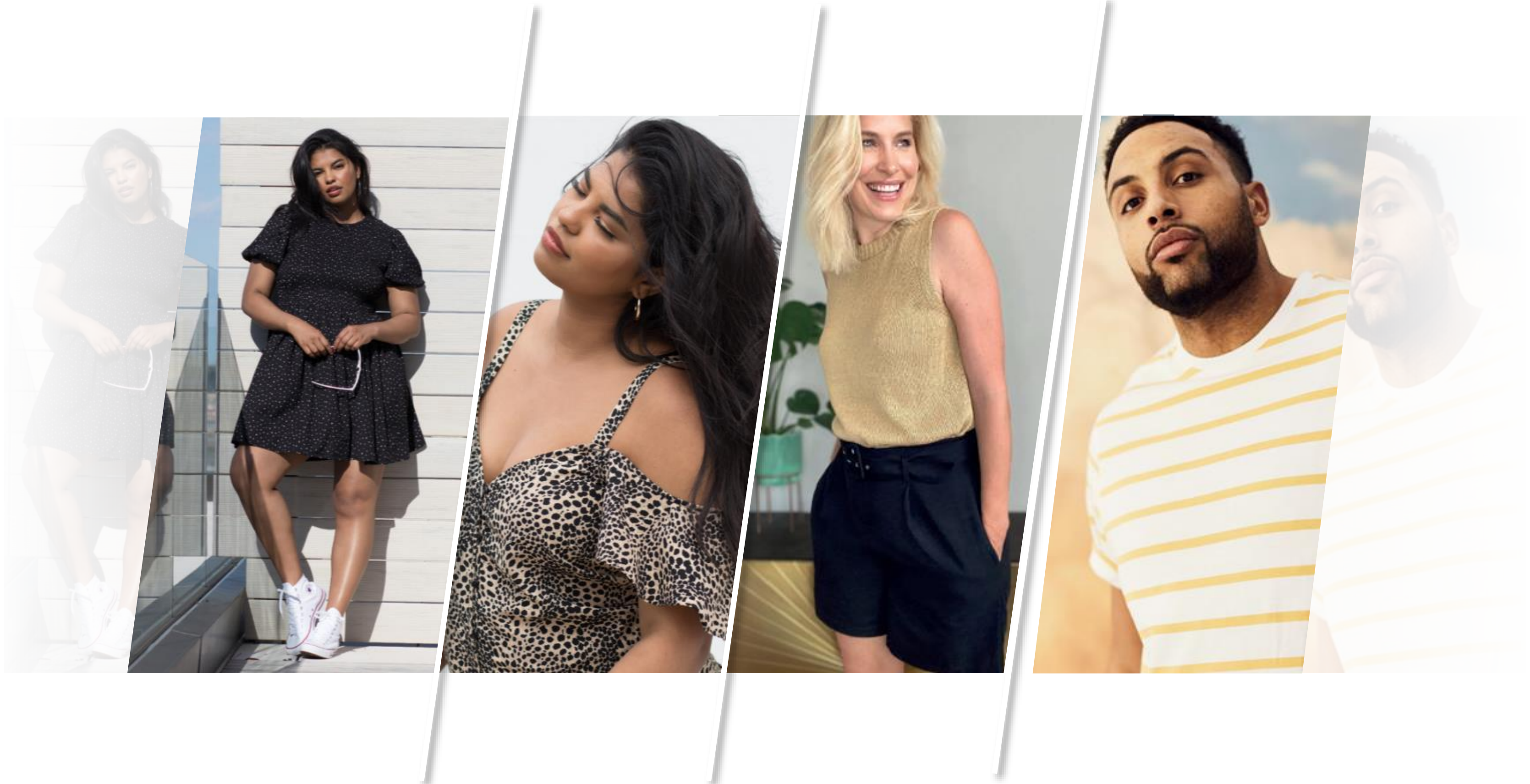




2 IMPROVED PRODUCT TO DRIVE CUSTOMER FREQUENCY

Improved product offering key to building overall proposition

INITIATIVE	EXPLANATION	RATIONALE
IMPROVED PRODUCT HANDWRITING	▪ Clearly designed handwriting bespoke for each brand ▪ Investment in fabric, quality and consistency of fit ▪ Delivering trends for customers at the right time in the right way	Better product, relevant to customers will drive loyalty



2 IMPROVED PRODUCT TO DRIVE CUSTOMER FREQUENCY

Improved product offering key to building overall proposition

INITIATIVE

RENEWED 'GOOD / BETTER / BEST' PRODUCT ARCHITECTURE

EXPLANATION

- Increased importance in own designed ranges in Womenswear, Menswear and Home
- Better curation of branded products
- Well defined pricing criteria which is adaptable and responsive

RATIONALE

Driving increased customer loyalty alongside AOF

GOOD £0-£15 | **BETTER** £15-£20 | **BEST** +£20

GOOD £0-£30 | **BETTER** £30-£50 | **BEST** +£50

2 IMPROVED PRODUCT TO DRIVE CUSTOMER FREQUENCY

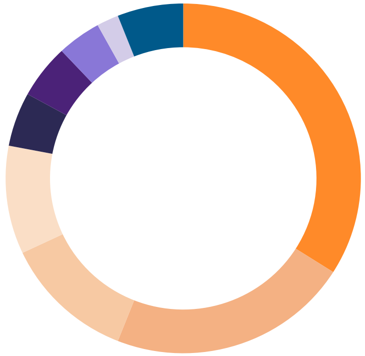
Improved product offering key to building overall proposition

INITIATIVE	EXPLANATION	RATIONALE
SUSTAINABLE SOURCING	▪ Continued evolution of supplier base, 50% supplier reduction in last 18 months ▪ Increased mix of UK and European sourcing to increase flexibility and speed to market ▪ Clearly defined roadmap to deliver enhanced level of sustainability	Adopting a model in response to shifting consumer demands with increased flexibility to reduce lead times

United Nations Global Compact

Ethical Trading Initiative
For workers' rights. For better business.

ACCORD on Fire and Building Safety in Bangladesh



% Sourcing	
China	34%
UK	22%
India	12%
Bangladesh	10%
Pakistan	5%
Turkey	5%
Sri Lanka	4%
Vietnam	2%
RoW	6%

3 NEW HOME OFFER FOR CUSTOMERS TO SHOP ACROSS CATEGORIES

Standalone home brand supported by FS presents large market opportunity

LAUNCHED HOME ESSENTIALS AS A STANDALONE PROPOSITION WITH A DISTINCT TARGET CUSTOMER BASE

PREVIOUS HOME OFFER

- Home purchases enabled by current revolving credit offer
- Home offer sold across various apparel brand sites
- No curated, consistent Home offer

HOME ESSENTIALS

- Standalone Home Brand with single trading website
- Lead on design-led Homeware, backed by full Home offer
- Customer is families with children
- Complementary / cross-selling opportunities
- New credit products to ensure relevance and competitiveness
- Inspirational and complete home solutions made affordable

3 NEW HOME OFFER FOR CUSTOMERS TO SHOP ACROSS CATEGORIES

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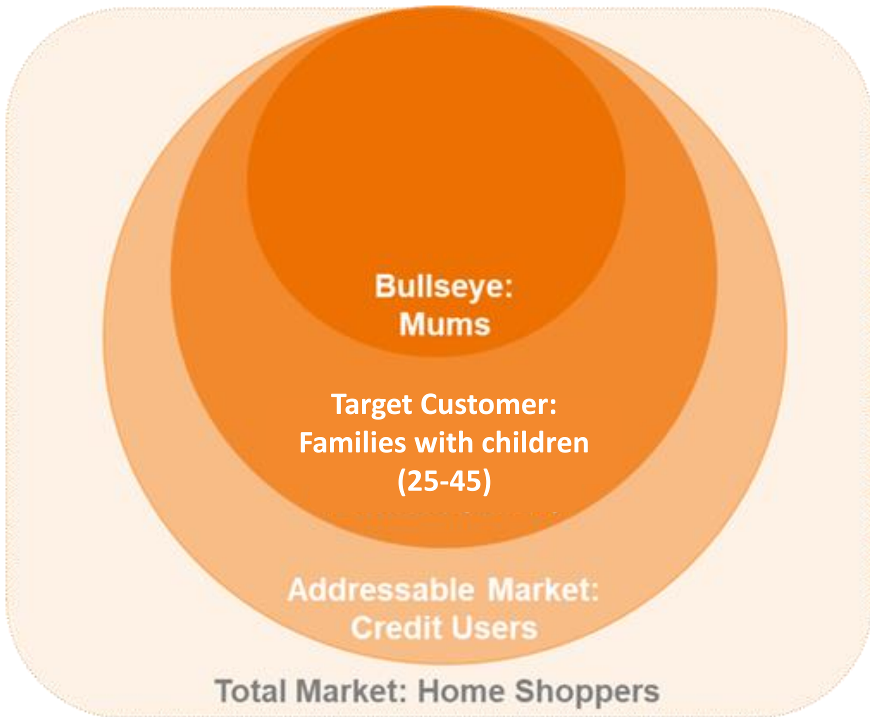
LAUNCHED HOME ESSENTIALS AS A STANDALONE PROPOSITION WITH A DISTINCT TARGET CUSTOMER BASE

- **Their core needs are Affordability, Confidence & "Fits my Life"**
- **This market is worth £15bn; >50% of the credit user home market**
- **Targeted cross-selling opportunities:**

Home Essentials → Financial services

Apparel brands → Home Essentials

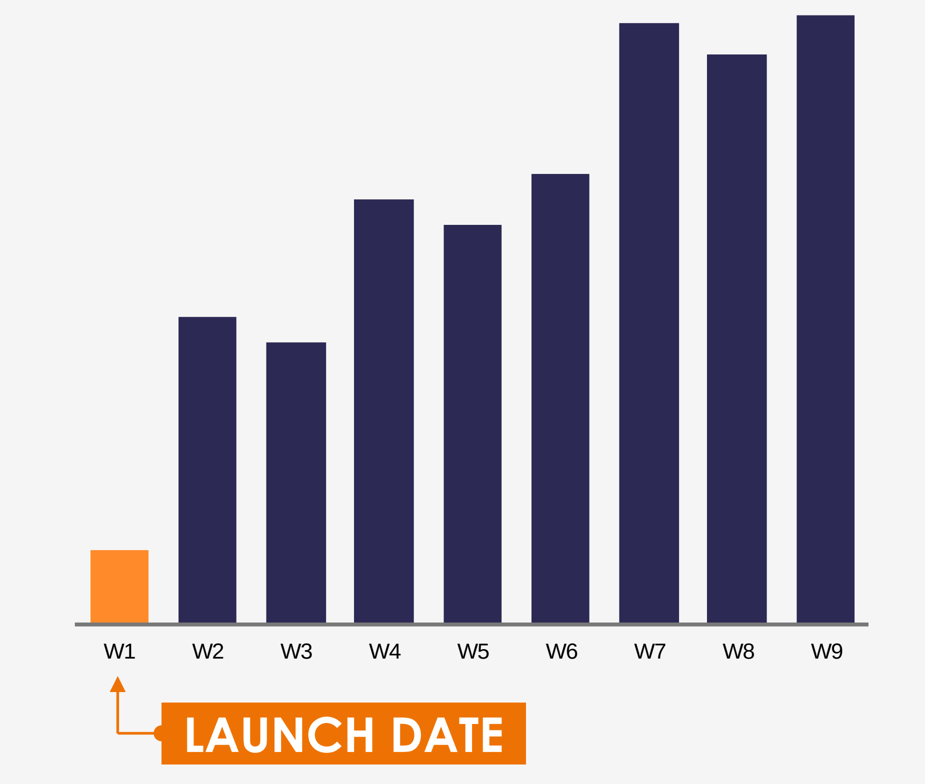


3 NEW HOME OFFER FOR CUSTOMERS TO SHOP ACROSS CATEGORIES

Standalone home brand supported by FS presents large market opportunity

LAUNCHED HOME ESSENTIALS AS A STANDALONE PROPOSITION WITH A DISTINCT TARGET CUSTOMER BASE

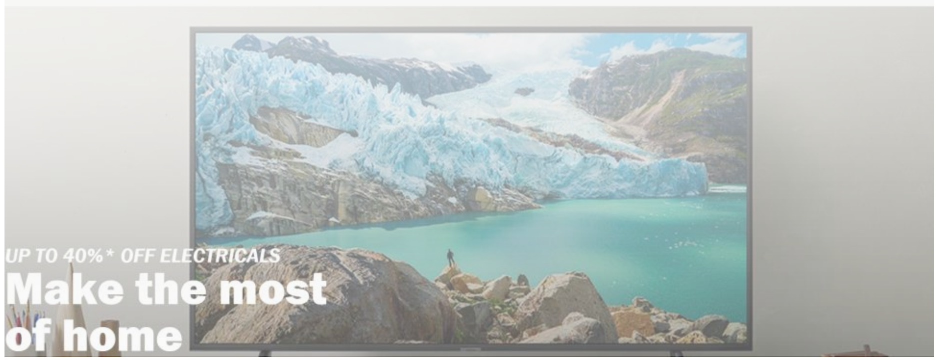
HOME ESSENTIALS REVENUE FROM 1-APR-20



LAUNCH OF HOME ESSENTIALS

HOME ESSENTIALS

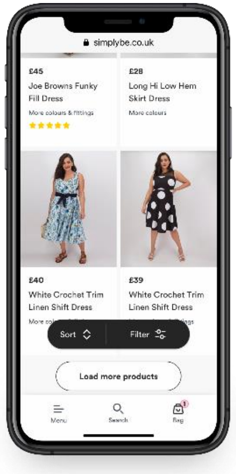
- Home Essentials launched just one week after commencement of UK “lock down”
- Immediate impact on Group’s Home sales following launch
- Strength of demand has been sustained
- Successful launch and excited about opportunity for the Group



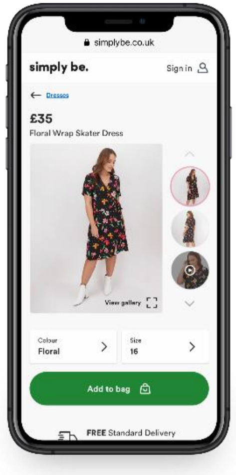
4 OPTIMISING DIGITAL CUSTOMER JOURNEY

Strategic priority is to transform the front end customer journey of the website

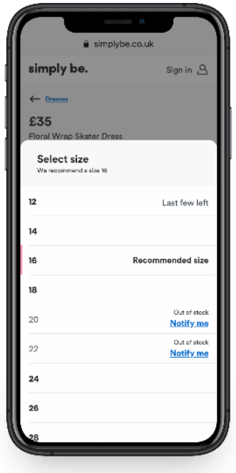
Browse



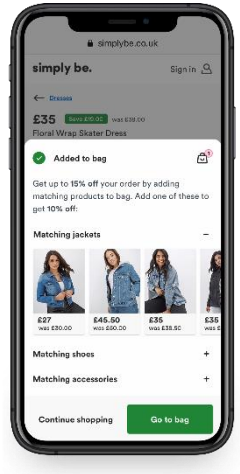
Product Detail



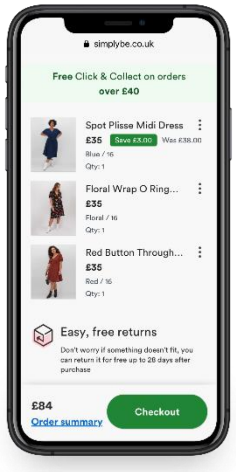
Select Size



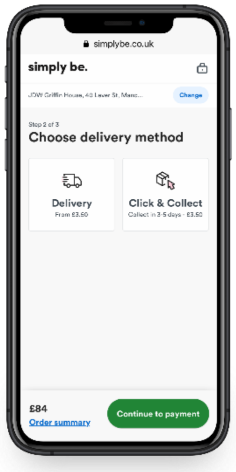
Add to Bag



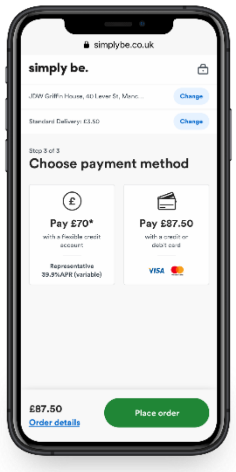
Bag



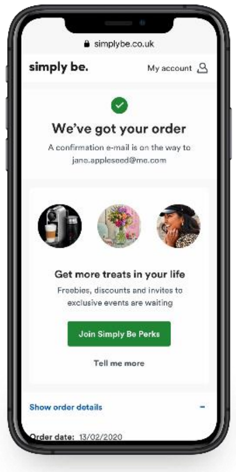
Delivery



Payment



Place Order



Mobile first website framework

AI driven search & merchandising via Bloomreach

Size & Fit recommendation algorithms via True Fit

Single Customer View to drive insights

Redesign of shopping channels to **optimise for mobile users** and accessibility for customers with disabilities and impairments

SEO supportive approach to **improve organic traffic mix**

Faster page load time to uplift conversion and digital satisfaction

Modular approach to **speed up the pace of change**

Utilisation of cloud to dynamically scale offering **cost efficiencies and resilience**

Simply Be will be the first brand to benefit, with **other brands to fast follow**

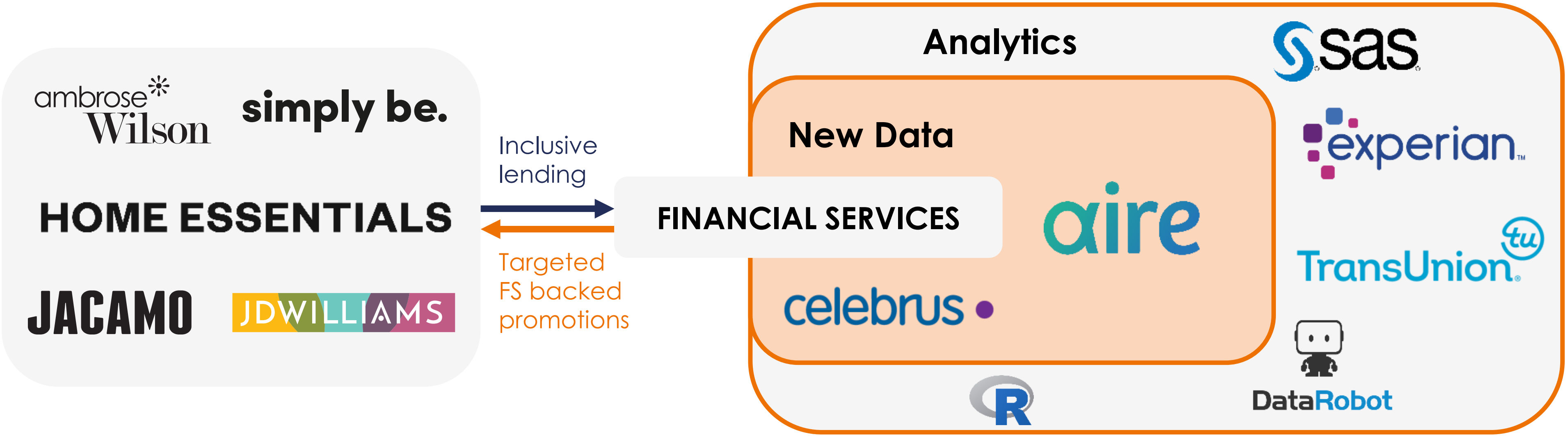
Progressing N Brown with a "digital first" mentality

DIGITAL INITIATIVES FOCUSED ON DELIVERING CUSTOMER BENEFITS

FUTURE INITIATIVES BUT NOT CURRENT FOCUS	CUSTOMER BENEFIT
Warehouse Management System refresh	Better delivery
New product information management systems	Better information about product
Customer contact technology update	Support how and when our customers need it
New Customer Service systems with emphasis on digital channels	Support how and when our customers need it
Compliant and secure payment processing	Support how and when our customers need it

5 N BROWN'S CREDIT PROPOSITION IS A KEY DIFFERENTIATOR

Providing convenient Financial Services to customers

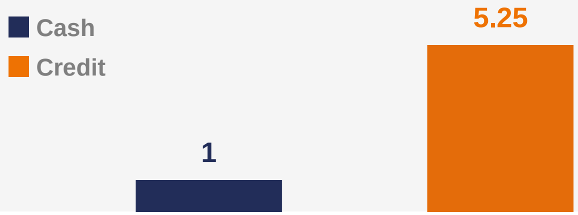


- **N Brown's credit proposition is, to us, what Next Pay is to Next**
- **Combining data across Retail and Financial Services, we provide convenient and integrated personalised offers, targeted to each customer and their shopping needs**
- **By leveraging new data and analytical methods we also make better lending decisions at application and through the customer lifecycle**

5 FLEXIBLE CREDIT TO HELP CUSTOMERS SHOP

Modern credit products will appeal to broader customer segments

CREDIT ACCOUNTS PLACE 5.25x MORE ORDERS THAN CASH ACCOUNTS

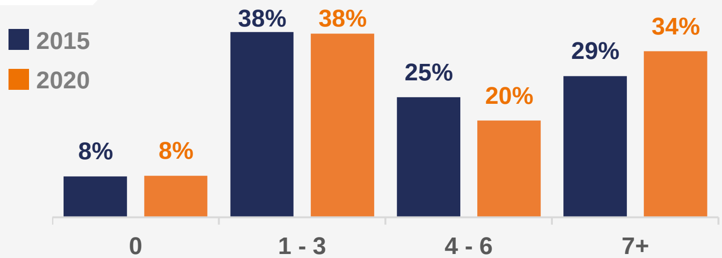


- Established credit customers[1] are offered significantly higher credit spending power as their relationship with N Brown develops

ESTABLISHED CREDIT CUSTOMERS HAVE GREATER PURCHASING ABILITY

- Significant unutilised credit headroom[2] across the portfolio, demonstrating opportunity to grow over the medium term

CREDIT CUSTOMERS ARE LONG STANDING



- Insight into customer base and approach to customer management allows us to lend deeper than others; weighted towards core, reliable and long standing customers

Note:
1. Established customer defined as not recruited within the last 12 months
2. Clear growth in use of unutilised balances is dependant on retail sales growth, which is reasonably expected to be organic and steady

5 FLEXIBLE CREDIT TO HELP CUSTOMERS SHOP

Our focus for the next 3 years

STRATEGIC PRIORITY IS A NEW FINANCIAL SERVICES PLATFORM

FEATURE	IMPACT	BENEFIT
▪ Fully integrated Financial Services platform	Seamlessly embed into the retail customer journey to drive greater loyalty and usage of credit	Increasing incremental retail demand
▪ Ability to deliver a multi-product digital credit proposition	Drive full digitalisation of customer experiences, from acquisition through to customer management of credit accounts	Increasing customer satisfaction
▪ Competing with other popular market-standard offerings	Develop core and tangential propositions	Drive further value and attract more affluent customer segments
▪ Proven credit provider who understands and operates in the retail finance market	Acceleration of ability to use new and emerging data sources and modelling techniques	Drive efficiencies
	More effective in handling ongoing compliance and system updates	Greater cost efficiency

BRINGING IT ALL TOGETHER

Our refreshed strategy unlocks access to new customer groups for longer term growth

POTENTIAL TOTAL ADDRESSABLE MARKET: £21.6BN

19%	55%	26%
£5.5bn	£16.1bn	£7.8bn
Current heartland	Additional addressable market to provide growth opportunities	Remaining UK apparel market

ADDRESSABLE MARKET SEGMENTS

Non-trend-led, plus-size customers that prioritise affordability or need credit to shop

1. Trend-led, plus-size customers that prioritise affordability
2. Non-plus-size customers that prioritise affordability
3. Customers who prioritise quality

Non-plus-size customers that need credit to shop or are trend-led but prioritise affordability

PEOPLE AND CULTURE

New senior team in place to implement a refreshed strategy

NEW EXECUTIVE BOARD

Steve Johnson
CEO
Joined 2016

Rachel Izzard
CFO
Joined 2020

Sarah Welsh
CEO of Retail
Joined 2020

Dan Joy
CEO of FS
Joined 2020

Kenyatte Nelson
Chief Brand Officer
Joined 2019

Aly Fadil
Chief People Officer
Joined 2018

Adam Warne
Chief Information Officer
Joined 2018

Theresa Casey
General Counsel &
Company Secretary
Joined 2015

CAPABILITIES

Shift in focus

- Data scientists
- Scrum masters
- User Experience
- Risk
- Cyber security
- Design

SENIOR LEADERSHIP TEAM

- Diverse and experienced leadership
- 31% joined in the last 18 months
- Attracted new capability from:

MISSGUIDED boohoo THE VERY GROUP

BUILDING BLOCKS PUT IN PLACE IN FY20

Strategic priority to accelerate on the foundations put in place in FY20

DATA

FOUNDATIONS

- Refresh of in-house data team and investment in data architecture
- Development of the CLTV model to focus on increasing AOV and AOF
- Focus on digital marketing to drive a lower cost of customer acquisition
- Reviewed all forecasting technologies to deliver:
  - More accurate sales prediction by SKU
  - Optimisation of warehouse space and logistics

ACCELERATING THE USE OF DATA

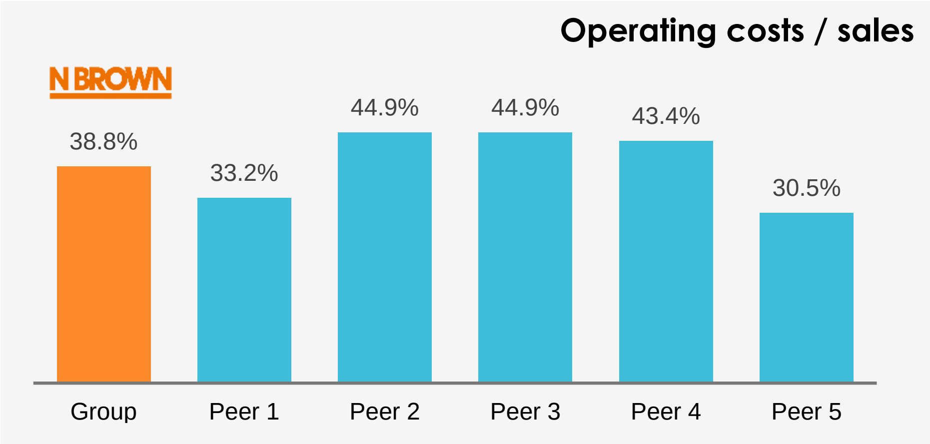
- Enhancing the cloud-based data lake to provide fast access to data for relevant needs
- Building out the data warehouse to ensure common use of data across the business
- Enhancing use of AWS to drive faster decisions through scalable resources

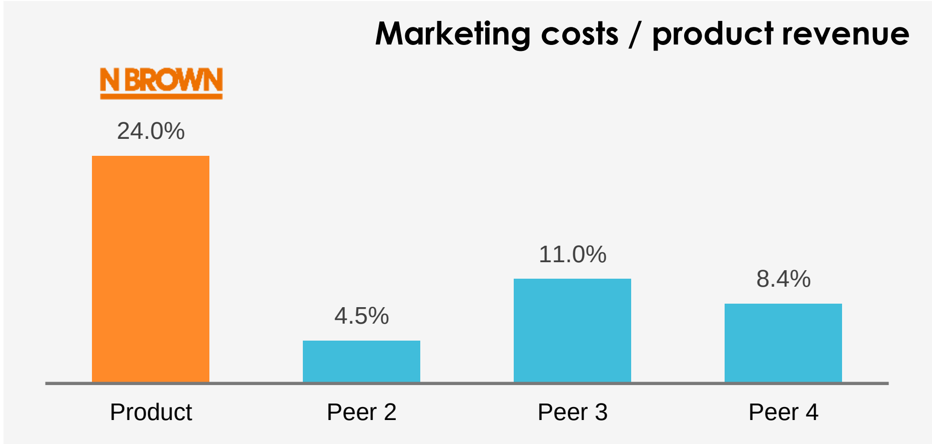
UNDERPINNED BY A SUSTAINABLE PLATFORM FOR OPERATIONAL EXCELLENCE

SUSTAINABLE COST BASE

Improved margins and cost control

BENCHMARKING HIGHLIGHTED THE SIGNIFICANT SCOPE FOR COST SAVINGS AT N BROWN





HOW ARE WE IMPROVING?

Structural bought-in margin improvement

- N Brown brands and home essentials well placed for digital growth
- Product and digital enhancement supporting margin
- Supportive active customer growth and margin improvement in FS

Improvement in efficiency and tightening cost controls

- Sustainable cost base for digital retailer
- Growth driving economies of scale
- Focus on working capital efficiency

CONSISTENT FUTURE PROFITABILITY AND CASH GENERATION SCALING UP AS STRATEGY IS IMPLEMENTED

6. Summary
and outlook

N BROWN

SIZE AND SHAPE

Developing the platform for scaling up profitability and sustainably

CONSISTENTLY PROFITABLE AND CASH GENERATIVE, SCALING UP AS STRATEGY IMPLEMENTS

	1-2 YEARS	3-5 YEARS
RETAIL	▪ Market normalises post Covid-19, & continues to be highly competitive for margin ▪ Progressive exit of non core customers ▪ FS regulatory changes impacting customer base ▪ Progressive flow through of Brand, Product and Digital enhancements	▪ N Brown markets have strong growth prospects; size inclusive, credit ▪ Brands and offer well placed for strong digital growth ▪ Product and digital enhancements supporting margin
FINANCIAL SERVICES	▪ Regulatory impact from Credit Limit Increases and Persistent Debt absorbed ▪ Impact on debtor book from Covid-19 starts to normalise	▪ Strategic changes implemented ▪ Supporting active customer growth and margin improvement
OPERATING COSTS	▪ Efficiency flow through as strategy deploys and offer improves ▪ Costs move into technology	▪ Sustainable cost base for digital retailer ▪ Growth driving economies of scale
CASH USES	▪ Net Debt Reducing & Re-Financing complete ▪ Interest Costs <£15m ▪ Exceptional costs <£10m ▪ Capex returns to ~£40m, focused on improving digital customer experience	▪ Net Debt and WC flexing with profitable growth ▪ No non-securitised debt ▪ Interest costs <£10m ▪ Capex £40-45m

SUMMARY

- Significant action taken in transforming our business and rectifying issues of the past
- Swift and decisive steps taken to improve the business in the current, unprecedented trading environment
- We have ensured sufficient liquidity, working capital headroom and covenant flexibility to manage effectively in current circumstances
- Developed a clear and compelling strategy to unlock significant addressable market potential in the future, based on five deliverable pillars and underpinned by N Brown's enablers
- Plans identified which could further accelerate longer term potential of the business

Appendix

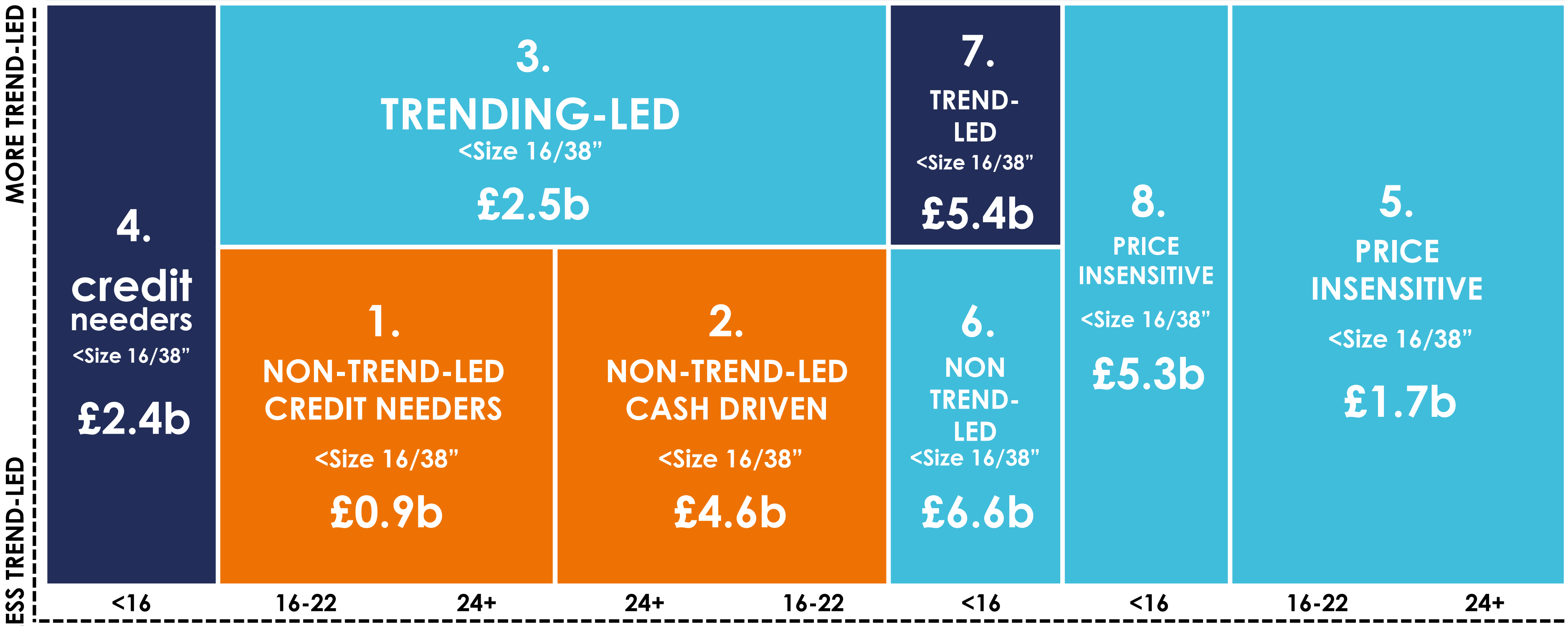
Supplementary information

N BROWN

Full Year Results 2020

CREATING ACCESS TO NEW CUSTOMER GROUPS FOR LONGER TERM GROWTH

CLEAR DEFINITIONS OF BRAND AND TARGET CUSTOMER INCREASES OUR REACH IN THE APPAREL MARKET FROM <20% OF THE MARKET TODAY TO >70% OF THE MARKET IN FUTURE



CREDIT NEEDER
Users of credit who do so for cash flow reasons

PRICE SENSITIVE
Place a high importance on affordability. May choose to use credit

PRICE INSENSITIVE
Does not place a high importance on affordability. May choose to use credit

Current heartland | Additional addressable market to provide growth opportunities | Remaining UK apparel market

WE WILL CONTINUE TO SUPPORT OUR EXISTING CUSTOMER, BASE WHILST REACHING MORE TREND-LED, LESS PRICE SENSITIVE CUSTOMERS THROUGH REDEFINED BRAND PROPOSITIONS

INDUSTRY WIDE REGULATORY CHANGE

AFFORDABILITY

- Affordability changes following FCA creditworthiness consultation paper
- N Brown enhanced affordability processes from November 2018 working closely with credit bureaux and fintech start-up, Aire

CREDIT LIMIT INCREASES

- New policy rules were introduced in response to the FCA's High Cost Credit Review
- Customers can now opt-in or opt-out of CLIs at the point of set-up or any point in the future
- Phase 1 **(March 2019)**
  - Give customers 30 day's notice of credit limit increase and offering option of declining it
- Phase 2 **(December 2019)**
  - Set credit limit preferences at point of opening account
  - Hard policy rules around customers in arrears, forbearance and persistent debt

PERSISTENT DEBT

- Defined as, over a period of 18 months, a customer pays more in interest, fees and charges than they have repaid of the principal
- Introduced following Credit Card Market study
- Key dates
  - **June 2019** - we communicated with customers on implications of remaining in Persistent Debt
  - **March 2020** - we sent a further reminder to customers
  - From **December 2020** we will start to take intervention and propose ways to help customers repay their balance more quickly within defined reasonable period (3-4 years)*

OPERATING EXPENSES AND EBITDA

£m	FY20	FY19	Change
Group Gross Profit	439.9	497.7	-11.6%
Warehouse & Fulfilment	(78.1)	(84.0)	-7.0%
Marketing & Production	(136.0)	(157.8)	-13.8%
Admin & Payroll	(119.1)	(127.9)	-6.9%
Total Operating Costs	**(333.2)**	**(369.7)**	**-9.9%**
Adjusted EBITDA	106.7	128.0	-16.6%
Adjusted EBITDA Margin	12.4%	14.0%	-160bps
Depreciation & Amortisation	(30.1)	(30.1)	0.0%
Operating Profit before exceptionals	76.6	97.9	-21.8%
Operating Profit Margin before exceptionals	8.9%	10.7%	-180bps

GROUP PROFIT

£m	FY20	FY19
Operating Profit before exceptionals	76.6	97.9
Net Finance Costs	(17.1)	(14.3)
Adjusted Profit Before Tax	**59.5**	**83.6**
Exceptional Costs	(28.5)	(145.6)
Unrealised FX Movement	4.7	4.5
Profit / (Loss) Before Tax	35.7	(57.5)
Taxation	(8.3)	(0.8)
Net Profit / (Loss)	27.4	(58.3)

US DOLLAR HEDGING

£m	% Hedged	Hedge Rate
FY21	88%	1.32
FY22	39%	1.32

- **Hedging position as at 29 February 2020**
- **Solidly placed to mitigate short-term impact of currency volatility**

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