H1 FY21

Results

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KEY POINTS FOR TODAY

WELL POSITIONED TO ACCELERATE STRATEGIC GROWTH

1

H1 PERFORMANCE SHOWS CONTINUED RECOVERY THROUGH Q2, WITH RESILIENCE IN FINANCIAL SERVICES AND SIGNIFICANT COST EFFICIENCIES

2

POSITIVE PROGRESS ON REFRESHED STRATEGY ACROSS ALL 5 GROWTH PILLARS

3

PROPOSED EQUITY RAISE TO STRENGTHEN BALANCE SHEET AND INVEST IN GROWTH STRATEGY

FY21

H1 Financial Results

N BROWN

Interim Results FY21

H1 FINANCIAL HIGHLIGHTS

A MORE RESILIENT AND EFFICIENT BUSINESS MODEL

1. IMPROVED REVENUE TRAJECTORY THROUGHOUT Q2 WITH 92% OF REVENUE NOW DIGITAL
2. ADJUSTING FOR IMPACT OF IFRS9, EBITDA AND PROFIT BEFORE TAX AHEAD OF THE PRIOR YEAR
3. FS GROSS MARGIN REDUCTION PRIMARILY DRIVEN BY IFRS9 BAD DEBT PROVISION
4. PRODUCT GROSS MARGIN REDUCED DUE TO STRATEGIC MOVE INTO HOME AND GIFT, AS WELL AS ACTIVE STOCK MANAGEMENT AND HIGHLY PROMOTIONAL CONDITIONS IN CLOTHING
5. MATERIAL REDUCTION IN OPERATING COSTS DUE TO STRATEGIC EFFICIENCY AND VOLUME REDUCTIONS OFFSETTING >90% OF THE GROSS MARGIN DECLINE
6. BALANCE SHEET DE-LEVERAGE UNDERWAY WITH 17.3% REDUCTION IN NET DEBT AND REFRESHED BANK FACILITIES

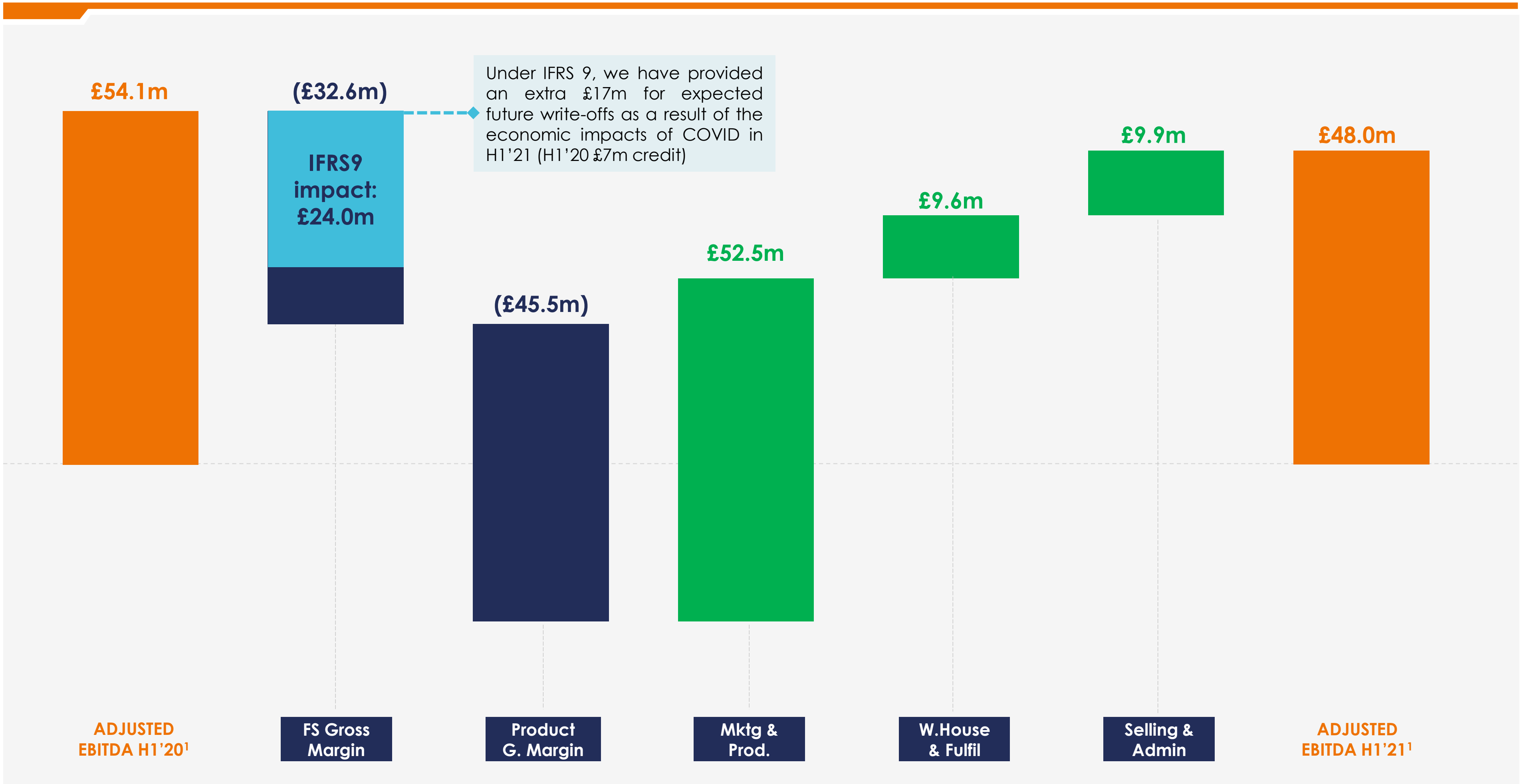
GROUP PROFIT

£m	H1'21	H1'20	Change
Operating Profit before exceptionals	31.0	39.7	(21.9%)
Net Finance Costs	(8.4)	(7.9)	+6.3%
Adjusted Profit Before Tax	**22.6**	**31.8**	**(28.9%)**
Exceptional Costs	(4.5)	(25.0)	(82.0%)
Fair value adjustment to financial instruments	(4.0)	12.0	n/a
Profit Before Tax	14.1	18.8	(25.0%)
Taxation	(1.8)	(4.7)	(61.7%)
Net Profit	12.3	14.1	(12.7%)

COST BASE AGILITY OFFSET MAJORITY OF GROSS PROFIT DECLINE

MORE THAN 90% OF H1 GROSS PROFIT DECLINE OFFSET BY OPERATING COST EFFICIENCIES

ADJUSTED EBITDA H1'20 to H1'21



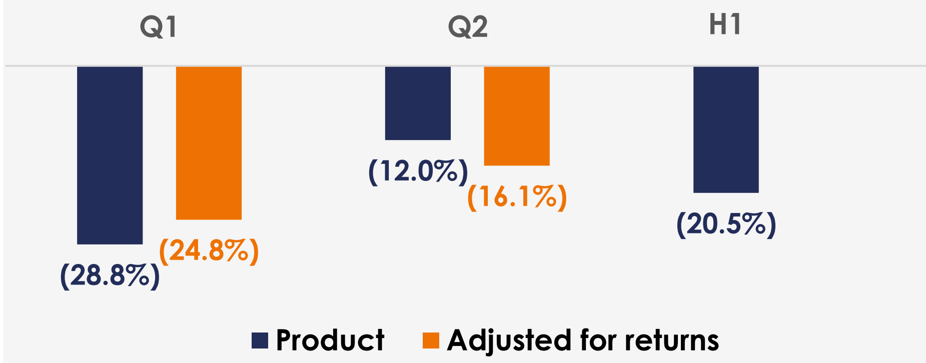
Note 1 – Adjusted EBITDA is defined as operating profit, excluding exceptionals, with depreciation and amortisation added back

REVENUE BY BRANDS

REVENUE PERFORMANCE IMPACTED BY SUDDEN AND DRAMATIC FALL AT THE START OF THE PANDEMIC

£m	H1' 21	H1'20	Change	Digital % H1'21	Digital % H1'20
JD Williams	63.4	75.7	(16.2%)	89%	80%
Simply Be	53.5	60.9	(12.2%)	99%	98%
Ambrose Wilson	14.7	23.2	(36.6%)	77%	58%
Womenswear	**131.6**	**159.8**	**(17.6%)**	**92%**	**83%**
Menswear[1]	**26.3**	**32.4**	**(18.8%)**	**98%**	**97%**
Product Brands[2]	66.6	90.1	(26.1%)	89%	81%
Total Product revenue	**224.5**	**282.3**	**(20.5%)**	**92%**	**84%**
Financial Services revenue	**132.2**	**150.6**	**(12.2%)**	**-**	**-**
Total revenue	**356.7**	**432.9**	**(17.6%)**	**-**	**-**

IMPROVED PRODUCT REVENUE TRAJECTORY



Product

- Significant increase in digital revenue
- All core brands performed better in Q2
- Like for Like sales on Home & Gift increased 25%, becoming a larger proportion of the product mix

Financial services

- Regulatory change, combined with lower product sales drives a smaller debtor book and lower interest income
- Improved book quality has driven lower administration fees but improved underlying impairment rates

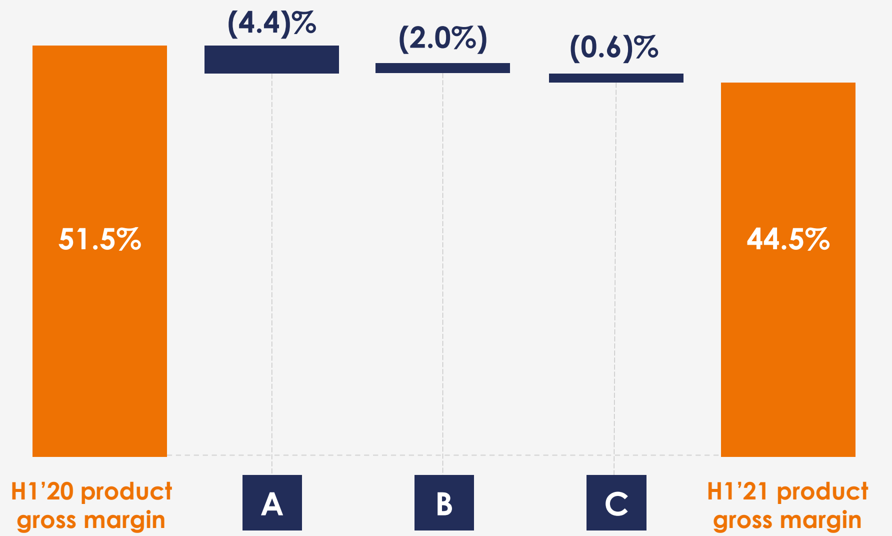
Note 1 – Menswear is the Jacamo brand
Note 2 – Product brands are Fashion World, Premier Man, House of Bath, Marisota, Oxendales, High & Mighty, USA and Figleaves. Home Essentials included in Product Brands.

PRODUCT GROSS MARGIN PERFORMANCE

STRATEGIC DECISION TO PIVOT OFFER TOWARDS HOME & GIFT AND CLEARING OLDER STOCK

£m	H1'21	H1'20	Change
Revenue	224.5	282.3	(20.5)%
Gross Profit	99.8	145.3	(31.3)%
Gross Margin	44.5%	51.5%	(700)bps

DRIVERS OF GROSS MARGIN



A
- Product mix reflecting strategic decision to pivot customer offer to Home & Gift
- Home & Gift revenue has grown by 25.4% in H1'21 vs H1'20
- Whilst Home & Gift has a lower product margin, it has significantly lower returns rate

B
- SS20 orders were cancelled at the start of the pandemic
- Older stock was cleared down and discounted in the period successfully generating working capital

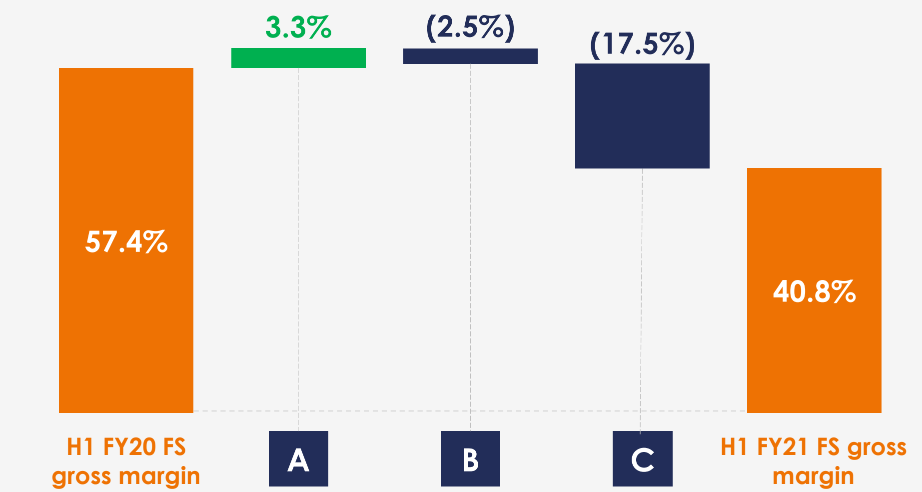
C
- Increase in free post and packaging promotions to drive demand and to meet customer expectations

FINANCIAL SERVICES GROSS MARGIN PERFORMANCE

PREVIOUSLY GUIDED IFRS 9 PROVISION REDUCED FINANCIAL SERVICES GROSS MARGIN

£m	H1'FY21	H1 'FY20	Change
Revenue	132.2	150.6	(12.2)%
Gross Profit	53.9	86.5	(37.7)%
Gross Margin	40.8%	57.4%	(1660)bps

DRIVERS OF GROSS MARGIN



A Normal account provisions

- Customer repayment rates have stayed in line with previous periods and repayments were solid.
- Lower arrears compared to the prior period have led to an underlying improvement in the quality of the debtor balance with an associated improvement in the bad debt provision.

B Lower quantum and deferral of debt sale

- Due to improved arrears, the value of regular debt sold is lower than last year.
- Debt earmarked for future sale is higher than previous due to the active deferral of the debt sale into a more effective larger sale at year end.

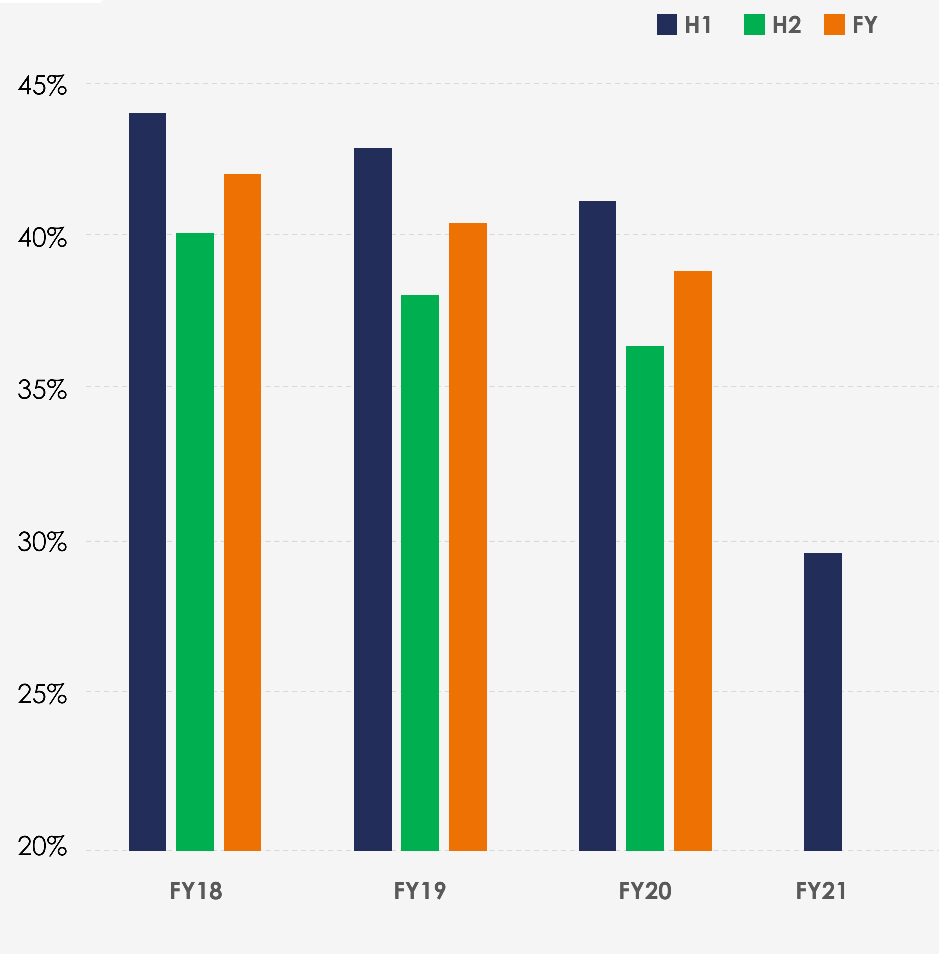
C Covid-19 & prior period IFRS9 Provision

- As a result of the uncertainty in future macro-economic conditions due Covid-19, the Group has made an additional bad debt provision of £17m to cover the cost of defaults which may arise in the future.
- Inline with previously communicated range of £8-£18m
- Customer behaviour has yet to show any material adverse change.
- Prior period benefit of £7m/4.6pp IFRS9 release

OPERATING COSTS

SWIFT AND DECISIVE RESPONSE TO COVID-19 COMBINED WITH STRATEGIC EFFICIENCY CHANGES

COST: SALES RATIO



Marketing and Production

- Down 67.0% to £25.9m
- Swift and decisive action at the start of the pandemic to maximise operating efficiency and preserve liquidity
- Successful implementation of the strategy – using predictive AI to understand CLV and improve efficiency for the long term

Payroll[1]

- Government CJRS support of £3.3m included within the reductions in W&F and S&A below
- Exceptional redundancy costs in the period to resize the business going forward in light of the reduced demand

Warehouse and Fulfilment

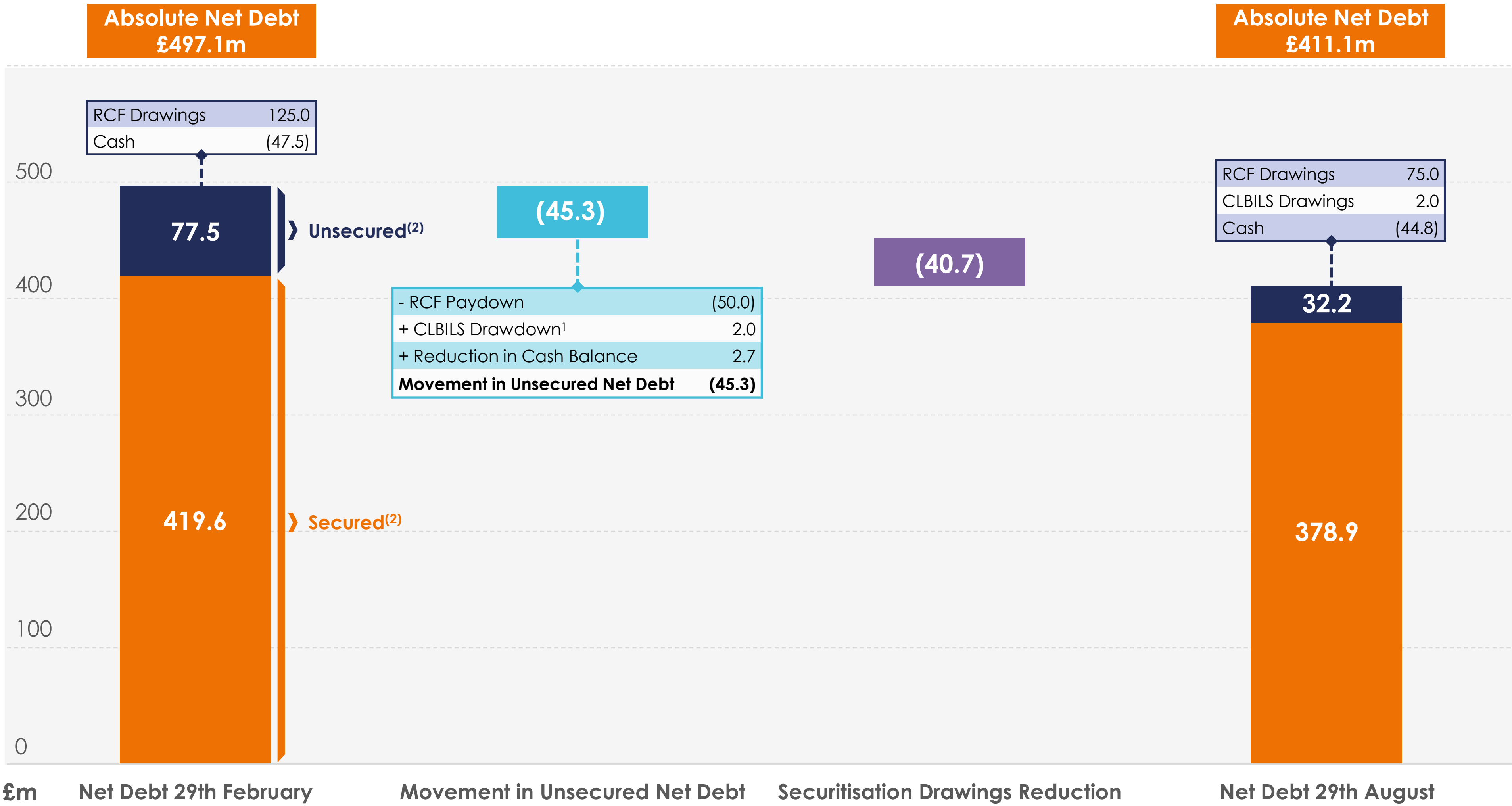
- Down 24.1% to £30.3m
- Volume savings in light of product revenue down 20.5%, plus further efficiencies

Selling and Admin

- Decreased by 16.7% to £49.5m
- Savings made across all areas e.g. contractors, property costs

Note 1 – Payroll costs are reported across Warehouse and Fulfilment and Selling and Admin

DISCIPLINED COST & CASH MANAGEMENT DRIVING MATERIAL REDUCTION IN UNSECURED NET DEBT



Note 1 – Minimum drawdown required to prevent withdrawal of facility
Note 2 – Unsecured Net Debt excludes debt securitised against receivables (customer loan book) and lease liabilities

CURRENT TRADING AND OUTLOOK

CURRENT TRADING

1

Product revenue trends have continued to improve but the market remains challenging

Financial Services revenue has been impacted by the effects of Covid-19 on product sales which flow through to the size of the debtor book

2

Product gross margin pressure continues due to mix

FS gross margin down due to previously guided regulatory pressures, H1 bad debt provisioning due to impact of Covid-19, and forecast but not yet experienced customer macro-economic stress

3

Strong operating cost efficiency continues at lower pace than H1 as investment is re-introduced to drive long term value. Flexibility retained.

FY21 OUTLOOK

1

In an uncertain environment, the Group continues to trade in line with expectations

2

Confident of offsetting at least 75% of the FY21 full year gross margin decline through operational cost savings

3

Capex c.£20m[1]
Net debt £380m - £400m[1]
Exceptional items<£10m

Note 1 – FY21 Net debt and capex guidance is pre-capital raising proceeds

STRATEGIC PROGRESS

TO DELIVER PROFITABLE AND SUSTAINABLE GROWTH

N BROWN

OUR OPPORTUNITY

INCLUSIVITY AND OUR DESIRE TO SERVE THE UNDERREPRESENTED ARE KEY TO OUR EXISTENCE

WE SERVE UNDERREPRESENTED MARKETS WITH APPEALING STRUCTURAL GROWTH DRIVERS

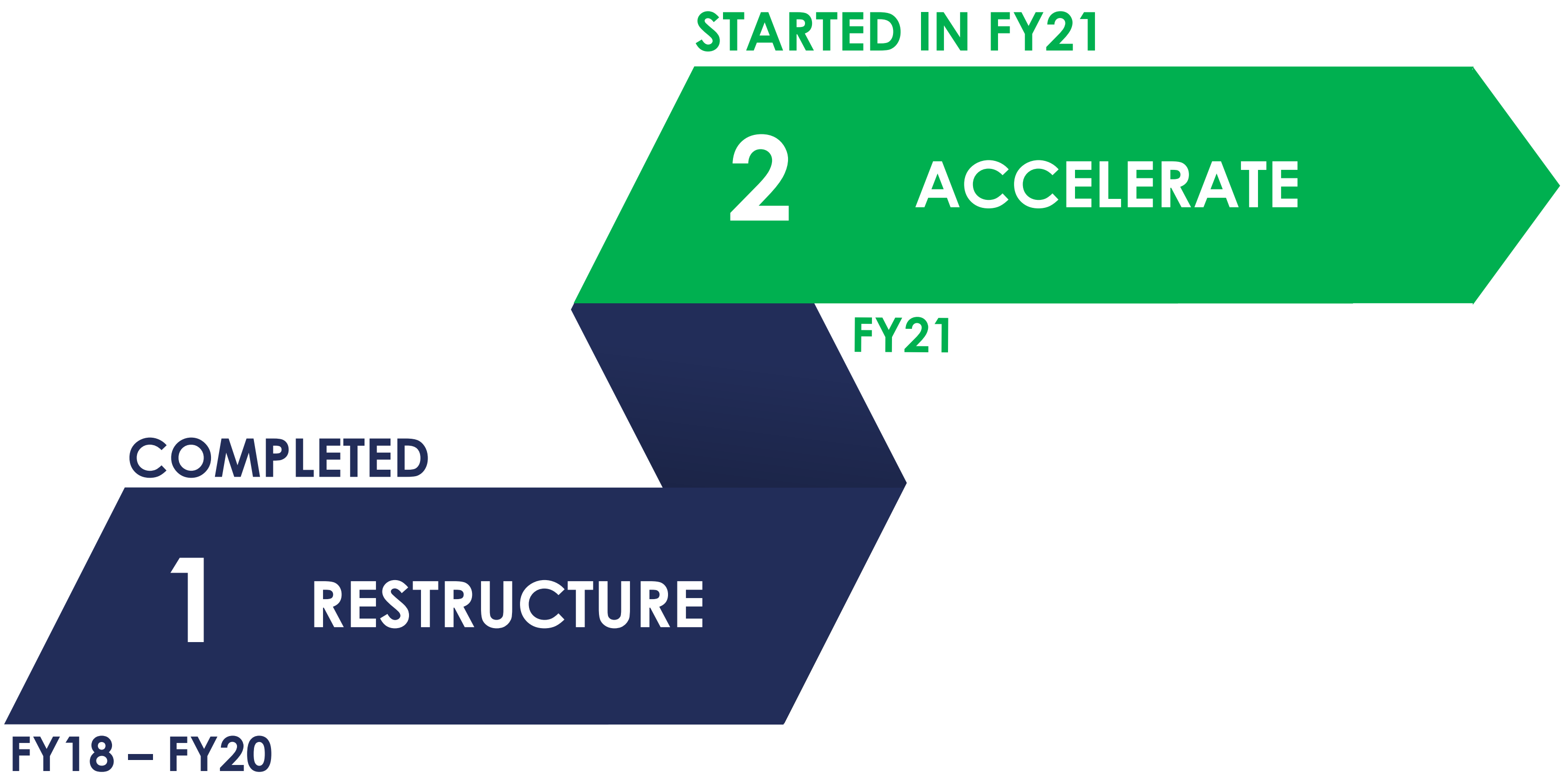
CUSTOMER NEED	MARKET SIZE	OUR PROPOSITION	OUR OPPORTUNITY
+ SIZE	▪ WOMENSWEAR: £4.6bn ▪ MENSWEAR: £1.7bn[1]	WE ARE #1 FOR WOMENSWEAR SIZE 20+	POTENTIAL TO GAIN MARKET SHARE IN A GROWING MARKET ✓
UNDERSERVED CREDIT	▪ UK NON-STANDARD CREDIT MARKET IS APPROX £100bn+[2]	WE KNOW 80% OF OUR CUSTOMERS ARE C1, 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



KEY PILLARS OF GROWTH

CLEAR STRATEGIC FRAMEWORK AND WELL DEFINED PRIORITIES TO DRIVE GROWTH

Sustainable & profitable growth with higher free cash flow

1. Distinct brands to attract broader range of customers
2. Improved product to drive customer frequency
3. New Home offering for customers to shop more across categories
4. Enhanced digital experience to increase customer conversion
5. Flexible credit to help customers shop

OUR ENABLERS

- DATA
- PEOPLE AND CULTURE
- SUSTAINABLE COST BASE

1 DISTINCT BRANDS TO ATTRACT BROADER RANGE OF CUSTOMERS

OUR AMBITION IS 5 CORE DIGITAL BRANDS, WITH CLEAR TARGET CUSTOMERS

REFRESHED CREATIVE APPROACH FOR AW20

- Updated approach to creative, supporting stronger brand identities.
- Supported by new collaborations e.g. Simply Be and Coppafeel and Jacamo and Arms Length.

SIMPLIFICATION OF THE BRAND PORTFOLIO

- 12 core brands at end of FY20, now reduced to 10.
- Closed High and Mighty and House of Bath, customers migrated to Jacamo and Ambrose Wilson respectively.

ACCELERATED USE OF SOCIAL MEDIA

- 1.4m followers across Facebook & Instagram
- 12% increase in revenue driven through social channels vs H1 FY21.

2 IMPROVED PRODUCT TO DRIVE CUSTOMER FREQUENCY

IMPROVED PRODUCT OFFERING KEY TO BUILDING OVERALL PROPOSITION

PRODUCT HANDWRITING

- Increased the amount of own designed product by +8pts to 65%.
- Active pivot into key categories such as leisure and nightwear, following customer demand.

GOOD / BETTER / BEST

- Improved and more clearly defined product architecture, better curation of branded product
- Launched Hugo Boss and Ralph Lauren on Jacamo

ETHICAL AND SUSTAINABLE SOURCING

- Launched new ESG strategy (covered in detail in the ESG section)
- Increasing use of sustainable cotton; 45% of total denim mix is BCI cotton, Jacamo launched sustainable denim range.
- Suppliers rationalised by 21%, building stronger relationships with a more consolidated base

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

- Launched during lockdown on 1st April 2020.
- Immediate impact on Home sales and demand sustained throughout H1, +25.4% vs H1 FY20.
- Responded to customer lockdown demand, expanding electrical and home office offering.
- Over 50k followers across Instagram and Facebook since launch

4 ENHANCED DIGITAL EXPERIENCE TO INCREASE CUSTOMER CONVERSION

STRATEGIC PRIORITY IS TO TRANSFORM THE FRONT END CUSTOMER JOURNEY

LAUNCH OF BLOOMREACH

- Bloomreach is an advanced merchandising tool that uses machine learning and artificial intelligence to create more personalised customer experiences.

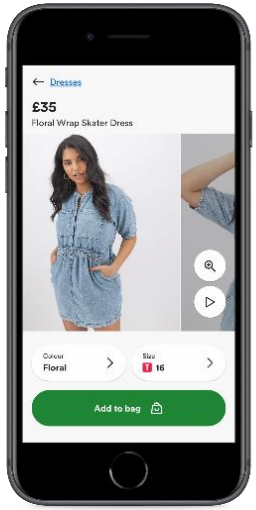
APIS FOR SOCIAL MEDIA

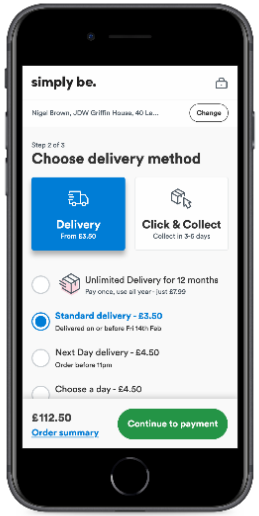
- APIs in development to enable automated re-targeting of customers and internal efficiencies, reflecting acceleration of social media in our marketing strategy.

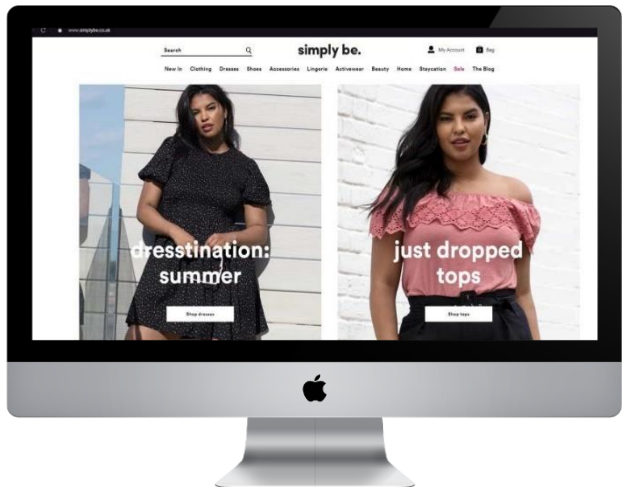
NEW FRONT END WEBSITE DEVELOPMENT

- Work underway to develop a new front end website, delivering better, brand relevant, customer journeys, improved SEO and conversion rate benefits.

- Opportunity to accelerate with more investment.







5 FLEXIBLE CREDIT TO HELP CUSTOMERS SHOP

PROVIDING CONVENIENT AND FLEXIBLE FINANCIAL SERVICES TO CUSTOMERS

NEW FS PRODUCTS

Discovery phase underway to determine best delivery method for a new FS platform.

COVID SUPPORT

Implemented a payment deferral for customers who are struggling to keep up with their repayments.

BETTER CREDIT DECISIONING

Partnership with Aire Labs, an AI tool to improve lending proposition and customer outcomes.

IMPROVEMENT TO PAYMENT JOURNEY

Simplified credit account repayment journeys, making it easier for customers to manage their account.

PEOPLE & CULTURE

NEW SENIOR TEAM IN PLACE TO IMPLEMENT REFRESHED STRATEGY

REFRESHED EXECUTIVE TEAM

Both Rachel Izzard, CFO and Sarah Welsh, Retail CEO joined the Group during H1.

Rachel Izzard
CFO
Joined 2020

Sarah Welsh
CEO of Retail
Joined 2020

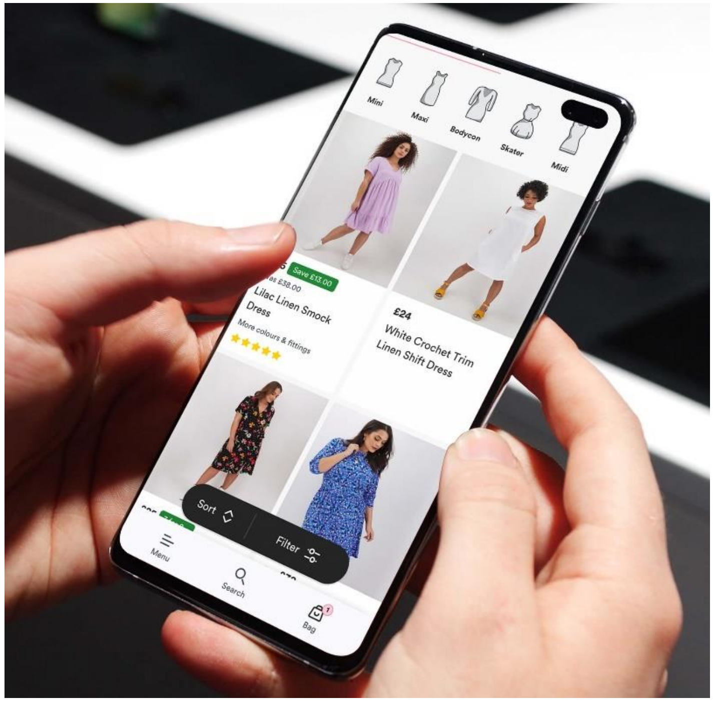
STRENGTHENED PRODUCT TEAM

Senior hires in the product team upweighting core capabilities. A new Group Buying Director, Group Design Director and a newly created role of Group Sourcing, Sustainability, Quality and Fit Director have been appointed

NEW WAYS OF WORKING

We remained fully operational throughout the pandemic with great commitment from colleagues to keeping the business open and trading.

We continue to prioritise the safety and wellbeing of colleagues.



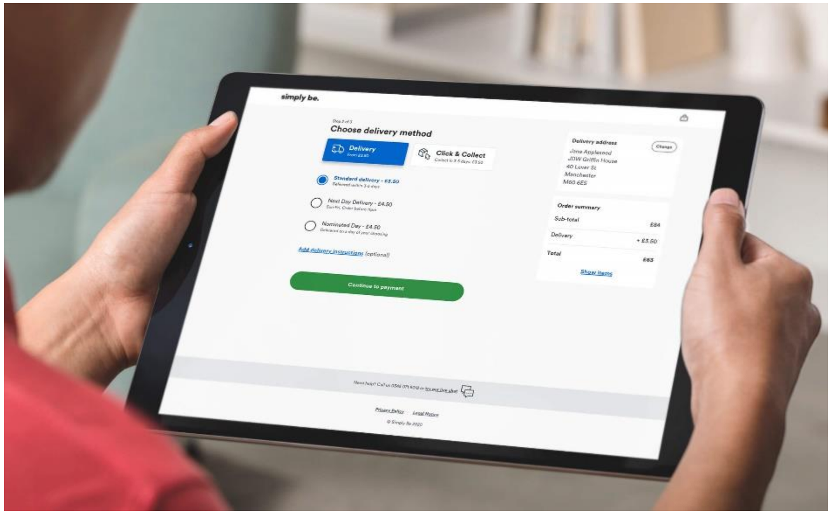
DATA

DATA SUPPORTING CUSTOMER INSIGHT AND IMPROVING EFFICIENCIES IN CORE AREAS

WE CONTINUE TO INVEST IN OUR INTERNAL DATA CAPABILITIES TO BUILD IN OPERATING EFFICIENCIES AND TO DRIVE SUSTAINABLE GROWTH.

KNOWING OUR CUSTOMER BETTER

- Won Best Use of AI at the Drapers Digital Awards 2020 which recognised our use of AI to develop a model to predict customer lifetime value.
- Development of uplift models to efficiently use marketing spend to drive incremental demand from existing customers.



DRIVING EFFICIENCY THROUGH DATA

- Driving continued efficiencies in revenue, marketing and product ranging.
- 78% reduction in PPC spend largely due to better targeting enabled by data initiatives

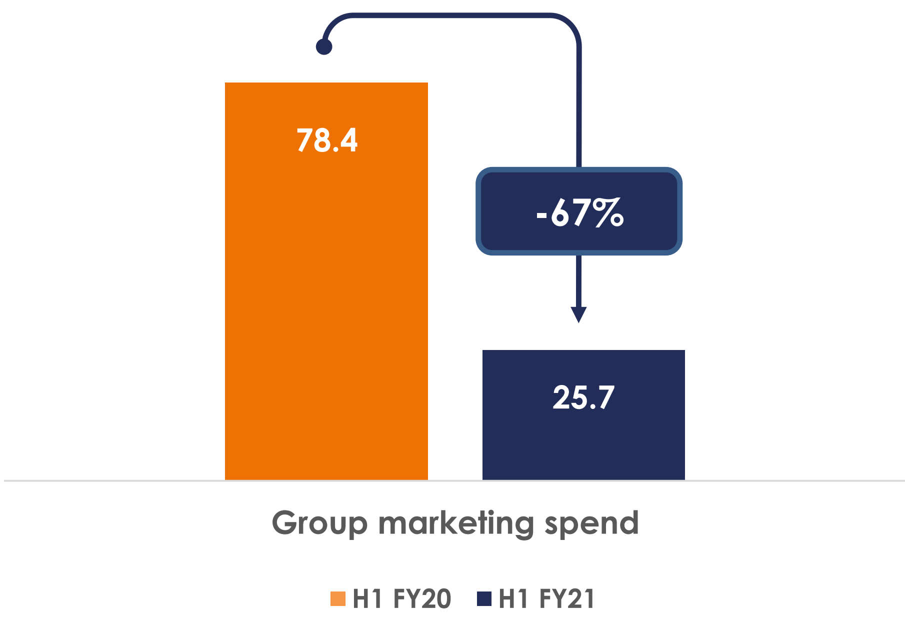
SUSTAINABLE COST BASE

DECISIVE ACTION TO REDUCE OPERATING COSTS

BUILDING AN APPROPRIATE COST BASE TO BUILD RETAIL PROFITABILITY

- 40.5% reduction in operating costs in H1.
- Delivered a 67% reduction in marketing expenditure, far in excess of the 17.6% decline in Group revenue in H1. Majority of reduction from paper, PPC and broadcast media as a result of data tools, improved efficiencies and Covid-19 cutbacks.
- Operating costs as a percentage of revenue significantly improving from 41.0% in H1'20 to 29.6% in H1'21.

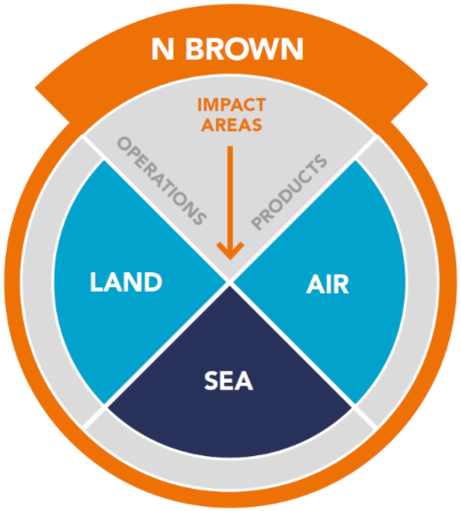
GROUP MARKETING SPEND (M)



Paper reduction -65%	PPC reduction -78%	Broadcast Reduction -89%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

SUSTAINABILITY IMPACT ASSESSMENT



LAND	SEA	AIR
Sustainable cotton	Man-made fibres (recycled packaging)	Direct carbon emissions
Sustainable timber (viscose, paper and board)	Plastic packaging	Indirect carbon emissions

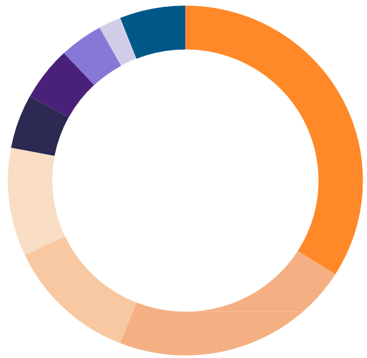
Ethical Trading Initiative — For workers' rights. For better business.

United Nations Global Compact

FY21

- We support strong corporate social responsibility and work with suppliers to ensure they comply with our values and standards covering production methods, employee working conditions, packaging materials, quality control and inspection processes
- The Group's supplier audit team carries out regular inspections of suppliers' operations
- Audits and gradings are also carried out by Verisio who audit, *inter alia*, wages, working hours, general sustainability and ethical practices
- The Group works closely with suppliers to build partnerships that promote responsible sourcing and ensure all workers are respected, treated fairly and work in safe conditions
- We undertake robust checks for all new suppliers by using the Ethical Trade Initiative base code
- We also collaborate the UN Global Compact and ACT Living wage projects (Action Collaboration and Transformation) to ensure that we can make informed decisions on our third-party suppliers and that actions can be implemented where required

CURRENT SOURCING BREAKDOWN



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

ACCORD on Fire and Building Safety in Bangladesh

Total annual virgin plastic savings are forecast to be 105,000kg as a result of new Company sustainability initiatives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

N BROWN HAS CREATED A NEW FOUR-YEAR SUSTAINABILITY PLAN THAT ALIGNS WITH THE VALUES OF THE BUSINESS

FY21

Q1
- Rebrand to ESG
- New sustainable men's denim ranges launched

Q2
- Implement supplier scorecards to allow buyers full performance viability on sustainability
- Complete green LED lighting project – 80% energy saving

Q3
- Introduce sustainable brand product labels
- Commence input attribution by raw materials to enable full traceability of raw materials

Q4
- Trial Green PE dispatch bags on Simply Be and Jacamo
- Review progress against existing 35% target and set new targets for GHG emissions reduction and climate change

FY22

Q1-2
- Launch recycled swimwear range
- Plan roadmap for CO_2 reduction in supply base

Q3-4
- All denim ranges to have sustainable properties
- Roll out Green PE across all Simply Be and Jacamo dispatch bags
- Review recycling options for customers

FY23

Q1-2
- 50% of own-brand product ranges sustainably sourced
- Implement recycling options for customers

Q3-4
- All plastics used across products and packaging to be recyclable

FY24

Q1-2
- 60% of own-brand product ranges sustainably sourced
- Introduce sustainability auditors to ensure that closed loop validated

Q3-4
- Review and assess next stage of sustainability roadmap

FY21

- We want N Brown to be known for using sustainable packaging across our fashion brands and ultimately, we want to be one of the first major digital retailers to go fully sustainable on packaging.
- We aim to change all Simply Be and Jacamo branded despatch bags over to Green Polyethylene (Green PE) by the end of FY22.

EQUITY RAISE

TO ACCELERATE THE DELIVERY OF OUR STRATEGY

EQUITY RAISE RATIONALE

RESTRUCTURE COMPLETED; ENTERED ACCELERATE PHASE WITH REFRESHED STRATEGY FOCUSING ON DIGITAL PLATFORM

BALANCE SHEET CONTINUES TO BE STRETCHED BY LEGACY ISSUES WHICH ARE HOLDING BACK THE BUSINESS'S DEVELOPMENT

SIGNIFICANT MARKET OPPORTUNITY EXISTS ACROSS OUR UNDERSERVED TARGET CUSTOMER SEGMENTS, ACCELERATED BY COVID-19

PRODUCT SALES TRENDS CONTINUE TO IMPROVE FROM SIGNIFICANT IMPACT DURING LOCKDOWN, FS COLLECTIONS REMAIN RESILIENT

PRE-EMPTIVE £100M EQUITY RAISE AND EXTENDED FACILITIES TO STRENGTHEN BALANCE SHEET AND ALLOW FOR TARGETED INVESTMENTS TO ACCELERATE DELIVERY OF STRATEGY TO ENHANCE GROWTH

EQUITY RAISE ALLOWS FOR MEDIUM TERM TARGETS TO BE INSTATED; 7% ORGANIC GROWTH P.A. AT 14% EBITDA MARGIN TARGETED OVER THE MEDIUM TERM

POSITIONS THE GROUP TO ACCELERATE PROFITABLE GROWTH

N BROWN AT AN INFLECTION POINT TO ACCELERATE GROWTH

N BROWN IS IDEALLY POSITIONED FOR A POST COVID-19 WORLD

- REFRESHED STRATEGY POSITIONS N BROWN TO GROW MARKET SHARE IN HOME AND APPAREL
- ONLINE CHANNEL SHIFT ACCELERATING AS A RESULT OF COVID-19
- LEGACY ISSUES AND RELATED EXCEPTIONAL COSTS NOW LARGELY RESOLVED[1]
- IMPROVING TRADING TRENDS ACROSS THE BUSINESS

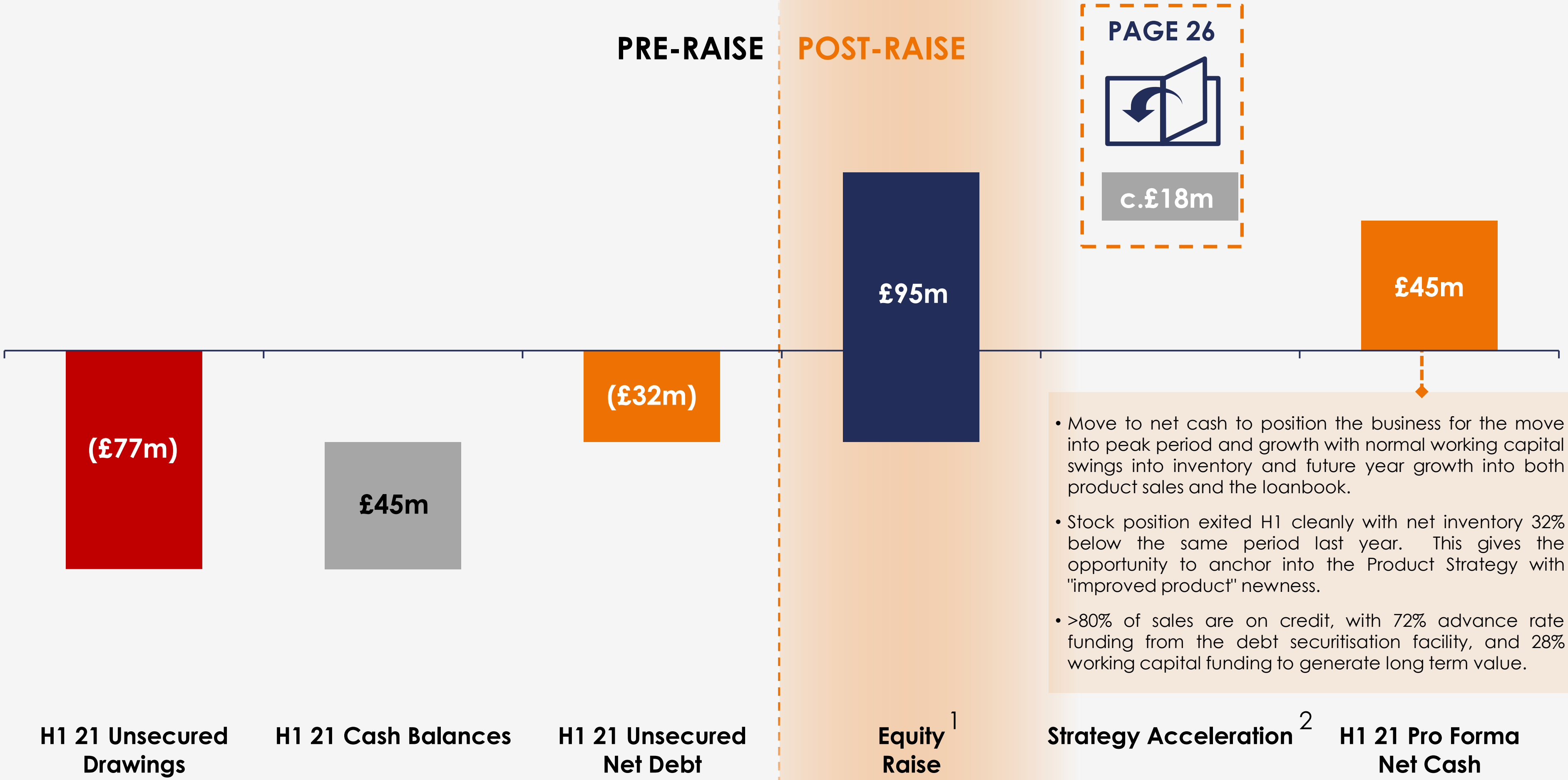
PTO

BUT: MANAGEMENT'S ABILITY TO TRADE AND PROGRESS THE BUSINESS IS CONSTRAINED BY UNSECURED NET DEBT; OPPORTUNITY EXISTS TO ACCELERATE THE GROUP'S STRATEGY TO ENHANCE SHAREHOLDER RETURNS

Note 1 – The Group is currently involved in a claim and counterclaim with Allianz Insurance plc regarding the sale of historical insurance products. Further detail on p40

PROCEEDS WILL DERISK AND ACCELERATE OUR REFRESHED STRATEGY…

£95M ELIMINATES UNSECURED DEBT AND CREATES OPPORTUNITY TO ACCELERATE STRATEGY



- Move to net cash to position the business for the move into peak period and growth with normal working capital swings into inventory and future year growth into both product sales and the loanbook.
- Stock position exited H1 cleanly with net inventory 32% below the same period last year. This gives the opportunity to anchor into the Product Strategy with "improved product" newness.
- >80% of sales are on credit, with 72% advance rate funding from the debt securitisation facility, and 28% working capital funding to generate long term value.

Note 1 – Net of fees and costs
Note 2 – Illustrative

...WITH SIGNIFICANTLY DEGEARED BALANCE SHEET AND AMPLE LIQUIDITY...

EXTENDED FACILITIES PROVIDE AMPLE HEADROOM

- Facilities extended to 2023, provides **ample liquidity to trade and grow**
- Drawings on RCF eliminated to give a **core net cash position**
- Cancellation of CLBILS allows increased flexibility; **removes capital expenditure limits** and would **allow payment of dividends**
- Available undrawn unsecured debt facility headroom remains at ~£100m with restrictions removed. Combined with the overdraft and cash, this provides significant accessible liquidity

	Securitisation[1]	RCF[2]	CLBILS[3]
Pre-Raise	£500M TO DECEMBER 2021	£125m to September 2021	£50m to May 2023
Post-Raise	£500M TO DECEMBER 2023	£100m to December 2023	Cancelled

Note 1 – Extension to securitisation not contingent on admission
Note 2 – If the Capital Raising does not complete, the Group will only be able to extend the RCF until 31 May 2022, with the facility size dropping to £100 million and from £100 million to £50 million on 1 October 2021
Note 3 – If the Capital Raising does not complete, the CLBILS facilities would remain in place, which carries with it certain restrictions, such as the total restriction on payment of dividends and limits on capital expenditure

...ENABLING THE BUSINESS TO THRIVE

BRINGING FORWARD KEY STRATEGIC PROJECTS

INITIAL COST TO ACCELERATE STRATEGY FUNDED BY CAPITAL RAISE: **£18m**

NEW FINANCIAL SERVICES PLATFORM	RANGE	TIMING
▪ Affordable shopping enabled by credit at the heart of the business model ▪ Current platform built on stable but inflexible mainframe platform ▪ Delivering modern products key to remaining competitive in credit space ▪ Discovery process underway to understand how to best deliver broad and bespoke suite of credit products, which will drive Product and FS revenue, reduce costs, and reduce bad debt provisioning	£6m To £8m	Delivered between now and 2023

NEW DIGITAL FRONT-END WEBSITE EXPERIENCE	RANGE	TIMING
▪ Existing websites built on legacy technology, complex to maintain and slow to update ▪ New front end website creates a core capability for the business, delivering a modern platform ▪ New websites will be faster and more configurable, delivering brand relevant UX and customer journeys, with search engine optimisation and conversion rate benefits	£3m To £5m	Delivered between now and 2023

ACCELERATION OF CUSTOMER ACQUISITION	RANGE	TIMING
▪ Group's growth plans based on customer acquisition in brand relevant target segments ▪ Two core areas of investment; brand building activity and targeted acquisition through digital and social channels	£4m To £8m	Pulled forward from 2023

CAPEX INVESTMENT STEPPING UP TO £40M P.A. RUN RATE FROM FY22, INCLUSIVE OF THE ABOVE STRATEGIC INTENT

GIVING US CONFIDENCE TO SET MEDIUM TERM TARGETS

NEW TARGETS REFLECTING STRATEGY PULL-FORWARD AND THE GROUP'S AMBITION

OUR REFRESHED FINANCIAL TARGETS FOR THE FUTURE

+7%

Medium term average product revenue growth target

14%

Medium term EBITDA Margin %

BOARD INTENTIONS

NET CASH

Average Annual Unsecured Net Debt / Cash(1)

The Directors recognise that dividends are an important part of the Company's returns to shareholders and will consider implementing a new dividend policy in due course

Dividends

Note 1 – Unsecured Net Debt / Cash excludes debt securitised against receivables (customer loan book) and lease liabilities

SUMMARY

SUMMARY

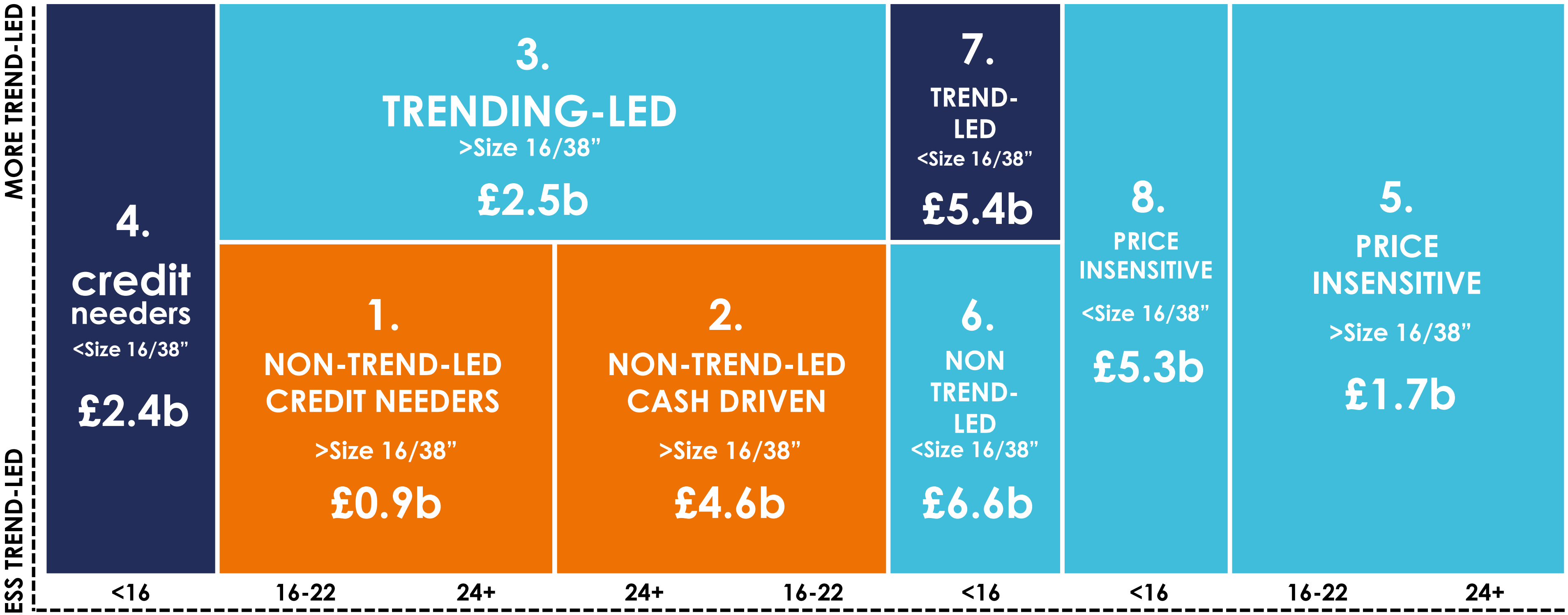
- REFRESHED STRATEGY SET AND NOW IN ACCELERATE PHASE
- OPPORTUNITY EXISTS TO CLEAR THE UNSECURED DEBT AND ACCELERATE THE DELIVERY OF THE STRATEGY
- ACHIEVING OUR MEDIUM TERM TARGETS WILL DELIVER SIGNIFICANT RETURNS FOR SHAREHOLDERS

APPENDIX

Supplementary information

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

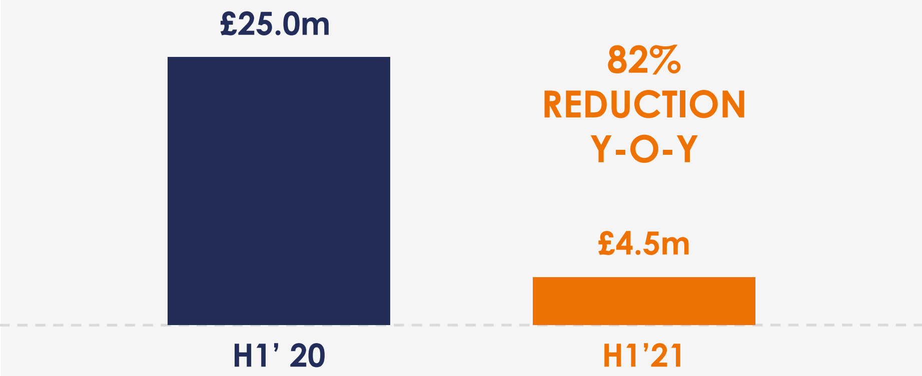
WE WILL CONTINUE TO SUPPORT OUR EXISTING CUSTOMER, BASE WHILST REACHING MORE TREND-LED, LESS PRICE SENSITIVE CUSTOMERS THROUGH REDEFINED BRAND PROPOSITIONS

CASHFLOW

DISCIPLINED COST & CASH MANAGEMENT DRIVING MATERIAL REDUCTION IN UNSECURED NET DEBT

£m	H1'21	H1'20	VLY
Adjusted EBITDA	48	54	(6)
Inventory Working Capital	14	(6)	20
Other Working Capital	3	(6)	10
Cashflow adjusted for Working Capital	**65**	**42**	**24**
Exceptional Items	(7)	(13)	5
Capital Investment	(11)	(22)	11
Non-Operating Tax & Treasury	2	(1)	3
Interest	(9)	(8)	(1)
Dividends	0	(12)	12
Non-Operational Cash Outflows	**(25)**	**(56)**	**30**
Net repayment / (increase) in loan book	47	(0)	47
Net (decrease) / increase in securitisation debt balance	(41)	24	(65)
Net Cash from / (to) the customer loan book	**6**	**24**	**(18)**
Total Net Cash Generated / Change in unsecured net debt	**45**	**10**	**35**
Excl change to securitized debt (Free Cashflow previous metric)	***86***	***(14)***	***100***

EXCEPTIONAL ITEMS AND HISTORICAL COSTS



£m	H1'21	H1'20
Customer redress (credit) / cost	(0.7)	25.0
Closure costs	0.2	-
Impairment of tangibles, intangibles and brands	1.7	-
Restructuring costs	2.7	-
VAT partial exemption cost	0.2	-
Other tax matters including associated legal & professional fees	1.8	-
Gain from early settlement of derivative contracts	(1.4)	
Total	4.5	25.0

RESTRUCTURING COSTS

- Total redundancy costs of £2.7m. Severance has been done to resize the payroll due to lower sales

IMPAIRMENT OF TANGIBLES, INTANGIBLES AND BRANDS

- Intangible assets held in respect of legacy international business (£1.3m) written down in full
- Intangible and tangible assets held in respect of Figleaves (£0.7m) written down in full
- Offset by a credit release of £0.3m of previously impaired capitalised IT development

OTHER TAX MATTERS

- £1.8m relates to further expenses in relation to matters under discussion with HMRC relating to FY19 or prior years

DERIVATIVE CONTRACT GAIN

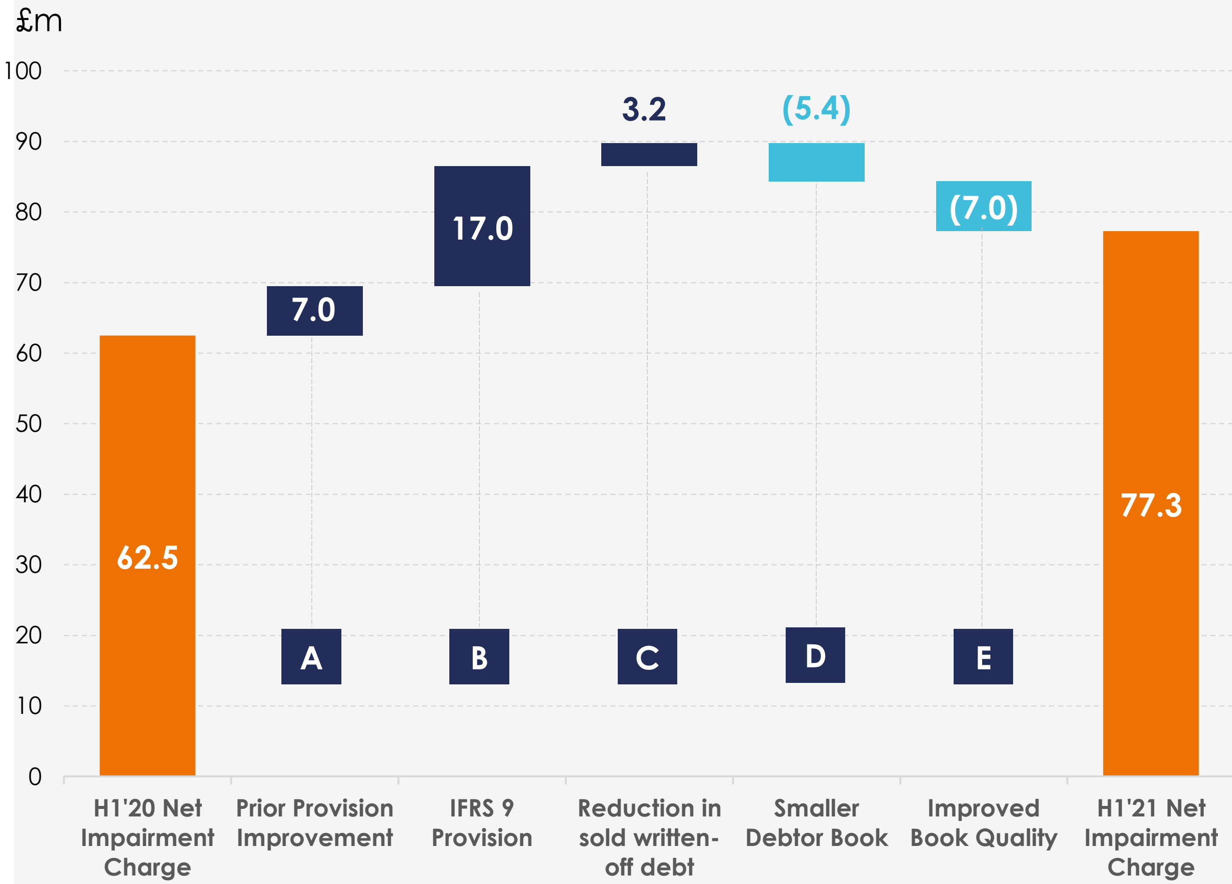
- Gain achieved on the early settlement of foreign currency derivative contracts no longer required following the decline in product purchases at the start of the period

Note 1 –It is not possible to reliably estimate the amount of any potential settlement of this dispute and in accordance with IAS 37 the Group has continued to not provide any amount for Allianz's claim of £29.4m plus interest, but has instead disclosed it as a contingent liability. A counterclaim has been issued in excess of Allianz's claim amount, seeking both restitution and a contribution from Allianz.

IMPAIRMENT CHARGES

UNDERLYING BOOK QUALITY IMPROVES, COVID-19 IMPACT ESTIMATED INLINE WITH PREVIOUS RANGE

IMPAIRMENT RECONCILIATION



£14.8M INCREASE IN IMPAIRMENT CHARGE

A Prior year impairment provision improvement

B Under IFRS 9, we have provided an extra £17m for expected future write-offs as a result of the economic impacts of COVID-19

C A reduction in the amount of written-off debt sold due to improved arrears performance

D Smaller debtor book. The debtor book has reduced due to lower product sales.

E Improved book quality since prior year on better arrears performance, and collections performance remaining in line with prior year

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