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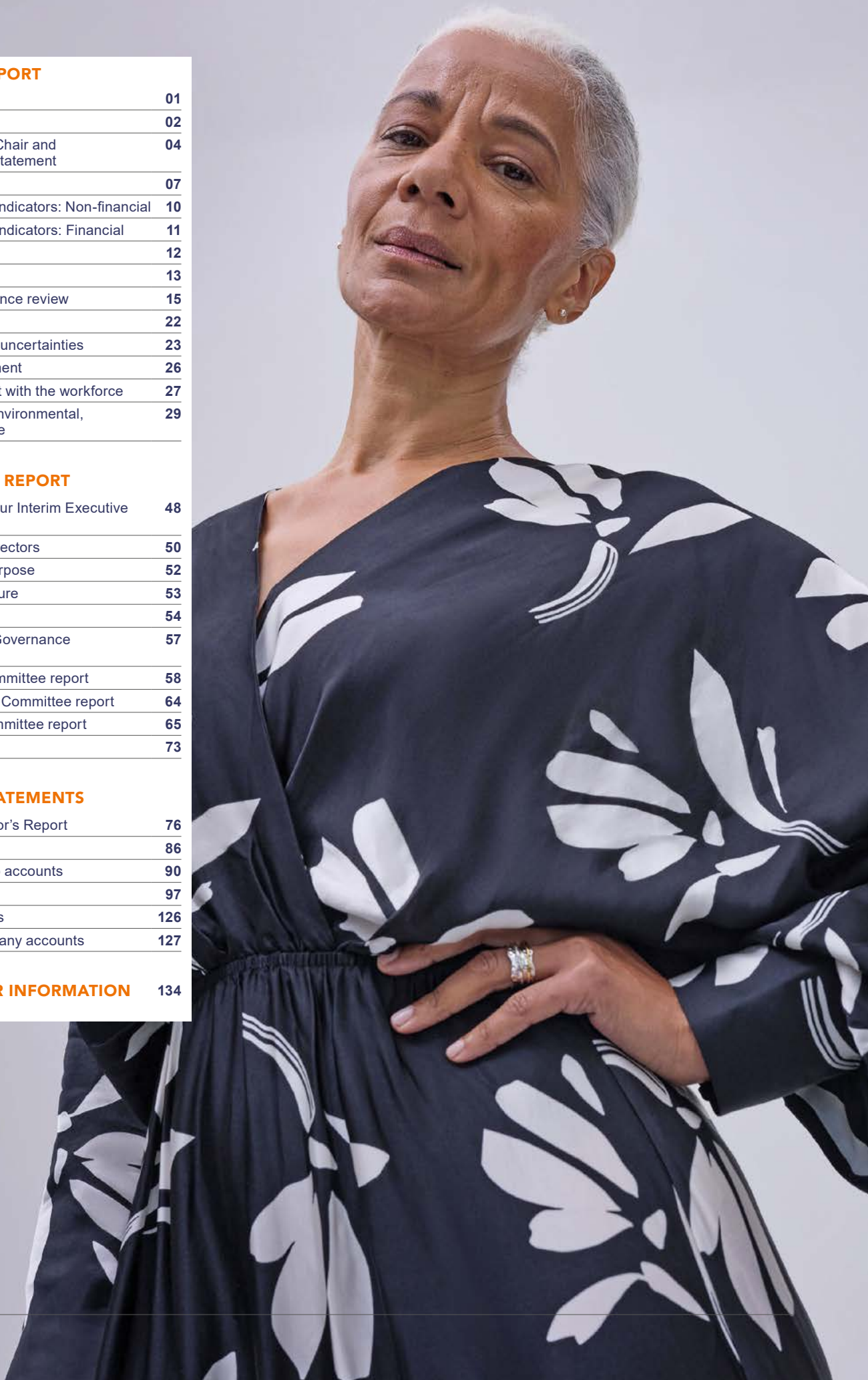
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## About us

**We're a top 10 UK clothing and footwear digital retail platform who exists to make our customers look and feel amazing.**

**Our vision is that by championing inclusion, we'll become the most loved and trusted fashion retailer.**

### HIGHLIGHTS

#### REVENUE

**£600.9m**

2023<sup>2</sup>: £677.5m

#### ADJUSTED EBITDA<sup>1</sup>

**£47.6m**

2023<sup>2</sup>: £57.3m

#### TOTAL ACCESSIBLE LIQUIDITY<sup>1</sup>

**£148.5m**

2023<sup>2,3</sup>: £143.9m

#### ADJUSTED PROFIT BEFORE TAX<sup>1</sup>

**£13.3m**

2023<sup>2</sup>: £7.5m

#### STATUTORY PROFIT / (LOSS) BEFORE TAX

**£5.3m**

2023<sup>2</sup>: £(71.1)m

#### CASH & CASH EQUIVALENTS

**£65.2m**

2023<sup>2,3</sup>: £35.5m

1 Throughout the Strategic Report and consistent with prior years, Alternative Performance Measures ('APMs') are provided. These are not recognised under IFRS but provide useful information to Shareholders. The Board focuses on these measures when reviewing the Group's performance because they facilitate meaningful year-on-year comparisons. 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 20.

2 FY23 was the 53 week period, ended 4 March 2023. Reference to 2023 means as at 4 March 2023 or the 53 weeks then ended. For additional comparability with the FY24 results for the 52 weeks ended 2 March 2024, the Strategic Report also includes results for the 52 weeks ended 25 February 2023, with a detailed comparison set out on page 15.

3 Total Accessible Liquidity of £143.9m and cash and cash equivalents of £35.5m are as at the FY23 balance sheet date, 4 March 2023. Subsequent to the FY23 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.

## Our business

# Strategic brands

Future growth is focused on three strategic brands:

## JD·WILLIAMS

Retail platform which delivers inspirational and accessible fashion and lifestyle products, curated for women aged 45–65.

## JACAMO

Size inclusive platform for men aged 25–50, showcasing own brand and third-party brands across fashion and grooming.

## simply be.

The inclusive fashion brand that delivers the latest trends and exceptional fit to women aged 25–45 of all shapes and sizes.

# Heritage brands

The focus within the heritage brands portfolio is on stabilisation and value protection.

## fashion

## ambrose\* Wilson

## HOME essentials

## Oxendales

## PREMIER MAN

## Marisota

## Financial Services

An important part of our overall proposition, Financial Services strengthens customer loyalty and enables our Retail business to thrive.

Customers benefit from convenience and flexibility, either paying us immediately or utilising a credit account to spread the cost of their purchases over time.

We are regulated by the Financial Conduct Authority ('FCA') in the UK and the Central Bank of Ireland ('CBI') in Ireland and we support our customers throughout their credit journey with us.

### Our vision

Championing inclusion, we'll become the most loved and trusted fashion retailer.

### Our purpose

We exist to make our customers look and feel amazing.

### Our mission

We're obsessed with our customers and have been for generations. We delight them with products, service and finance to fit their lives.

## Our values

TOGETHER FOR THE CUSTOMER



DRIVEN BY CURIOSITY



EMPOWERED BY TRUST



MOTIVATED BY PACE



For more information visit [www.nbrown.co.uk](http://www.nbrown.co.uk)



# Interim Executive Chair and Chief Executive's statement

There is much to be proud of as I reflect on 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.

I make this statement as Interim Executive Chair and Chief Executive Officer, following our announcement that Ron McMillan would retire as Chair and step down from the Board, as of 30 April 2024. On behalf of the Board, I 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.

## 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%<sup>1</sup>. 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 benefiting 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.

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.

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

<sup>2</sup> 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 20.

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, benefiting the Adjusted net debt position. This provides a position of strength from which to scale marketing spend in FY25.

## LEADERSHIP UPDATE

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 and 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 capital investment 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.

# Interim Executive Chair and Chief Executive's statement continued

## GOVERNANCE

As previously announced, and in line with many other AIM companies, the Board adopted the Corporate Governance Code of the Quoted Companies Alliance (the 'QCA Code') and this has been applied during the reporting period. More information is set out in my Introduction to the corporate governance report on page 48.

The Group continuously seeks to enhance its risk management processes and internal control environment and progressed a number of risk management enhancements. Monitoring and controls were also enhanced across the Financial Services business as part of the adoption of Consumer Duty regulations.

I will be available to answer any questions you may have on this Annual Report or on any of the Board's activities at the Annual General Meeting on 18 July 2024.

## COLLEAGUES

As a business undergoing transformation – and at a time where the external environment continues to bring challenges and change – strong engagement with our colleagues remains critical to our success. Their continued dedication and hard work has been fundamental to our progress this year and I would like to take the opportunity to thank every one of them for their efforts.

'Championing inclusion' is at the heart of our business, and this is reflected in our focus on providing colleagues with a working environment and experience where they feel informed, have a voice and belong. We want them to feel able to bring their whole and best self to work every day. That's why Equity, Diversity, Inclusion and Belonging ('EDI&B') has been a priority for our engagement strategy this year, and our colleague communities have developed to provide meaningful insight and become a cornerstone of our culture activity. During the year we were pleased to be named winner of the 2023 Diversity and Inclusion Award in the annual Drapers Awards, which recognise leaders in the industry and celebrates future-thinking fashion retail, and in May 2024, we have been named as one of The Sunday Times Best Places to Work 2024.

## SUSTAIN

SUSTAIN is our overarching Environment, Social and Governance ('ESG') strategy which we continue to focus on through a series of targets and commitments.

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) and are working to increase 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.

## DIVIDENDS

The Board suspended dividend payments in FY21, following the impact of Covid-19 on the business and wider economy. We recognise dividends are an important part of Shareholders' returns. However, as previously announced, in light of the current macro-environment, our clear set of investment plans and the number of competing demands on our cash resources, the Board decided not to introduce a dividend in FY23 or for FY24. We believe this decision to be in the best interests of our Shareholders. 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.

## Steve Johnson

Interim Executive Chair and Chief Executive Officer



# Strategic update

## STRATEGIC PILLARS

These pillars are underpinned by two key enablers, the foundations to our strategy: A sustainable and efficient operating model, and our People and Talent.

### 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).



### 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.



### 3 TRANSFORM THE CUSTOMER EXPERIENCE

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



### 5 ESTABLISH DATA AS AN ASSET TO WIN

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



## 1. BUILD A DIFFERENTIATED BRAND PORTFOLIO

### 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.

# Strategic update continued

## 2. ELEVATE THE FASHION AND FINTECH PROPOSITION

### 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

### WHAT WE HAVE ACHIEVED IN FY24

As outlined on page 4, we have continued to roll out **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

### 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, 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

### 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 Indicators: Non-financial<sup>1</sup>

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.

## TOTAL WEBSITE SESSIONS

# 183m



### DEFINITION

Total number of sessions across N Brown apps, mobile and desktop websites.<sup>2</sup>

## TOTAL ACTIVE CUSTOMERS

# 2.2m



### DEFINITION

Customers who placed an accepted order in the 12-month period.

## TOTAL ORDERS

# 7.3m



### DEFINITION

Total orders placed in the 12-month period. Includes online and offline orders.

## CONVERSION

# 3.7%



### DEFINITION

% of app/web sessions that result in an accepted order.<sup>2</sup>

## AVERAGE ORDER VALUE ('AOV')

# £83.6



### DEFINITION

Average order value based on accepted demand.<sup>3</sup>

## AVERAGE ITEM VALUE ('AIV')

# £30.2



### DEFINITION

Average item value based on accepted demand.<sup>3</sup>

## ITEMS PER ORDER

# 2.8



### DEFINITION

Average number of items per accepted order.

## FINANCIAL SERVICES ('FS') ARREARS

# 10.6%



### DEFINITION

Arrears are stated including both customer debts with two or more missed payments, or customer debts on a payment hold.

## NET PROMOTER SCORE ('NPS')

# 63



### DEFINITION

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.

<sup>1</sup> KPIs shown above on a 52 week basis for FY23 other than Financial Services Arrears, which reflects a 4 March 2023 balance sheet date.

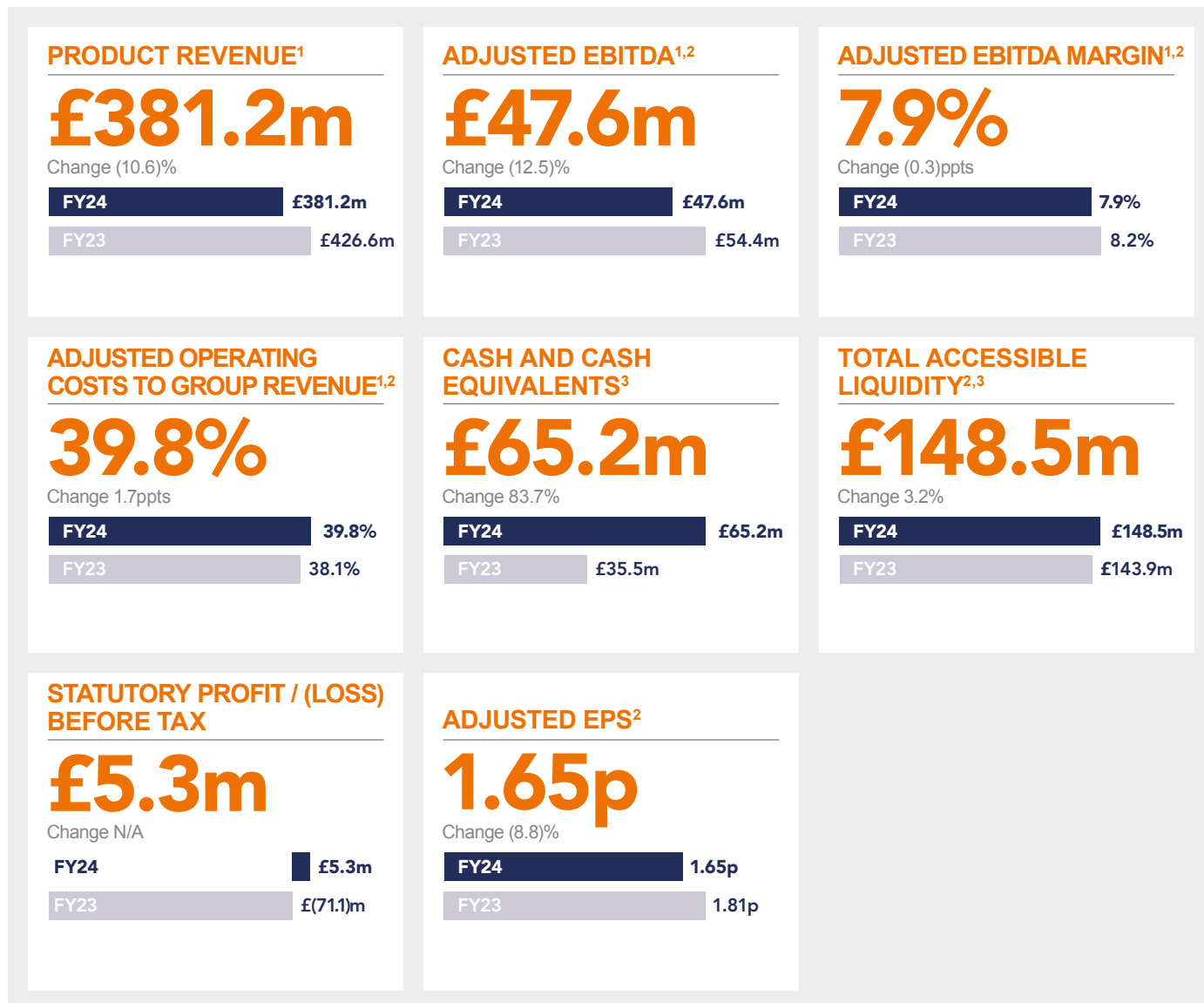
<sup>2</sup> Sessions and conversion for 52 weeks to 25 Feb 2023 restated for consistency with definitions within 52 weeks to 2 Mar 2024 reporting. Note that approach to reporting associated with "Google Consent Mode" going forward is anticipated to lead to a restatement of sessions and conversion for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

<sup>3</sup> Accepted demand is defined as the value of orders from customers (including VAT) that we accept i.e. after our credit assessment processes.

# Key Performance Indicators: Financial

We use the following financial KPIs to manage the business and which will continue to be reported going forwards.

Discussion of financial performance, including the financial KPIs, is included in the Financial performance review section from page 15.



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

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

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.

# Marketplace

## RETAIL MARKET

The UK online retail market has remained subdued during FY24, reflective of inflationary cost pressures felt by consumers. The online non-food market declined by 4%<sup>1</sup>, with the online pureplay market performing below this level and declining by 10%<sup>2</sup>.

Although market performance during FY24 was below long-term growth levels, the proportion of online retail sales remains structurally higher than pre-pandemic, following significant increases in 2020 / 2021 and then some easing of penetration levels.

We will continue to monitor, and respond to, changes in consumer demand across categories where our brands have a very strong, differentiated offering, including through a focus on superior fit and underserved areas of the market. The long-term structural growth in the online market presents a continued opportunity and there is a need to keep building and innovating our digital experiences to support this. This is reflected in strategic progress made in the year and our technology roadmap and capital investment planned for FY25.

## CONSUMER CREDIT

The macro-economic environment has meant that conditions for our customers remained challenging in FY24. During this time, our inclusive credit proposition remained a key differentiator by giving both new and existing customers access to affordable credit to meet their financial needs. And whilst the macro-economic environment reduced the purchasing power of many customers last year, our credit customers remain our most loyal and satisfied customers.

We have continued to work closely with customers to understand their needs and have helped them navigate through this period by providing continued support and flexible forbearance options where they have shown signs of financial difficulty. Furthermore, a dedicated cross-functional team has worked at pace across the business to build on the good customer outcomes already being delivered, to raise the bar further in line with the Consumer Duty regulation which came into force in July 2023. This was delivered on time and to a high standard, with focus now turning to ensuring the Consumer Duty is embedded across the business ahead of the annual attestation in July 2024.

Our Financial Services transformation continues to progress well and at pace, with most of the new platform build nearing completion and integration into customer journeys running in parallel. End to end testing will be the key focus for the remainder of the year, in parallel with the development of new products and features that will follow the initial release. A Beta launch to colleagues is planned for FY25 with a gradual launch to new customers following that. Away from the technology, the new FS propositions continue to test positively with customers and will enable further opportunities for the FS business and wider Group as we move into 2025.

As the macro-economic environment starts to ease and customers return to shopping in greater numbers, our credit proposition will remain a key enabler for many. Whilst the new proposition is not too far away, until it arrives the teams have continued to enhance and optimise credit policy and integrate the existing credit proposition into the retail customer shopping experience.

## MARKETPLACE OUTLOOK

Our success as a business is determined by demand for our products, which stems from consumer confidence, our ability to benefit from and service that demand by cultivating brands that resonate, products that stand out, and a strong digital customer experience supported by the convenience of our Financial Services offer.

The GfK Consumer Confidence Index shows an Overall Index Score of -17 at May 2024, an improvement over the score of -27 seen a year previously in May 2023 and the record low of -49 seen in September 2022, but still remaining low by historical standards. Inflationary impacts have moderated in recent months whilst there is anticipation that interest rates will start to reduce in 2024.

The total online non-food market is forecast to grow by around 3%<sup>3</sup> in calendar year 2024, which is broadly aligned to the forecast for the offline non-food market. Forecasts for the online non-food market for 2025 onwards show improved levels of growth, moving ahead of the offline non-food market and leading to increased online non-food market penetration.

We believe that our integrated credit proposition will remain relevant in this consumer market. We will also continue to pivot our different brands into product categories to meet customer demand, supported by scaling marketing investment in order to build brand awareness, improve the customer base for the future and mitigate cost inflation in performance media.

<sup>1</sup> IMRG online market.

<sup>2</sup> IMRG online pureplay market.

<sup>3</sup> GlobalData online non-food market growth (at April 2024).

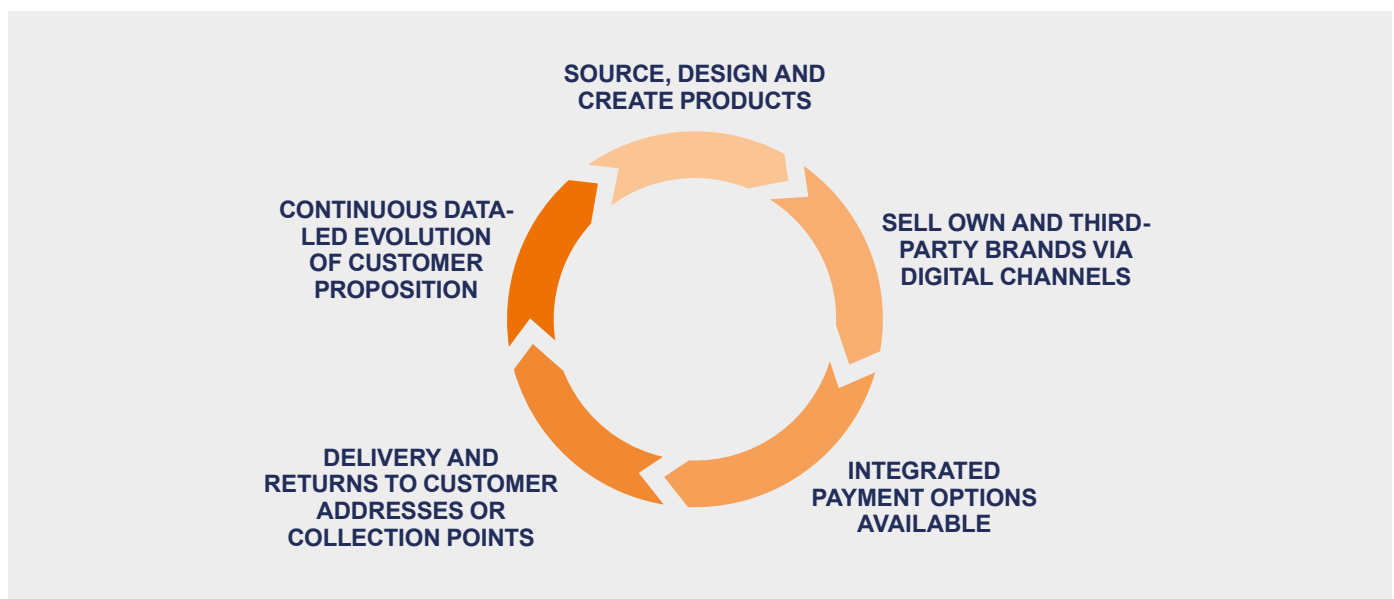
# Business model

## What makes us different?

<p><b>UNDERSERVED MARKET FOCUS</b></p> <p>Serving those who may not be best served elsewhere due to age, size or demographic.</p>	<p><b>DISTINCT BRAND PORTFOLIO</b></p> <p>Across three strategic and six heritage brands.</p>	<p><b>SUPERIOR FIT</b></p> <p>Enabling customers to find clothes with style in the perfect size for their body and which celebrate their shape.</p>
<p><b>DIGITAL PUREPLAY</b></p> <p>Delivering a convenient, customer-centric experience, accessible any time across devices and apps.</p>	<p><b>ACCESSIBILITY OF FINANCIAL SERVICES OFFER</b></p> <p>Fully integrated with retail proposition, managed internally and a key differentiator against most UK retailers.</p>	<p><b>EMPOWERED COLLEAGUES</b></p> <p>Embedding agile ways of working throughout the organisation.</p>

## What we do

We exist to make our customers look and feel amazing, and create a platform for sustainable profitable growth.



## The value we create

### FINANCIAL

NET CASH GENERATION

**£29.7m**

ADJUSTED EBITDA<sup>1</sup>

**£47.6m**

### NON-FINANCIAL

GROWTH IN NET PROMOTER SCORE ('NPS')<sup>2</sup>

**+6pts**

RESPONSIBLY SOURCED COTTON<sup>3</sup>

**70%**

<sup>1</sup> 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 20.

<sup>2</sup> Reflects increase from 57 in FY23 to 63 in FY24.

<sup>3</sup> Better cotton, organic or recycled. Targeting transitioning to 100% responsibly sourced cotton by FY26.





# Financial performance review

## 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, are material by nature or quantum to the current financial year, or represent true-ups to items presented as adjusting in prior periods. These are detailed in note 6 to the financial statements.

### RECONCILIATION OF INCOME STATEMENT MEASURES

£m	52 weeks to 2 Mar 2024			53 weeks to 4 March 2023			52 weeks to 25 Feb 2023	
	Statutory	Adjusting items	Adjusted	Statutory	Adjusting items	Adjusted	53rd week impact	52 weeks Adjusted
<b>Group Revenue</b>	<b>600.9</b>		<b>600.9</b>	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)
<b>Gross Profit</b>	<b>285.7</b>	<b>0.8</b>	<b>286.5</b>	312.8		312.8	(4.8)	308.0
Gross profit margin	47.5%		47.7%	46.2%		46.2%		46.2%
<b>Operating costs</b>	<b>(242.3)</b>	<b>3.4</b>	<b>(238.9)</b>	(290.0)	34.5	(255.5)	1.9	(253.6)
<b>Adjusted operating costs to Group revenue ratio</b>			<b>39.8%</b>			37.7%		38.1%
<b>Adjusted EBITDA</b>			<b>47.6</b>			57.3	(2.9)	54.4
<b>Adjusted EBITDA margin</b>			<b>7.9%</b>			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	–	–	–
<b>Operating profit / (loss)</b>	<b>19.4</b>	<b>7.5</b>	<b>26.9</b>	(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)
<b>Profit / (loss) before taxation and fair value adjustments to financial instruments</b>	<b>5.8</b>	<b>7.5</b>	<b>13.3</b>	(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
<b>Profit / (loss) before taxation</b>	<b>5.3</b>	<b>7.5</b>	<b>12.8</b>	(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)
<b>Profit / (loss) for the year</b>	<b>0.8</b>	<b>6.4</b>	<b>7.2</b>	(51.4)	66.9	15.5	(2.6)	12.9
<b>Earnings / (loss) per share</b>	<b>0.17p</b>		<b>1.65p</b>	(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	–	–
<b>Unsecured Net Cash</b>	<b>65.2</b>	<b>35.5</b>
Secured debt facility linked to eligible receivables	(301.5)	(332.9)
<b>Adjusted Net Debt</b>	<b>(236.3)</b>	<b>(297.4)</b>

### 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)
<b>Net cash generation / (outflow)</b>	<b>29.7</b>	<b>(67.7)</b>

# Financial performance review continued

## OVERVIEW

It is encouraging that this year's return to a positive statutory profit before tax, the delivery of Adjusted EBITDA ahead of 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 <sup>2</sup>	Change 52 weeks to 52 weeks	53 weeks to 4 Mar 2023 <sup>2</sup>
Strategic brands <sup>3</sup>	282.5	306.8	(7.9)%	311.8
Heritage brands <sup>4</sup>	98.7	119.8	(17.6)%	121.6
<b>Total product revenue</b>	<b>381.2</b>	426.6	(10.6)%	433.4
Financial Services revenue	219.7	239.4	(8.2)%	244.1
<b>Group revenue</b>	<b>600.9</b>	666.0	(9.8)%	677.5

2 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.

3 JD Williams, Simply Be, Jacamo.

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

## REVENUE

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%<sup>1</sup>, 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<sup>1</sup>**

£m	52 weeks to 2 Mar 2024	52 weeks to 25 Feb 2023 <sup>2</sup>	Change 52 weeks to 52 weeks	53 weeks to 4 Mar 2023 <sup>2</sup>
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%
<b>Adjusted Group gross profit<sup>1</sup></b>	<b>286.5</b>	<b>308.0</b>	<b>(7.0)%</b>	<b>312.8</b>
<b>Adjusted Group gross profit margin<sup>1</sup></b>	<b>47.7%</b>	<b>46.2%</b>	<b>1.5ppts</b>	<b>46.2%</b>

- 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 20.
- 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 OPERATING COSTS<sup>1</sup>**

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

- 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 20.
- 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.

**ADJUSTED GROSS PROFIT**

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<sup>1</sup>.

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 18 to the financial statements and we remain well hedged throughout FY25, with the anticipated level of US dollar cash spend fully hedged.

**ADJUSTED OPERATING COSTS**

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 totalling c.£3m including the impact of lower volumes on efficiency levels, and a slightly higher returns rate.

<sup>1</sup> 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.

# Financial performance review continued

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, totalling 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 18, 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
<b>Items charged to profit before tax</b>	<b>7.5</b>	<b>87.5</b>

## 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 Adjusted EBITDA margin 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 9 on page 103.

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 <sup>1</sup>	(55.7)	(55.6)	(0.8)ppts
Payment arrangement provisions	(15.4)	(16.5)	0.0ppts
Inflationary impacts <sup>1</sup>	–	(2.5)	0.4ppts
Unemployment rate uncertainty	(2.2)	–	(0.4)ppts
<b>ECL provision ratio</b>	<b>14.2%</b>	13.4%	0.8ppts
<b>Net customer receivables</b>	<b>443.7</b>	480.6	(7.7)%

1 4 March 2023 re-presented for consistency with note 19.

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	
<b>53 weeks to 4 Mar 2023 impairment charge on customer receivables</b>	<b>122.3</b>
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
<b>52 weeks to 2 March 2024 net impairment charge on customer receivables</b>	<b>106.2</b>

## 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)
<b>Cash flow adjusted for working capital</b>	<b>58.9</b>	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)
<b>Non-operational cash outflows</b>	<b>(36.0)</b>	(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)
<b>Net cash inflow / (outflow) from the customer loan book</b>	<b>6.8</b>	(7.8)
<b>Net cash generation / (outflow)</b>	<b>29.7</b>	(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 totalling £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.

# Financial performance review continued

## 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 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 will reevaluate its dividend policy in the future 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 as described on page 22. 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 new financial year.

**Dominic Appleton**  
Chief Financial Officer

## APM GLOSSARY

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 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 11 to the financial statements.

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



# Risk management

## PROTECTING THE INTEGRITY OF OUR BUSINESS STRATEGY



### INTERNAL CONTROL AND RISK MANAGEMENT JOURNEY

We continuously seek to enhance our risk management processes and internal control environment. During the year the Group continued to progress a number of Risk Management enhancements, including improvements to Key Risk Indicator ('KRI') monitoring and loss event root cause analysis. In line with Climate Related Financial Disclosures, key Environmental, Social and Governance ('ESG') risks and any required controls are now identified by functional areas as part of our bi-annual risk assessment processes.

Control testing continued to roll-out across the business. The Risk and Control Self-Assessment ('RCSA') process was enhanced with a greater level of understanding of the control environment status of the business functions. Monitoring and controls were enhanced across the Financial Services business as part of the Consumer Duty implementation. The terms of reference and activities of internal risk committees were updated as part of our group Governance review.

An integrated plan of important control enhancements continues to be monitored by the Audit and Risk Committee and significant progress has been made in several areas, resulting in risks being returned to acceptable levels.

### OUR RISK MANAGEMENT PROCESS

We monitor nine Principal Risk Categories which are significant enough to impact on our performance and delivery of our strategy.

Our risk categories are all supported by policies, appetite metrics and key risk indicators. In 2024, in view of the improved control environment and close linkage, the Financial Crime Policy was integrated into the Legal and Regulatory Policy. In recognition of the criticality of Data in our business, we are in the process of creating a standalone Data Risk policy, rather than its current inclusion in the Information, Technology and Cybersecurity area.

The Board maintain a continuous process for identifying, evaluating and managing risk. This process is intended to provide reasonable assurance regarding compliance with laws and regulations as well as

commercial and operational risks. Informed by risk assessments at business unit level, Board-level risk assessment cycles are completed during the year to help review and identify existing and emerging risks. Outputs are reported to the Audit and Risk Committee.

In setting strategy, the Board considers ESG factors, drivers and impacts on the health and sustainability of the business. Risks of this nature have been considered during the half year and year end risk assessment process and integrated into our overall Risk Management process.

The broad aim of our Risk Management Framework is to provide long-term stakeholder value. Our Risk Management Framework has been established to provide an overview of all risk types. These are reported through the governance framework and managed accordingly.

The Board accepts that, in order to achieve its strategic objectives and generate suitable returns for Shareholders, it must accept and manage a certain level of risk.

Risk appetite defines the level of risk that the Group is prepared to accept in pursuit of strategic objectives and aims to determine guardrails within which the Board expects management to operate. Risk appetite formalisation is an iterative process and needs to be refreshed at least annually to reflect changes in our internal and external environment.

The Group's appetite for risk is defined with reference to the expectations of the Board regarding both commercial opportunity and internal control and is used to inform the prioritisation of our annual Internal Audit plan.

Individual functional leadership teams and colleagues are expected to operate within the risk appetite boundaries approved by the Board and to escalate any exceptions via KRI reporting and the RCSA process.

Control enhancements are identified routinely and on a continuous basis as we test controls, review operational issues and perform assurance activities. The Group recognises that no system of controls can provide absolute assurance against material misstatement, loss or failure to meet its business objectives.



# Principal risks and uncertainties

**INHERENT RISK KEY:**  Increased  Unchanged  Decreased

## STRATEGIC AND CHANGE RISK

The risk that incorrect planning assumptions or management information result in incorrect decisions or that management fail to make decisions in light of changes to the external environment. The risk that we fail to deliver change effectively and thus do not achieve our strategic objectives.

### RISK TREND

- Our transformation continues with the implementation of our Product Information Management system and good progress on New Web rollout and our new Financial Services platform.
- The economic outlook is more positive, however there is a risk that consumer confidence continues to be adversely affected by the “cost of living crisis”.
- Geopolitical tensions remain high, this has impacted shipping in the Red Sea, leading to an increase in freight costs and delays to deliveries.

### KEY CONTROLS AND MITIGATING FACTORS

- Our agile transformation is enabling increased pace of delivery, prioritisation, progress and impediments are continually reviewed to ensure we remain on track.
- Business and financial performance is monitored on a regular basis to identify any external economic or performance trends so we can be ready to pivot if required.
- Our retail and logistics teams prioritise and contingency plan to get the optimal performance from our supply chain network as disruptions across the globe occur.

## INFORMATION, TECHNOLOGY AND CYBER SECURITY RISK

The risk that we fail to ensure the ongoing integrity, performance and availability of the IT estate. The risk of malicious or accidental disclosure, loss, amendment or corruption of data. The risk that a cyber-attack prevents access to systems or resources.

### RISK TREND

- The cyber threat levels remain high as a result of the geo-political environment.
- Cyber attack methods continue to evolve, and AI adds an additional level of risk.
- As a digital retailer, the availability and performance of our customer facing systems is fundamental to our success.

### KEY CONTROLS AND MITIGATING FACTORS

- The cyber team continue to enhance our controls to improve the robustness of our overall tech and cyber estate and in response to the current geopolitical situation.
- We continue to transform and harden our technical estate and core infrastructure as part of our digital transformation and business as usual activity.
- Technology risk governance includes comprehensive monitoring, controls and KRIs. This covers such items as patching status, out of support applications and performance.

## BUSINESS RESILIENCE

The risk of a lack of resilience in the delivery of critical services and processes used to manage the business through significant business disruption.

### RISK TREND

- The business continues to successfully manage operational issues across the worldwide supply chain.
- The geopolitical risk environment remains elevated.

### KEY CONTROLS AND MITIGATING FACTORS

- Annually refreshed business resilience plans and objectives.
- Regular desktop and scenario exercises are performed.
- The business continues to improve our capability to recover key systems and processes. Some risks do remain which we insure against.

# Principal risks and uncertainties continued

RISK MOVEMENT LEVEL KEY:  Increased  Unchanged  Decreased

## SUPPLIER AND OUTSOURCING RISK

The risk that we fail to appropriately select and manage suppliers, with particular focus on continuity, reputational and ESG obligations.

### RISK TREND

- Geopolitical and environmental challenges impact our global supply base. This drives changes in supplier base and mix over time.
- Inflationary pressures and localised disruptions continue to occur.
- Some retailers have experienced incidents based on a lack of control over the supply chain.

### KEY CONTROLS AND MITIGATING FACTORS

- Our supplier onboarding process creates a strong start point to engage with robust, strategically compatible partners.
- Contracts are reviewed and managed to ensure appropriate protection.
- We have implemented tools and controls to ensure we have end to end visibility of the supply chain, and to assess the environmental impact of our major suppliers.
- Incident management and contingency planning processes are used to assess and mitigate the impacts of supply chain disruption.

## PEOPLE RISK

The risk that we fail to recruit, develop and retain employees, maintain an appropriate organisational design or comply with employment based legislation.

### RISK TREND

- Competition for talent continues to be high within the UK.
- In a volatile recruitment environment it takes time for new colleagues to operate at full effectiveness.

### KEY CONTROLS AND MITIGATING FACTORS

- Robust and values aligned recruitment process.
- Revised training and induction programmes.
- Agile working model being embedded creating engaged and accountable colleagues.

## CREDIT RISK




The risk that our customers fail to meet their obligations when due.

### RISK TREND

- The economic outlook is more positive, and forward looking credit forecasts from credit reference agencies are also showing improvements.
- Our credit portfolio continues to be resilient to economic headwinds.
- We are engaged in an ongoing programme of replacing our credit models.

### KEY CONTROLS AND MITIGATING FACTORS

- Credit models are used to assess risk, which incorporate machine learning where appropriate.
- Affordability checks have been improved based on up to date data sources and the changing consumer landscape.
- Credit limit management policy is kept under continuous review, with new data sources sought where appropriate to manage emerging risks.
- Comprehensive credit risk metrics are produced on a daily basis.
- Senior management review policy changes alongside a wide range of credit risk metrics at monthly governance meetings.
- It is the Group's objective that lending supports a long-term customer relationship, and we offer a range of forbearance options designed to help customers who may be experiencing financial difficulties.

**RISK MOVEMENT LEVEL KEY:**  Increased  Unchanged  Decreased

## LEGAL AND REGULATORY RISK

The risk of receiving legal or regulatory sanctions, fines or restriction on trade as a result of misinterpreting or failing to comply with legislative or regulatory requirements. The risk that our contracts are not enforceable.

### RISK TREND

- The Group is significantly advanced in the embedding of the FCA “Consumer Duty”.
- The Group continues to operate in a highly regulated sector.

### KEY CONTROLS AND MITIGATING FACTORS

- Horizon scanning and regulatory change implementation activity.
- Compliance reviews and remediation activity.
- Comprehensive legal review of contracts.
- Annual Financial Crime Risk Assessment process undertaken.

## FINANCIAL RISK

The risk that the Group will not be able to meet its financial obligations as they fall due, or that the Group is not appropriately funded in order to achieve its multi-year business objectives.

### RISK TREND

- Significant macro-economic pressures continue with volatility continuing to impact foreign exchange and interest rates.
- Consumer confidence is improving but is still weak.

### KEY CONTROLS AND MITIGATING FACTORS

- Financial policies and standards.
- Funding reviewed and each of RCF / overdraft and securitisation facility were refinanced during FY24, to December 2026.
- Financial oversight committees, covering cash and stock trends to enable pivots in strategy if required.
- Hedging strategy for interest and FX movements.

## CONDUCT AND CUSTOMER RISK

The risk that the Group’s processes, behaviours, products or interactions will result in unfair outcomes for customers or undermine market integrity.

### RISK TREND

- We operate in a highly regulated sector where the focus on customer outcomes continues to be high.

### KEY CONTROLS AND MITIGATING FACTORS

- Conduct and customer risk policy.
- The implementation of the Consumer Duty has resulted in enhancements to our product, monitoring and culture.
- The Group has established a separate vulnerable customers oversight group.
- Regular review of conduct risk dashboard in senior committees.
- First line quality assurance activity examining customer outcomes.
- Regular cycle of product reviews implemented.
- Second line assurance testing in place.

# Section 172 statement

## ENGAGEMENT WITH STAKEHOLDERS

The Board is mindful that our success relies on our ability to engage meaningfully with stakeholders, taking their views into account when making decisions on behalf of the Company. By understanding our stakeholders, we can ensure that an appropriately diverse range of needs and concerns are considered in both the day-to-day running of the business as well as in our longer-term strategy.

Methods and level of engagement vary according to the stakeholder group being addressed and involve the Board, Executive Leadership Team and colleagues as required. The Company engages both proactively and reactively with stakeholders.

During FY24, the Board has engaged with stakeholders on a number of principal matters across a variety of forums and is proud to report on these activities in its Section 172 statement.

## DECISION-MAKING BY THE BOARD

The Directors take all factors into account before making informed decisions. The fair treatment of relevant stakeholders is always considered, although the Board acknowledges that not every outcome will always benefit each stakeholder group.

Decision-making by the Board balances the need to generate sufficient profit in order to sustain the business commercially against the needs of our various stakeholders and, ultimately, the long-term sustainable success of the Company.

We are committed to maintaining the highest standards of business conduct; each and every decision of the Board is made on the basis of best ethical practice.

## SHAREHOLDERS AND INVESTORS

Investors play a major and vital role in the success of the Company; they are the providers of capital without whom we could not grow or invest for future development.

We engage with our Shareholders and investors via:

- The Company's Annual General Meeting
- Meetings with Shareholders and proxy advisors
- Publication of Stock Exchange announcements, press releases, trading results and statements and annual report

## COMMUNITY AND THE ENVIRONMENT

We have always strived to foster positive change across all aspects of our local and global communities, and continue to support and encourage sustainable practices throughout our business operations.

## COLLEAGUES

Our colleagues are our single most important asset – we simply could not succeed without their relentless energy, expertise and passion.

Regular engagement has taken place across a variety of platforms including:

- Embrace Colleague Communities, which champion EDI&B – we're proud to embrace our differences
- Colleague Voice – twice-yearly engagement surveys and monthly pulse surveys
- On Trend – bi-monthly digital all hands sessions to keep colleagues up to date with what's happening across the business
- Tailored – a fortnightly communication for people leaders to support them in leading their teams
- Annual colleague conference

- Monthly blog from the CEO
- Loyalty recognition and long service awards
- Valued – regular awards to celebrate the colleagues that live and breathe our values and behaviours
- Bloom – our colleague wellbeing programme
- Colleague conversations – performance and feedback sessions
- Division Huddles and Team meetings
- Regular email updates from Internal Comms, including our weekly newsletter
- Fabric – our digital portal for everything N Brown

## CUSTOMERS

We continue to be obsessed with our customers and work hard to delight them with products, services and finance to fit their lives.

We regularly engage with our customers, both proactively and reactively, via:

- Market research groups
- Net Promoter Scoring and customer services reports
- Engagement across social media and Customer Services channels

## SUPPLIERS

Suppliers are the key links in the sourcing, development and delivery of products to our customers. They support us across every aspect of our operations and are crucial to the successful delivery of our business model.

- We have continued to support our suppliers and the wider supply chain during FY24.

## TRADE AND INDUSTRY BODIES

Constructive engagement with trade and industry bodies is a primary channel which enables us to support the sustainable, ethical and responsible growth of the retail industry.

We engage directly with and are part of a number of bodies including:

- The Transparency Pledge
- Ethical Trading Initiative
- Textile 2030
- Canopy
- Better Cotton Initiative
- International ACCORD
- British Retail Consortium – Climate Action
- UN Global Compact
- Financial Conduct Authority
- Finance Leasing Association
- Cifas

## PENSION TRUSTEES

We have regular updates with the pension trustees in relation to our legacy defined benefit scheme to ensure its adequate ongoing funding.

- Regular engagement has taken place between the Company and trustees
- Recognises long term impact of decisions on the pension investments
- Recognises the importance of the covenant and other obligations

# Board engagement with the workforce

## ENGAGING THE WORKFORCE

As a business going through transformation – and at a time where the external environment continues to bring challenges and change – engaging with our colleagues remains absolutely critical.

With our continued evolution, the need to bring colleagues together as one team, working towards our shared goal is more important than ever, and we have therefore taken time to review the colleague journey this year to provide clarity and strengthen a sense of shared purpose.

Our vision is centred around ‘championing inclusion’ and we aim to put this front and centre in the colleague experience, with a working environment and experience where teams feel informed, have a voice and belong – where they are able to bring their whole and best self to work every day. Equity, Diversity, Inclusion and Belonging (‘EDI&B’) has been a core element of our engagement strategy this year, and our colleague communities have developed to provide meaningful insight and become a cornerstone of our culture activity.

In FY25, as we continue on our transformation, we will continue to prioritise bringing colleagues along on that journey, empowering them to play a key role in our evolution and success.

## THE COLLEAGUE JOURNEY

As the business evolves through its transformation, we have carried out work to help articulate the culture and bring this to life throughout the colleague journey, starting with the attraction and new starter phase.

This has included the launch of a new careers site which is designed to strengthen our employer brand, putting a spotlight on EDI&B at N Brown, better reflecting the way we work as a business, and showcasing our consumer brands.

Our Culture Playbook was launched in October to help colleagues and prospective colleagues understand the business and get to know us that bit better. This is sent out to all new starters as part of their welcome pack – which includes a range of treats and N Brown merchandise – to give clarity around the way that we work here and how we get things done.

Our new starter induction process has been reviewed, with a new ‘Masterclass’ introduced which again brings to life our transformation and articulates what it means to be a part of N Brown.

As we transform, clear communication around our strategy, goals and delivery are key. To kick off FY24 we held ‘Fast Forward’, an all-colleague conference focused on what our business will look and feel like by Peak 2024 – and how we’re going to get there. Feedback following the event found that 92% of colleagues felt more informed about and better understood the strategy and direction of the business. As a result, we will be holding an all colleague conference again in FY25.

A monthly blog from our CEO, introduced this year, is just one of the ways we’re supporting ongoing clarity around the business strategy, goals and delivery and maintaining clear lines of communication between the senior leadership and colleagues.

## OUR COMMUNITIES: POWERING EDI&B AND COLLEAGUE VOICE

FY24 was a year in which our colleague communities – established as part of our ‘EMBRACE’ strategy – went from strength to strength. These communities – which cover LGBTQ+ & Allies, Multicultural & Allies, Intergenerational & Allies, Women & Allies and Accessibility & Allies – are colleague-led and have become a core voice channel. These groups not only provide meaningful insight into and input around the colleague experience – all with an inclusivity lens – they are also action groups whose work has had a positive impact on the colleague experience. Last year this included the introduction of a colleague Mentoring scheme, launch of a regular Menopause Café, publication of a Parenting Playbook to support leaders in providing a positive family leave experience for their teams, and numerous events and content focused on broadening colleague knowledge, understanding and empathy around EDI&B topics.

These communities also came together to support and hold our first Embrace Festival which launched in the second half of FY24 to coincide with National Inclusion Week and brought together a series of events, activities, talks and more focused around all things equity, diversity, inclusion and belonging.

## RECOGNISING OUR COLLEAGUES

As a central pillar of our engagement strategy, recognition plays a hugely important role in celebrating success, motivating colleagues and promoting the values and behaviours that are core to the business and the culture that we want to foster – especially as we continue our transformation.

Being able to recognise those who go above and beyond, live and breathe our values and support and inspire their peers is important for us as a business and we have a range of recognition tools at N Brown, which include our colleague Valued Awards, Long Service Awards, and opportunities to share feedback and celebrate success through e-cards.

Our Valued Awards – which celebrate colleagues that have embraced our values to make a positive impact within the business – took place on a quarterly basis during FY24, with winners announced during our colleague all-hands. In FY24, 25% of colleagues received a nomination in these awards. As part of our Embrace Festival, a special Embrace award was also introduced to recognise a colleague that had made a game-changing impact in relation to EDI&B.

Our annual Long Service Awards take place to recognise those colleagues that are celebrating a significant work anniversary with N Brown. In FY24, we celebrated 21 colleagues who reached their 25, 30, 35 or 40 year anniversaries, with more than 595 years of service between them!

# Board engagement with the workforce continued

## TALENT DEVELOPMENT

We believe that learning is a cornerstone of individual and organisational success. As the business continues to change with the rollout of its transformation programme – and in particular as it embraces and rolls out an agile way of working – learning and development opportunities have been critical in informing, supporting and equipping colleagues.

In FY24, over a third of head office colleagues took part in **agile bootcamps**, designed to give colleagues a thorough insight into and background on agile working, and prepare them for working effectively in this way.

To help colleagues take ownership of their own learning and self-improvement and allow them to set and achieve meaningful goals, adapt to changing circumstances, and stay competitive in an ever-evolving world, we launched a **Talent Development Playbook** – a one stop shop for development opportunities at N Brown. Colleagues can sign up for e-learning, workshops, one to one coaching and more.

FY24 also saw the launch of our **N Brown Mentoring Programme**, which we're incredibly proud of. This kicked off on International Mentoring Day in January, with 18 colleagues – including two members of our Executive team – taking part in the programme.

## MEASURING COLLEAGUE ENGAGEMENT (VIBE)

Gaining feedback and insight from colleagues is critical in understanding their experience at N Brown, enabling us to cultivate a culture where they thrive and which supports the business' aims.

We hold opportunities for colleague feedback through varied formats and at regular intervals throughout the year, with our engagement survey – Vibe – taking place in March when we run an in-depth survey, and September when we hold a shorter pulse survey. Vibe gives us a detailed view around colleagues' experience and what matters most to them, along with how we can make their experience the best it can be.

We were thrilled to see annual increases across all of our key metrics of engagement score, average score and employee Net Promoter Score in the FY24 annual survey, and we have continued to build on colleague feedback throughout the year.

With a vision centred around 'championing inclusion', we took the opportunity to use our September pulse survey to measure our engagement against the British Retail Consortium's ('BRC') Inclusivity Index, which asks a series of 12 questions focused on EDI&B. This allowed us to benchmark ourselves against 65+ other retailers that took part in the index. We were incredibly proud to score above the BRC average, with an overall score of 7.5 at our Head Office and 7.2 in our Logistics Operations (in comparison to the BRC average of 6.2).

## WINS TO CELEBRATE

We were named **winner of the 2023 Diversity & Inclusion Award in the annual Drapers Awards**, which recognise leaders in the industry and celebrate future-thinking fashion retail. N Brown was nominated in five award categories in total, including: Best Marketing Campaign – JD Williams Collections Campaign; Best Place to Work; Team of the Year – Heritage Tribe; and Retail Star of the Year – Ciara Tully.

N Brown also picked up **In-House Communications Team of the Year in the 2023 Institute of Internal Communications Awards**, in recognition of our focus on delivering engaging internal communications and events that support and develop our culture.

In May 2024, **N Brown was named as one of The Sunday Times Best Places to Work 2024**, based on feedback from colleagues. The business achieved an overall engagement score of 76% (a minimum of 70% was needed to be included in the prestigious list). Impressive scores were achieved across key drivers of colleague engagement and workplace happiness, including: job satisfaction (77%), empowerment (77%) and instilling pride (75%). With a vision built around championing inclusion, we were thrilled to gain an excellent score on diversity and inclusion, with a zero-point difference in responses from colleagues in minority groups vs those in majority groups.

# Our approach to Environmental, Social, Governance

## OUR PLANET AND OUR PEOPLE

As an online retailer of apparel, footwear, and home goods, we prioritise our relationships with stakeholders, guiding our strategies and commitments towards responsible business practices.

We are pleased to share we received a management-level B Grade across all three modules for our responses to the Carbon Disclosure Project ('CDP') in 2023, demonstrating the good environmental practices we have in place across climate change, water security and forests.

In our journey to continually improve our approach to Environmental, Social, Governance ('ESG'), FY24 is our first-year reporting under the Climate-related Financial Disclosures ('CRFD') framework, which has enhanced our approach to managing environmental risks across the value chain and within our business strategy. As we continue to develop our approach under the CRFD framework, the focus over the past year has been on establishing a foundation for a realistic transition to net zero emissions, tackling our impact areas across climate change, natural resource, and waste and pollution. Our impact is most significant in our product journey, and this is where much of our attention has been focused.

Through SUSTAIN, we focus on the following impact areas:

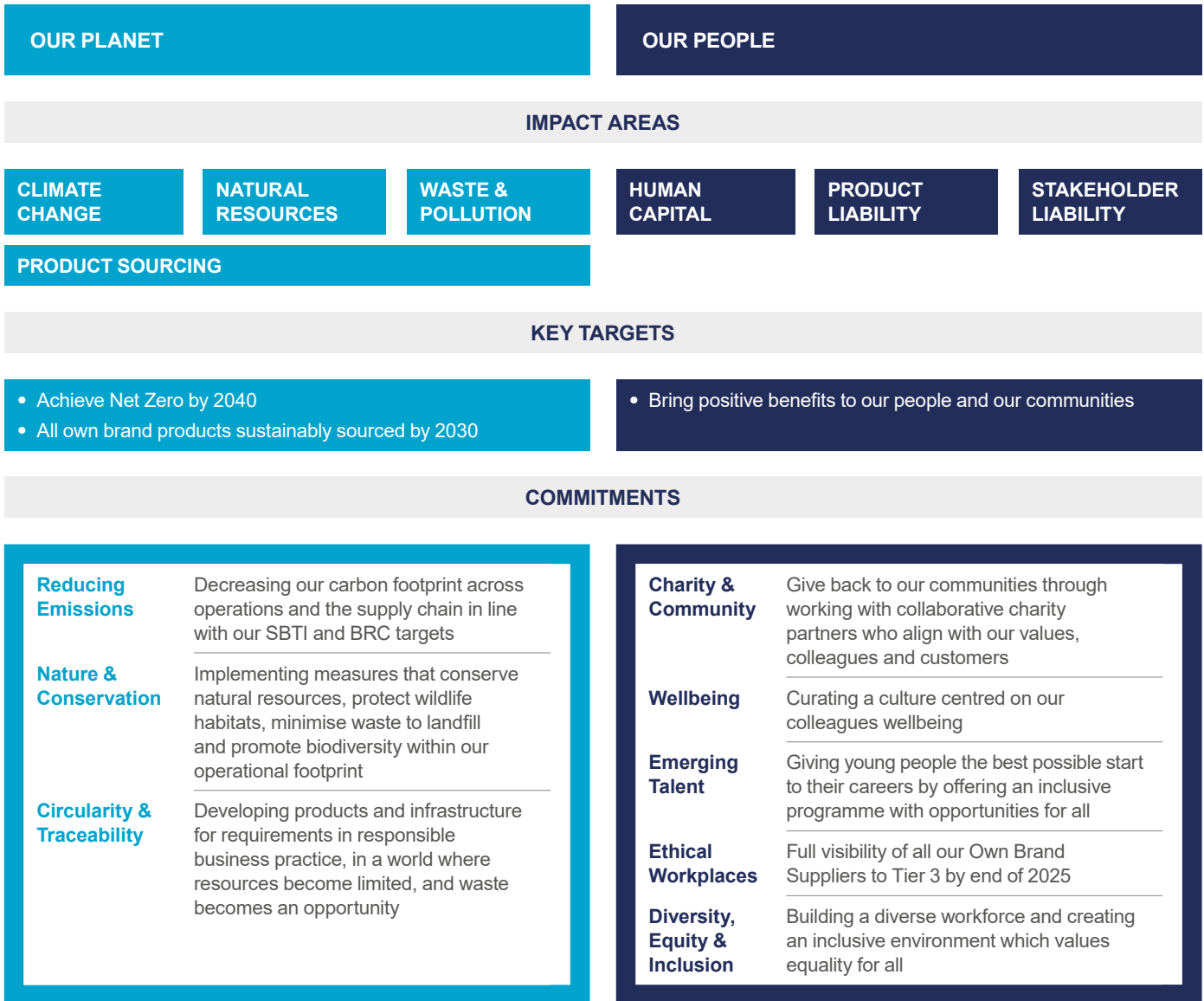
- Progress made towards our goal of 100% sustainable products by 2030, focusing on the use of responsible materials.
- Setting our science-based targets to cut greenhouse gas emissions by 2031, encompassing Scope 1, 2, and 3 emissions.
- Collaborating with Canopy to phase out materials sourced from endangered forests in our viscose and packaging by 2025. Thereby enhancing our supply chain transparency and environmental stewardship.
- Celebrating one year of our Equality, Diversity, Inclusion & Belonging ('EDI&B') strategy, EMBRACE, winning the "Diversity and Inclusion" award at the Drapers Awards 2023 for fostering a diverse, inclusive workplace.
- Prioritising wellbeing through new initiatives such as colleague fertility benefits, alongside continued support for charity partners.

As we continue to deliver on our 'SUSTAIN' strategy, we aim to broaden stakeholder engagement and work closely with our supply partners. Our commitments are aligned with the relevant United Nations Sustainable Development Goals which consider our operational practises and business initiatives. This strategic alignment underlines our commitment to responsible and impactful progress.

This report presents our strategies and initiatives, reflecting our progress in fulfilling our commitments and addressing social and environmental risks inherent in our business operations.



# Our ESG strategy



**GOVERNANCE**   SUSTAIN aligns our ethical policies with our commercial activities, achieving tangible results and benefits for our stakeholders.





# Climate-related Financial Disclosures

## OUR PLANET

We recognise that climate change is one of the greatest challenges facing our planet today. We have aligned our strategy with the Climate-related Financial Disclosures ('CRFD') recommendations, enabling us to identify, assess and manage our principal climate-related risks and opportunities.

As an AIM-listed company with over 500 employees we are required to comply with the UK Government's climate-related financial disclosure requirements under the Companies (Strategic Report) (Climate-related financial disclosures) Regulations 2022.

Our disclosures are set out under the four pillars of the CRFD recommendations; Governance, Strategy, Risk Management and Metrics and Targets.

## GOVERNANCE

### BOARD LEVEL

At the start of the year, we concluded a review of our governance structure in relation to the management of ESG requirements. A major focus of the review was to ensure that climate-related matters are embedded within our governance structure to improve visibility and accountability across the organisation and drive progress towards our net zero commitment.

The Board has delegated responsibility ESG matters, including climate-related matters, to the ESG Committee. The Committee has responsibility for the oversight of the strategies, policies, and performance of the company, in relation to ESG matters. The committee also drives improvement in these areas, in line with the standards and values of the Company.

The Committee is chaired by the Company Secretary who attends the Board and Executive Leadership Team meetings. The ESG Committee also includes the Chief Executive Officer, Chief Financial Officer, Chief Executive of Retail, CEO of Financial Services, and the Chief People Officer. Since June, the Committee has held meetings at least quarterly to help establish the new format and build momentum. The Committee chair provides an update to the Group Board at each meeting on the nature and content of discussions held along with recommendations and actions being taken. The Committee report to the Board on progress made against our climate-related targets such as our responsible sourcing commitment and near-term emission reduction targets on an annual basis.

### MANAGEMENT LEVEL

Senior management from across the business form an integral part of the ESG Committee and are invited to each meeting. The management level is responsible for the identification, assessment and management of climate-related risks and the implementation and execution of the Group's ESG strategy within each respective area of the business. The management group includes the Group Sourcing and Sustainability Director, Head of Workplace, Facilities and Engineering, Corporate Communications Manager, Director of Data, Emerging Talent Lead, and Head of Investor Relations. Senior management report regularly to the Committee on climate-related matters, such as actions being taken to achieve our commitments.

During the year, we worked with external experts to host a series of workshops to help us embed the CRFD framework, focusing on the integration of climate-related risks into our Risk Management Framework and scenario analysis. The senior management group was supplemented with the Head of Group Finance, Director of Risk, Head of Group Strategy, and the Sustainability Lead to help build internal capabilities and improve our management of climate-related matters.

## STRATEGY

We recognise that climate-related risks and opportunities have the potential to impact our business. In FY24 we completed a detailed climate-related risk assessment and qualitative scenario analysis of our key climate-related risks and opportunities.

We have used the following definitions of time horizons for the purposes of identifying and managing our climate-related risks and opportunities:

### TIME HORIZONS:

#### SHORT: <3 YEARS

- Aligns with our business strategy and financial planning.

#### MEDIUM: 3–10 YEARS

- Encompasses our near-term science-based target and emerging climate-related risks.

#### LONG: 10+ YEARS


- Considerate of the long-term nature of climate-related risks and our net zero commitment.

## OUR PRINCIPAL CLIMATE-RELATED RISK AND OPPORTUNITIES

To determine the materiality of climate-related risks we have considered the likelihood of the risk materialising and the potential impact on the business across financial, customer, regulatory, business interruption and reputational impact measures. In line with the CRFD recommendations we have considered climate-related risks relating to policy and legal (including emerging regulations), technology, market, reputation as well as chronic and acute physical impacts. When considering climate-related opportunities we have considered resource efficiency, energy source, products and services, markets, and resilience. We have determined that we have five principal risks and one opportunity.

# Climate-related Financial Disclosures continued

## CLIMATE-RELATED RISKS

RISK TREND KEY:  Increased  Unchanged  Decreased

### CARBON PRICING MECHANISMS AND INCREASED REGULATIONS

The introduction of climate regulations such as carbon pricing mechanisms, enhanced reporting obligations and product mandates could increase our operating costs and reduce profitability.

Any failure to comply with increased regulatory requirements, could harm the Group's reputation.

#### RISK TREND



#### TIME HORIZON

Medium / Long

#### KEY CONTROLS AND MITIGATING FACTORS

- Established near-term emission reduction target approved by the SBTi, formalising our commitment to reduce our GHG emissions.
- Investment in energy efficiency and the rationalisation of our estate to reduce Scope 1 & 2 emissions.
- Developed our Textile 2030 roadmap to reduce emissions across own brand textile products and using our Supplier Sustainability Questionnaire ('SSQ') to drive further Scope 3 reductions.
- Working with external consultants to comply with existing regulations and keep up to date on emerging regulations.

### TRANSITIONING TO A LOW CARBON ECONOMY

To meet our net zero commitment, we will need to decarbonise our operations which could require capital expenditure, reducing the availability of capital to invest in other strategic priorities.

As our suppliers invest in new technologies to reduce GHG emissions, suppliers could pass on the associated cost of their investments which could increase our costs and reduce profitability.

#### RISK TREND



#### TIME HORIZON

Medium / Long

#### KEY CONTROLS AND MITIGATING FACTORS

- Established near-term emission reduction target approved by the SBTi, formalising our commitment to reduce our GHG emissions.
- Investment in energy efficiency and the rationalisation of our estate to reduce Scope 1 & 2 emissions.
- Developed our Textile 2030 roadmap to reduce emissions across own brand textile products and using our Supplier Sustainability Questionnaire ('SSQ') to drive further Scope 3 reductions.
- Identifying and working with like-minded suppliers of goods not for resale to drive decarbonisation of our business model.

### INCREASED COST OF RAW MATERIALS

Greater competition for more sustainable materials could increase costs where demand exceeds supply. This could become a greater risk in the future as circular materials evolve.

Physical climate risks such as drought and extreme weather events could impact the supply of natural raw materials which could reduce the availability and or quality of key materials.

Increased raw material costs could reduce profit margins or reduce competitiveness if we are unable to source sustainable materials.

#### RISK TREND



#### TIME HORIZON

Medium / Long

#### KEY CONTROLS AND MITIGATING FACTORS

- We can change our fibre compositions in response to issues around availability or cost.
- Our buyers are provided with market intelligence on raw material costs to give them the information needed to secure value for the Group.
- Our sourcing team is working closely with buyers to raise awareness.

## CLIMATE-RELATED RISKS

**RISK TREND KEY:**  Increased  Unchanged  Decreased

### INCREASED STAKEHOLDER CONCERN OR NEGATIVE STAKEHOLDER FEEDBACK

Key stakeholders, such as customers, colleagues, creditors and investors, are becoming increasingly conscious of climate change and environmental impacts. As expectations in this area become more demanding, failure to address these concerns could lead to reputational damage.

From a customer aspect, this could reduce demand for our products, reducing our revenue. It could make attracting and retaining high calibre colleagues more challenging and finally it could create barriers to accessing capital through lenders or harm investor sentiment.

#### RISK TREND



#### TIME HORIZON

Medium / Long

#### KEY CONTROLS AND MITIGATING FACTORS

- Established near-term emission reduction target approved by the SBTi, formalising our commitment to reduce our GHG emissions.
- Signatories of the BRC Climate Action Roadmap, committing to achieve net zero emissions by 2040.
- Investment in energy efficiency and the rationalisation of our estate to reduce Scope 1 & 2 emissions.
- Responsible Sourcing Commitment and Textile 2030 Roadmap to improve the sustainability of our products.
- Respond to investor requests for information such as responding to the Carbon Disclosure Project ('CDP').

### INCREASED SEVERITY OF EXTREME WEATHER EVENTS

Extreme weather events such as storms and precipitation could cause damage to our facilities, disrupting our operations and interrupting our ability to ship orders to customers.

Our supply chain is exposed to a higher level of physical risk compared to our direct operations. Disruption to suppliers could reduce the availability of product for sale which could impact our revenue.

The supply of key raw materials such as cotton is likely to be impacted by extreme weather events as well as chronic changes in the climate such as higher temperatures and changes to precipitation patterns.

#### RISK TREND



#### TIME HORIZON

Medium / Long

#### KEY CONTROLS AND MITIGATING FACTORS

- Annually refreshed business resilience plans and objectives.
- Incident management and contingency planning processes are used to assess and mitigate the impacts of supply chain disruption.
- A robust category planning process is in place to reduce concentration risk.
- The business continues to improve our capability to recover key systems and processes.

# Climate-related Financial Disclosures continued

## CLIMATE-RELATED OPPORTUNITIES

RISK TREND KEY:  Increased  Unchanged  Decreased

### CIRCULAR BUSINESS MODELS

We recognise the important role that circularity can play in reducing Scope 3 emissions as well as presenting new ways in which the Group can generate a financial return and increase brand loyalty.

Circular business models such as resale markets, repairs and alterations, repurpose and rental could help the Group develop alternative revenue streams in the future as the circular economy develops.

#### OPPORTUNITY TREND



#### TIME HORIZON

Medium / Long

#### STRATEGY TO REALISE OPPORTUNITY

- Partnership with Hirestreet, the UK's leading accessible fashion rental platform to gain valuable insight into rental models.
- Exploring opportunities to integrate circularity practices into the business, particularly through resale and repair models.
- Held circular design workshops to facilitate a shift in the design mindset to deliver great fashion, fit and longevity within our products.
- Developing new operational approaches to close the loop on products and materials through initiatives to prolong the lifespan of our products, rework and repair options, and investigating responsible disposal channels.

## TRANSITIONING TO A LOW CARBON ECONOMY

We recognise the UK Government's net zero target for 2050 and, as signatories of the BRC Climate Action Roadmap, we have committed to achieving net zero by 2040.

To deliver on our net zero commitment, we are developing a transition plan as part of our SUSTAIN strategy. Within the 'Our Planet' section of the strategy, we have established our priority areas across emission reductions, nature and conservation, and circularity and traceability to enhance sustainability throughout our organisation and reduce our GHG emissions.

## FINANCIAL PLANNING

During FY24, we have focused on strengthening our governance and management around climate-related risks and opportunities. As a result, we are in the early stages of integrating climate-related considerations into our financial planning processes. At present, we consider the impact that projects will have on reducing energy costs and GHG emissions as part of the capital investment approval process.

In terms of access to capital, we have held positive discussions with suppliers around our management of ESG-related matters, including climate change. We are exploring options of offering better payment terms through our supplier finance facility to those suppliers who are investing in efforts to reduce their environmental impacts, but this remains in its infancy at this stage.

We will look to further integrating the management of climate-related risks and opportunities into our financial planning process as our transition plan begins to mature.

## OUR PLANET PRIORITIES

	COMMITMENTS & PRIORITIES	WHAT WE'VE DONE
EMISSION REDUCTIONS	<b>SCOPE 1 &amp; 2</b> Running our operations as efficiently as possible and investing in LED lighting and efficient heating and cooling systems. Operating our sites with 100% renewable electricity. Transitioning our company vehicles to low carbon and electric alternatives.	This year we have continued our efforts to rationalise our warehousing and distribution centres to align the business to a more agile way of working. We are moving our home and furniture distribution centre to a modern, energy efficient distribution centre that is fully electrified, reducing our Scope 1 and 2 emissions.  We have focused on the effective use of heating systems, where better management has enabled us to deliver a reduction of 11% in gas consumption compared to last year.
	<b>SCOPE 3</b> Collaborating with industry stakeholders, suppliers, and partners to identify solutions to drive emission reductions throughout the value chain, from the sourcing of raw materials right through to end-of-life treatment.	We have focused on working with our suppliers on our net zero commitment through the development of our Supplier Sustainability Questionnaire ('SSQ'). This year, we've worked on identifying and implementing programmes to address decarbonization challenges. This includes the development of innovative solutions to meet our emissions reduction targets and closer collaboration with strategic suppliers to set clear net-zero objectives.
	<b>ANIMAL WELFARE &amp; BIODIVERSITY</b> Ensuring animal welfare standards are met for protein-based products, incorporating responsible sourcing, humane treatment, and ethical practices.  Identifying and supporting areas of concern related to biodiversity that are influenced by our industry and supply chain, collaborating with initiatives to protect and restore ecosystems.	Our policy reflects a strong commitment to animal welfare and the preservation of natural environments, including prohibiting specific materials and sourcing wool from non-mulesed sources. We are actively exploring opportunities to increase the use of responsible or recycled wool and integrating biodiversity considerations into our ESG strategy to support ecosystem variability.
NATURE & CONSERVATION	<b>WATER &amp; CHEMICAL MANAGEMENT</b> We strive to reduce water consumption during our production processes by evaluating materials used in our fibre matrix and identifying alternatives that are less water intensive. Ensuring that our chemical usage adheres to industry standards and guidelines for safety, environmental protection, and health.	We've developed a comprehensive chemical policy aligned with REACH and OEKO-TEX standards to ensure product safety and environmental protection. Our efforts extend to water risk assessments and investments in technologies to reduce water consumption and improve water quality, demonstrating our commitment to water stewardship.
	<b>NATURAL RESOURCES &amp; WASTE</b> Committing to zero use of endangered and ancient forests within our supply chain. Aim to reduce packaging waste by promoting innovation and promoting the use of reusable and recyclable materials.	In partnership with Canopy, we are committed to removing ancient and endangered forests from our viscose and packaging by 2025. Aligned with our FSC certification and our forestry policy, we have developed a strategic approach to timber use both for product and packaging.
CIRCULARITY & TRACEABILITY	<b>BUILDING FOR CIRCULARITY</b> Adopting circular business models that align with our unique selling proposition, focusing on extending product lifecycles, promoting reparability, and enabling end-of-life recycling.	As signatories of WRAP's Textiles 2030 initiative, we are focused on reducing the environmental impact of our business through the adoption of circular fashion systems. This year, we explored integrating circularity practices, such as resale and repair for future modelling, whilst continuing our rental partnerships with Hirestreet.
	<b>DESIGN FOR CIRCULARITY</b> Providing training and workshops for designers and product development teams to enhance their understanding of circular design principles.	We have facilitated Circular Design workshops to shift towards sustainable product development, leveraging 3D technology to enhance product fit and reduce waste. We participated in Textiles 2030 Durability sprint group in partnership with Leeds University. This group is designed to improve standards of durability for greater product quality and longevity.
	<b>CLOSING THE LOOP</b> Identifying suitable materials and systems that enable the closing of the loop on fibres and material use.	Developing new operational approaches to close the loop on products and materials is a key focus area. We are researching initiatives to prolong the lifespan of our products, focusing on rework, repair, and responsible disposal channels.
	<b>RESPONSIBLE PRODUCT SOURCING</b> Extending our supply chain mapping beyond tier 3 to enhance visibility. Increasing the use of recycled and sustainable materials by working closely with suppliers to foster innovation and access a broader range of eco-friendly materials.	Our efforts over the past year have been dedicated to transforming our sourcing practices to reduce our environmental impact, with a specific focus on cotton, polyester, and MMCFs. Reaching 47.1% of the product mix, we are on track to reach our 2030 target. We are working towards utilising more responsible materials, improving processing techniques, and adhering to industry standards for traceability. A key aspect of our strategy involves gaining a comprehensive understanding of the origins of our products.

# Climate-related Financial Disclosures continued

## SCENARIO ANALYSIS

The CRFD recommends that organisations consider a range of different climate-related scenarios, including a ‘2°C or lower scenario’. We have carried out a detailed assessment of how our main transitional climate-related risks and opportunities could evolve under three different scenarios based upon the Network for Greening the Financial Systems (‘NGFS’) reference scenarios:

### TRANSITIONAL CLIMATE SCENARIOS

**NET ZERO (‘NZ’) 2050 (1.5°C)** – an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO<sub>2</sub> emissions no later than 2050.

**FRAGMENTED WORLD (‘FG’) (2.5°C)** – assumes a delayed and divergent climate policy response among countries globally, leading to high physical and transition risks. Countries with net zero targets achieve them only partially (80% of the target), while the other countries follow current policies.

**CURRENT POLICIES (‘CP’) (3.1°C)** – Assumes that only currently implemented policies are preserved, leading to a ‘hot-house world’, a higher degree of physical risk and lower impact of transitional risk.

The risks and opportunities and their materiality were considered across short-term (‘ST’) (2025), medium-term (‘MT’) (2030) and long-term (‘LT’) (2040) time horizons before mitigation measures are considered. The medium-term time horizon aligns with our science-based targets and our long-term horizon aligns with our net zero commitment.

The results of our scenario analysis highlighted how our main transition risks relate to carbon pricing mechanisms and increased regulation, how we transition towards a low carbon economy and deliver our net zero commitment and finally how stakeholder expectations around climate action could increase.

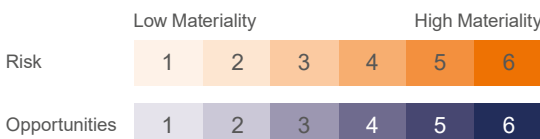
The net zero scenario would present our best chance at implementing a successful transition. This would however likely involve increased regulations and higher expectations from stakeholders which could increase pressure on the Group to deliver on its targets and commitments.

The Fragmented World scenario would make the transition more challenging as the rate of decarbonisation in sourcing regions is lacking. Regulations would be expected in some but not all regions which may lower the potential regulatory burden and associated costs, but this likely makes the transition harder.

Under the Current Policies scenario, transition risks are lower as no new regulations or policies are introduced. It would be extremely challenging to transition to a low carbon economy, however, the likelihood is that stakeholder expectations would be lower in this scenario, reducing the materiality of this risk.

The scenario analysis underlines the importance of driving GHG emission reductions and progress against our near-term targets, addressing our stakeholder expectations on climate action, and reducing our potential exposure to future climate-related regulations. We will continue to review the outcomes of our scenario analysis during FY25 and integrate the insights into our strategic and financial planning processes.

Risks	Description	NZ			FW			CP		
		S	M	L	S	M	L	S	M	L
CR1 Carbon pricing mechanisms and increased regulations	Carbon prices are anticipated to be highest and regulations the strongest under the NZ scenario and start to increase towards the long-term under the FW scenario. New climate regulations and pricing mechanisms are not introduced in the CP scenario.	2	4	6	2	2	4	1	1	1
CR2 Transition to a low carbon economy	The transition to a low carbon economy is going to be a challenge even under the best case NZ scenario. The rate of decarbonisation in the FW scenario, particularly in key sourcing regions is lacking, making the transition extremely challenging within the 2040 timeframe. It would be almost impossible for us to meet our net zero commitment under the CP scenario, however the expectation is that stakeholder concern would be lower which reduces the materiality of this risk.	3	3	5	4	5	6	3	3	3
CR3 Increased cost of raw materials	Underlying risk across all scenarios from the impact of climate change of key raw materials such as cotton which could increase costs. Anticipate high demand for sustainable materials over the short and medium term under the NZ scenario and late demand under the fragmented world as there are delays for widescale adoption of sustainable materials.	3	3	2	2	2	4	2	2	2
CR4 Increased stakeholder concern (Customer, Colleague, Investor, Creditor)	Stakeholder expectations are likely to be highest and increase under the NZ scenario and immaterial under the CP scenario. They would likely increase over the long-term under the FW scenario, expectations begin to increase towards the long-term.	2	3	4	2	2	4	1	1	1
<b>Opportunities</b>										
CO1 Circularity and development of low emission products and services	Opportunities for circular business models and materials are highest under the NZ scenario. Whilst there are still opportunities within the CP and FW scenarios, these are driven more by economic factors rather than sustainability and the development of circular materials is thought to be less likely to materialise as the policy landscape and consumer demand required for this is less likely to materialise.	2	3	4	2	2	3	2	2	2



## PHYSICAL SCENARIO ANALYSIS

### DIRECT OPERATIONS

To better understand our exposure to the physical impacts of climate change, we have conducted detailed scenario analysis across our operational site and begun to assess our strategic suppliers.

EarthScan allows us to evaluate physical risk exposures on operational locations critical to our business for a range of different hazards across different timescales and climate scenarios. We used EarthScan's data and insights and asset-level climate risks assessments for the following climate hazards: flooding, heat stress, precipitation, extreme wind, drought and wildfire. A combined physical risk score is provided which is a synthesis of all individual risk categories outlined above. Three IPCC scenarios have been used to assess physical climate risks:

### PHYSICAL CLIMATE SCENARIOS

**BUSINESS AS USUAL (SSP5/RCP8.5)** Emissions continue to rise over the 21st century, in the worst-case scenario.

**EMISSIONS PEAK IN 2040 (SSP2/RCP4.5)** Emissions do not increase beyond 2040. With current commitments, this is the climate scenario that most closely resembles current policy commitments.

**PARIS ALIGNED (SSP1/RCP2.6)** Emissions are aligned with Paris agreement targets. This is the best-case scenario.

We have included our distribution centres, head office (located in Greater Manchester), regional offices (Ireland & Bangladesh) and call centres (South Africa). The results from the business-as-usual (BAU) scenario are shown below over the historical short-, medium- and long-term time horizons.

Risk Driver	Average Risk Level			Exposure and Potential Impact
	ST (2025)	MT (2030)	LT (2050)	
Combined Physical Risk	4	4	4	The combined physical risk rating is a synthesis of the specific risk exposures.
Flooding	1	1	1	Flooding risk refers to both coastal and riverline flooding. All of our sites are considered to have a very low risk exposure to flooding.
Wind risk	2	2	2	Extreme wind events can occur during weather events such as storms, typhoons and tornadoes. These events could cause damage and disruption to our operations and the surrounding area. The overall risk exposure is low, however sites in Bangladesh and South Africa are exposed to a medium risk level.
Heat Stress	2	2	3	Our operations are exposed to an increasing threat from heat stress over the long-term. By 2050, our operations in Greater Manchester and Bangladesh are exposed to a high risk level. Increased temperatures over a prolonged period could lead to a loss of productivity and increase operating costs due to higher energy demand for cooling.
Precipitation Risk	2	2	2	Precipitation risk refers to the risk caused by exposure to extreme precipitation. Most sites have a very low or low risk exposure, however our site in Bangladesh has an extremely high risk rating. This site could be affected by flooding and disruption to our operations.
Drought	1	1	2	Droughts are expected to increase under the BAU scenario across the UK but the risk level remains low. Our site in Bangladesh is exposed to a high level of drought risk, however this would have an immaterial impact on our direct operations.
Wild Fire	1	1	1	Wildfire danger refers to the potential intensity of an unplanned fire under certain conditions. A higher rating indicates that meteorological conditions are more favourable for triggering wildfires in areas with flammable vegetation coverage. One site in South Africa has an extremely high risk rating for wildfire whereas all other locations are rated low risk.

Low climate-related risk    High climate-related risk



# Climate-related Financial Disclosures continued

## INDIRECT OPERATIONS

We have extended our analysis to include a screening assessment of 100 of our strategic and significant suppliers of own brand goods for resale ('GFRS') and critical goods not for resale ('GNFRS') suppliers, including delivery companies, facilities management, and engineering supplies.

The screening assessment used the Business-as-Usual scenario outlined and summarises the combined risk rating, top two physical hazards at the short-term and long-term time horizon for GFRS and GNFRS suppliers.

## SUPPLIER PHYSICAL RISK SCREENING

	2025	2050	
<b>GFRS</b>	<b>Combined Risk Rating</b>	<b>Very High</b>	<b>Very High</b>
	Main Risk Driver	Precipitation Risk	Precipitation Risk
	Second Risk Driver	Drought	Drought
<b>GNFRS</b>	<b>Combined Risk Rating</b>	<b>Medium</b>	<b>High</b>
	Main Risk Driver	Heat Stress	Heat Stress
	Second Risk Driver	Precipitation Risk	Drought

The majority of our suppliers of GFRS are based in southern and southeast Asia which is vulnerable to the physical impacts of climate change. Our GFRS sample received a very high climate risk rating at both the short and long-term. Extreme precipitation is the main risk driver which could damage and disrupt our suppliers' operations and their ability to fulfil orders. Our GNFRS suppliers are mainly located in the UK and have ratings comparable to our direct operations, with the main risk driver being heat stress. We will continue to monitor how physical risks could impact these suppliers.

## ADAPTATION AND MITIGATION MEASURES

We have in place a Board approved, Business Continuity Framework, that defines the requirements for implementing, validating, and governing business continuity in order for the Group to achieve its strategic imperatives.

Each business unit must complete a Business Impact Assessment annually and a Crisis Management plan is in place to deal with varying levels of incidents, including disruptions caused by climate change. These plans are reviewed and tested annually to continually improve our processes and procedures.

We also have Business Continuity plans to provide for the continuance of key processes and these plans are maintained and tested annually.

To improve our assessment and management of the physical impacts of climate change we are considering how we can make the best use of the physical risk ratings to engage with high-risk suppliers as well as integrating into our supplier onboarding processes. We will continue to monitor our key suppliers and their exposure to climate-related risks.

## RISK MANAGEMENT

The identification, assessment and management of climate-related risks has been integrated into our Risk Management Framework ('RMF') described on page 22. To support the integration, we have carried out two detailed climate-related risk and opportunities assessments during the year with external experts with each session attended by key senior managers and the Risk Team. The assessments consider risks associated with current and emerging regulations, legal technology, market, reputational as well as physical impacts from both acute and chronic impacts of climate change. In addition to these assessments, each risk owner within the business was asked to consider climate-related risks within their area as part of our formal risk assessment which is completed every six months.

To determine the materiality of climate-related risks we use the impact and likelihood matrix within the RMF which is used to assess all risk types across the business. The impact matrix considers the potential impact on the Group across financial performance, customer satisfaction, legal and regulatory, service disruption and reputation.

Given the longer-term nature of climate-related risks, the time horizon that the risk could manifest over is also considered and used to help prioritise our climate-related risk exposures.

Each climate-related risk is mapped to our existing risks categories which are all supported by policies, appetite metrics and key risk indicators. This helps inform the decisions taken to manage our climate risks effectively in line with our risk appetite.

Going forward, ESG and CRFD risks and controls will be embedded within the RCSA process with risks formally reviewed on at least a six-monthly basis and included in N Brown's bi-annual risk assessment process which reviews the risk environment from a risk policy and business area perspective.



## METRICS & TARGETS

The main metrics we used to assess and manage our climate-related risks are set out in the table below and focus on GHG emission reductions, responsible product sourcing and the mapping and auditing of our supply chain. We are delighted to announce that our near-term emissions reduction targets have been formally approved by the Science-Based Targets Initiative ('SBTi'). The SBTi defines and promotes best practice in science-based target setting and establishes how quickly organisations need to reduce their GHG emissions to try and prevent the worst impacts of climate change.

TARGETS & COMMITMENTS	PROGRESS UPDATE	
SBTi: Increase active annual sourcing of renewable electricity to 100% by FY30	Off track: 56% (FY23: 100%)	We have sourced 100% renewable electricity for many years. During the course of this year, Scottish Power removed the ability for N Brown to procure green REGO-backed electricity and have reverted us back to their standard tariff. We are committed to sourcing 100% renewable electricity for our operations and will return to a REGO-backed contract partway through FY25 and return to 100% renewable electricity in FY26.
SBTi: Reduce absolute Scope 1 & 2 emissions by 46.2% by the end of FY31 against FY22 base year	Off Track: 26% (FY23: -17%)	We are currently off track for our Scope 1 and 2 target as market-based Scope 2 emissions have increased from zero to 1,323.4 tCO <sub>2</sub> e as our supplier has reverted us from a zero-emission electricity tariff to a standard tariff. We have made good progress reducing our Scope 1 emissions (reduced 28% against the FY22 base year) and expect to get back on track with our target in FY26 once we are able to source 100% renewable electricity once again.
SBTi: Reduce absolute Scope 3 emissions by 46.2% by the end of FY31 against FY22 base year	On Track: -35% (FY23: -14%)	We are on track against our Scope 3 target, with emissions 35% lower compared to FY22 base year. Whilst we have taken action to reduce our emissions such as reducing the use of airfreight and progressing on our responsible sourcing commitment; the main driver of this has been a large reduction in our spend on goods for resale. We have also sold and shipped less product to customers which has further reduced our GHG emissions across transportation and distribution, use of sold products and end of life treatment. As we look towards FY25, we anticipate that stock purchases will increase to support higher sales which will likely lead to an increase in our GHG emissions.
100% of own brand textile products to have sustainable properties by end of FY30	On track: 47.1% (FY23: 41.2%)	Cotton, polyester, and manmade cellulosic fibres ('MMCFs') are the primary materials we use. This year, we've continued to advance toward our goal of transitioning to improved and recycled fibres supporting our teams and suppliers with our Responsible Materials Guide on soft and hard goods. We regularly reassess our preferred fibres list as we gain more research and insights into the best available materials and sourcing directions.
Increase our use of responsibly sourced cotton to 100%	On track: 70.1% (FY23: 62%)	Our focus is on transitioning to 100% responsibly sourced cotton (Better Cotton, organic, or recycled) by FY26. To date, 70% of our cotton already meets the criteria. We're actively working with suppliers to convert the remaining conventional cotton to better practice whilst exploring opportunities for regenerative and recycled solutions.
Audit Status of Tier One Factories	On track: 94% (FY23: 96%)	We constantly monitor our factory audits on our supplier platform. Through our RAG system, we can support our suppliers with renewing their audits and are within our threshold of outstanding audits. We continue to find ways to make this process as streamlined as possible for our suppliers.
High Risk Tier 1 Factory Audits	On track: 11% (FY23: 15%)	Our grading system aligns with the framework of multiple auditing bodies to ensure we have consistency within our risk evaluation. We have worked extensively on building relationships with suppliers and understanding regional challenges associated with local legislation, whilst ensuring compliance on human rights in line with international law. With improved communication to our suppliers, we are on track to lowering the number of high-risk factories, reducing the risks associated with human rights and building safety.
Mapping of supply chain Tier 2 & 3	T2 – On track: 68% (FY23: 66%) T3 – On track: 68% (FY23:<5%)	We have worked to significantly improve our mapping systems for our goods for resale suppliers in tier two and three. This has meant we have increased the number of facilities declared by our suppliers and built visibility to our tier three for the first time. We aim to gain full transparency on our tier two and three suppliers by FY26, whilst continuing to map suppliers further downstream to material origin.

# Our Greenhouse Gas inventory

Our Greenhouse Gas ('GHG') inventory for the FY24 reporting period is detailed below, compared against the previous year and our FY22 base year. Our inventory has been independently calculated in accordance with the GHG Protocol<sup>1</sup>, using the operational control approach.

		Total GHG tCO <sub>2</sub> e				
Scope	Source	FY24	FY23	FY22	FY24 vs FY23	FY24 vs FY22
<b>Scope 1</b>	Natural Gas	1,460.2	1,640.3	1,876.2	-11%	-22%
	Diesel	153.6	193.7	227.8	-21%	-33%
	HFCs	0.7	37.0	151.7	-98%	-100%
	Gas Oil	43.7	46.6	47.4	-6%	-8%
	Company Vehicles	4.3	11.7	12.8	-63%	-66%
	<b>Scope 1 Total</b>	<b>1,662.6</b>	<b>1,929.3</b>	<b>2,315.7</b>	<b>-14%</b>	<b>-28%</b>
<b>Scope 2</b>	Electricity (Location-based)	2,045.8	2,052.3	2,680.2	0%	-24%
	Electricity (Market-based)	1,323.4	–	–	100%	–
	<b>Scope 2 Total (Market-based)</b>	<b>1,323.4</b>	<b>–</b>	<b>–</b>	<b>100%</b>	<b>–</b>
<b>Total Scope 1 + 2 (MB)</b>		<b>2,986.0</b>	<b>1,929.3</b>	<b>2,315.7</b>	<b>55%</b>	<b>29%</b>
<b>Scope 3</b>	Purchased Goods & Services	135,394.0	180,648.7	216,397.8	-25%	-37%
	Capital Goods	938.1	1,986.3	1,006.1	-53%	-7%
	Fuel- & Energy-Related Activities	1,314.1	1,352.4	1,401.1	-3%	-6%
	Upstream Transportation & Distribution	8,759.2	17,652.0	22,929.2	-50%	-62%
	Waste Generated in Operations	31.8	39.4	79.4	-19%	-60%
	Business Travel	599.0	51.7	7.3	1059%	8105%
	Employee Commuting	1,156.7	1,115.1	1,549.3	4%	-25%
	Upstream Leased Assets	12.2	10.2	44.2	20%	-72%
	Downstream Transportation & Distribution	97.7	2.5	49.5	3765%	97%
	Use of Sold Products	67,840.6	86,219.1	92,284.0	-21%	-26%
End-of-Life Treatment of Sold Products	7,048.3	7,703.3	10,150.1	-9%	-31%	
	<b>Scope 3 Total</b>	<b>223,191.8</b>	<b>296,780.7</b>	<b>345,898.0</b>	<b>-25%</b>	<b>-35%</b>
<b>Total Scope 1, 2 (MB) and 3</b>		<b>226,177.8</b>	<b>298,710.0</b>	<b>348,213.7</b>	<b>-24%</b>	<b>-35%</b>
	Out of Scope – Biogenic	52.5	69.0	92.6	-24%	-43%
<b>Emission Intensity Ratios</b>						
<b>Turnover £m</b>		<b>600.9</b>	<b>677.5</b>	<b>715.5</b>	<b>-11%</b>	<b>-16%</b>
	Scope 1 & 2 TCO <sub>2</sub> e / Turnover (£m)	5.0	2.8	3.2	74%	54%
	Scope 1, 2 & 3 TCO <sub>2</sub> e / Turnover (£m)	376.4	440.9	486.7	-15%	-23%
<b>Items Shipped</b>		<b>17.4</b>	<b>21.3</b>	<b>25.3</b>	<b>-18%</b>	<b>-31%</b>
	Scope 1 & 2 TCO <sub>2</sub> e / Item Shipped (m)	171.6	90.6	91.5	89%	87%
	Scope 1, 2 & 3 TCO <sub>2</sub> e / Item Shipped (m)	12,998.7	14,023.9	13,763.4	-7%	-6%

<sup>1</sup> GHG Protocol: A Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Total emissions from our direct operation (Scope 1 and 2) have increased by 55% compared to last year and 29% against our FY22 base year. This is driven entirely by the increase in our market-based Scope 2 emissions as our energy supplier removed the ability for the Group to procure REGO-backed electricity. We were reverted to their standard tariff partway through the year, which increased our emissions by 1,323.4 tCO<sub>2</sub>e. We will move back to a REGO-backed contract at the earliest opportunity, partway through FY25. By FY26 we will be back on track against our Scope 1 and 2 target as we resume the sourcing of 100% REGO-backed electricity.

We have made good progress in reducing our Scope 1 emissions, which have fallen by 14% compared to last year and 28% against our base year. Much of this reduction has come from natural gas, where we have focused on optimising heating systems and schedules to reduce energy consumption. There have been significantly fewer refrigerant gas leaks on our air conditioning systems, which has also contributed to reducing our emissions.

Our internal haulage fleet has seen less activity this year because of lower import volumes. We have also continued to focus on driver training to improve fuel efficiency, further reducing our emissions. The impact of company vehicles continues to decrease as we have transitioned our pool cars to electric vehicles and have increased the number of EVs in our van fleet, with two out of three being electric.

We have also taken the strategic decision to streamline our distribution operations and move from our Hadfield Distribution Centre to a modern, energy efficient unit in Heywood which will help drive further reductions in our operational GHG emissions once fully operational in FY25.

The majority of our Scope 3 emissions (98%) arise from the products and services we purchase, the associated transportation and distribution of products to our customers, the use of products that directly consume energy and the end-of-life treatment of all sold products. All other Scope 3 are associated with operational emissions, such as business travel, waste generated in operation and employee commuting emissions. These emissions account for the remaining 2% of our GHG inventory.

Our largest Scope 3 emission source, Purchased Goods and Services has fallen by 25% against last year and 37% against the base year. We have reduced our spend on GFRS this year as we have focused on selling from existing stock which has resulted in lower emissions. Emissions associated with the use of sold products have fallen by 21% compared to last year (26% lower compared to FY22) as we have sold less products that directly consume energy. As we have sold less product, our end-of-life treatment emissions have also fallen year-on-year.

Our upstream transportation and distribution emissions have fallen by 50% compared to last year (62% against the base year). We have purchased less product year-on-year as well as experiencing a shift in product mix, as we seen a reduction in the volume of products purchased across categories such as home and furniture. We have seen a significant reduction in emissions from airfreight due to changes we introduced to reduce costs and emissions. Airfreight is used as a last resort and, in cases where it is necessary, buyers will split shipments to just deliver what we need via air with the remainder to follow on later as sea freight.

Downstream transportation and distribution emissions have increased significantly compared to last year but remain immaterial overall. We have increased our use of partnerships where other retailers sell our product through their retail outlets and channels, and we account for a portion of their Scope 1 and 2 emissions.

In terms of our operational Scope 3 emission sources, business travel has increased significantly compared to previous years as Covid-19 travel restrictions have been lifted. Air travel has also increased this year but remains much lower compared to the pre-Covid-19 period.

## INDIRECT USE OF SOLD PRODUCTS

We have estimated the indirect emissions associated with the use of our products, such as the washing and drying of textile and apparel products and the use of cookware such as pots and pans over their useful life. Under the GHG protocol, the reporting of indirect-use phase emissions is optional, and they are excluded from our proposed science-based target.

We have not included these emissions within our overall inventory or within our emission reduction targets as there are limitations on what we can do to drive emissions reductions in this area.

We do, however, plan to engage with our customers on how they can use and care for our products more effectively so we can reduce the in-use emissions and increase the lifespan of our products.

	FY24	FY23	FY22	FY24 vs FY23	FY24 vs FY22
Indirect Use Emissions (tCO <sub>2</sub> e)	82,013.0	98,346.9	124,333.3	-17%	-34%

## CARBON DISCLOSURE PROJECT

We continue to disclose annually to the CDP, a global environmental disclosure system. At the request of our investors, we are asked to respond to the climate change, water securities and forests modules. We received a management-level score (B Grade) across all three modules for our responses in 2023, demonstrating that we are addressing our environmental impacts by ensuring good environmental management practices.

## STREAMLINED ENERGY & CARBON REPORTING STATEMENT

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 requires N Brown Group plc to disclose annual energy and greenhouse gas emissions from SECR-regulated sources. We have disclosed our total GHG emissions for the Group on page 40, including the emission intensity ratios for emissions per item shipped and emissions per unit of revenue.

Our total energy consumption has fallen by 9% compared to last year and 23% compared to FY22. We are committed to reducing our energy consumption to control costs and to reduce our GHG emissions.

Energy Consumption (kWh)	FY24	FY23	FY22
Electricity	9,862,047	10,585,100	12,796,452
Natural Gas	7,982,600	8,986,154	10,243,413
Other Fuels	170,403	181,613	184,417
Transportation <sup>1</sup>	659,973	835,064	1,036,306
<b>Total</b>	<b>18,675,023</b>	<b>20,587,931</b>	<b>24,260,587</b>

<sup>1</sup> Transportation includes company owned vehicles and grey fleet.

# Our Greenhouse Gas inventory continued

## ENERGY EFFICIENCY ACTIONS

We have implemented the following actions to reduce our energy consumption.

- Optimisation of heating systems through reducing temperature set points and ensuring heating is turned off outside of working hours has helped reduce our gas consumption by 11% compared to last year.
- Continued the rollout of electric vehicles across our pool car and van fleet.
- Training of our drivers to improve the fuel efficiency across our fleet vehicles.
- Upgraded lighting to LED as part of the refurbishment works at Griffin House.

## NOTED CHANGE IN EMISSIONS FOR PREVIOUS REPORTING PERIODS

During FY24, we have restated aspects of our SBTi baseline FY22 inventory to improve the robustness of our GHG emissions inventory. As a result, the methodology for subsequent years (FY23 and FY24) has also changed to reflect this. These adjustments include a change in emissions factors for Purchased Goods and Services and Capital Goods to UK-specific emission factors published by the Department for Environment, Food & Rural Affairs ('DEFRA'), as well as refinements in the energy consumption values for our Use of Sold Products. In addition, changes were made to this year's logistics (Upstream Transportation & Distribution) calculation methodology to account for the extended route around the Cape of Good Hope as a result of ongoing geopolitical tensions in the Suez Canal. As part of our commitment to reduce our emissions, we will continue to review and improve our GHG calculation methodologies over time.

## EXCLUSIONS

We took ownership of the Heywood Distribution Centre in January 2024; however, the site is not yet operational and energy consumption is minimal during the fit-out stage. We have excluded these emissions from our FY24 inventory and will include in the FY25 inventory as the site becomes operational.

## DATA RECORDS AND CALCULATION METHODOLOGY

- **Natural gas and electricity:** Emissions are primarily calculated based on actual or estimated metered consumption from invoices, meter readings or half hourly consumption data. Where actual metered data is not available, energy consumption has been estimated using historic consumption as a proxy.
- **Gas oil:** Fuel is used in stand-by generators and onsite transport such as forklifts and shunter trucks. Data for onsite transport is calculated using actual fuel usage from invoices and internal records of gas oil deliveries. Generator fuel usage has been estimated using generator fuel demand per hour and activation information.
- **Diesel:** Data is calculated based on actual fuel consumption taken from fuel card invoices.
- **Company cars/vans:** Company car mileage is recorded using a Concur system which records distance travelled, and vehicle information (engine size and fuel type). Pool cars and pool vans (used to transport items between logistics sites) emissions are calculated based on the annual mileage recorded for the vehicles.
- **HFCs:** Refrigeration emissions have been calculated from the F-Gas register or services records where the volume of refrigerant gas lost to the atmosphere during the reporting period is known. Where service records were not available, emissions have been estimated using the screening methodology and an assumed average leakage rate.
- **Waste:** Most of the Group's waste (Head Office and logistics sites) is managed by Biffa. Biffa provide a breakdown of weight of waste disposed by N Brown split by waste type and disposal method. For the sites which are not managed by Biffa, waste audits are completed over a week as a sample and figures are annualised.
- **Employee commuting:** Employee commuting habits are captured using an annual staff survey. The results are taken as a sample of all employees and the results are uplifted by the total number of employees to approximate total emissions.
- **Home working:** Some colleagues work from home as per our Hybrid Working model. The emissions associated with home working (e.g., because of lighting, heating and I.T. equipment) have been captured using a staff survey and the results are uplifted by the total number of employees to approximate total emissions.
- **Supply chain logistics:** Internal data and data provided by logistics partners has been used to calculate the supply chain emissions associated with the movement of goods from the factory door through to deliveries to our customers. High level estimates have been used where primary or secondary data was unavailable. UK Government emission factors and supplier specific emission factors, where available, have been utilised. In addition, several sea freight journeys were extended to account for the longer routes around the Cape of Good Hope.
- **Business travel (air, rail):** There are two types of air travel carried out by N Brown: traditional business travel and travel for photoshoots. These were both calculated using activity data and 2023 government emission factors. Rail figures are provided by Clarity who provide a breakdown by journey, including distance travelled and journey type (underground / national rail).
- **Business travel (private cars):** Data is calculated for the Group using data logged in our internal Concur system which records distance travelled, and vehicle information (engine size and fuel type) for each business travel expense claimed.
- **Water:** Emissions are primarily calculated based on invoiced water consumption and volume sent for treatment. Where invoices are not available, water consumption and treatment are estimated based on a standard benchmark against full time staff equivalent.
- **Purchased goods and services:** Emissions relating to N Brown's purchased goods and services were calculated using financial spend data and UK-specific emission factors published by DEFRA. Own-brand textile products emissions for FY24 are based on our Textiles 2030 emissions dataset which covers the period January 22 to December 22. The Textile 2030 dataset for 2023 is not available yet, therefore emissions relating to own-brand textile products for FY24 have been calculated using the 2022 dataset and FY24 spend as a proxy.
- **Capital goods:** Emissions relating to the financial spend information for N Brown's capital goods was calculated using the UK-specific DEFRA spend-based emission factors.

- Use of sold products:** Direct use phase emissions for the use of sold products were calculated from emissions associated with the fuel/energy used from each of these products. Lifetime energy consumption profiles were derived from a UK government survey of household consumption profiles, wattage of equipment, likely usage patterns and lifespan. When calculating the direct emissions of refrigerant items, fugitive emissions were also included in the inventory. A lifetime fugitive emission profile was developed for each type based on emissions from installation and disposal, typical leakage rates and refrigerant type. Indirect use phase emissions were calculated for N Brown's textile-based and cookware products. Estimated weight of products, annual profiles – washing and drying for textiles, and energy consumption for cookware – and product lifespan were developed for each item. As part of the estate rationalisation, we disposed of items from stock as job lots. Where we sold items with a direct use phase, we have included these emissions using the same methodology.
- End-of-life treatment:** Weight data from N Brown's demand dataset was categorised into different product material groups and later used with the World Input-Output Database ('WIOD') emission factors to estimate emissions associated with each of the products sold. We have accounted for end-of-life treatment for stock items sold as job lots during the current reporting period.

## NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

This section of the Strategic report is in accordance with section 414CA and 414CB of the Companies Act 2006, the following table summarises where you can find further non-financial and sustainability information in our Annual Report and Accounts:

Reporting requirement	Relevant policies and documents which govern our approach	Section within the Annual Report to understand more about our business and commitments
Anti-bribery and corruption	Anti-Bribery and Corruption Policy Anti-Money Laundering Whistleblowing Policy Gift and Hospitality Policy	Governance report, Leadership and purpose (see page 52)
Business model	N/A	Strategic report, Business model (see page 13)
Environmental matters	'SUSTAIN' Strategy Supplier Charter Animal Welfare Policy Responsible Product Sourcing Strategy	Strategic report, Our approach to ESG (see page 29) Strategic report, Our people (see page 44)
Human rights	Human Rights Policy Modern Slavery Statement Supplier Code of Conduct	Strategic report, Metrics and targets (see page 39) Strategic report, Our people (see page 45)
Our people	Culture Playbook People Risk Policy Gender Pay Gap report Equal Opportunities Policy Health and Safety Policy 'EMBRACE' Strategy	Strategic report, Our business (see page 2) Strategic report, Our people (see page 44) Strategic report, Board engagement with the workforce (see page 27)
Non-financial KPIs	'SUSTAIN' Strategy	Strategic report, Climate-related disclosures (see page 31) Strategic report, Non-financial KPIs (see page 10)
Social matters	'EMBRACE' Strategy	Strategic report, Our people (see page 44)

For more information on our Group policies, visit [www.nbrown.co.uk](http://www.nbrown.co.uk)

# Our people

## EQUITY, DIVERSITY, INCLUSION AND BELONGING

We celebrated the one-year anniversary of our EDI&B strategy, EMBRACE, which sets out our ambition to build a truly diverse workforce, where our colleagues have equal opportunity to succeed, fulfil their potential at work and feel empowered by a true sense of belonging. We were proud to have been awarded the Drapers "Diversity and Inclusion" Award 2023, with the judging panel praising our rounded and compelling plan towards diversity and inclusion, saying "they are a retailer that shows they care". We continued leveraging our partnership with the British Retail Consortium ('BRC') D&I Charter, supporting the aspiration for retail to be a leader in diversity, equity, and inclusion. We also signed up to the All-Equals Charter in partnership with Manchester Pride, a programme to help businesses understand, recognise, and challenge any form of discrimination in the workplace.

Our five communities: LGBTQ+ & Allies, Multicultural & Allies, Intergenerational & Allies, Women & Allies and Accessibility & Allies have steadily increased in colleague membership throughout the year and have expanded to include our Logistics colleagues. In collaboration with all our communities we held our first EMBRACE Fair during National Inclusion Week celebrating all things EDI&B, learning what it means to be part of our communities and the impact they are making in contributing to our culture.

Notable highlights include our Intergenerational & Allies community launching an internal mentoring programme with 18 colleagues, which includes two of our Executive Leadership Team as mentors, and our Women & Allies Community launching a 'Parent Playbook' for leaders to support colleagues in having a positive experience when embarking on family leave. Led by our LGBTQ+ & Allies community, we proudly took part in Manchester Pride 2023 with up to 50 colleagues, family members and friends representing the organisation. We have also partnered with Scope, the disability equality charity aligned to our Accessibility & Allies community, with our job vacancies featuring on their job board and receiving up to 26-weeks support for anyone hired through the charity.

53% of our colleagues are women and 38% of our Executive Team being female, with our new Director of Supply Chain and Chief People Officer joining us at the beginning of 2024. Our 2023 gender pay gap report reveals that our mean pay gap has reduced from 18.9% to 18.3%. Our pay gap can be, in part, attributed to the ratio of men to women in senior roles and the gender make-up of some of our teams.

For FY25 we are focusing on several initiatives to address the gender pay gap within our recruitment, retention, and progression whilst engaging with our Women & Allies community. We'll continue working with the BRC, Manchester Pride and our five communities to ensure an EDI&B lens is applied to our people processes and policies. This will mean further additions to our overall strategy, affect future improvements, and ensure that our actions remain relevant, impactful and aligned to the vision of our business.

## WELLBEING

Wellbeing is a core pillar of our colleague engagement strategy and we are focused on ensuring that colleagues feel able to bring their whole and best selves to work.

In FY24 we continued to embed our colleague wellbeing strategy, Bloom, which supports financial, physical, mental and nutritional wellbeing with an online wellbeing centre bursting with tools and resources to help colleagues put their wellbeing first, along with a programme of events held throughout the year. This has included everything from yoga classes, Reiki taster sessions, massages and mindfulness activities, along with coaching webinars, walking groups and more to support colleagues' physical and mental wellbeing.

In view of the continued impact of the cost-of-living crisis throughout the year, this programme has also included a series of financial health workshops, in partnership with HSBC, around topics such as making the most of your money and debt management, as well as pension planning. We've also worked in partnership with the Retail Trust to provide colleagues with the option of a free session with a Financial Advisor.

We have invested in training for our colleague Wellbeing Champions to continually equip them with the tools and knowledge to best support employees. This has included running three sessions throughout the year focusing on: Understanding Menopause; Suicide Response and Prevention; and Understanding Domestic Abuse.

We are proud to have launched a new colleague fertility benefit in FY24 through our partner, Apricity. Work with our Women & Allies Community has led to the introduction of a Menopause Cafe, which launched on Menopause Awareness Day and takes place regularly with external speakers and healthcare professionals focused on providing an opportunity to provide information and support, as well as a safe space for colleagues to chat and share experiences.

Another focus of the Women & Allies community has been in supporting parents in returning from family leave. A Parent Playbook for Leaders was launched to help leaders in supporting their teams and in providing the most positive family leave experience possible.

In FY25 we will continue to build on our wellbeing strategy and offering to continue to be a business that supports colleagues in all areas of their wellbeing.

Our wellbeing offering includes:

- Employee Assistance Programme
- Colleague Support Fund
- Retail Trust financial aid and advice programme
- We Care 24/7 GP access, mental health
- Counselling and financial guidance
- AXA Occupational Health
- Discounted gym membership
- Make a Difference ('MAD') days
- Cycle to Work scheme
- Financial planning tools
- Wellbeing hours
- Walking meetings
- The Menopause Café
- Pilates
- Yoga
- Massage sessions
- Free fruit drops
- Free breakfasts

## EMERGING TALENT

We have four pipelines that support growing our talent and investing in the next generation to kickstart their careers: Graduates, Apprenticeships, Industrial Placements, and Work Experience.

In FY24, two Graduates in Digital Technology successfully completed their two-year programme and have since been promoted to permanent colleagues. We now have 12 Graduates who are fully immersed in our business and contributing to the work we do to continue to delight our customers within Digital Technology, Finance, Financial Services and Procurement. We were also proud to have recruited 13 Industrial Placement students for 12-month opportunities across Retail, equipping them with practical experience that will complement the theory and knowledge they are learning at university.

We offer apprenticeships from Level 3 up to Level 7 for those who have left school or college entering the world of work, and for existing colleagues who wish to specialise or progress further within their careers. As debt-free, quality routes into careers, they remain a strategic enabler to enhancing social mobility within the organisation, helping close opportunity gaps, and providing the skills our business needs to succeed. In partnership with Salford City College, we introduced the Level 3 Business Administration apprenticeship across Retail and Logistics establishing ten positions in the organisational structure. This year we have supported 56 colleagues in total across 17 programmes and 20% successfully achieved their qualifications in FY24; the remainder are still in study.

Two of our programmes relate to our Data Academy; unique opportunities for colleagues to become Level 3 Data Technicians and Level 4 Data Analysts, enabling us to drive a data culture and support our ambition of establishing data as an asset to win. In FY24 five colleagues successfully completed the Level 4 Data Analyst programme, 11 colleagues are currently in study, and six colleagues continue their Level 3 Data Technician journey.

We also hosted 34 work experience students in FY24, partnering with local schools and colleges to bridge the gap between education and employment.

We will continue to deliver across all emerging talent streams, with focus on completing and celebrating our Graduates that are due to finish the scheme in October. Reviewing and elevating our apprenticeship offering across key business areas will be a priority, as well as introducing more work experience opportunities in partnership with The Prince's Trust.

## ETHICAL WORKPLACE

Our commitment to enabling a fair and safe work environment is at the core of our organisational values. We understand the importance of building trust with our stakeholders, which is why we prioritise the well-being of both the individuals and communities we serve. To ensure this, we adhere strictly to a zero-tolerance policy against discrimination and any form of unacceptable behaviour. This ensures that human rights, labour, environmental, ethical, and legal standards are upheld throughout our operations and supply chains.

As part of our due diligence with suppliers, we have established minimum requirements and expectations aligned with our Supplier Charter and transparency commitment. Last year, we undertook a comprehensive re-onboarding of our supply base to ensure alignment with our terms and conditions, reinstating their commitments and responsibilities.

Through this alignment we also redeveloped our tier mapping system, expanding our visibility of tier two and three suppliers. We aim to have full visibility of our tier two and three suppliers by FY26, better understanding our processing and land use impacts. Through our supplier auditing programme, 94% of our supply base has been successfully graded, and we have reduced our high-risk gradings to 11% while increasing low-risk audit gradings to 39%. This was done through continuous collaborative work with our strategic and significant suppliers as part of our responsible sourcing strategy to ensure their commitment to responsible practises within factories.

Moving forward, we aim to enhance our knowledge and framework within salient risks, reviewing our procedures and guidance, allowing us to minimise risks associated with Modern Slavery and health & safety within the supply chain and internal operations.

Our Whistleblowing Policy serves as a vital reminder to all employees about their rights and responsibilities in identifying and reporting any perceived misconduct within our supply base. Moving forward, our focus is on deepening our grasp of salient risks and enhancing our reporting framework to effectively mitigate exposures related to Modern Slavery and uphold health & safety standards in our supply chain and operations.

For further information on our policies, please see visit our corporate website [www.nbrown.co.uk](http://www.nbrown.co.uk)

# Our people continued



## CHARITY AND OUR COMMUNITY

Our focus in FY24 has been to drive engagement with our colleague-led charity partners – the Retail Trust and FareShare Greater Manchester. Through a variety of fundraising activities, including a Tough Mudder, bungee jump, half marathon and several sample sales, we reached the fundraising milestone of £50,000 just over one year into the partnership.

Our colleagues gave over 500 hours of their time to our charity partners through our Make a Difference ('MAD') day volunteering scheme. Taking part in activities such as gardening and creating an on-site shop at the Retail Trust's residential home in Salford, and supporting FareShare Greater Manchester to provide surplus food to charities and community groups at their distribution centre in Manchester, our MAD day scheme offers colleagues the opportunity to give back to their local community.

As a business with a focus on serving the under-served, we continue to proudly support Smart Works Greater Manchester – a charity helping unemployed women in Greater Manchester to return to work through interview coaching and providing interview and workwear outfits. We provide Smart Works Greater Manchester with the workwear items that they are most in need of for their clients across our inclusive range of products from our JD Williams and Simply Be brands.

As part of Simply Be's patronage to The Prince's Trust, the brand once again marked International Women's Day 2023 by supporting The Prince's Trust's 'Change a Girl's Life' campaign, donating £1 from every item sold within a curated collection. In total £19,069 was raised and donated to The Prince's Trust. We also hosted 12 young people for a week for a 'Get Started in Digital Retail' work experience programme, as part of our partnership with The Prince's Trust. Our Simply Be teams gave the young people a glimpse into all things buying, design and brand – from a deep dive into the brand strategy and writing briefs for our creative team, to designing their own outfits and curating a Simply Be range for AW24 – and allowing us to support the next generation into retail.

In FY25, we'll continue to raise funds for the Retail Trust and FareShare Greater Manchester through a number of key fundraising activities, including the Manchester Marathon, the Peak District 25km Ultra walking challenge and the Manchester Half Marathon. Simply Be will once again support The Prince's Trust's 'Change a Girl's Life' campaign for the third year running, and we'll continue to be a wardrobe partner for Smart Works Greater Manchester.

## APPROVAL OF THE DIRECTORS' STRATEGIC REPORT

The Directors' Strategic Report was approved by the Board on 5 June 2024.

Signed on behalf of the Board on 5 June 2024.

A handwritten signature in black ink, appearing to read 'S. Johnson'.

**Steve Johnson**  
Interim Executive Chair and Chief Executive Officer





# Introduction from our Interim Executive Chair and CEO

On behalf of the Board, I am pleased to present our FY24 corporate governance report. During the reporting period the Group applied the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code').

## COMPLIANCE WITH THE QCA CODE

Please find details of our application to the QCA Code, set out below:

### 1. PRINCIPAL: ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTE LONG-TERM VALUE FOR SHAREHOLDERS

The Board is collectively responsible for the overall leadership of the Company and for setting its values and standards. It approves the Company's strategic aims and objectives, is responsible for all major policy decisions, and oversees their delivery. Our business model prioritises the long-term value of our Shareholders. Our strategy is grounded in the deep understanding we have of our diverse customer base, enabling us to identify and capitalise on new opportunities even when faced with challenges. Our vision of "championing inclusion to become the most loved and trusted fashion retailer" continues to be central to our strategic decision. Our Board places significant emphasis on expanding our business with a view to driving growth and delivering value to our Shareholders. This focus on growth and value creation is integral to our strategy, which is reviewed regularly by the Board to ensure it remains aligned with our long-term goals.

### 2. PRINCIPAL: SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

Investors play a major and vital role in the success of the Company; they are the providers of capital without whom we could not grow or invest for future development. We engage with our Shareholders and investors via:

- The Company's Annual General Meeting.
- Meetings with Shareholders and proxy advisors.
- Publication of Stock Exchange announcements, press releases, trading results and statements, and annual reports.

### 3. PRINCIPAL: TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS

The Board is mindful that our success relies on our ability to engage meaningfully with stakeholders, taking their views into account when making decisions on behalf of the Company. By understanding our stakeholders, we can ensure that an appropriately diverse range of needs and concerns is considered in both the day-to-day running of the business as well as in our longer-term strategy. Methods and level of engagement vary according to the stakeholder group being addressed and involve the Board, Executive Leadership Team and colleagues as required. The Company engages both proactively and reactively with stakeholders.

### 4. PRINCIPAL: EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANISATION

The Board maintains a continuous process for identifying, evaluating and managing risk as part of its overall responsibility for maintaining internal controls and the Risk Management Framework. They are supported by the Audit and Risk Committee and the Financial Services Committee.

During the year, we continued to enhance our risk management practices and to strengthen the N Brown Risk Management Framework ('RMF'). The RMF enables us to maintain robust governance over risk management activities across the business to underpin a standardised approach to managing risks.

### 5. PRINCIPAL: MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR

All Board members have clearly defined roles and responsibilities, which are articulated in the matters reserved for the Board and the Committee terms of reference. These can be found on the Company's website. Of the eight Board directors, six are Non-Executive Directors and of those, four are considered to be independent. Effort is made to ensure that Board and Committee meetings are productive with a focus on open and constructive communication.

### 6. PRINCIPAL: ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES

The Board has an appropriate combination of skills, experience, and knowledge to discharge their duties to the best of their ability. Directors have the opportunity for online and in-person training.

The Nominations Committee has the delegated authority to review the structure, size and composition of the Board and to make recommendations to the Board with regard to appropriate changes. Appointments to the Board are made solely on merit, based on the skills and experience offered by the candidate, and required by the role. This ensures that all appointees have the best mix of skills and time to devote themselves effectively to the business of the Board.

### 7. PRINCIPAL: EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

In FY24, the Board took part in an external Board and Committee evaluation, results of which can be found on page 55.

### 8. PRINCIPAL: PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

The Board is responsible for establishing the Company's purpose, values, and strategy, and satisfies itself that these and its culture are aligned. Board Directors act with integrity, lead by example, and promote the desired culture of the business.

## 9. PRINCIPAL: MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION-MAKING BY THE BOARD

The Board believes that good corporate governance enhances corporate performance and accountability. It creates an environment that improves leadership, accountability, effectiveness and better decision-making. The QCA Code, developed specifically for AIM listed companies, provides companies with a robust framework of management and operation grounded in the principles of transparency, accountability, and effective communication with Shareholders.

## 10. PRINCIPAL: COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

The Company communicates with Shareholders through trading updates and stock exchange RNS announcements. The Annual Report is a key form of communication with Shareholders but we also keep our website up to date with a range of information, including:

- Investor news;
- Annual AGM information, including results, from 2011 inclusive;
- Current and historic annual reports from 2011 inclusive;
- All RNS announcements from July 1999; and
- Any other information the Company feels it is in the best interests of the Shareholders to know.

The Board is aware of the new QCA Code (2023), and will seek to adopt this new Code in respect of accounting periods commencing on or after 1 April 2024.

### Steve Johnson

Interim Executive Chair and Chief Executive Officer

# Group Board of Directors

## STEVE JOHNSON

Interim Executive Chair and Chief Executive Officer

Appointed: September 2018

Appointed Interim Executive Chair: May 2024

Appointed to the Board as CEO of N Brown in February 2019 having first been appointed Interim CEO in September 2018, Steve has served as Interim Executive Chair and CEO since 01 May 2024. Having originally joined the Group as Financial Services Director in February 2016, he was appointed CEO of the Financial Services Operating Board in November 2017. Steve joined N Brown from Shop Direct Group Limited where he was Financial Services Marketing and Product Director for four years and prior to that held senior roles at Sainsbury's and Halifax.

### Key strengths

- Strategy and change management
- Retail and digital retail
- Financial services
- Governance
- Risk management
- Technology, data analytics and AI
- Marketing

### External appointments

Steve is also a Non-Executive Director of Currys plc.

## DOMINIC APPLETON

Chief Financial Officer

Appointed: June 2023

Dominic was appointed CFO on 7 June 2023 after joining the Group as CFO designate in March 2023. Dominic is an experienced finance professional having spent a total of ten years at The Very Group (previously Shop Direct), most recently as Group Finance Director. He has previously held Chief Financial Officer roles at online bathroom retailer, VictoriaPlum.com, and leading footwear brand, Hotter Shoes. Prior to this he worked in senior finance roles at SSL International and Procter & Gamble, having begun his career at KPMG where he qualified as a chartered accountant.

### Key strengths

- Corporate finance
- Retail and digital retail
- Governance
- Risk management
- Strategy and change management
- Financial services

### External appointments

None.

## LORD ALLIANCE OF MANCHESTER CBE

Non-Executive Director

Appointed: November 1968

Lord Alliance was appointed a Director and Chair of the Company in 1968. He stood down as Chair on 1 September 2012. Co-founder and former Chairman of Coats Viyella plc, Lord Alliance holds numerous honorary doctorates.

### Key strengths

- Retail and digital retail
- Strategy and change management
- Corporate finance
- Financial services
- Governance
- Marketing

### External appointments

Lord Alliance is also a Director of a number of private companies, committees and trustee bodies. He was appointed a life peer in 2004.

## MICHAEL ROSS

Independent Non-Executive Director

Appointed: January 2018

Appointed to the Board in January 2018, Michael has over 30 years' experience in digital and data-driven transformation. He is the Chief Scientist at EDITED and has co-founded businesses including figleaves.com, eCommera and DynamicAction. He has advised a wide range of businesses across retail, telecommunications, FS and consumer goods. He started his career at McKinsey as a consultant in the early days of the Internet.

### Key strengths

- Retail and digital retail
- Strategy and change management
- Financial services
- Risk management
- Technology, data analytics and AI
- Marketing

### External appointments

Michael is a Non-Executive Director of Domestic & General, QMetrics Group and Sainsbury's Bank. He is also an Executive Fellow at London Business School.

## JOSHUA ALLIANCE

Non-Executive Director

Appointed: December 2020

Joshua joined the Board in December 2020. After graduating from Manchester University in 2011, and following experience working in other developing hi-tech businesses, Joshua joined the Company in 2014. He was formerly Head of Business Innovation for J.D. Williams & Company Limited.

### Key strengths

- Retail and digital retail
- Strategy and change management
- Technology, data analytics and AI

### External appointments

Joshua is a Non-Executive Director of a number of digitally based public and private companies in the UK and Israel including SimilarWeb, Moon Active, Sparkbeyond, EyeSpy360, Hexa, Woo.io, SeeTrue and Dropit Shopping.

## MEG LUSTMAN

Independent Non-Executive Director

Appointed: April 2023

Appointed in April 2023, Meg brings over 35 years of retail experience to the Board. Meg was previously CEO of British affordable luxury brand, Hobbs, and prior to this has held senior positions at many of the UK's leading fashion retailers. Meg is Chair of the Group's Remuneration Committee and Interim Chair of the Nominations and Governance Committee.

### Key strengths

- Retail and digital retail
- Business improvement and transformation
- Governance
- Remuneration

### External appointments

Meg currently serves as Vice Chair of Court and Remuneration Committee, Chair at Glasgow Caledonian University and is Chair of St Luke's Hospice (Harrow and Brent).

**VICKY MITCHELL**

Independent Non-Executive Director

Appointed: January 2020

Appointed in January 2020, Vicky brings over 20 years of consumer finance experience to the Board. Formerly Chief Operating Officer of Capital One (Europe) plc, she was one of the original executives of Capital One in the UK, previously holding the positions of Chief Risk Officer and Chief Legal Counsel. Vicky chairs the Group's Financial Services Committee.

**Key strengths**

- Strategy and change management
- Financial services
- Governance
- Risk management
- Remuneration

**External appointments**

Vicky is currently a Non-Executive Director of Vocalink, a Mastercard company, and Chair's the Risk Committee. She is also a Non-Executive Director of Secure Trust Bank plc and sits on both the Remuneration and Nomination Committees.

**DOMINIC PLATT**

Independent Non-Executive Director

Appointed: June 2021

Dominic was appointed to the Board in June 2021. Dominic is the current Chief Financial Officer of JD Sports Fashion plc, a position he has held since October 2023. Prior to joining JD Sports, Dominic spent seven years at BGL Group from 2016 – 2023, where he was Chief Financial Officer. Before BGL, Dominic spent five years at Darty plc, where he was Group Finance Director and Managing Director of International Businesses; and 18 years at Cable and Wireless plc where he held a number of financial roles. Dominic is the Chair of the N Brown Audit and Risk Committee.

**Key strengths**

- Financial services
- Retail and digital retail
- Governance
- Strategy and change management
- Corporate finance
- Risk management

**External appointments**

Dominic is the Chief Financial Officer at JD Sports Fashion Plc.

**DIRECTORS WHO SERVED DURING THE YEAR****RON MCMILLAN**

Independent Non-Executive Chair

Appointed: April 2013

Appointed Chair of the Board: March 2021

Resigned: April 2024

**RACHEL IZZARD**

Chief Financial Officer

Appointed: June 2020

Resigned: June 2023

**GILL BARR**

Senior Independent Non-Executive Director

Appointed: January 2018

Resigned: July 2023

**RICHARD MOROSS**

Independent Non-Executive Director

Appointed: October 2016

Resigned: July 2023

# Leadership and purpose

## BOARD LEADERSHIP

During the year, the Board comprised nine Directors of whom seven are Non-Executive Directors, including the Chair. Of the seven Non-Executive Directors, Lord Alliance of Manchester and Joshua Alliance are not considered by the Board to be independent. The Board met ten times during the year, with attendance set out in the table below.

In addition, a number of Non-Executive Director only meetings were held this year to allow the Non-Executives to discuss matters without the Executive Directors present.

The role of the Board is to promote the long-term sustainable success of the Company, generating value for the Shareholders while meeting the appropriate interests of relevant stakeholders. The Board establishes the Company's purpose, values and strategy, and satisfies itself that these and its culture are aligned. Board Directors act with integrity, lead by example and promote the desired culture of the business. The Board ensures that the necessary resources are in place for the Company to meet its objectives and measure performance against them. The Board has established a framework of prudent and effective controls which enable risk to be assessed and managed.

The Board ensures effective engagement with all key stakeholders of the business, a core principle of which is the provision of effective channels through which colleagues can raise any matters of concern. Information on the Company's engagement with colleagues during the year is detailed on page 27 and in our Section 172 statement outlining wider stakeholder engagement across the year.

## BOARD AND COMMITTEE MEMBER ATTENDANCE

	PLC Board	Remuneration Committee	Audit and Risk Committee	Nominations and Governance Committee	Financial Services Committee
<b>Total meetings</b>	<b>10</b>	<b>1</b>	<b>5</b>	<b>2</b>	<b>4</b>
Steve Johnson	10/10	–	–	–	4/4
Dominic Appleton <sup>1</sup>	7/10	–	–	–	3/4
Lord Alliance <sup>2</sup>	0/10	–	–	–	–
Michael Ross <sup>3</sup>	9/10	–	5/5	2/2	–
Vicky Mitchell <sup>4</sup>	9/10	–	4/5	2/2	4/4
Joshua Alliance <sup>5</sup>	6/10	–	–	–	–
Dominic Platt	10/10	1/1	5/5	2/2	4/4
Meg Lustman <sup>6</sup>	9/10	0/1	–	1/2	–
Ron McMillan	10/10	1/1	–	2/2	4/4
Richard Moross <sup>7</sup>	3/10	1/1	–	1/2	–
Gill Barr <sup>8</sup>	4/10	1/1	–	1/2	–
Rachel Izzard <sup>9</sup>	3/10	–	3/5	–	1/4

1 Dominic Appleton attended all meetings following his appointment in June 2023.

2 Lord Alliance was unable to attend Board meetings in FY24 due to illness, where he was represented by Joshua Alliance, or due to a conflict of interest.

3 Michael Ross was unable to attend one Board meeting in FY24 due to a prior commitment.

4 Vicky Mitchell was unable to attend one Board meeting and one Committee in FY24 due to a prior commitment.

5 Joshua Alliance was unable to attend one Board meeting in FY24 due to ill health, and was unable to attend three Board meetings due to a conflict of interest.

6 Meg Lustman attended all meetings following her appointment in April 2023.

7 Richard Morros attended all but one Board meeting, due to a prior commitment, until his resignation from the Board in July 2023.

8 Gill Barr attended all meeting until her resignation from the Board in July 2023.

9 Rachel Izzard attended all meetings until her resignation from the Board in June 2023.

## WHISTLEBLOWING

The Group remains committed to conducting its business with honesty and integrity and expects all colleagues to maintain equally high standards, encouraging open communication from all those who work within the business or across its supply chain. In line with its whistleblowing policy, the Group is partnered with an independent, external whistleblowing reporting service which provides 24-hour international telephone lines, web portal and email reporting facilities.

## BOARD ADMINISTRATION

Board papers include detailed management reports from the Chief Executive Officer and the Chief Financial Officer, management accounts, broker analysis, compliance and regulatory briefings and bespoke reports.

A comprehensive pack of papers is electronically circulated to each Director not less than seven days prior to each Board meeting. Budgetary performance and forecasts are reviewed at each meeting. Outside of the meetings there is a regular flow of information between the Board of Directors and the Executive Leadership Team.

The Articles of Association of the Company give the Directors the power to consider and if appropriate authorise conflict situations where a Director's declared interest may conflict or does conflict with the interests of the Company. Procedures are in place at every meeting for individual Directors to report and record any potential or actual conflicts which arise. The Board has complied with these procedures during the year.

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained Directors' and Officers' liability insurance throughout the financial year in respect of itself and its Directors.

All concerns can be raised anonymously and are escalated to the Company Secretary who investigates them with due care and attention, reporting accordingly to the Board.

Comprehensive Anti-Bribery and Anti-Corruption and Gifts and Hospitality policies are in place and are applicable to all colleagues across the business, along with a dedicated central Register of Gifts and Hospitality which all colleagues are required to use.

# Governance structure

## FY24 KEY ACTIVITIES

The following summarises some of the Board's key activities over the past year:

### BUSINESS PERFORMANCE AND STRATEGY

- Review and update of the Company's performance against its strategic priorities and KPIs.
- Oversight of the Company's operations and trading strategy.
- Review and update of the technology roadmap, new financial services platform development, and agile delivery model.
- Review and approval of the data strategy.
- Review of differentiated brand strategy.

### FINANCIAL PERFORMANCE

- Assessment of the Company's overall financial and operational performance including monitoring of liquidity.
- Approval of FY23 Annual Report and Accounts and Preliminary Results announcement as well as the FY24 Interim Results and Announcement.
- Approval of the Group's FY25 budget and future financing needs.

### RISK AND OPPORTUNITY

- Review and approval of the Company's Risk Management Framework, risk register and risk appetite.

### REGULATORY COMPLIANCE

- Updates on whistleblowing reports.
- Assessment of insurance risk.
- Implementation of the Consumer Duty plans.
- Technology control updates.
- Updating Committee Terms of Reference.
- SM&CR Regime simplification.

### STAKEHOLDER MATTERS

- Approval of material contracts and investment proposals.
- Board evaluation review.
- Amendment and extension to the Group's Banking Facilities.
- Material litigation updates and approvals.

### CULTURE AND GOVERNANCE

- Review approach to retention of colleagues.
- Recruitment of Board positions.

### ESG

- Oversight of ESG matters including employee engagement.

The Board also took part in training sessions on the regulatory agenda and specialist matter topics. See page 55 for further information.

## ROLES AND RESPONSIBILITIES

### GROUP BOARD

The Group Board is collectively responsible for the overall leadership of the Company and for setting its values and standards. It approves the Company's strategic aims and objectives, is responsible for all major policy decisions and oversees their delivery while ensuring maintenance of a sound system of internal control and risk management. The Board is ultimately responsible for determining the strategic risks it is willing to take in achieving the Company's objectives. The Board's duty is to promote the success of the Company for the benefit of its members as a whole; it reviews performance in light of the Company's business plans and budgets and ensures that any necessary corrective action is taken.

### COMMITTEES

The Board delegates authority to a number of Committees to deal with specific aspects of management and to maintain supervision over the internal control policies and procedures of the Group. Where necessary, the Board has delegated operational matters to sub-Committees, and to its Executive Directors and senior leadership.

Further information on the responsibilities of each Committee is set out on in their respective reports from pages 57 to 72.

After each Committee meeting, the Chair of the Committee makes a formal report to the Board of Directors detailing the business carried out by the Committee and setting out any recommendations.

### SENIOR INDEPENDENT DIRECTOR

As part of the ongoing simplification of the governance structure, including the change to the QCA Code, the Board determined not to replace the Senior Independent Director ('SID') role following Gill Barr's departure in July 2023 at the AGM. From then on, the duties of evaluating the performance of the N Brown Chair will be facilitated by the Company Secretary. When considering succession to the role of N Brown Chair, this will be led by a member of the Nominations and Governance Committee. The Company Secretary will maintain their role as a source of counsel and communication channel for all Board members. Additionally, the Company Secretary will collaborate with the Chair, other directors, and/or Shareholders to address any major issues that may arise.

### COMPANY SECRETARY

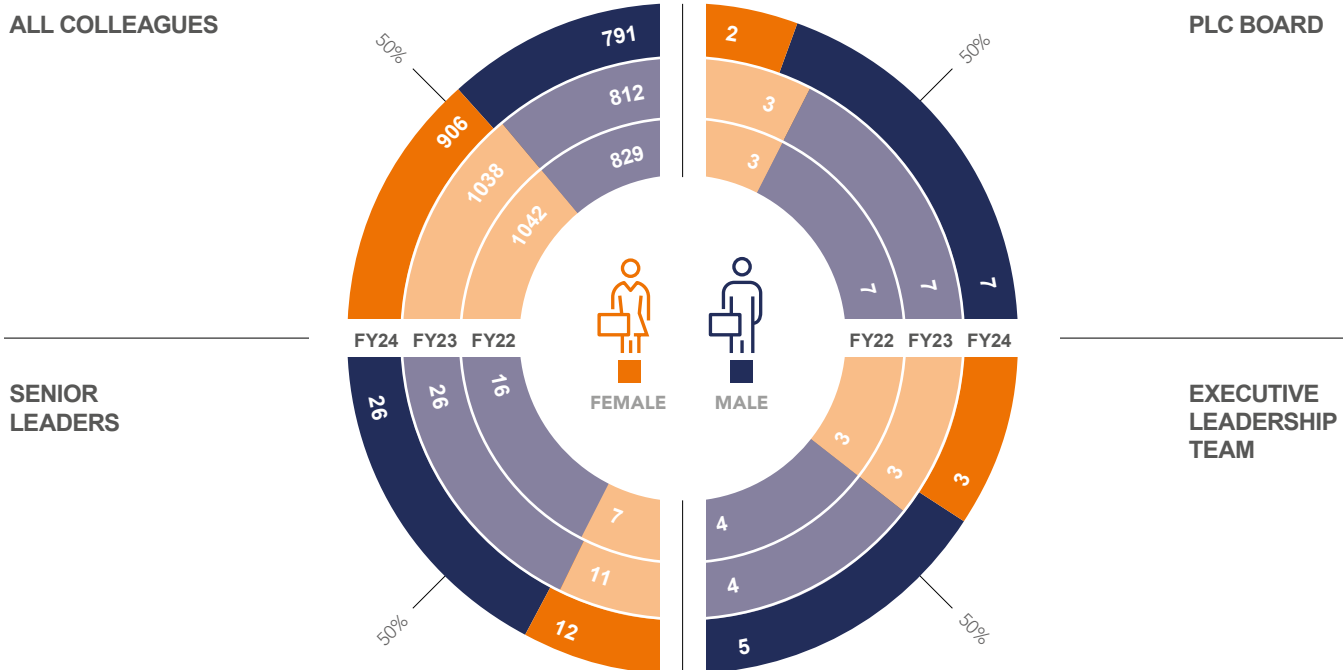
- Ensures that the Boards and Committees operate in line with good corporate governance.
- Advises the Board on all matters relating to the AIM Rules and applicable legal and regulatory requirements, while working closely with senior management to anticipate, plan and address strategic, legal, governance and compliance matters concerning the Company.
- Manages all necessary minutes and actions all necessary returns and statutory filings on behalf of the Company.
- Assisting in the performance evaluation of the N Brown Chair.

# Board composition

## CURRENT NON-EXECUTIVE DIRECTOR TENURE

	Appointed	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Lord Alliance of Manchester CBE	25 November 1968	[Tenure bar from 2015 to 2024]										
Michael Ross	16 January 2018	[Tenure bar from 2018 to 2024]										
Vicky Mitchell	20 January 2020	[Tenure bar from 2020 to 2024]										
Joshua Alliance	23 December 2020	[Tenure bar from 2020 to 2024]										
Dominic Platt	10 June 2021	[Tenure bar from 2021 to 2024]										
Meg Lustman	12 April 2023	[Tenure bar from 2023 to 2024]										

## GENDER BALANCE AT FINANCIAL YEAR END



## DIVERSITY AND INCLUSION

The Board recognises the importance of diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, at all levels of the Company, as well as on the Board. We are committed to equal opportunities and increasing diversity across our operations, which is reflected in our 'EMBRACE' strategy and Equal Opportunities Policy. The Board continues to consider how diversity can be enhanced at Board level, within Executive Leadership Team and across the wider Group, while still ensuring the most appropriate candidates are appointed.

Balanced gender representation across the business remains a key priority going into FY25. As of May 2024, there is 25% female representation at Board level and 38% of the Executive Leadership Team being female. To understand more about Group commitments to diversity and inclusion, please see page 44 to 45.

## BOARD APPOINTMENTS

All appointments to the Board follow a formal, rigorous and transparent process to ensure we appoint the best possible candidates. Due regard is given to the needs of the Board in respect of skills, experience, independence, and diversity.

Appointments to the Board are made solely on merit, based on the skills and experience offered by the candidate, and required by the role. This ensures that all appointees have the best mix of skills and time to devote themselves effectively to the business of the Board and to discharge their duties to the best of their ability. With regard to the appointment and replacement of Directors, the Company is governed by the Articles of Association, the QCA Code, the Companies Act 2006 and related legislation.

Prior to appointment to the Board, all Directors are informed of their expected time commitment. At the time of writing there are no concerns that any of the current Directors will be unable to commit sufficient time to the role. We have evaluated the commitments of the Interim Executive Chair and CEO, and are satisfied he has sufficient time to devote to his role.



External appointments entailing further significant commitments from the Directors require the prior approval of the Chair. Other than a contract of service, no Director had any interest in any disclosable contract or arrangements with the Group or any subsidiary Company either during or at the end of the year.

At the 2024 Annual General Meeting, all of the plc Board Directors will retire and will offer themselves for re-election, save for Vicky Mitchell who has notified the Board of her intention to step down from the Board of N Brown, in order to focus on other professional commitments following conclusion of the Company's Annual General Meeting in July 2024. All Non-Executive Directors are engaged by letters of appointment stipulating three-year terms. All appointments are terminable, without compensation, on six-months' notice by either party and are subject to other early termination provisions without compensation, for example in the event of a Director not being re-elected at the Annual General Meeting.

## BOARD COMPOSITION

The Board understands the need for Non-Executive Directors to be and remain independent of management in order to be able to exercise proper oversight and to effectively challenge the Executive Directors. The Non-Executive Directors who served at the financial year ended 2 March 2024 are set out on pages 50 to 51.

The composition of the Board and Committees is regularly reviewed and refreshed.

Throughout the year, at least half of the Board comprised independent Non-Executive Directors.

## CHANGES TO BOARD COMPOSITION IN FY25

Ron McMillan retired as Chair and stepped down from the Board in April 2024. Steve Johnson was appointed as Interim Executive Chair and Chief Executive Officer in May 2024, while the search for a permanent Chair is underway.

## BOARD DEVELOPMENT AND TRAINING

The Company Secretary provides an ongoing programme of briefings for Directors covering legal and regulatory changes and developments relevant to the Group's activities and Directors' areas of responsibility. The Board has the opportunity for training as part of the various Board and Committee meetings.

Board meeting agendas across the year included detailed discussions on the following topics:

- Directors duties
- Consumer Duty
- Technology roadmap (including new website front-end development)
- Financial Services platform
- Objectives Key Results ('OKR') framework
- Organisational design
- Product and brand strategy
- Risk management

The Company Secretary is responsible for the induction of new Directors. New Directors are provided with a comprehensive pack of information (including Terms of Reference, information regarding the business and guidance on their roles and duties as Directors) and meetings with key colleagues are arranged as appropriate. Inductions to the business for new Directors are designed to expose them to all areas of the Group's operations but with particular emphasis on each Director's area of expertise.

Non-Executive Directors meet with the Executive Leadership Team and operational teams and undertake site visits to ensure that they have the most up-to-date knowledge and understanding of the Company and its activities. This also allows colleagues from across the Company to benefit from the skills and experience of the Non-Executive Directors.

All Board members are permitted to obtain independent professional advice in respect of their own fiduciary duties and obligations and have full and direct access to the Company Secretary, who is a qualified solicitor and attends all Board and Committee meetings as Secretary. The Chair has regular contact with each Director and is able to address their training and development needs.

## BOARD EVALUATION

In 2023, the Board took part in an external Board and Committee evaluation, facilitated by Sam Allen Associates Ltd.

A comprehensive questionnaire was developed and completed by all Directors. Key focus topics were:

- Business strategy, risk and purpose
- Communication
- Wider stakeholders
- Shareholder value
- Composition knowledge, skills and succession
- Board processes

Performance reviews of all Board and Committees and Chair evaluation was completed. The results of the evaluation were assessed by the full Board. Key areas of focus and development over the next 12 months were identified, including:

- Board relationships and dynamics
- Shareholder perspectives
- Strategic discussions and decision making by the Board
- Board size, skill gap analysis and succession planning

Overall, the Board is satisfied with the outcome of the evaluation and believes the performance of the Board to be effective.

The Board and its Committees continue to provide appropriate oversight of the Company. Overall, the Board has the requisite skills, experience, challenge and judgement appropriate for the requirements of the business.

## APPROVAL OF THE DIRECTORS' GOVERNANCE REPORT

The Directors' Governance Report was approved by the Board on 5 June 2024.

Signed on behalf of the Board on 5 June 2024.



**Christian Wells**  
General Counsel and Company Secretary



# Nominations and Governance Committee report

## Member

Meg Lustman	April 2023 – Present (Interim Chair)
Michael Ross	January 2018 – Present
Vicky Mitchell <sup>1</sup>	January 2020 – Present
Dominic Platt	June 2021 – Present
Ron McMillan	April 2013 – April 2024
Gill Barr	January 2018 – July 2023
Richard Moross	October 2016 – July 2023

<sup>1</sup> Vicky Mitchell will step down from the Board following the conclusion of the 2024 AGM.

## RESPONSIBILITIES

- Identifying and nominating candidates to fill Board vacancies having evaluated the balance of skills, knowledge and experience already on the Board and identified the capabilities required for the role.
- Succession planning, taking into account the skills and expertise needed on the Board for the future.
- Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations to the Board with regard to appropriate changes.
- Reviewing the leadership needs of the Group to ensure continued ability of the organisation to compete effectively within the marketplace.
- Overseeing the Group's governance arrangements and Corporate Governance Framework.

## FY25 PRIORITIES

- Leading the search for a permanent Chair and an additional Independent Non-Executive Director.
- Reviewing the talent pipeline and its effectiveness in developing diverse candidates.
- Overseeing succession planning for the Executive and Non-Executive Directors to ensure it aligns to the Group's long-term strategy.
- Reviewing the composition of the Board with a view to the balance of skills, experience, knowledge and diversity on the Board and engaging with external Shareholders as appropriate.

## DEAR SHAREHOLDER

I would firstly like to express my gratitude to Ron McMillan for his service to N Brown in diligently Chairing this Committee until April 2024. I am pleased to present the Nominations and Governance Committee report for FY24.

The Committee has continued to review the structure, size and composition of the Board, with the view of making recommendations to the Board as appropriate.

FY24 saw a number of changes to the Board. Gill Barr and Richard Moross left the Board in July 2023; and I myself was welcomed as a new Non-Executive Director and replacement for Gill as Chair of the Remuneration Committee. Dominic Appleton also joined N Brown, firstly as Chief Financial Officer Designate in March 2023, and then as Chief Financial Officer, succeeding Rachel Izzard in June 2023.

In FY24 the Board and its Committees underwent an externally facilitated Board evaluation, carried out by Sam Allen Associates Ltd. The results of the evaluation were discussed with the whole Board and an action plan is now in development for FY25.

Following the retirement of Ron McMillan in April 2024, and following the conclusion of the AGM in July 2024 with Vicky Mitchell stepping down from the Board. FY25 will focus on the search for a permanent Chair and an additional Non-Executive Director.

The Company is proud of its commitment to and focus on diversity, with details of our approach to appointments and the composition of our Board set out on page 54.

I would like to thank my fellow Board members for their continued support. I am available to speak with Shareholders at any time and shall be available at the Annual General Meeting to answer any questions you may have on this report.

### Meg Lustman

Interim Chair of the Nominations and Governance Committee

# Audit and Risk Committee report

## Member

Dominic Platt	November 2021 – Present (Chair)
Vicky Mitchell <sup>1</sup>	January 2020 – Present
Michael Ross	January 2018 – Present

<sup>1</sup> Vicky Mitchell will step down from the Board following the conclusion of the 2024 AGM.

## RESPONSIBILITIES

- Reviewing the integrity of the financial statements, price sensitive financial releases and significant financial judgements and estimates relating thereto.
- Monitoring the scope of work, quality, effectiveness and independence of the external auditors and approving their appointment and fees.
- Monitoring and reviewing the independence and activities of the Internal Audit function.
- Assisting the Board and the Financial Services Committee with the development and execution of a risk management strategy, risk policies and exposures and a risk register.
- Keeping under review the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems.

## FY25 PRIORITIES

- Continuing to build a strong relationship with Ernst & Young LLP ('Ernst & Young') to support the delivery of a robust, efficient and effective external first year audit of our FY24 financial performance.
- Oversee the development of plans in response to the Government's and Financial Reporting Council's continued focus on corporate governance and controls attestations.
- Overseeing the ongoing embedding of the Group's Risk Management Framework and ongoing improvement in the control environment.
- Ensuring that the Group's Internal Audit and Risk functions continue to be appropriately resourced and reviewing outputs of their work.
- Continued monitoring of key change programmes with particular focus on tech and strategic execution and their impact on internal controls.
- Understand management's proposed approach to Climate-related Financial Disclosure ('CRFD') reporting, including the scenario analysis undertaken to assess the impact of climate-related risks on the Group.
- Monitor key regulatory developments and impact on business and customer conduct.

## DEAR SHAREHOLDER

I am pleased to present the Audit and Risk Committee Report for the year. During the year, the Audit and Risk Committee continued to carry out a key role within the Group's governance framework, supporting the Board and Financial Services Committee in risk management, internal control and financial reporting. The Committee also acknowledges and embraces its role of protecting the interests of Shareholders regarding the integrity of published financial information and the effectiveness of the audit.

The Committee maintains oversight of the Group's financial policies and reporting, monitors the integrity of the financial statements and reviews and considers significant financial and accounting estimates and judgements.

The Committee satisfies itself that the disclosures in the financial statements about these estimates and judgements are appropriate and obtains an independent view of the key disclosure issues and risks from the Group's external auditor. One of the Committee's key responsibilities is to review the scope of work undertaken by the internal and external auditors and to consider their effectiveness.

Whilst risk management is a Board responsibility, the Committee works closely with the Board, the Financial Services Committee and Group management to ensure that all significant risks are considered on an ongoing basis.

The Committee has maintained oversight of the ongoing embedding of the Risk Management Framework ('RMF'), key risk processes and the resourcing of the Risk function. It has reviewed key risks identified through the RMF and the associated plans to manage those risks. In relation to risks and controls, the Committee ensures that these have been identified and that appropriate responsibilities and accountabilities have been set. This included regular management updates over technology control improvements and ongoing efforts made to strengthen financial controls with consideration of the dynamic regulatory and corporate governance context during the year.

The Committee also reviews reports from the Group's Compliance function and assesses the means by which the Group seeks to comply with regulatory obligations.

In addition, the Committee continued the oversight of Internal Audit including their independence, effectiveness and approving the internal audit strategy and plan. In line with the set objectives the Committee put focus on overseeing resourcing and the continued enhancement of internal audit practices.

Ernst & Young was appointed by shareholders as the Group's statutory auditor for FY24 following a formal tender process and the Committee has overseen the transition of auditor throughout the year, including the orderly exit of KPMG as they completed the remaining statutory audit engagements.

During the year, the Committee again maintained oversight of the process used by the Board to assess the viability of the Group, the stress testing of key trading assumptions and the preparation of the Going Concern and Viability Statement which is set out on page 73 of this Annual Report.

The Committee considered whether the 2024 Annual Report is fair, balanced and understandable and whether it provides the necessary information to Shareholders to assess the Group's performance, business model and strategy. In addition, the Committee considered management's assessment of items included in the financial statements and the prominence given to them. The Committee, and subsequently the Board, were satisfied that, taken as a whole, the 2024 Annual Report and Accounts are fair, balanced and understandable.

Further information on the Committee's responsibilities and the manner in which they have been discharged is set out in this report.

I am available to speak with Shareholders at any time and shall be available at the Annual General Meeting to answer any questions you may have on this report. I would like to thank my colleagues on the Committee for their help and support during the year.

### **Dominic Platt**

Chair of the Audit and Risk Committee

## **COMMITTEE COMPOSITION**

The Committee currently comprises three members, each of whom is an independent Non-Executive Director. Two members constitutes a quorum. The Committee requires the inclusion of at least one financially qualified member with recent and relevant financial experience, and the Committee Chair, Dominic Platt, fulfils that requirement. All members are expected to have an understanding of financial reporting, the Group's internal control environment, relevant corporate legislation, the roles and function of internal and external audit and the regulatory framework of the business.

The members of the Committee who served during the year were:

- Dominic Platt
- Vicky Mitchell
- Michael Ross

Details of Committee meetings and attendances are set out on page 52. The timing of Committee meetings is set to accommodate the dates of releases of financial information and the approval of the scope of and reviews of outputs from work programmes executed by the internal and external auditors.

In addition to scheduled meetings, the Chair of the Committee met regularly with the CFO, Director of Risk, the Group Head of Internal Audit and the external auditors, Ernst & Young. The Committee also met with the Group Head of Internal Audit and Ernst & Young without management present.

Although not members of the Committee, the Chair of the Board, CEO, CFO, Director of Risk, Group Head of Internal Audit and representatives from the Group's external auditors attend all meetings. The Secretary of the Committee is the Group's General Counsel and Company Secretary.

# Audit and Risk Committee report continued

## COMMITTEE ACTIVITIES IN FY24

The table on page 63 details the core activities of the Committee during the year. Key matters included the following:

### RISK AND INTERNAL CONTROLS

Managing risk is inherent to the way we do business.

The Board has overall responsibility for ensuring that the Group maintains a sound system of internal control and risk management. The Board recognises that there are inherent limitations in any system of internal control and no system can provide absolute assurance against material misstatements, loss or failure. Equally, no system can guarantee elimination of the risk of failure to meet the objectives of the business.

Oversight of risk and the Group's risk management process is comprehensive; the Director of Risk and Group Head of Internal Audit provide updates to the Executive Risk Committee, Financial Services Committee, and the Audit and Risk Committee.

The Audit and Risk Committee maintains oversight of the Risk Management process, the key risks to the business and their associated action plans. The Committee also reviews summaries of second line compliance assurance reviews and associated remediation plans.

The Audit and Risk Committee reviews annually the overall risk strategy and Risk Policy, including risk appetite, exposure, measures and limits, and material amendments to the risk appetite and related policies. The Group is proactive in ensuring that risks are identified and managed.

Key risks are assessed and mitigation occurs based on the level of residual risk.

A description of the principal risks is set out on page 23 to 25.

The Board has carried out a robust assessment of the emerging and principal risks facing the Group, including those which threaten its business model, future performance, insolvency or liquidity.

The Committee believes that the Group has a well-defined organisational structure with clear lines of responsibility and a comprehensive financial reporting system. The Company complies with the Financial Reporting Council ('FRC') guidance on risk management, internal control and related financial business reporting.

## REVIEW OF THE EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

On behalf of the Board, the Committee has monitored the Group's internal control and risk management systems, and its processes for managing principal risks. The Committee performed a formal assessment of their effectiveness and, in co-ordination with Executive management, where appropriate, oversaw that necessary actions have been or are being taken to improve the internal control framework. These processes were in place throughout the financial year and up to 5 June 2024.

### INTERNAL AUDIT

Group Internal Audit ('GIA') is an independent function within the Group providing objective assurance, through the Committee, to the Board. Its remit is defined in the Audit Charter which is approved by the Committee on an annual basis, most recently in January 2024. There were no restrictions placed on the scope of work to be carried out by the GIA function or its ability to report to the Committee. GIA's independence and objectivity is reviewed at least annually.

The Committee has a permanent agenda item to cover internal audit-related topics and has at least one private meeting every 12 months with the Group Head of Audit without management being present. The Group Head of Internal Audit reports to the Chair of the Committee with administrative oversight from the CEO.

As the business continues to mature its third line of defence, a refreshed GIA strategy and improvement plan was approved, and the functional strategy delivery is monitored by the Committee.

GIA's budget and resourcing are regularly reviewed and the Committee is satisfied it's adequate for the agreed scope of work. Within that resource pool, co-sourcing agreements with reputable professional services firms are in place to add specialist skills and up-to-date industry insight.

GIA applies a risk-based audit planning methodology with regular prioritisation reviews with Executive management and the Committee. The Committee approved the annual plan and budget, along with any material changes to it. Group Internal Audit focused their work on the principal risks of the Group which included regulatory compliance, cyber threat and information security, financial controls, the execution and oversight of strategic change programmes, and certain customer facing operational activities.

Outcomes of GIA's work were reported regularly during the year to the Committee, the Executive Risk Committee, and the Financial Services Committee. The reviews resulted in a series of management actions with appropriate agreed remedial timelines. Progress against these actions is formally monitored and their status reported to the Committee on a regular basis.

In line with its responsibilities the Committee reviewed the performance and effectiveness of Internal Audit and received updates on any related matters from the Group Head of Internal Audit.

## PERFORMANCE OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee's performance was assessed as part of the Board's external evaluation carried out in early 2024, as detailed on page 55. The Board considers that the processes undertaken by the Committee are appropriately robust, effective and in compliance with the guidelines issued by The Quoted Companies Alliance ('QCA'). During the year, the Board was not advised by the Committee of, nor did it identify itself, any failings, frauds or weaknesses in internal control determined to be material in the context of the financial statements.

## REVIEWING THE FY24 HALF YEAR RESULTS, FULL YEAR RESULTS AND ANNUAL REPORT

The Committee considered in particular the following:

- The accounting principles, policies and practices adopted and the adequacy of related disclosures in the reports;
- The significant accounting issues, estimates and judgements of management in relation to financial reporting;
- Whether any significant adjustments were required as a result of the review by the external auditors;
- Compliance with statutory tax obligations and the Group's Tax Policy;
- Whether the information set out in the Annual Report was fair, balanced and understandable; and
- Whether the use of Alternative Performance Measures was appropriate.

## EXTERNAL AUDITORS

In the 2023 Annual Report and Accounts, the Audit Committee explained that it had undertaken a tender process to select a new external auditor and that, following this process, the Board concluded on the selection of Ernst & Young LLP ('Ernst & Young') as external auditors. The appointment was approved by Shareholders at the AGM on 10 July 2023. Following the appointment of Ernst & Young, the Committee considered the plans for onboarding Ernst & Young, in order to ensure a successful transition from the previous external auditors, KPMG.

The partner responsible for the audit is Christabel Cowling, a partner in the London office. The total fees paid to Ernst & Young for the year ended 2 March 2024 were £1.7m. Further details are set out in note 5 to the financial statements on page 101.

The Board's policy in relation to the auditors undertaking non-audit services is that they are subject to tender processes, unless the nature of the work means the auditors are best placed to provide services. The allocation of work is done on the basis of competence, cost effectiveness, regulatory requirements, potential conflicts of interest and knowledge of the Group's business. Ernst & Young did not provide any non-audit services in the course of the year. The Committee remains mindful of investors' attitudes towards the auditors performing non-audit services.

The Committee will continue to ensure that fees for non-audit services do not exceed 70% of aggregate audit fees, as measured over a three-year period.

The Committee assessed the quality of Ernst & Young's audit in a number of ways:

- The Committee met with the senior members of the Ernst & Young audit team on two occasions during the financial year and discussed the planning, execution and reporting of audit work and findings. All senior members of the Ernst & Young team contributed to these meetings.
- In conjunction with the CFO, General Counsel and senior members of the finance team, the Committee discussed and assessed Ernst & Young's approach to the execution of and reporting of their audit and related findings.

The Committee considered in detail Ernst & Young's audit planning documentation and satisfied itself that the audit work to be carried out by Ernst & Young covered all significant aspects of the Annual Report and Accounts. There were no additional areas which the Committee asked Ernst & Young to look at specifically. Ernst & Young's report to the Committee at the conclusion of the audit confirmed that the audit had been carried out as set out in the planning documentation and the Committee considered the findings of Ernst & Young as reflected in their audit opinion and their year end report to the Board. Ernst & Young's audit opinion sets out the key matters that, in their professional judgement, were of most significance in their audit.

These are consistent with the key matters considered and agreed with the Committee when the audit was planned. Ernst & Young's opinion describes how these matters were addressed in the audit and the scope and nature of their work.

## AUDITOR INDEPENDENCE

The Committee sought and was provided with assurance from the Audit Engagement partner that they and all members of Ernst & Young staff engaged on the audit had confirmed that they and their dependants were independent and that Ernst & Young LLP as a firm was independent.

## GOING CONCERN AND VIABILITY

The Committee reviewed the appropriateness of adopting the going concern basis of accounting in preparing the full year financial statements and assessed whether the business was viable over a longer period as set out on page 73. The assessment included a review of the principal risks facing the Group, their financial impact, how they are managed, the availability of finance, and the appropriate period for assessment.

## FAIR, BALANCED AND UNDERSTANDABLE

At the request of the Group Board, the Committee assessed whether the content of the FY24 Annual Report and Accounts, preliminary results announcement and presentation, taken as a whole, were fair, balanced and understandable. Consideration was also given as to whether key messages, disclosures and information were included in a consistent manner throughout the report.

The Committee considered the prominence given to certain items included in the financial statements and the language used to describe performance. The Committee advised the Group Board that it was satisfied that, taken as a whole, the FY24 Annual Report and Accounts was fair, balanced and understandable, and that it provided Shareholders and other stakeholders with the necessary information to allow them to determine the Company's performance, business model, risks and strategy.

# Audit and Risk Committee report continued

## CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty are set out in note 2 on page 98.

These relate to the impairment of customer receivables, the impairment of non-financial assets, software and development costs and the useful economic life assessment, the defined benefit pension plan, and other litigation. The Committee discussed with the auditors how these matters impacted the financial statements and reviewed the sensitivities which were considered by management to be appropriate.

### IMPAIRMENT OF CUSTOMER RECEIVABLES

The Group's methodology to determine provisions for expected credit losses in its credit ledgers is both complex and judgemental. A significant part of the external audit is focused in this area and the Committee seeks assurance from the Finance function and the auditors that the approach to provisioning is consistent year on year or, if not, that changes are made to better reflect changing economic or commercial circumstances, and that disclosures are clear and adequate.

### IMPAIRMENT OF NON-FINANCIAL ASSETS

At the balance sheet date, the market capitalisation of the Group continued to be lower than the Group's net assets. As this is an indicator of impairment, which had resulted in an impairment of £53m in FY23, management is required to test for further impairment or a reversal of the previous impairment based on value-in-use calculations reflecting expected cash flows, long-term growth rates and a pre-tax discount rate.

The Committee discussed the sensitivities of key assumptions including long-term growth rates, capital expenditure and the discount rate within the forecast models with management. The Committee concluded that no reversal of the impairment booked in FY23, nor additional impairment in FY24, was required and that this decision was balanced and appropriate. The Committee also reviewed the relevant disclosures in the Annual Report.

The Committee also reviewed management's judgement that certain freehold and leasehold warehouse properties required separate impairment to net realisable value as they no longer contributed to the value-in-use calculations following a property rationalisation during the year.

## SOFTWARE AND DEVELOPMENT COSTS

Included within intangible assets are significant software and development costs in respect of the Group's technological development programme. The Committee continued to review the treatment of the significant software and project costs in order to satisfy itself that the Group's approach to capitalisation of these costs remains appropriate. The Committee discussed with management whether the related projects will be completed successfully and whether the carrying value is supported by sufficient revenue and profitability going forward.

The Committee also considered management's annual review of the useful economic lives of its legacy intangible assets in light of general advancements in technology and the Group's strategy.

## DEFINED BENEFIT PENSION PLAN

The cost of the Group's defined benefit pension plan and present value of the pension obligations are determined using actuarial valuations. The Committee continued to review the various assumptions that underpin the actuarial valuation and recognised that these may differ from actual developments in the future. The Committee concurs with management's assessment that the assumptions are appropriate for the expert to use in their actuarial valuation for the Group's defined benefit pension plan. The Committee reviewed the disclosures in the Annual Report in relation to the pension plans.

## OTHER LITIGATION

Provisions for customer claims require significant levels of estimation and judgement. The Committee discussed these with management and reviewed the relevant disclosures in the Annual Report in note 22 on page 119.

The Group will continue to defend such claims and the Board supports a strategy to robustly defend any past and future claims. The Group has engaged external counsel which is reflected in the provision recorded.

## REGULATION AND COMPLIANCE

While no longer considered a source of estimation uncertainty, the Group operates in a regulated marketplace. This creates risk for the business as non-compliance can lead to customer detriment, reputational damage, financial penalties and potential loss of licence to operate. The Group is regulated in the UK by the FCA under a licence granted on 21 September 2016 and by the Central Bank of Ireland for its Oxendales business. Changes in laws and regulations impact the Group's business, sector and market, and the Committee continues to review the outputs of work carried out by the Group's Compliance function in order to satisfy itself that action is being taken to address the changes that are required to comply with the regulations.



## ACTIVITIES OF THE AUDIT AND RISK COMMITTEE

Meetings of the Committee are scheduled to coincide with key dates in the financial calendar and reporting cycle. Recurring agenda items of the meeting included matters relating to the review and approval of the Internal Audit plan, risk management and internal controls, risk appetite, financial reporting and tax matters.

Additional matters covered at each of the meetings during FY24 were as follows:

### APRIL 2023

- Review of Group Internal Audit's progress update and review of Group Internal Audit's independence and objectivity.
- Bi-annual risk assessment.
- Annual financial crime risk assessment.
- Review of data protection report.
- Annual governance, risk and control assessment.
- Technology, security and controls update.

### MAY 2023

- Review of the draft full year results for FY23, including reviews of the Group's viability statement, the draft FY23 preliminary results announcement and investor presentation.
- Review of the external auditor's report on the FY23 accounts.
- Liquidity and going concern assessment.
- Review of critical judgements and key sources of estimation and uncertainty.

### JUNE 2023 (AD HOC)

- Approval of the full year results for FY23, including reviews of the Group's viability statement and the FY23 preliminary results announcement and investor presentation.
- Review of the external auditor's addendum report on the FY23 accounts.

### OCTOBER 2023

- Review of the Group's half-year financial reporting paper.
- Review of the Group's half-year statement and investor presentation.
- Assessments of liquidity and going concern assessment at the half-year.
- Update on audit transition.
- Annual Money Laundering Risk Officer ('MLRO') update.
- Bi-annual risk assessment.
- Review of Policy approval process.
- Controls update.

### JANUARY 2024

- Review and approach of the external auditors' plan for assessment of the FY24 full year results.
- Approval of the Group's taxation strategy and policy.
- Update on UK SOx legislation.
- Review of risk appetite statements.
- Review of progress against the FY24 Internal Audit Plan.
- Approval of the Group Internal Audit Strategy and Group Internal Audit Charter.

# Financial Services Committee report

## Member

Vicky Mitchell <sup>1</sup>	January 2020 – Present (Chair)
Steve Johnson	November 2019 – Present
Dominic Platt	June 2021 – Present
Dominic Appleton	June 2023 – Present
Rachel Izzard	June 2020 – June 2023
Ron McMillan	November 2019 – April 2024

<sup>1</sup> Vicky Mitchell will step down from the Board following the conclusion of the 2024 AGM.

## RESPONSIBILITIES

- To support and advise the Board in the oversight of the Financial Services ('FS') business of the Group.
- Advising or recommending sound planning and risk management including an adequate system of internal control and compliance with statutory and regulatory obligations.
- Advising the Board on the outcomes received by FS customers and for the appropriate conduct of the Group's colleagues.
- Advising on the management of FS business and reviewing its values and standards.
- Reviewing and advising on FS performance in the light of overall strategy, objectives, business plans and budgets and advising on corrective actions to be taken.
- Reviewing and advising of annual plans, Risk Appetite and key FS policies.

## FY25 PRIORITIES

- Continuing to drive the strategic contribution of the Financial Services business to the Group.
- Increasingly integrating the existing credit proposition into the retail customer shopping experience.
- Enhancing and optimising credit policy to ensure we continue to act as an inclusive and responsible lender, particularly given the ongoing cost of living crisis.
- Supporting customers who find themselves in financial difficulty, particularly those who are vulnerable.
- Continuing to embed the FCA 'Consumer Duty' regulations, including the annual attestation process.
- Delivering FS transformation through the new FS brand and IT platform, with a Beta test to colleagues by year end.

## DEAR SHAREHOLDER

The Financial Services Committee is responsible for supporting and advising the Board in the oversight of the Financial Services ('FS') business. This covers a number of key aspects, including the reviewing and advising of annual plans, Risk Appetite and performance targets for the FS business. The Committee also maintains oversight of internal control and governance frameworks across FS.

During FY24 the cost of living crisis was high on our agenda, with a strong focus on supporting our customers through a difficult macro-economic environment. High inflation persisted through the majority of the year and whilst wage growth and government support eased the situation somewhat, the purchasing power of many customers was reduced and increasing numbers of customers found themselves in financial difficulty. As an inclusive lender we continued to make our credit facilities as available as possible, simultaneously ensuring that our lending was affordable to both new and existing customers. Where customers did find themselves in financial difficulty, we made available an increasing number of contact channels and forbearance measures to help. Recognising the impact of the economic climate on potentially vulnerable customers, we have enhanced our support with improved training, dedicated champions, enhanced MI and a dedicated steering committee to monitor and suggest future enhancements to our vulnerability approach.

From a regulatory perspective, the Consumer Duty came into force in July 2023. The Duty was delivered on time and to a high standard by a dedicated, cross-functional team, with myself as Consumer Duty Champion and the FS Committee maintaining oversight of implementation. This was a significant piece of work which touched every part of the FS business and will serve to ensure a laser focus on delivering good customer outcomes. The priority for the coming year is in making sure the Consumer Duty is embedded across the business, with the annual attestation due in July 2024.

The FS transformation continues at pace and the majority of the IT development has been completed, with integration and testing now the focus. The new FS brand and proposition is well advanced and continues to test positively with customers. We are very excited about what this means for the FS business and wider Group, with a Beta test to colleagues planned for the end of the year and a graduated launch to new customers following that. The Committee continues to provide support, perspective and challenge to this important initiative.

Looking to FY25, we are broadly positive in outlook for the FS business. As the macro-economic environment starts to ease (inflation dropping; base rates peaked; unemployment peaking; GDP back into growth) our customers are likely to both return to shopping in greater numbers but also have better affordability and appetite for new and existing credit. Our inclusive and optimised existing lending proposition is well positioned to appeal to those customers, but with our new proposition not too far away we are positive for the future.

Finally, I would like to make a special mention of our hard-working colleagues who continue to deliver for our customers and push the business forward in a favourable and exciting direction.

As always, I am available to speak with Shareholders at any time and shall be available at the Annual General Meeting on 18 July 2024 to answer any questions you may have on this report.

**Vicky Mitchell**

Chair of the Financial Services Committee

# Remuneration Committee report

## Member

Meg Lustman	April 2023 – Present (appointed as Chair 10 July 2023)
Dominic Platt	June 2021 – Present
Gill Barr	January 2018 – July 2023
Richard Moross	January 2017 – July 2023
Ron McMillan	November 2019 – April 2024

## COMMITTEE RESPONSIBILITIES

- Setting and reviewing the Directors' remuneration policy, determining the total individual remuneration package for all Executive Directors, the Chair of the Board and oversight of designated senior executives, taking into account the policies, practices, pay and employment conditions of the Group, investor expectations and in accordance with the QCA Corporate Governance Code (the 'QCA Code').
- Establishing remuneration schemes that promote long-term shareholding by Executive Directors and align with long-term shareholder interests.
- Ensuring remuneration policies and practices support the Group's long-term strategy, promote sustainable success and are aligned to the Group's purpose, culture and values.
- Approving the design of, and determining targets for, any performance-related pay schemes and approving payments made under such schemes.
- Reviewing the design of all share incentive plans.
- Reviewing workforce remuneration and related policies.
- Ensuring that the Group engages as appropriate with its principal Shareholders about remuneration.

The General Counsel and Company Secretary acts as Secretary to the Committee and the Chief Executive Officer, Chief Financial Officer and Chief People Officer may also attend meetings by invitation. However, no Director takes any part in discussion about their own remuneration. The Committee has formal written Terms of Reference which are available on the Company's corporate website. The Committee met once during the year, see page 52 for details of attendance.

## FY25 PRIORITIES

- Continuing to ensure our approach to pay provides fair and appropriate reward, is aligned to performance and balances the interests of all stakeholders.

## Meg Lustman

Chair of the Remuneration Committee

## DEAR SHAREHOLDER

I am pleased to present the Directors' Remuneration Report for FY24 following my appointment as Chair of the Remuneration Committee at our 2023 AGM. I would like to thank my predecessor Gill Barr for her thoughtful and effective chairing of the Committee over the past six years.

The Committee was very pleased to note the level of support for our new Directors' Remuneration Policy which was approved with 99.9% support at our 2023 AGM as part of our Remuneration Report. Shareholders also approved a new long term incentive plan which enabled the award of restricted shares to our Executive Directors under our new Policy. The Committee's focus for FY24 has been on ensuring the successful operation of our new Policy.

This report is divided into three sections; my statement, a summary of the Directors Remuneration Policy and our Annual Report on Remuneration for the year ended 2 March 2024 which sets out how we operated our policy during FY24 and will operate the policy in FY25.

The Committee has reviewed its remuneration reporting in advance of finalising this report, taking into account the legal requirements for AIM companies and the QCA's recommended disclosures. The Committee's focus has been to provide a more streamlined Remuneration Report whilst continuing to provide clear and transparent disclosure of remuneration decisions and outcomes. In keeping with this approach, we have removed some disclosures where we deemed that they did not enhance our transparency of reporting.

## EXECUTIVE DIRECTOR CHANGES

During the year, we were delighted to welcome Dominic Appleton to the Board as our new CFO. He was appointed on 7 June 2023 and his remuneration is set within our Directors' Remuneration Policy. Further details are set out in this report. Our former CFO Rachel Izzard stood down on 7 June 2023 and details of her remuneration are also set out in the report.

# Remuneration Committee report continued

## REMUNERATION OUTCOMES FOR FY24

### SALARIES

The salary for the CEO was increased by 5% in line with the wider workforce. The CFO's salary was set on appointment at £350,000 with no further increase during the year.

### ANNUAL BONUS

The FY24 annual bonus, for Executive Directors, was based on adjusted EBITDA (50%), active credit customers (20%), customer NPS (10%) and strategic change delivery (20%). Despite a challenging market backdrop of continuing high interest rates and with cost of living pressures continuing to impact discretionary spend, the Committee was pleased that three of the four areas of focus were successfully delivered in the year. The gateway to the overall bonus payment, namely EBITDA, delivered above the threshold target and we also noted that the strategic transformation objectives for the year were successful. Our customer NPS results were very good, however, the threshold target for active credit customers was not met, with credit acquisition more challenging than expected when we set our budget. This was influenced by challenging customer finances and high competitor performance marketing spend, and we responded by focusing on efficient acquisition rather than growing the customer base at any cost. We ended the year with active credit customers slightly ahead of our revised plan, but behind the expectation we set out in our original budget. As a result, the formulaic bonus outcome is 38.05% of the maximum opportunity. The Committee has reviewed and is comfortable with the bonus outcome, reflecting good progress in delivering our transformation while maintaining profitability in difficult ongoing trading conditions. The bonus will be paid two thirds in cash and one third in shares, which must be held for a further two years.

### LONG-TERM INCENTIVE LTIP AWARDS WITH PERFORMANCE PERIOD ENDING IN FY23

The 2020 LTIP award had a vesting date in November 2023 with performance assessed against Net Cash Generated (50%) and TSR (50%) targets. The TSR targets were tested over three years to the third anniversary of grant and final vesting was not therefore included in the 2023 Remuneration Report. Neither of the targets were met and this award has now lapsed.

### LONG-TERM INCENTIVE LTIP AWARDS WITH PERFORMANCE PERIOD ENDING IN FY24

The 2021 LTIP award has a vesting date in August 2024. The adjusted EPS and TSR targets have not been met and these awards will lapse.

### RESTRICTED SHARE AWARDS (RSA) GRANTED IN FY24

Following the approval of the N Brown Group plc Share Plan and our new Policy at the 2023 AGM, the CEO received a Restricted Share Award of 75% of salary and the CFO 62.5% of salary. The award is subject to a performance underpin providing the Committee discretion to scale back vesting levels if it is not satisfied with management of the business and progress of the business transformation taking into account financial performance, key transformation milestones and regulatory and risk management.

## HOW THE POLICY WILL BE APPLIED IN FY25

### SALARIES

The Executive Directors' salaries will increase as at 01 June 2024 by 3% in line with the increase for the wider workforce.

### ANNUAL BONUS

Annual bonus maximum opportunity remains at 150% of salary for the CEO and 125% of salary for our CFO. We are retaining the same metrics and weightings that applied for FY24 except for the reintroduction of Revenue Growth of Accelerate Brands to replace the "active credit customer" metric. The growth of our key brands, which are represented by this metric, are critical to our business transformation and growth strategy. Therefore, the Committee concluded that they should be part of the FY25 annual bonus. The strategic change delivery element will be based on those deliverables that are key to completing our transformation.

Annual bonus targets, performance against them and the bonus payable will be disclosed in the FY25 Remuneration Report.

### RSA

Our Executive Directors will receive RSA Awards of 75% of salary for the CEO and 62.5% of salary for the CFO. The awards will be subject to a performance underpin, in line with the awards granted in FY24.

## CLOSING REMARKS

The Directors' Remuneration Report is subject to an advisory vote at the FY24 AGM. The Committee is satisfied that the remuneration outcomes for FY24 are appropriate and represent a strong year in delivery of our ambitious transformation plan, underpinned by broader financial performance.

If you have any queries regarding this report or our approach to remuneration more generally, I am contactable through our Company Secretary.

**Meg Lustman**

Chair of the Remuneration Committee

## SUMMARY OF THE DIRECTORS' REMUNERATION POLICY

Set out below is a summary of the remuneration policy. The full remuneration policy is set out in the 2023 Remuneration Report.

Element	Purpose and link to strategy	Key features
Salary	<ul style="list-style-type: none"> <li>Reflects the performance of the Company and the individual, their skills and experience, and the responsibilities of the role</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed annually, taking account of Group performance and individual performance as well as changes to the market value of the Company.</li> <li>Salary increases will normally be in line with increases awarded to other employees of the Group.</li> </ul>
Pension	<ul style="list-style-type: none"> <li>Provides retirement benefits</li> </ul>	<ul style="list-style-type: none"> <li>Limited to the contributions to the majority of the workforce, currently 8% of salary.</li> </ul>
Other Benefits	<ul style="list-style-type: none"> <li>Provides a competitive package of benefits that assists with recruitment and retention and supports the wellbeing of the Executives to enable them to carry out their role effectively</li> </ul>	<ul style="list-style-type: none"> <li>Main benefits currently include but are not limited to private medical insurance and a car allowance.</li> <li>Executive Directors are eligible for other benefits including those which are introduced for the wider workforce on broadly similar terms.</li> </ul>
Annual Bonus	<ul style="list-style-type: none"> <li>Drives and rewards annual delivery of financial, corporate and individual strategic goals</li> </ul>	<ul style="list-style-type: none"> <li>Maximum bonus opportunity of up to 150% of salary for the CEO and 125% of salary for other Executive Directors.</li> <li>Payment rises normally from 0% to 100% of the maximum opportunity for levels of performance between threshold and maximum, with 50% of the maximum normally payable for on-target performance.</li> <li>Bonuses will be paid two thirds in cash and one third in shares, which must be held for a further two years (including in normal circumstances post-cessation).</li> <li>Committee discretion and recovery provisions apply.</li> </ul>
Restricted Share Awards ('RSA')	<ul style="list-style-type: none"> <li>Provides incentives to reward sustained long-term performance and alignment to the interests of Shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Annual grants of restricted shares which vest after three years, subject to the continued employment of participants and an underpin.</li> <li>Normal award level policy maximum is 75% of salary and 100% of salary in exceptional circumstances.</li> <li>Shares acquired from RSAs awards must be held for a total period of five years from the date of grant.</li> <li>Executives may also receive dividend equivalents on vested shares which will, except in exceptional circumstances, be paid in shares.</li> <li>Committee discretion and recovery provisions apply.</li> </ul>
All-employee Share Schemes	<ul style="list-style-type: none"> <li>Provides all employees, including Executives, with a mechanism to acquire shares in the Group and to together participate in the success of the Group</li> </ul>	<ul style="list-style-type: none"> <li>The Group operates an HM Revenue &amp; Customs approved savings-related share option scheme for Group employees and may operate other HM Revenue &amp; Customs approval schemes from time to time.</li> </ul>

# Remuneration Committee report continued

## ANNUAL REPORT ON REMUNERATION

The Remuneration Report including this Annual Report on Remuneration (and excluding the summary of our Directors Remuneration Policy) will be put to an advisory shareholder vote at the 2024 Annual General Meeting.

### DIRECTORS' REMUNERATION PAYABLE FOR FY24

	Year	Salaries and fees £000s	Taxable benefits <sup>1</sup> £000s	Pension <sup>2</sup> £000s	Bonus (cash and deferred shares) £000's	LTIP £000s	Total fixed pay £000s	Total variable pay £000s	Total £000s
<b>Executive Directors</b>									
Steve Johnson	<b>2023/24</b>	<b>461</b>	<b>20</b>	<b>37</b>	<b>263</b>	<b>0</b>	<b>518</b>	<b>263</b>	<b>781</b>
	2022/23	441	20	35	0	0	496	0	496
Dominic Appleton <sup>4</sup>	<b>2023/24</b>	<b>258</b>	<b>13</b>	<b>21</b>	<b>123</b>	<b>0</b>	<b>292</b>	<b>123</b>	<b>415</b>
Rachel Izzard <sup>3</sup>	<b>2023/24</b>	<b>100</b>	<b>4</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>111</b>	<b>0</b>	<b>111</b>
	2022/23	363	18	29	0	0	410	0	410
<b>Non-Executive (fees)</b>									
Ron McMillan	<b>2023/24</b>	<b>271</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>274</b>	<b>0</b>	<b>274</b>
	2022/23	265	0	0	0	0	265	0	265
Lord Alliance of Manchester CBE <sup>5</sup>	<b>2023/24</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>100</b>
	2022/23	0	85	0	0	0	85	0	85
Richard Moross <sup>6</sup>	<b>2023/24</b>	<b>23</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>26</b>
	2022/23	62	3	0	0	0	65	0	65
Gill Barr <sup>6</sup>	<b>2023/24</b>	<b>28</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31</b>	<b>0</b>	<b>31</b>
	2022/23	77	0	0	0	0	77	0	77
Michael Ross	<b>2023/24</b>	<b>64</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67</b>	<b>0</b>	<b>67</b>
	2022/23	62	1	0	0	0	63	0	63
Vicky Mitchell	<b>2023/24</b>	<b>81</b>	<b>0.5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>81.5</b>	<b>0</b>	<b>81.5</b>
	2022/23	77	0.2	0	0	0	77.2	0	77.2
Joshua Alliance	<b>2023/24</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>43</b>	<b>0</b>	<b>43</b>
	2022/23	41	0	0	0	0	41	0	41
Dominic Platt	<b>2023/24</b>	<b>71</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>74</b>	<b>0</b>	<b>74</b>
	2022/23	70	2	0	0	0	72	0	72
Meg Lustman <sup>7</sup>	<b>2023/24</b>	<b>58</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>59</b>	<b>0</b>	<b>59</b>

1 Taxable benefits comprise private medical cover and car allowance. For Non-Executive Directors taxable benefits comprise travel and accommodation.

2 Pension is paid as a cash supplement.

3 Rachel Izzard stepped down from the Board on 7 June 2023.

4 Dominic Appleton joined the Group as Chief Financial Officer Designate on 1 March 2023. Dominic was appointed as the CFO and a Director of the Board on 7 June 2023.

5 Lord Alliance has waived his Non-Executive Director's fee of £55,318 (FY23: £53,318) as he received taxable benefits comprising of secretarial and administration support.

6 Gill Barr and Richard Moross stepped down from the Board on 10 July 2023.

7 Meg Lustman was appointed to the Board on 5 April 2023 and as Committee Chair on 10 July 2023.

## DETAILS OF VARIABLE PAY EARNED IN THE YEAR

### ANNUAL BONUS

The table below sets out performance against targets for the Executive Director annual bonus for FY24.

Measure	Weighting (% of max bonus activity)	Threshold (0% payout)	Target (25% of max payout)	Target (50% of max payout)	Target (75% of max payout)	Max (100% payout)	Actual performance	Payout % of max of bonus element
Adjusted EBITDA <sup>1</sup>	50%	£43.2m	£50m	£56.9m	£63.8m	£70.6mm	£47.6m	16.1%
Active Credit Customers	20%	1,285k	1,318k	1,351k	1,384k	1,417k	1,216k	0%
Customer NPS	10%	56.5	57	58	59	60	62.9	100%
Strategic change delivery	20%	See below	See below	See below	See below	See below		100%

1 Adjusted EBITDA acts as a threshold underpin.

A summary of the targets and performance against the strategic change delivery measures is set out below:

Strategic change delivery	Key Milestones	Actual performance	Payout % of max overall bonus
Enterprise Agility Model	To be mobilised across all brands, and Mission and Digital Technology tribes	The Enterprise Agility Model mobilised across all brands and tribes enabling them to take distinctive approaches. Mobilised the desired brand, mission and journey tribes set at the start of the Financial Year, with 50% of our Head Office colleagues in agile ways of working.	100%
New Front End – Jacamo	Jacamo delivered to 100% of customers	Jacamo fully delivered. A new mobile-first website for Jacamo was launched on schedule, in one third of the time compared to the rollout of the Simply Be site. Jacamo's site performance has been promising, with a three-year high record for conversion during Cyber week.	100%

The above reflects a full summary of the targets set and achievements delivered to the extent that they are not commercially sensitive.

The annual bonus outcome for the Executive Directors for the year is shown below.

	Maximum bonus opportunity % salary	Bonus payable (as % max)	Bonus payable <sup>2</sup>
Steve Johnson	150%	38.05%	£263,208
Dominic Appleton <sup>1</sup>	125%	38.05%	£123,480

1 Dominic Appleton's bonus has been pro-rated for the period of his employment.

2 One third of the bonus will be delivered in shares and held for two years.

### LTIP AWARDS WITH PERFORMANCE PERIOD ENDING IN FY23

As disclosed in last year's report, the performance period for the TSR element of the 2020 LTIP award ended on 6 November 2023. The TSR element was tested shortly following the end of the performance period with zero vesting of this element and as a result the award lapsed in full. Performance against the targets is set out below:

	Threshold target (25% of that part of the award vests) <sup>1</sup>	Stretch target (100% of that part of the award vests)	Actual performance	Vesting Actual performance
Net Cash Generated 50%	At least £121.4m	£191.4m	£84.6m	0% out of 50%
Relative TSR 50% <sup>2</sup>	Median performance	Upper quartile performance	Below median	0% out of 50%
<b>Total vesting</b>	–	–	–	0%

1 Straight-line vesting between threshold and maximum performance.

2 Relative TSR is against the FTSE SmallCap excluding investment trusts.

# Remuneration Committee report continued

## LTIP AWARDS WITH PERFORMANCE PERIOD ENDING IN FY24

The LTIP awards granted on 9 August 2021 are based 50% on Adjusted EPS growth targets and 50% on relative Total Shareholder Return ('TSR') measured over three years ending FY24. Performance against targets is set out below with no vesting of awards.

	Threshold target (25% of that part of the award vests) <sup>1</sup>	Stretch target (100% of that part of the award vests)	Actual performance <sup>3</sup>	Vesting
Adjusted EPS 50%	4% CAGR	12% CAGR	-35.8% CAGR	0% out of 50%
Relative TSR 50% <sup>2</sup>	Median performance	Upper quartile performance	Below median	0% out of 50%
<b>Total vesting</b>	–	–	–	0%

1 Straight-line vesting between threshold and maximum performance.

2 Relative TSR is against the FTSE SmallCap excluding investment trusts.

3 The actualised EPS CAGR reflects the impact of the non-cash group impairment booked in FY23, after the award was granted, reducing annual amortisation and depreciation by c£15m. Adjusting for the impact of the reduced amortisation and depreciation, would result in a 3 year EPS CAGR of -168.4%.

Set out below are the details of Steve Johnson's LTIP award and the vesting resulting from the performance detailed above.

Executive	% Salary	Percentage of award vesting	Number of shares granted	Number of shares vesting	Value of shares vesting
Steve Johnson	150%	0%	1,307,196	0	£0

## RESTRICTED SHARE AWARDS GRANTED TO EXECUTIVE DIRECTORS DURING THE YEAR

On 7 August 2023, the following Restricted Share Awards were granted to Executive Directors<sup>1,2</sup>.

Executive	Date of grant	% of salary award level	Face value of award	Number of shares	Share price at grant pence	Vesting period
Steve Johnson	07/08/2023	75%	£349,899	1,521,300	23	Three years from the date of grant
Dominic Appleton	07/08/2023	62.5%	£218,750	951,087	23	

1 No performance conditions apply.

2 A two-year post-vesting holding period applies.

The Committee has the discretion to scale back vesting levels if it is not satisfied with management of the business and progress of the business transformation, taking into account financial performance, key transformation milestones and regulatory and risk management.

## OUTSTANDING AWARDS

The table below summarises each of the Executive Directors' long-term share awards and the changes that have taken place in the year.

Executive	4 Mar 2023	Awarded during the year	Lapsed during the year	Vested and exercised during the year	2 Mar 2024	Date granted <sup>1</sup>	Type of award
Steve Johnson	979,882	–	979,882	–	–	November 2020	LTIP
	1,307,196	–	–	–	1,307,196	August 2021	LTIP
	2,613,625	–	–	–	2,613,625	August 2022	LTIP
	–	1,521,300	–	–	1,521,300	August 2023	RSA
Dominic Appleton	–	951,087	–	–	951,087	August 2023	RSA

1 The award granted in 2021 will lapse based on performance determined to the end of FY2024.



## DIRECTORS' SHAREHOLDINGS

Under the shareholding guidelines the Chief Executive Officer and the Chief Financial Officer are expected to hold Company shares equal in value to 200% of their base salary. The beneficial interests of Directors who served during the year, together with those of their families are as follows.

Director	4 March 2023 <sup>1</sup>	2 March 2024 <sup>1</sup>	Value of shares (as a % of salary) <sup>2</sup>	Guideline met?	Outstanding awards subject to performance conditions	Unvested awards not subject to performance conditions	Vested unexercised awards	Total as at 2 March 2023
Steve Johnson	387,296	500,000	18.3%	No	3,920,821	1,521,300	0	5,942,121
Dominic Appleton	–	100,000	4.9%	No	0	951,087	0	1,051,087
Rachel Izzard <sup>3</sup>	226,403	131,353	N/A	N/A	–	–	–	131,353
Ron McMillan	80,555	80,555	N/A	N/A	–	–	–	80,555
Lord Alliance of Manchester CBE	200,636,762	200,636,762	N/A	N/A	–	–	–	200,636,762
Richard Moross <sup>4</sup>	–	–	N/A	N/A	–	–	–	–
Gill Barr <sup>4</sup>	13,704	–	N/A	N/A	–	–	–	–
Michael Ross	–	–	N/A	N/A	–	–	–	–
Vicky Mitchell	–	–	N/A	N/A	–	–	–	–
Joshua Alliance	29,943,800	29,943,800	N/A	N/A	–	–	–	29,943,800
Dominic Platt <sup>5</sup>	–	–	N/A	N/A	–	–	–	–
Meg Lustman <sup>5</sup>	–	–	N/A	N/A	–	–	–	–

1 The figures for the Executive Directors include the number of beneficially owned shares.

2 The value of shareholding as a % of salary is calculated using the market closing price of 17.1p on 1 March 2024.

3 Rachel Izzard stepped down from the Board on 7 June 2023 and her shareholding is shown as at that date. All her outstanding LTIP awards lapsed upon her leaving the business.

4 Gill Barr and Richard Moross stepped down from the Board on 10 July 2023 and shareholdings are shown as of that date.

5 Dominic Appleton was appointed as the CFO and a Director of the Board on 7 June 2023 and Meg Lustman was appointed to the Board on 5 April 2023.

The Directors' share interests shown above include shares held by members of the Directors' families, as required by the Companies Act 2006. There are no changes to the Directors' interests in shares between 2 March 2024 and 5 June 2024.

## PAYMENTS FOR LOSS OF OFFICE AND PAYMENTS TO PAST DIRECTORS

Rachel Izzard stepped down from her role as Chief Financial Officer on 7 June 2023 and was paid her salary, benefits and pension to that time. Rachel was not eligible for a bonus in FY24 and all unvested LTIP awards lapsed on her leaving the business. Annual bonus shares will be held until the end of their respective holding periods (60,222 shares until 27 May 2024 and 71,131 shares until 27 May 2025). Gill Barr and Richard Moross were paid their fees to the date they stepped down from the Board.

## APPLICATION OF THE REMUNERATION POLICY FOR FY25

The application of the remuneration policy for FY25 is set out below.

### FIXED REMUNERATION

Effective 1 June 2024, the Executive Director's base salaries will be increased by 3% in line with the salary increase awarded to the rest of the workforce.

Executive	Salary at 1 June 2023	Salary at 1 June 2024
Steve Johnson	£466,532	£480,528
Dominic Appleton	£350,000	£360,500

The Executive Directors pension and benefits are unchanged from FY24.

### ANNUAL BONUS PLAN

For FY25 the annual bonus maximum opportunity is 150% of salary for the CEO and 125% of salary for the CFO. The performance measures and weightings are set out in the Chair's statement on page 65.

### RESTRICTED SHARE AWARDS

Restricted Share Awards will be made at the normal policy award level of 75% of salary for our CEO and 62.5% for our CFO. The awards will be subject to the same underpin that applied to the FY24 awards.

# Remuneration Committee report continued

## FEES FOR THE CHAIR AND NON-EXECUTIVE DIRECTORS

The Chair fee will be determined at the time of appointment of our new Chair. The Non-Executive Director base Board fee will be increased by 3% from 1 June aligned to the salary increase for the workforce and the Executive Directors.

	Fees at 1 June 2023 <sup>1</sup>	Fees at 1 June 2024
Chair of the Board fee	£275,783	–
Non-Executive Director base Board fee	£55,984	<b>£57,664</b>
Non-Executive Director base Board fee – Joshua Alliance	£43,909	<b>£45,226</b>
<b>Additional Non-Executive Director fees:</b>		
Chair of Audit and Risk Committee	£16,466	<b>£16,466</b>
Chair of Remuneration Committee	£16,466	<b>£16,466</b>
Chair of Financial Services Committee	£26,345	<b>£26,345</b>

<sup>1</sup> Lord Alliance has waived his Non-Executive base Board fee in favour of benefits of secretarial and administration support.

## APPROVAL OF THE DIRECTORS' REMUNERATION REPORT

The Directors' Remuneration Report was approved by the Board on 5 June 2024.

Signed on behalf of the Board on 5 June 2024.



**Meg Lustman**

Chair of the Remuneration Committee

# Directors' report

The Directors have pleasure in presenting their Annual Report and audited Accounts for the 52-week period ended 2 March 2024.

The Directors' Report comprises of pages 73 – 74, together with the sections on the Annual Report incorporated by reference. Some of the matters required to be included in the Directors' Report have been included elsewhere in the Annual Report and Accounts, namely:

## INFORMATION CONTAINED IN THE STRATEGIC REPORT:

- Future Business developments (see pages 7 – 9).
- Risk Management (see pages 22 – 25).
- Section 172 statement (see page 26).
- Matters regarding engagement with our colleagues and how we invest in our people can be found in our section 172 statement (see page 26), Board engagement with the workforce (see pages 27 – 28) and Our People (see pages 44 – 46).
- Disclosure of qualifying indemnity provisions (see page 52).
- Disclosure of our Greenhouse gas emissions ('GHG') in FY24 (see page 40).
- Details regarding research and development activities (see note 12 on page 106).
- Dividends (see page 6).
- Details of the Group's use of financial instruments (see note 18 on page 111).

Additional information to be disclosed in the Directors' Report is given in this section. The Strategic Report from pages 1 to 46, the Governance Report from pages 48 – 72 and the Directors' report from 73 – 74 have been approved by the Board on 5 June 2024 in accordance with the Companies Act 2006.

## ADDITIONAL DISCLOSURES

### GOING CONCERN

As explained fully in note 2 on page 97, the Directors have adopted the going concern basis in preparing the financial statements.

### VIABILITY STATEMENT

Whilst not a requirement of the QCA code, the Board has assessed the viability of the Group and Parent Company over a five-year period, including the Going Concern period, to align to the Group's five-year strategic planning process. The Board believes that this period provides sufficient clarity to assess the Group and Parent Company's prospects and enables the development of a robust base case set of financial projections against which stress testing has been conducted.

Our strategic priorities continue to be building profitability through the Retail and Financial Services businesses, with an emphasis on digital, and our commitment to serving the under-served. To support delivery, the Group has adopted an enterprise agility model to increase speed of execution and better respond and adapt to customers' needs. This will increase productivity and engage and empower employees.

Our strategic focus, as discussed in more detail on page 7 to 9 remains consistent with the prior year, and is underpinned by the adoption of the following approach:

- Focus: Accelerate growth through dedicated teams for each of our three strategic brands, which will allow us to boost simplicity and rigour of execution and deliver strong customer propositions and efficiency in our marketing.
- Consistency: A dedicated team for all "heritage" brands focused on stabilisation and value protection rather than growth.
- Integration: Fully embedding our flexible credit offer into the core of the customer value proposition.
- Data driven: Establishing data as an asset at the core of the business, driving daily decision making and activating our unique data pool.

The Group continues to prioritise capital, resources and marketing on a smaller number of brands, whilst protecting the legacy core of the business. The management team remains confident this is the most expedient way to create sustainable profitable growth. Key transformational investments (as detailed on page 7) are underway, building on the successful launches of the new Jacamo website and Product Information Management ('PIM') system in FY24. These investments, including the new technology platform and brand for Financial Services which will enhance the ways customers can pay, are reflected within the five-year plan.

The Group finished the year with unsecured net cash, an undrawn Revolving Credit Facility ('RCF') and overdraft committed to December 2026, giving total liquidity of £148.5m at 2 March 2024. The Group also has a £400m securitisation facility which was extended during the year to December 2026, with lender commitment of £340m, which facilitates the delivery of our Financial Services strategy. The strategic progress made in FY24 is set out in more detail on page 7 to 9.

In preparing the viability statement the Directors have assessed the Group's prospects and viability and have taken into account:

- The continued challenges facing the retail market, as a result of the UK cost-of-living;
- The continuing global macro-economic uncertainty and global uncertainty from geopolitical events;
- The Group's current trading position, its principal risks and uncertainties as described on page 23 to 25 and how these are managed; and
- The FY25 base and downside planning scenarios as described in note 2 to the Group accounts on page 97.

Taking into account the continued challenges facing the retail market following the UK cost-of-living crisis, continued global macro-economic uncertainty and global uncertainty from geopolitical events, the Group's current position, its principal risks and uncertainties as described on page 23 to 25 and how these are managed, as well as its FY25 base and downside planning scenarios as described in note 2 to the Group accounts on page 97, the Directors have assessed the Group's prospects and viability.

The Group's base strategic plan reflects the Directors' best estimate of the prospects of the business. In assessing the resilience and viability of the Group, the Directors have also tested the potential impact of a number of scenarios over and above those included in the plan. Management has prepared a model that quantifies the financial impact of the downsides, overlaying them on the detailed financial forecasts in the plan. The scenarios considered Group profitability, liquidity and debt covenant impact from business interruption, supply chain and macro-economic uncertainties. The scenarios do not reflect a specific scenario in relation to climate related risks as set out on pages 32 – 33 as these are expected to be covered in other ways by reductions in revenue or increases in cost base in the period under assessment.

The base and downside scenarios provide the Group with a strong basis, from which to continue to service its customers and to manage appropriately the challenges faced by the Group. The above considerations form the basis of the Board's reasonable expectations that the Group will be able to continue in operation and meet its liabilities as they fall due. The Directors will maintain oversight of the performance of the Group against the strategy. This will include regular reporting by the Group's Executive and the discussion of any pivots to strategies undertaken by the Board and management in the normal course of business. These reviews will consider both the market opportunities and any associated or emerging risks to managing its working capital performance and the level of financial resources available to the Group.

## Directors' report continued

The Group has introduced enterprise level and brand level Objectives and Key Results ('OKRs') to help embed clear objectives and targets aligned to the strategy. These OKRs are monitored by the Value Delivery Office ('VDO').

The five-year plan, which aligns to the Group's five-year strategic planning process, assumes that all financing facilities that mature in the review period will be renewed or replaced with facilities of similar size on commercially acceptable terms. This is a reasonable planning assumption given actual and planned business performance and as evidenced by both the renewal of the RCF and extension of the securitisation facility commitment in the year both for a term up to December 2026.

Based on this assessment, the Board has a reasonable expectation that the Group and parent Company will be able to continue in operation and meet their liabilities as they fall due over the period of the viability assessment.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and they have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- For the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- For the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors have decided to prepare voluntarily a Directors' Remuneration Report in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the Companies Act 2006, as if those requirements applied to the Company. The Directors have also decided to prepare voluntarily a Corporate Governance Statement as if the Company were required to comply with the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority in relation to those matters.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position and performance, business model and strategy.

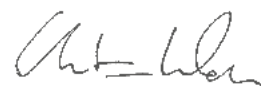
### DISCLOSURE OF INFORMATION TO AUDITORS

The Directors of the Group at the date of approval of these financial statements confirm, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. The Directors have individually confirmed that they have taken all reasonable steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AGM

The 2024 Annual General Meeting ('AGM') of N Brown Group plc will be held at Griffin House, 40 Lever Street, Manchester, M60 6ES on Thursday 18 July 2024 at 3:00pm. The Notice of Annual General Meeting, which includes the business to be transacted at the meeting can be found at [www.nbrown.co.uk](http://www.nbrown.co.uk).

By order of the Board



**Christian Wells**  
Company Secretary

5 June 2024



# Independent auditor's report to the members of N Brown Group plc

## OPINION

In our opinion:

- N Brown plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 2 March 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of N Brown plc which comprise:

Group	Parent company
Consolidated income statement for the year ended 2 March 2024	Balance sheet as at 2 March 2024
Consolidated statement of comprehensive income for the year then ended	Statement of changes in equity for the year then ended
Consolidated balance sheet as at the year end	Related notes 33 to 40 to the financial statements including material accounting policy information
Consolidated cash flow statement for the year then ended	
Consolidated statement of changes in equity for the year then ended	
Related notes 1 to 31 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards to the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included;

- We confirmed our understanding of management's going concern assessment process including the review process over the going concern model and related board paper, and how management ensure all key risk factors were considered in their assessment.
- We obtained and read the going concern assessment prepared by management for the period to 30 June 2025, being the going concern assessment period. The Group has modelled a base scenario and a severe but plausible downside scenario in its cash forecasts and covenant calculations in order to incorporate unexpected changes to the forecasted liquidity of the Group.
- We assessed the adequacy of the going concern period by considering whether any post-period events are of significance to require the assessment period to be extended.
- We obtained management's forecasts for the assessment period and tested the model for arithmetical accuracy, consistency of the forecasts with board approved plan and agreed the opening cash position as at 3 March 2024.
- We challenged the historical accuracy of management's forecasting by comparing the actual performance to the forecasted performance for the past three years.
- We challenged management's assumptions in preparing the forecasts by corroborating to third party economic forecast and/or by assessing changes from the prior period and challenge for indications of management bias, including consideration of any contrary evidence.
- We involved EY economist specialists to assist our assessment of the forward-looking economic scenarios, considering uncertainties such as impact on disposable income, inflation, impact of climate change and other factors.
- We evaluated the reasonableness of assumptions in modelling the severe but plausible downside scenario by comparing to management's principal risks and uncertainties and historical performance.
- We evaluated management's reverse stress testing on the forecast to identify what factors would lead to the Group breaching the financial covenants during the going concern period and formed a view on the likelihood of such circumstances arising.
- We performed our own independent sensitivity analysis to assess the impact of changes in key assumptions including product revenue growth and inflation to assess the impact on projected compliance.
- We checked the consistency of forecasts with forecasts used by the Group in other accounting estimates, including impairment of non-current assets and deferred tax asset recognition.

- We assessed current trading performance using the latest management accounts for P2 of FY25 in addition to making inquiries of management for any issues affecting the Group's current trading and profitability through to the date of our audit report.
- We have considered the mitigating factors identified by management that could be applied to the cash flow forecasts and covenant calculations and have assessed whether they are within management's control and have the ability to remediate the breach, for example, reducing uncommitted operating expenditure.
- We obtained copies of all the facility agreements, and understood the terms and conditions, especially those related to covenant test ratio requirements.
- We reviewed the Group's going concern disclosures included in the Annual Report in order to assess that the disclosures were appropriate and in conformity with the relevant reporting standards.

We observe that management has concluded that it has sufficient liquidity and no forecast covenant breaches in both the base case and severe but plausible scenario. Management has concluded that the likelihood of the reverse stress test case is remote.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 30 June 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

## OVERVIEW OF OUR AUDIT APPROACH

Audit scope	<ul style="list-style-type: none"> <li>• We performed an audit of the complete financial information of two components and audit procedures on specific balances on account balances for cash for a further six components.</li> <li>• The components where we performed full or specific scope audit procedures accounted for 99% of EBITDA adjusted for exceptional items, 100% of Revenue and 100% of Total assets.</li> </ul>
Key audit matters	<ul style="list-style-type: none"> <li>• Allowance for expected credit losses.</li> <li>• Impairment of non-current financial assets in the group cash generating unit ('CGU') and valuation of the parent company investment.</li> </ul>
Materiality	<ul style="list-style-type: none"> <li>• Overall group materiality of £1.2m which represents 2.5% of EBITDA adjusted for exceptional items.</li> </ul>

## AN OVERVIEW OF THE SCOPE OF OUR AUDIT

### TAILORING THE SCOPE

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent Internal Audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected 8 components which represent the principal business units within the Group.

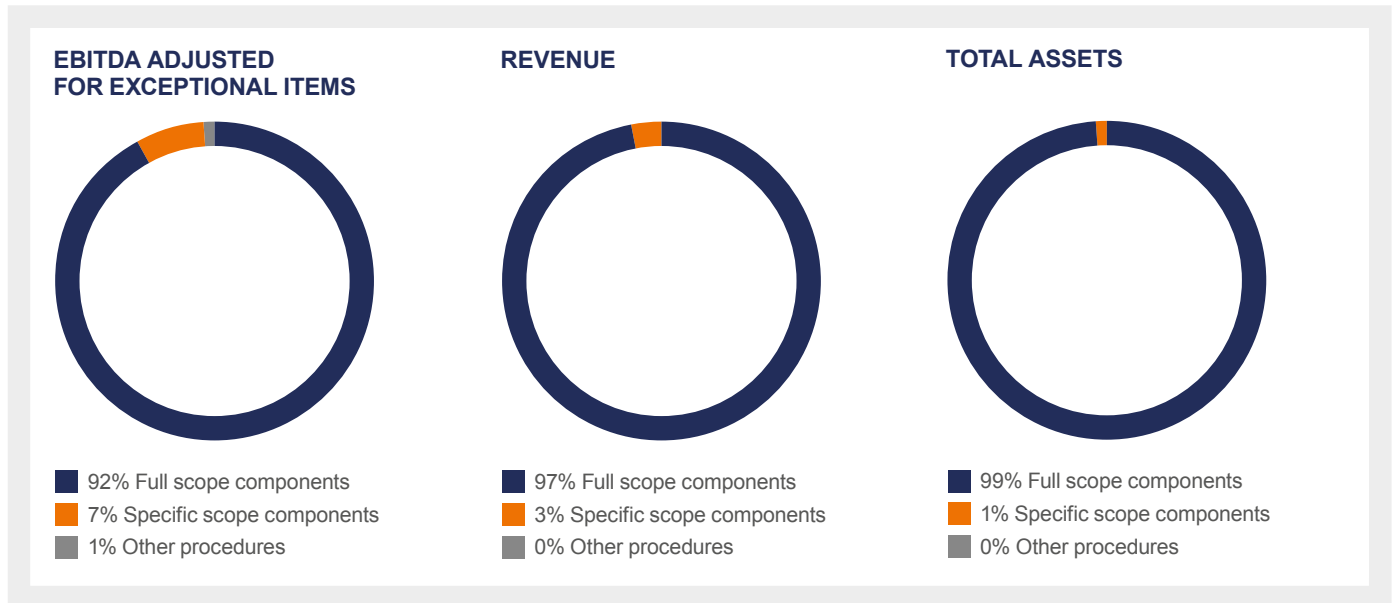
Of the 8 components selected, we performed an audit of the complete financial information of 2 components ('full scope components') which were selected based on their size or risk characteristics. For the remaining 6 components ('specific scope components'), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 99% (2023: 96%) of the Group's EBITDA adjusted for exceptional items, 100% (2023: 97%) of the Group's Revenue and 100% (2023: 99%) of the Group's Total assets. For the current year, the full scope components contributed 92% (2023: 96%) of the Group's EBITDA adjusted for exceptional items, 97% (2023: 97%) of the Group's Revenue and 99% (2023: 98%) of the Group's Total assets. The specific scope components contributed 7% of the Group's EBITDA adjusted for exceptional items, 3% of the Group's Revenue and 1% of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group. We also performed specific procedures across 2 locations to obtain bank confirmations to confirm the cash balance at the year end.

Of the remaining 23 components that together represent 1% of the Group's EBITDA adjusted for exceptional items, none are individually greater than 1% of the Group's EBITDA adjusted for exceptional items. For these components, we performed other procedures, including analytical review, testing of consolidation journals including, intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

# Independent auditor's report to the members of N Brown Group plc continued

The charts below illustrate the coverage obtained from the work performed by our audit teams.



## INVOLVEMENT WITH COMPONENT TEAMS

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

## CLIMATE CHANGE

Stakeholders are increasingly interested in how climate change will impact N Brown plc. The Group has determined that the most significant future impacts from climate change on their operations will be through transition and physical risks as described in the climate related risks on pages 32 – 33 within the principal risks and uncertainties. They have also explained their climate commitments on page 35. All of these disclosures form part of the “Other information,” rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on “Other information”.

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The group has explained in Note 2 how they have reflected the impact of climate change in their financial statements including the inclusion of committed costs to support their SUSTAIN initiatives within their assessments of impairment and going concern reviews. Management have concluded the impact of climate change had no material impact on the financial statements, including on the significant judgements and estimates.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments and the effects of material climate risks disclosed on pages 32 to 33 and whether these have been appropriately reflected when modelling future cash flows.

As part of this evaluation, we performed our own risk assessment supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.



## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Allowance for expected credit losses</b></p> <p>Please refer to the Audit Committee Report (page 58); Accounting policies (page 90); and Note 16 of the Consolidated Financial Statements (page 109).</p> <p>At 2 March 2024, the Group reported an amount receivable for the sale of goods and services of £517.0m (2023: £555.2m), of which £515.1m (2023: £558.1m) is subject to an expected loss provision. The Group recognised an allowance for expected credit losses of £74.6m (2023: £73.3m) against this amount.</p> <p>The determination of expected credit losses ('ECL') under IFRS 9 continues to be highly subjective and judgemental. Key judgements and estimates in respect of the timing and measurement of ECL include:</p> <ul style="list-style-type: none"> <li>Accounting interpretations and modelling assumptions used to build the models that calculate the ECL;</li> <li>The appropriateness of staging criteria selected by the Group to determine whether a significant increase in credit risk ('SICR') has arisen;</li> <li>Completeness and valuation of Post Model Adjustments ('PMAs');</li> <li>Inputs and assumptions used to estimate the impact of multiple economic scenarios, including the weightings applied to the scenarios used.</li> </ul> <p>The level of judgement and estimation remains elevated as a result of the impact of higher inflation and interest rates on the cost of living.</p>	<p>We understood and evaluated the design effectiveness of key controls over the impairment process.</p> <p>With the support of EY credit risk modelling specialists, we performed an inherent risk assessment of all models used to generate the ECL. Based on this risk assessment we tailored our procedures and reviewed the underlying model methodology for compliance with IFRS 9, including model design review, model implementation and validation testing, sensitivity analysis, benchmarking and the recalculation of the Probability of Default, Loss Given Default, Exposure at Default, and Economic Risk models.</p> <p>We assessed the reasonableness of the methodology for determining the SICR criteria and independently tested the staging allocation by reperforming this across the portfolio and applying independent stress tests.</p> <p>With the support of EY economist specialists, we assessed the base case and two alternative economic scenarios by challenging probability weightings and comparing to other scenarios from external sources, as well as EY internally developed forecasts. In addition, we considered whether forecasted macro-economic variables, being average weekly earnings, Bank rate and unemployment rate, were appropriate.</p> <p>Alongside EY credit risk modelling specialists, we performed sensitivity analysis over the underlying macro-economic factors included within the ECL models to assess how they would perform in a more volatile economic environment, and evaluated the resulting impact on the ECL.</p> <p>We performed testing over the integrity of the key data elements used in developing and validating the Group's ECL models and assumptions. We challenged the completeness of these data elements and then tested the data within the models back to source evidence.</p> <p>In conjunction with EY credit risk modelling specialists, we assessed whether the inventory of PMAs used by the Group was complete. In performing this evaluation, we considered the impact of external factors, including the higher inflation and interest rates and the resulting impact on cost of living, and the findings from our model design and implementation reviews.</p> <p>We tested the material PMAs by assessing the appropriateness of the Group's methodologies, validating data inputs and independently recalculating the PMAs, which included an assessment of the underlying calculation methodology. For the more judgemental PMAs we developed alternative assumptions to form an independent range of the quantum of each PMA, which we compared to that recorded by the Group.</p> <p>We performed a stand back analysis to assess the overall adequacy of the ECL coverage and approach, including performing benchmarking across similar institutions.</p>	<p>We are satisfied that the Group's ECL provisions were reasonably estimated and materially in compliance with IFRS 9.</p> <p>There remains increased uncertainty in determining forecast losses due to the prevailing uncertain economic environment.</p> <p>Although we observed model deficiencies, the resulting ECL was reasonable after incorporating appropriate Post Model Adjustments, which in aggregate we considered to be reasonably estimated.</p>

# Independent auditor's report to the members of N Brown Group plc continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Impairment of non-financial assets in the group cash generating unit ('CGU')</b></p> <p>As at 2 March 2024 the Group has non-financial assets of £107.8m (£109.2m at 4 March 2023).</p> <p>Refer to the Audit Committee Report (page 58); Accounting policies (page 90); Note 12 of the Consolidated Financial Statements (page 105).</p> <p>As outlined in Note 2, impairment of non-financial assets has been identified as a critical judgement and a key source of estimation uncertainty.</p> <p>The total value of non-financial assets at the Group level are significant balances. Furthermore, the Group's market capitalisation remained below the carrying value of Group's net assets.</p> <p>The carrying value of the Group's non-financial assets is supported by the underlying 5 year board approved budget, containing a high degree of inherent complexity and estimation uncertainty derived from the judgements and assumptions exercised by management.</p> <p>The ability of management to override internal controls in relation to this estimate represents a significant risk and a fraud risk.</p>	<p>Our audit procedures listed below covered both group and parent impairment considerations (see 'The recoverable amount of investments held by the Parent Company' KAM below):</p> <ul style="list-style-type: none"> <li>• Understanding of the impairment assessment process, including the annual budgeting process.</li> <li>• Assessing the design and implementation of key controls over management's budgeting and impairment assessment processes.</li> <li>• Evaluating management accounting policies and understanding of the methodology and material assumptions applied as part of the impairment assessment, including identification of the CGUs and operating segments in accordance with IAS 36.</li> <li>• Performing historical look-back analysis to assess forecasting accuracy.</li> <li>• Engaging our valuation specialists to identify an independent range of acceptable outcomes for the discount rate and long-term growth rate, based on external macroeconomic and market data.</li> <li>• Assessing the integrity of the impairment models through testing of the mechanical accuracy and evaluating the application of the input assumptions completed with the assistance of our business modelling team.</li> <li>• Independently sensitising the models with the use of our data analytics impairment tool.</li> <li>• Making inquiries of senior finance and operational management as to the basis for the underlying projections, as well as challenging the projected growth rates by reference to the external sector reports.</li> <li>• Understanding the impact of March and April 2024 actual performance on the cashflows when comparing to the forecasts used as part of management impairment analysis.</li> <li>• Review the appropriateness of the Group's disclosures in respect of impairment in the financial statements against the requirements of IAS 36.</li> </ul>	<p>We are satisfied that the revised discount rate and long-term growth rate assumptions fall within our independently determined acceptable ranges, following EY challenges.</p> <p>Whilst the forecasts remain sensitive to the changes in key assumptions, the year-end position is not considered unreasonable.</p> <p>We have also concluded that the related disclosures are appropriate.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>The recoverable amount of investments held by the Parent Company</b></p> <p>As at 2 March 2024 the Parent Company investment value was £185.6m (£369.1m at 4 March 2023).</p> <p>Refer to the Audit Committee Report (page 58); Accounting policies (page 90); Note 35 of the Standalone Parent Company Financial Statements (page 130).</p> <p>The value of the Parent Company investments are significant balances. Furthermore, the Group's market capitalisation remained below the carrying value of Parent Company's net assets, presenting an indicator of impairment.</p> <p>The carrying value of the Parent Company investment balances is supported by the underlying 5-year board approved budget, containing a high degree of inherent complexity and estimation uncertainty derived from the judgements and assumptions exercised by management.</p> <p>Furthermore, given the legal entity rationalisation procedures that took place during the year (referred to as 'restructuring programme' in the Annual Report and Accounts), there were additional complexities from an accounting and legal perspective. These included complexities such as application of the relevant guidance on waiving of intra-group loans, assessment of realised versus unrealised reserves.</p> <p>The ability of management to override internal controls in relation to this estimate represents a significant risk and a fraud risk.</p>	<p>The underlying cashflows used to derive the VIU for the Group's CGU are also used to derive the VIU for the Parent Company's investment. As such, our audit procedures listed as part of the 'Impairment of non-financial assets in the group cash generating unit ('CGU')' KAM listed above covered both the Group and Parent Company impairment considerations.</p> <p>Additional audit procedures in relation to the legal entity rationalisation procedures included:</p> <ul style="list-style-type: none"> <li>• Evaluating management procedures over the execution of the legal entity rationalisation procedures and consideration of the impact on the Parent Company investment balance.</li> <li>• Assessing appropriateness of the legal entity rationalisation procedures to understand if they were executed in line with the relevant accounting standards.</li> <li>• Challenging management conclusions on the key complexities, such as the recoverability of the intra-group loans prior to the signing of the waiver, treatment of the brought forward reserves and any legal implications as a result of that.</li> <li>• Review the appropriateness of the Parent Company disclosures in respect of the legal entity rationalisation.</li> </ul>	<p>We are satisfied that the revised discount rate and long-term growth rate assumptions fall within our independently determined acceptable ranges, following EY challenges.</p> <p>Whilst the forecasts remain sensitive to the changes in key assumptions, management's year-end position is not unreasonable.</p> <p>Whilst there were a number of complexities in relation to the Group legal entity rationalisation, from an accounting and legal perspective, these were not unreasonable.</p> <p>We have also concluded that the related disclosures are appropriate.</p>

# Independent auditor's report to the members of N Brown Group plc continued

## OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### MATERIALITY

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

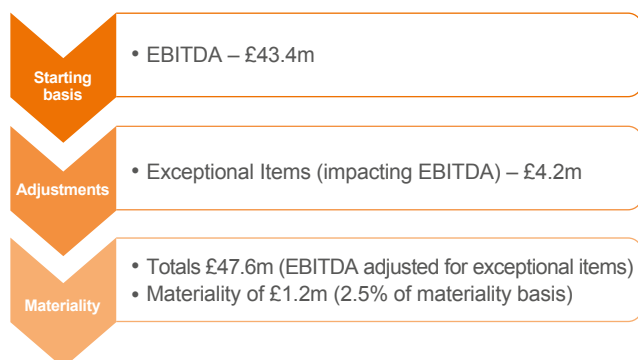
We determined materiality for the Group to be £1.2 million (2023: £2.0 million), which is 2.5% of EBITDA adjusted for exceptional items.

The significant change in materiality from 2023 comparative is driven by the change in materiality basis from that used by the predecessor auditor.

We believe that EBITDA adjusted for exceptional items provides us with the most relevant performance measure to the stakeholders of the group. EBITDA has been adjusted to add back the exceptional items which we consider to be non-recurring and not reflective of the underlying performance of the business. In the prior year, the previous auditors used 4.3% of Group profit before tax, normalised to exclude adjusted items and by averaging over the last five years.

We determined materiality for the Parent Company to be £2.1 million (2023: £1.6 million), which is 0.75% (2023: 0.30%) of the Parent Company assets.

Our procedures were carried out at the lower of the group materiality and the statutory materiality.



During the course of our audit, we reassessed initial materiality and increased the final materiality from our original assessment at the planning stage of £1.1m. This increase reflects the actual performance exceeding the planned performance.

### PERFORMANCE MATERIALITY

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2023: 65%) of our planning materiality, namely £0.6m (2023: £1.3m). We have set performance materiality at this percentage due to this being our first year as auditor of the group.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.1m to £0.6m.

### REPORTING THRESHOLD

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.1m (2023: £0.1m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

## OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 80, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# Independent auditor's report to the members of N Brown Group plc continued

## EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those relevant to the reporting framework (UK adopted international accounting standards, the companies Act 2006 and QCA Corporate Governance Code) and the relevant international tax laws and regulations. In addition, we concluded that there are certain laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the UK Listing Authority, UK financial services legislation, those laws and regulations relating to employee matters and pensions legislation, and data protection requirements in the jurisdictions in which the group operates.
- We understood how N Brown Group plc is complying with those frameworks through inquiry of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquires through our review of board minutes and papers provided to the board and the audit committee, including internal audit reports, and our attendance at the meetings of the audit committee.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was a susceptibility to fraud. We also considered performance targets impacting bonus arrangements, and the risk of management override of controls. We considered the programmes and controls that the group has established to prevent, deter and detect fraud, and how senior management monitors these programmes and controls. For our designated fraud risks we performed audit procedures to address these fraud risks in order to provide reasonable assurance that the financial statements were free from material fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved
  - Inquiring of Group Management, divisional management, internal audit, those charged with governance and legal counsel regarding their knowledge and any non-compliance or potential non-compliance with laws and regulations for fraud that could affect the financial statements;
  - Reading minutes of meetings of those charged with governance;
  - Assessment of matters reported to the Audit Committee and the results of management's investigation of such matters, involving the use of specialists where necessary; and
  - Journal entry testing, with a focus on manual journals indicating large or unusual transactions based on our understanding of the business.
- Where instances of non-compliance with laws and regulations were identified we performed the following procedures:
  - We determined whether each matter had the potential to have a more than inconsequential effect on the financial statements or was clearly inconsequential. We did an initial assessment including:
    - Obtaining and reading management's assessment as to the impact of the matter on the Financial Statements, including any internal or third party investigations carried out.
    - Holding discussions with local and Group Management.
  - Where a matter was deemed to have a clearly inconsequential effect we assessed the adequacy and completeness of management's assessment, including their determination of the financial statement impact before concluding the matter to be insignificant.
  - Where the matter was deemed to have a more than inconsequential effect we performed the following:
    - Evaluating the procedures undertaken by management to determine the impact of the matter, including the completeness of their procedures and findings
    - Involving our EY Forensic specialists to support us in the audit of management's procedures
    - Re-assessing and updating, where required, our planned audit procedures and responses to the areas identified
    - Assessing the financial impact and compared this to management's conclusions

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## OTHER MATTERS WE ARE REQUIRED TO ADDRESS

- We were appointed by the company on 20 October 2023 to audit the financial statements for the year ending 2 March 2024 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is 1 year, covering the year ended 2 March 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

- The audit opinion is consistent with the additional report to the audit committee.

## USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

### **Christabel Cowling**

Senior statutory auditor

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

5 June 2024

# Group accounts

## CONSOLIDATED INCOME STATEMENT

	Note	52 weeks ended 2 March 2024			53 weeks ended 4 March 2023		
		Before adjusted items £m	Adjusted items (note 6) £m	Total £m	Before adjusted items £m	Adjusted items (note 6) £m	Total £m
<b>Revenue</b>		<b>400.6</b>	<b>–</b>	<b>400.6</b>	455.7	–	455.7
Credit account interest		200.3	–	200.3	221.8	–	221.8
Group revenue	3	600.9	–	600.9	677.5	–	677.5
Cost of sales		(208.2)	(0.8)	(209.0)	(242.4)	–	(242.4)
Impairment losses on customer receivables	16	(106.2)	–	(106.2)	(122.3)	–	(122.3)
<b>Gross profit</b>		<b>286.5</b>	<b>(0.8)</b>	<b>285.7</b>	312.8	–	312.8
Impairment of non-financial assets		–	(3.3)	(3.3)	–	(53.0)	(53.0)
<b>Operating profit / (loss)</b>	5	<b>26.9</b>	<b>(7.5)</b>	<b>19.4</b>	21.6	(87.5)	(65.9)
Finance income <sup>1</sup>	8	2.6	–	2.6	1.5	–	1.5
Finance costs <sup>1</sup>	8	(16.2)	–	(16.2)	(15.6)	–	(15.6)
<b>Profit / (loss) before taxation and fair value adjustments to financial instruments</b>		<b>13.3</b>	<b>(7.5)</b>	<b>5.8</b>	7.5	(87.5)	(80.0)
Fair value adjustments to financial instruments	18	(0.5)	–	(0.5)	8.9	–	8.9
<b>Profit / (loss) before taxation</b>		<b>12.8</b>	<b>(7.5)</b>	<b>5.3</b>	16.4	(87.5)	(71.1)
Taxation	9	(5.6)	1.1	(4.5)	(0.9)	20.6	19.7
<b>Profit / (loss) for the period</b>		<b>7.2</b>	<b>(6.4)</b>	<b>0.8</b>	15.5	(66.9)	(51.4)
<b>Earnings / (loss) per share from continuing operations</b>							
Basic	11			0.17			(11.19)
Diluted	11			0.17			N/A

<sup>1</sup> FY23 has been re-presented to separately disclose finance income and finance costs.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	52 weeks ended 2 March 2024 £m	53 weeks ended 4 March 2023 £m
<b>Profit / (loss) for the period</b>		<b>0.8</b>	(51.4)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial losses on defined benefit pension scheme	29	(4.6)	(19.4)
Tax relating to items not reclassified	9	1.6	6.7
Net other comprehensive loss that will not be reclassified to profit and loss		(3.0)	(12.7)
<b>Items that may be reclassified subsequently to profit and loss</b>			
Exchange differences on translation of foreign operations		(0.6)	0.8
Fair value movements of cash flow hedges	18	(1.0)	30.5
Amounts reclassified from other comprehensive income to profit and loss		(10.1)	(6.6)
Tax relating to these items	9	2.8	(6.0)
<b>Net other comprehensive (loss) / income that may be reclassified subsequently to profit and loss</b>		<b>(8.9)</b>	18.7
<b>Other comprehensive (loss) / income for the period</b>		<b>(11.9)</b>	6.0
<b>Total comprehensive loss for the period attributable to equity holders of the parent</b>		<b>(11.1)</b>	(45.4)



## CONSOLIDATED BALANCE SHEET AS AT 2 MARCH 2024

	Note	As at 2 March 2024 £m	As at 4 March 2023 £m (Restated) <sup>2</sup>
<b>Non-current assets</b>			
Property, plant and equipment	13	47.0	50.9
Intangible assets	12	60.9	58.3
Right-of-use assets	27	6.3	0.5
Retirement benefit surplus	29	17.1	20.0
Derivative financial instruments	18	0.1	7.6
Deferred tax assets <sup>2</sup>	20	15.9	16.0
		147.3	153.3
<b>Current assets</b>			
Inventories	15	73.9	94.1
Trade and other receivables	16	468.6	504.7
Derivative financial instruments	18	8.8	19.1
Current tax asset		0.2	0.1
Cash and cash equivalents	25	65.2	35.5
		616.7	653.5
<b>Total assets</b>		<b>764.0</b>	<b>806.8</b>
<b>Current liabilities</b>			
Trade and other payables	21	(65.0)	(72.5)
Lease liability	27	(1.1)	(0.3)
Provisions	22	(4.9)	(10.1)
Derivative financial instruments	18	(0.7)	(0.1)
		(71.7)	(83.0)
<b>Net current assets<sup>1</sup></b>		<b>545.0</b>	<b>570.5</b>
<b>Non-current liabilities</b>			
Bank loans	17	(301.5)	(332.9)
Trade and other payables	21	(0.2)	–
Lease liability	27	(4.8)	(0.2)
Provisions	22	(6.6)	–
Derivative financial instruments	18	(0.1)	–
		(313.2)	(333.1)
<b>Total liabilities</b>		<b>(384.9)</b>	<b>(416.1)</b>
<b>Net assets</b>		<b>379.1</b>	<b>390.7</b>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	23	51.2	50.9
Share premium account		85.7	85.7
Own shares	24	(0.1)	(0.2)
Cash flow hedge reserve	18	5.4	15.7
Foreign currency translation reserve		1.2	1.8
Retained earnings		235.7	236.8
<b>Total equity</b>		<b>379.1</b>	<b>390.7</b>

1 FY23 net current assets has been re-totaled 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 32).

The financial statements of N Brown Group plc (Registered Number 00814103) were approved by the Board of Directors and authorised for issue on 5 June 2024.

They were signed on its behalf by:



**Dominic Appleton**  
CFO and Executive Director

# Group accounts continued

## CONSOLIDATED CASH FLOW STATEMENT

	Note	For the 52 weeks ended 2 March 2024 £m	For the 53 weeks ended 4 March 2023 £m
<b>Net cash inflow from operating activities</b>		<b>92.2</b>	6.3
<b>Investing activities</b>			
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)	–
<b>Net cash used in investing activities</b>		<b>(23.2)</b>	(25.6)
<b>Financing activities</b>			
Interest paid <sup>1,2</sup>		(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)	–
<b>Net cash (outflow) / inflow from financing activities</b>		<b>(39.8)</b>	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)
<b>Cash and cash equivalents and bank overdraft at beginning of period</b>		<b>35.5</b>	43.1
<b>Cash and cash equivalents and bank overdraft at end of the period</b>	25	<b>65.2</b>	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 LOW FROM OPERATING ACTIVITIES

		For the 52 weeks ended 2 March 2024 £m	For the 53 weeks ended 4 March 2023 £m
<b>Profit / (loss) for the period</b>		<b>0.8</b>	(51.4)
Adjustments for:			
Taxation charge / (credit)		4.5	(19.7)
Fair value adjustments to financial instruments		0.5	(8.9)
Net foreign exchange differences		(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 <sup>1</sup>		1.6	0.5
<b>Net cash inflow from operating activities</b>		<b>92.2</b>	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
<b>Loans and borrowings</b>		
Opening balance at 4 March 2023 (26 February 2022)	333.4	303.8
<b>Changes from financing cash flows</b>		
Net (repayment) / proceeds from loans and borrowings <sup>1</sup>	(31.1)	27.9
Lease principal payments in the period	(0.7)	(0.8)
New leases entered in the year	6.1	–
(Decrease) / increase in loans and borrowings due to changes in interest rates	(0.3)	2.5
<b>(Decrease) / increase in loans and borrowings</b>	<b>(26.0)</b>	<b>29.6</b>
<b>Closing balance at 2 March 2024 (4 March 2023)</b>	<b>307.4</b>	<b>333.4</b>

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 re-representation more accurately reflects the way the Securitisation cashflows are managed.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (note 23) £m	Share premium £m	Own shares (note 24) £m	Cash flow hedge reserve (note 18) £m	Foreign currency translation reserve £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
<b>Comprehensive income for the period</b>							
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
<b>Total comprehensive income / (loss) for the period</b>	–	–	–	17.9	0.8	(64.1)	(45.4)
Hedging gains and losses transferred to the cost of inventory purchased in the year	–	–	–	(7.7)	–	–	(7.7)
<b>Transactions with owners recorded directly in equity</b>							
Issue of shares by ESOT	–	–	0.3	–	–	–	0.3
Adjustment to equity for share payments	–	–	–	–	–	(0.3)	(0.3)
Historical adjustment to equity for share payments	–	0.7	(0.3)	–	–	(0.4)	–
Share option charge	–	–	–	–	–	1.5	1.5
Total contributions by and distributions to owner	–	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
<b>Comprehensive income for the period</b>							
Profit for the period	–	–	–	–	–	0.8	0.8
Other items of comprehensive loss for the period	–	–	–	(8.3)	(0.6)	(3.0)	(11.9)
<b>Total comprehensive loss for the period</b>	–	–	–	(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)
<b>Transactions with owners recorded directly in equity</b>							
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 owner	0.3	–	0.1	–	–	1.1	1.5
<b>Balance as at 2 March 2024</b>	<b>51.2</b>	<b>85.7</b>	<b>(0.1)</b>	<b>5.4</b>	<b>1.2</b>	<b>235.7</b>	<b>379.1</b>

# Notes to the Group accounts

## 1. GENERAL INFORMATION

N Brown Group plc (the 'Company') is a public limited company incorporated, domiciled and registered in England, United Kingdom under the Companies Act 2006. The address of the registered office is listed in the Shareholder Information section on page 134 at the end of the report, company number 00814103. The nature of the Group's operations and its principal activities are set out on page 1.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company and its subsidiaries (the 'Group') operates. Foreign operations are included in accordance with the policies set out in note 2. The Group financial statements for the 52 weeks ended 2 March 2024 have been prepared in accordance with UK adopted international accounting standards. The Company has elected to prepare its parent Company financial statements in accordance with FRS 101 and these are presented on pages 126 to 133.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months post the date of approval of these financial statements. Accordingly, they have adopted the going concern basis in the preparation of these financial statements. This is explained further in note 2 (Going Concern section).

The accounting policies have been applied consistently in the current and prior period.

### ADOPTION OF NEW AND REVISED STANDARDS

At the date of authorisation of these financial statements, the following standards and interpretations have become effective this financial year and applied for the first time in these financial statements:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- IFRS 17 Insurance Contracts

None of these new standards and interpretations have had any material impact on the financial statements.

At the date of authorisation of these financial statements, the following were in issue but have not been applied in these financial statements as they were not yet mandatory:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease liability in a sale and leaseback (Amendments to IFRS 16)
- Supplier finance arrangements (Amendments to IAS 7 and IFRS 17)

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

## 2. ACCOUNTING POLICIES

### BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis except that derivative financial instruments are stated at their fair value. The principal accounting policies adopted are set out as follows.

### ACCOUNTING PERIOD

Throughout the accounts, the Directors' Report and financial performance review, reference to 2024 means at 2 March 2024 or the 52 weeks then ended; reference to 2023 means at 4 March 2023 or the 53 weeks then ended, unless otherwise stated.

### BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) and are drawn to the Saturday that falls closest to 28 February. The current financial year relates to the 52 week period ended Saturday 2 March 2024 (2023: 53 week period ended Saturday 4 March 2023). The Employee Share Ownership Trust is also made up to a date coterminous with the financial period of the parent Company.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

### SECURITISATION

The Group securitises its customer receivables. This is achieved through the sale of these assets to a securitisation trust, Planetree Limited, (the 'Trust'), which is financed through the issuance of loan notes to a number of funders. 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 as working capital when assessing impairment cash flows vs financing. We present the interest paid as a financing charge in the cash flow statement as required by accounting standards and have separately highlighted the amount in a footnote.

The Trust used to hold the securitised receivables and funds raised by the issued loan notes is controlled by the Group as it has been determined that the Group has power over the Trust, exposure to variable returns from its involvement with the Trust, and the ability to use its power to affect the amount of returns through its involvement with the Trust. As such the Trust is consolidated in the group accounts under IFRS 10 Consolidated Financial Statements. This conclusion involves no management judgement and therefore management consider that there is no risk over the Group's interest in the Trust.

The Group also retains all risk and rewards over the receivables and therefore continues to recognise the receivables in full and the amounts repayable under the securitised borrowing are presented as a bank loan.

### CLIMATE CHANGE CONSIDERATIONS

In preparing the Group and Company financial statements, management has considered the impact of climate change, covering both the financial statements and the disclosures included in the Strategic Report. Considerations include, but are not limited to, the inclusion of committed costs to support the SUSTAIN initiatives set out within pages 29 to 44 within forecasts where appropriate, which management use to inform impairment reviews and assessments of going concern and viability. These considerations have not identified any significant impacts from our climate commitments which would materially impact the financial statements or reporting judgements and estimates.

### REVENUE RECOGNITION

Product revenue consists of sales of goods as well as postage and packaging receipts, and is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales-related taxes. Product revenue for all goods, including goods delivered to the end customer directly from suppliers on the Group's behalf and goods delivered to partners for onward sale to the end customer, is recognised in accordance with IFRS 15 when goods are delivered and therefore control of the goods is transferred from the Group to the end customer or partner.

Payment of the transaction price is due immediately when the customer purchases the product on the Group's websites, or in instalments where goods are purchased on credit. In the case of business to business transactions, payment is made in accordance with the applicable credit terms. In regards to goods directly despatched to the customer from suppliers, the Group has legal rights over the goods based on the contractual agreement and therefore the ability to establish the pricing and direct the use of, and obtain substantially all of the benefits from the specified goods. More specifically, the Group is responsible for the delivery of the specified goods to the customer, and retains the inventory risk from the point of despatch until delivery to the customer is achieved. The Group therefore is acting as the principal in these arrangements. Revenue from direct despatch sales is therefore recognised gross.

Sales returns in the period are recognised as a deduction to revenue based on expected levels of returns. Provision is made for outstanding returns not yet made at the period end. Accumulated experience (including historical returns rates) is used to estimate and provide for such returns. The provision is recorded as a reduction in revenue with a corresponding entry against trade receivables. Inventory expected to come back as a result of returns is recorded as a reduction in cost of sales with a corresponding entry to increase the closing stocks. Postage and packaging subscription revenue is recognised over the length of the subscription and deferred where this relates to future periods.

Financial Services revenue includes interest and administrative charges. Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable effective interest rate. Effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's gross carrying amount, being its amortised cost excluding expected credit losses. Interest income from stage 1 and stage 2 trade receivables is recognised by applying the effective interest rate to the gross carrying amount of the asset; for stage 3 trade receivables, the effective interest rate is applied to the net carrying amount after deducting the allowance for expected credit losses.

Revenue from non-interest-related Financial Services income primarily comprises administration fees arising from missed payments by customers and is recognised when the associated arrears management activity has been performed.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost, less accumulated depreciation and any provision for impairment in value.

Depreciation is charged so as to write-off the cost of assets to their estimated residual values, based on current prices at the balance sheet date, over their remaining useful lives, using the straight-line method. No depreciation is charged on freehold land. Assets under construction are not depreciated but instead tested for impairment annually.

In this respect the following annual depreciation rates apply:

#### Land and buildings

Freehold buildings	2%
Leasehold property and improvements	over the period of the lease

#### Fixtures and equipment

Plant and machinery	between 2% and 20%
Fixtures and fittings	10%

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset, or as the assets residual net book value in the case of asset retirements, and is recognised in the income statement.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

### RIGHT-OF-USE ASSETS

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use).

Right-of-use assets are measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

### INTANGIBLE ASSETS

Computer software development costs that generate economic benefits beyond one year are capitalised as intangible assets and amortised on a straight-line basis over a period of up to five years, or by exception over a longer period where it is expected that economic benefits are attributable over a longer period.

The remaining useful life of assets is reviewed on an annual basis, or where a change in the business or other circumstances would trigger a revision. Assets under development are not amortised but instead tested for impairment annually. The amortisation expense on intangible assets is recognised in the income statement within Depreciation and Amortisation.

# Notes to the Group accounts continued

## 2. ACCOUNTING POLICIES CONTINUED

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development activities is recognised if, and only if, all of the following conditions have been met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- The Group intends to complete the intangible asset and use or sell it;
- The Group has the ability to use or sell the intangible asset;
- The asset will generate future economic benefits;
- Adequate technical, financial and other resource is available to complete the development of the asset; and
- The Group can reliably measure the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to develop and prepare the asset to be capable of operating in the manner intended by the Group.

Software as a service ('SAAS') contract costs are expensed to the Income Statement over the life of the contract. For SAAS and cloud based technology, assessment is made as to whether the Group controls the software or whether the software is controlled by the third party provider. Where the Group does not control the software, any configuration and customisation costs are expensed. Costs incurred on the Group's existing assets and infrastructure are capitalised only when they are determined to give rise to separable assets or substantially improved processes or systems which the Group controls.

Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses.

Legally protected or otherwise separable trade names acquired as part of a business combination are capitalised at fair value on acquisition and are assumed to have an indefinite useful life. Intangible assets with indefinite lives are not amortised, but are subject to annual impairment tests. The indefinite life assessment is also reviewed annually to determine whether this continues to be supportable.

### IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

At each balance sheet date, the Group assesses whether there is an indication that an asset or cash generating unit ('CGU') may be impaired. If an indication exists, or when annual impairment testing is required, for example for intangible assets that have indefinite useful lives or that are not yet available for use, the Group estimates the assets or CGU's recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The Group uses the value in use ('VIU') method to assess the recoverable amount of its assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit) for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### INVENTORIES

Inventories have been valued at the lower of cost and net realisable value. Cost of inventories comprises direct materials calculated on a first-in-first-out basis and those overheads that have been incurred in bringing inventories to their present location and condition. Where materials are purchased in a foreign currency and the purchase of such materials has been designated in a hedge relationship as a highly probable transaction, the cost of inventories includes the transfer of the gains and losses on the hedging instruments since the date of designation in a hedge relationship, through the application of a basis adjustment to the cost of inventory.

Where the net realisable value is expected to be lower than cost, provision is made based on management's best estimate of future disposal strategies and the net realisable value achievable from the strategy, incorporating the estimated selling price less all costs incurred in marketing, selling and distribution. Provision rates applied take into consideration expected disposal routes and indications of obsolescence of inventory.

Stock in transit is recognised where control of the goods has transferred to the Group, following the transfer of the risks and rewards associated with the goods.

### TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

The Group has applied the exception in IAS 12 'Income Taxes' to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

## FOREIGN CURRENCIES

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items measured at fair value, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items, where the fair value gains and losses are recognised directly in other comprehensive income, are also recognised through other comprehensive income.

In order to hedge its exposure to certain foreign exchange risks, the Group may enter into forward contracts and options (see below for details of the Group's accounting policies in respect of such derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised as other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

## FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

## FINANCIAL INSTRUMENTS – CLASSIFICATION – FINANCIAL ASSETS AND LIABILITIES

IFRS 9 contains a classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost; fair value through other comprehensive income ('FVOCI'); and fair value through profit and loss ('FVTPL'). The Group has determined that all of the trade and other receivables are classified as amortised cost, as a financial asset is measured at amortised cost if both the following conditions are met and it has not been designated as at FVTPL:

- All such assets are held within a business model whose objective is to hold the asset to collect its contractual cash flows; and
- The contractual terms of all such assets give rise to cash flows on specified dates that represent payments of solely principal and interest on the outstanding principal amount.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income or realising cash flows from the sale of assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model and how those risks are managed;
- How managers of the business are compensated; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

For the purpose of this assessment 'principal' is defined as the fair value of the financial asset on initial recognition. Interest is defined as the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administration costs), as well as a profit margin.

- In assessing whether the contractual cash flows are solely payments of principal and interest the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment the Group considers:
  - Contingent events that would change the amount or timing of cash flows; and
  - Terms that may adjust the contractual coupon rate.
- IFRS 9 contains two classification categories for financial liabilities: measured at amortised cost or FVTPL. All of the Group's financial liabilities other than derivative liabilities are measured at amortised cost.

# Notes to the Group accounts continued

## 2. ACCOUNTING POLICIES CONTINUED

### FINANCIAL INSTRUMENTS – RECOGNITION AND MEASUREMENT

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is committed under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

A financial asset is derecognised primarily when:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset and has transferred substantially all the risks and rewards of ownership, including through debt sales; and
- The Group has taken actions not to pursue collection.
- The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities as appropriate on initial recognition.

Financial assets classified as amortised cost are subsequently measured using the effective interest method, less any impairment. Financial liabilities classified as amortised cost are subsequently measured using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest rate method is a method of calculating amortised cost and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial instruments held at fair value through profit or loss relate entirely to derivative contracts. As noted below, these instruments are carried in the balance sheet at their fair value with changes in the fair value recognised in the income statement as they arise.

### IMPAIRMENT – FINANCIAL SERVICES AND CONTRACT ASSETS

The Group recognises an allowance for expected credit losses ('ECLs') for customer and other receivables. IFRS 9 requires an impairment provision to be recognised on origination of a customer advance, based on its ECL. Customer receivables are included within trade receivables in the Group balance sheet.

ECL provisions that are recognised in the Consolidated Income Statement are presented as 'Impairment losses on customer receivables'. The Group recognises proceeds related to the sale of non-performing accounts as a remeasurement in the ECLs on these receivables.

As the Group has determined there is a significant financing component, the ECL model introduces the concept of staging.

Stage 1 – includes new originated assets, and assets which do not demonstrate any significant increase in credit risk (SICR).

Stage 2 – assets which have demonstrated a significant increase in credit risk since origination.

Stage 3 – assets which are credit impaired (e.g. defaulted or accounts in forbearance).

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.
- 12-month ECLs are calculated for assets in Stage 1 and lifetime ECLs are calculated for assets in Stages 2 and 3.

ECL is the product of the Probability of Default ('PD'), exposure at default ('EAD') and Loss Given Default ('LGD'), discounted at the current effective interest rate ('EIR').

In accordance with IFRS 9, the current EIR is used as the discount rate because all trade receivables have a variable interest rate.

The PD is an estimate of the likelihood of default over 12 months (stage 1) or the expected lifetime of the debt (stage 2). It is 100% for balances within stage 3. The calculation of PDs is based on statistical models that utilise internal data and external data, adjusted to take into account estimates of future conditions.

The EAD is an estimate of the balance at the future default date, taking into consideration the impact of future interest, arrears changes and payments. Receivables arising from future sales are not incorporated into the ECL calculation as explained below.



The LGD is an estimate of the loss arising on default, including an estimation of recoveries based on the Group's history of recovery rates from the sale of customer receivables and expectations of how these will change in the future. Recoveries exclude estimated future proceeds from VAT Bad Debt Relief.

Instead, VAT Bad Debt relief is recognised within the net VAT creditor in other creditors at the point at which the receivable balance meets the agreed criteria with HMRC for VAT Bad Debt Relief to apply, generally being that a customer receivable is over 180 days past due.

IFRS 9 ordinarily requires an entity to not only consider a loan, but also the undrawn commitment when calculating the ECL, where the exposure to credit risk cannot be limited by the ability to cancel or demand repayment. However, the guidance in IFRS 9 excludes from its scope a sales commitment, being the rights and obligations from the delivery of goods as a result of a contract with a customer within the scope of IFRS 15. Thus, a sales commitment is not considered to be a financial instrument, and therefore the contract with the customer is outside of the scope of IFRS 9 for recognition of expected credit losses on undrawn commitments. The impairment requirements are not applied by the Group until delivery has occurred and a receivable has been recognised at which point the Group has a recognised financial instrument, and the 12-month ECL will be recognised in line with the above.

### SIGNIFICANT INCREASE IN CREDIT RISK

A financial asset will be considered to have experienced a SICR since origination where there has been a significant increase in the lifetime PD of the asset.

Changes in behavioural risk scores (which comprise both internal data and credit bureau data, including forward looking trended data) are used as a reasonable approximation to assess whether there has been a significant increase in lifetime PD.

The change in behavioural risk score for which the 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. The credit risk of a financial asset may improve such that when this threshold is no longer exceeded, it is no longer considered to have experienced SICR and would move back to Stage 1.

IFRS 9 requires a backstop to be applied whereby a receivable that is over a certain number of days past due (30 days or more) is automatically considered to have experienced SICR. Days past due are determined by counting the number of days since the earliest elapsed payment due date in respect of which the minimum payment has not been received. The majority of customers that move from Stage 1 to Stage 2 are as a result of an indicator of change in risk rather than application of the SICR backstop.

### DEFINITION OF DEFAULT

At each reporting date, the Group assesses whether financial assets carried at amortised cost are in default (stage 3).

- Evidence that a financial asset is in default includes the following observable data:
- The account has been placed on a payment arrangement (as part of forbearance measures);
- Notification of bereavement has been received; or
- The receivable is 84 days or more days past due for both new and established customers.

### DEFINITION OF WRITE-OFF

Financial assets are written-off when: there is no reasonable expectation of recovery; where enforcement activity is uneconomical; where the customer is deceased; or where it is not aligned to the Group's recovery strategy. Any recoveries received following the sale of customer receivables to third parties accrue to the third-party purchaser, as the risk and rewards of ownership have been transferred. Where customer receivables have not been sold but have been written-off, recoveries received are recognised in the income statement.

### INCORPORATION OF FORWARD-LOOKING DATA

The Group incorporates a variety of forward looking information into its measurement of expected credit loss. This includes macro-economic data to reflect the expected impact of future economic events on a customer's ability to make repayments. This is achieved through engagement of external expert advisors to devise a central, downside and upside of potential economic scenarios and modelling expected credit losses for each scenario. Management uses the outputs from each scenario and applies probability weightings to the central, upside and downside scenarios, to estimate the likelihood of each scenario occurring to derive estimate of expected credit loss.

The macro-economic measures used are changes in unemployment, Bank of England interest rates and average weekly earnings and are disclosed in more detail in note 19.

The future macro-economic scenario assumptions are reviewed at each reporting date and updated accordingly.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, less bank overdrafts where a right to offset and intention to settle on a net basis exists, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### FINANCIAL LIABILITIES

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

### TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value, are not interest bearing and are subsequently measured at amortised cost.

### EQUITY INSTRUMENTS

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### DERIVATIVE FINANCIAL INSTRUMENTS

The Group's activities expose it to market risks of changes in foreign currency exchange rates relating to the purchase of overseas sourced products, and interest rates relating to the Group's floating rate debt. The Group uses foreign exchange derivatives (forward contracts and options) and interest rate derivatives (swaps and caps) where appropriate to hedge these exposures. In accordance with its Treasury Policy, the Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives.

# Notes to the Group accounts continued

## 2. ACCOUNTING POLICIES CONTINUED

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at each reporting period.

The accounting for subsequent changes in the fair value depends on whether the derivative is designated as a hedging instrument. The Group hedges the risk associated with highly probable forecast transactions for the purchase of inventory, and the risk associated with its finance costs linked to variable reference rates.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, its risk management objective and strategy for undertaking hedge transactions. The fair value of derivative financial instruments designated in hedge relationships are disclosed in note 18.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. Any gain or loss relating to hedge ineffectiveness is recognised immediately in profit and loss. Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item results in the recognition of a non-financial asset, such as the purchase of inventory, the hedging gains and losses are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss, through the cost of sales.
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within the finance cost at the same time as the interest expense on the hedged borrowings.
- Changes in the fair value of any derivative instrument which is not designated in a hedge accounting relationship are recognised immediately in profit or loss. Foreign currency and interest rate derivative fair values represent the estimated amount that the Group would receive or pay to terminate the derivative at the balance sheet date based on prevailing foreign currency and interest rates.

### PROVISIONS

The Group recognises a provision for a present obligation (legal or constructive) resulting from a past event when it is more likely than not that it will be required to transfer economic benefits to settle the obligation and the amount of the obligation can be estimated reliably. In the cases where the amount of the obligation cannot be estimated reliably, no provision is made. Provisions are recognised at the value of management's best estimate of the expenditure required to settle the obligation at the reporting date. Where a single obligation is being measured, management determines the most likely outcome when estimating the provision.

A provision is made for customer remediation, and any associated legal costs, when the Group has established that a present obligation exists in respect of Financial Services products sold in the past. A provision is made for restructuring costs, including the costs of redundancy, when the Group has a constructive obligation. A constructive obligation exists when the Group has approved a detailed formal restructuring plan, and the restructuring has either commenced or has been announced publicly, setting a valid expectation with those impacted.

If the Group has a contract that is onerous, it recognises the present obligation under the contract as a provision, other than rental costs offset against the right-of-use asset when IFRS 16 was first applied. An onerous contract is one where the unavoidable costs of meeting the Group's contractual obligations exceed the expected economic benefits.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events that are not recognised because either an outflow of economic benefits is not probable, or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but information about them is disclosed unless the possibility of any outflow of economic benefits in settlement is remote.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Until the realisation of income is virtually certain, contingent assets are not recognised but information about them is disclosed where an inflow of economic benefits is probable.

### LEASE LIABILITIES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Where the Group is a lessee, it recognises a right-of-use asset and a corresponding lease liability, measured at the present value of remaining cash flows on the lease. Lease liabilities include the net present value of fixed payments less any lease incentives receivable. There are no residual value guarantees or purchase options present in any contracts entered by the Group. The lease payments are discounted using the Group's incremental borrowing rate at the lease commencement date, calculated by applying a weighting to the Group's available financing facilities.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease liability is subsequently measured at the amortised cost using the effective interest rate method. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to nil.

Extension and termination options are not currently included in measurement of any of the leases across the Group, as all options present in the contracts have been exercised in the past. Any new leases or renegotiated leases which the Group enters into in future containing an extension or termination option will be considered when determining the lease length with reference to management intention and historic action.

The Group applies the recognition exemption in IFRS 16 for leases with a term not exceeding 12 months and low value leases. For these leases the lease payments are recognised as an expense on a straight-line basis over the lease term.

### SHARE-BASED PAYMENTS

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. This is recognised as an employee expense with a corresponding increase in equity. Fair value is measured using the Monte Carlo method for incentive awards subject to a market-based performance condition and by use of a Black-Scholes model for all others. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

### OWN SHARES HELD BY ESOT

Transactions of the Group sponsored Employee Share Ownership Trust ('ESOT') are included in the Group financial statements. The trust's purchases and sales of shares in the Company are debited and credited directly to equity.

### RETIREMENT BENEFIT COSTS

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Past service cost is recognised in profit or loss in the period of scheme amendment. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

Defined benefit costs are split into three categories:

Current service cost, past service cost and gains and losses on curtailments and settlements;

Net interest expense or income; and Remeasurement.

The Group presents the first two components of defined benefit costs within operating expenses. Curtailment gains and losses are also accounted for as a past service cost within operating expenses. Net interest expense or income is recognised within finance costs.

The retirement benefit asset recognised in the balance sheet represents the fair value of scheme assets as reduced by the present value of the defined benefit obligation. Any asset resulting from this calculation is recognised in full as the Group considers it has unconditional right to any surplus after all members' benefits have been settled.

### SUPPLIER REBATES

The Group enters into rebate arrangements with suppliers in the form of early settlement discounts and supplier funded contributions for discounts to customers. Settlement discounts are recognised as a reduction to the value of inventory purchased and subsequently through cost of sales as goods are sold. Supplier funded contributions are recognised as a reduction to cost of sales when goods are sold based on agreements in place.

### ADJUSTED ITEMS

Adjusted items are items of income and expenditure which are non-recurring in nature and material to the current financial year or represent true ups to items presented as adjusted in prior periods. These are presented separately in the consolidated income statement, as the Directors believe that this presentation helps to avoid distortion of underlying performance.

### SUPPLIER FINANCING ARRANGEMENTS

The Group has a supplier financing arrangement which is facilitated by HSBC. This arrangement is based around the principle of reverse factoring whereby the banks purchase from the suppliers approved trade debts owed by the Group, with the principal purpose being to provide the supplier with earlier access to liquidity. 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 banks. The banks have no special seniority of claim to the Group upon liquidation and would be treated the same as any other trade payable. From the Group's perspective, the invoice payment due date remains unchanged and the payment terms of suppliers participating in the supplier financing arrangement are similar to those suppliers that are not participating. 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 as trade payables.

### 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.

# Notes to the Group accounts continued

## 2. ACCOUNTING POLICIES CONTINUED

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 17, 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 size of 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 23 to 25 during periods of uncertain economic outlook and challenging macroeconomic conditions.

### 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 assumptions within the IFRS9 model are covered in pages 94 to 95.

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 19.

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.

### IMPAIRMENT OF NON-FINANCIAL ASSETS CRITICAL JUDGEMENT AND ESTIMATION UNCERTAINTY

Impairment exists when the carrying value of an asset or 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 net 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 12.

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 12.

### 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 22.

#### 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. Sensitivity of the estimation uncertainty is disclosed in note 20.

#### 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. Sensitivities performed on key assumptions are discussed in note 29. All assumptions are reviewed at each reporting date.

## 3. REVENUE

	52 weeks to 2 March 2024 £m	53 weeks to 4 March 2023 £m
<b>An analysis of the Group's revenue is as follows:</b>		
Sale of goods	362.9	412.4
Postage and packaging	18.3	21.0
<b>Product revenue</b>	<b>381.2</b>	<b>433.4</b>
Credit account interest	200.3	221.8
Other financial services income	19.4	22.3
<b>Financial Services revenue</b>	<b>219.7</b>	<b>244.1</b>
<b>Total Group revenue</b>	<b>600.9</b>	<b>677.5</b>

# Notes to the Group accounts continued

## 4. BUSINESS SEGMENT

The Group has identified two operating segments in accordance with IFRS 8 – Operating segments, Product 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.

	52 weeks 2024 £m	53 weeks 2023 £m
<b>Analysis of revenue:</b>		
Sale of goods	362.9	412.4
Postage and packaging	18.3	21.0
<b>Product – total revenue</b>	<b>381.2</b>	433.4
Other financial services revenue	19.4	22.3
Credit account income	200.3	221.8
<b>Financial Services – total revenue</b>	<b>219.7</b>	244.1
<b>Group Revenue</b>	<b>600.9</b>	677.5
<b>Product – total cost of sales</b>	<b>(207.4)</b>	(240.9)
Impairment losses on customer receivables	(106.2)	(122.3)
Other financial services cost of sales	(0.8)	(1.5)
<b>Financial Services – total cost of sales</b>	<b>(107.0)</b>	(123.8)
<b>Cost of sales</b>	<b>(314.4)</b>	(364.7)
<b>Adjusted Gross profit</b>	<b>286.5</b>	312.8
Adjusted Gross profit margin – Group	47.7%	46.2%
Adjusted Gross profit margin – Product	45.6%	44.4%
Adjusted Gross profit margin – Financial Services	51.3%	49.3%
Warehouse and fulfilment	(58.1)	(63.2)
Marketing and production <sup>1</sup>	(59.3)	(68.2)
Other administration and payroll <sup>1</sup>	(121.5)	(124.1)
<b>Adjusted operating costs before adjusted items</b>	<b>(238.9)</b>	(255.5)
<b>Adjusted EBITDA</b>	<b>47.6</b>	57.3
Adjusted EBITDA margin	7.9%	8.5%
Depreciation and amortisation	(20.7)	(35.7)
Impairment of non-financial assets (notes 12 and 13)	(3.3)	(53.0)
Adjusted items charged to operating profit / (loss)	(4.2)	(34.5)
<b>Operating profit / (loss)</b>	<b>19.4</b>	(65.9)
Net finance costs	(13.6)	(14.1)
Fair value adjustments to financial instruments	(0.5)	8.9
<b>Profit / (loss) before taxation</b>	<b>5.3</b>	(71.1)

<sup>1</sup> Financial Services statement costs have been re-presented from marketing and production into other admin and payroll for both periods.

	52 weeks 2024 £m	53 weeks 2023 £m
<b>Analysis of Product revenue:</b>		
Strategic brands <sup>1</sup>	282.5	311.8
Heritage brands <sup>2</sup>	98.7	121.6
Total Product revenue	381.2	433.4
Financial Services revenue	219.7	244.1
<b>Group revenue</b>	<b>600.9</b>	<b>677.5</b>

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: £53.0m).

	2024 £m	2023 £m
Capital additions	23.0	26.4
Capital disposals	(3.0)	(0.9)
Balance sheet		
Total segment assets	764.0	820.0
Total segment liabilities	(384.9)	(429.3)
<b>Segment net assets</b>	<b>379.1</b>	<b>390.7</b>

## 5. PROFIT / (LOSS) FOR THE PERIOD

	52 weeks to 2 March 2024 £m	53 weeks to 4 March 2023 £m
<b>Profit / (loss) for the period has been arrived at after charging:</b>		
Net foreign exchange loss	—	1.3
Depreciation of property, plant and equipment	2.6	4.3
Impairment of non-financial assets	3.3	53.0
Amortisation of intangible assets	17.3	30.6
Depreciation of right-of-use assets	0.8	0.8
Loss on disposal of intangible assets	0.1	0.8
Cost of inventories recognised as expense	207.4	240.9
Staff costs	80.3	78.3
Auditor's remuneration for audit services	1.7	1.7
Impairment losses on customer receivables	106.2	122.3
Adjusted items	4.2	34.5
Lease costs	0.4	0.6

A more detailed analysis of auditor's remuneration is provided below:

	2024 £m	2023 £m
Audit of these financial statements	0.3	0.3
Audit of financial statements of subsidiaries of the Company	1.4	1.4
Non-audit services	—	—
<b>Total</b>	<b>1.7</b>	<b>1.7</b>

Additional fees of £0.3m were raised following the finalisation of the 2023 audit, and therefore not included in the prior year comparative figures above.

Fees relating to non-audit services were £nil (2023: £nil). Fees payable to the Company's auditor for the audit of the Company's annual accounts were £20,000 (2023: £20,000).

A description of the work of the Audit and Risk Committee is set out in the Corporate Governance Statement on page 58 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditor.

# Notes to the Group accounts continued

## 6. ADJUSTED ITEMS

	2024 £m	2023 £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
<b>Total adjusted items</b>	<b>7.5</b>	<b>87.5</b>

Cash outflows in the current period relating to adjusted items amounted to £3.0m (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 as disclosed in note 22.

### 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: £2.2m).

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. More details on the Impairment reviews performed by management is provided in note 12.

Following the exit of the owned warehouse property discussed in Strategic change 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. More detail provided in note 13. A programme to actively market the property and locate a buyer had not started at the year end.



## 7. STAFF COSTS

	2024	2023
The average monthly number of employees (including Executive Directors) was:		
Distribution	564	629
Sales and administration	1,247	1,245
<b>Total</b>	<b>1,811</b>	<b>1,874</b>
	52 weeks to 2 March 2024 £m	53 weeks to 4 March 2023 £m
<b>Their aggregate remuneration comprised:</b>		
Wages and salaries	65.0	63.3
Social security costs	6.7	6.9
Other pension costs	7.1	6.4
Share option costs	1.5	1.7
<b>Total</b>	<b>80.3</b>	<b>78.3</b>

Included in the £65.0m wages and salaries cost is £11.9m (2023: £10.6m) relating to agency staff costs.

The aggregate amount of remuneration paid or receivable by Executive Directors in respect of services in the year was £1.3m (2023: £0.8m).

The aggregate amount of contributions paid to a pension scheme in respect of Executive Directors' qualifying services was £0.1m (2023: £0.1m). Retirement benefits are accruing in respect of qualifying services in defined contribution pension schemes for two Executive Directors (2023: one).

No amounts were paid to or receivable by Executive Directors under long-term incentive schemes in respect of qualifying services in the year (2023: £nil).

Details of individual Directors' remuneration is disclosed in the Directors' Remuneration Report on page 65 to page 72.

## 8. FINANCE INCOME AND COSTS

	2024 £m	2023 £m
Interest on bank deposits	1.6	0.5
Net pension interest credit	1.0	1.0
Finance income	2.6	1.5
Interest on bank overdrafts, loans and lease liabilities <sup>1</sup>	16.2	15.4
Other interest payable	–	0.2
Finance costs	16.2	15.6

1 Included within Interest paid is £14.0m (2023: £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 finance income and finance costs.

Gains on the interest rate swap held by the Group to hedge its floating rate exposure on the securitisation facility of £10.0m (2023: gain of £2.8m) designated in a hedge relationship with the securitisation loan notes, have been transferred against the Group's finance cost in the period.

## 9. TAXATION

	2024 £m	2023 £m
<b>Tax recognised in income statement</b>		
<b>Current tax</b>		
Charge for the period	0.3	1.3
Adjustments in respect of previous periods	(0.8)	0.7
	(0.5)	2.0
<b>Deferred tax</b>		
Organisation and reversal of temporary timing differences	2.5	(21.4)
Adjustments in respect of previous periods	2.5	(0.3)
	5.0	(21.7)
<b>Total tax expense / (credit)</b>	<b>4.5</b>	<b>(19.7)</b>

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.

# Notes to the Group accounts continued

## 9. TAXATION CONTINUED

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:

	2024 £m	2023 £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 deferred tax rate on Pensions	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 other comprehensive income or equity were as follows:

	2024 £m	2023 £m
<b>Tax recognised directly through other comprehensive income or equity</b>		
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	(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.

## 10. DIVIDENDS

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

## 11. 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:

	2024 £m	2023 £m
<b>Earnings / (loss)</b>		
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)
<b>Number of shares ('000s)</b>	2024 Number	2023 Number
Weighted average number of ordinary shares for the purpose 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
<b>Earnings from continuing operations</b>	2024 £m	2023 £m
Total net profit / (loss) attributable to equity holders of the parent for the purposes of basic and diluted 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 purpose 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.

	2024 Pence	2023 Pence
<b>Adjusted earnings per share</b>		
Basic	1.65	1.81
Diluted	1.62	N/A
<b>Earnings / (loss) per share</b>	2024 Pence	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.

## 12. INTANGIBLE ASSETS

	Brands £m	Software £m	Customer Database £m	Total £m
<b>Cost</b>				
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)
<b>At 2 March 2024</b>	<b>16.9</b>	<b>407.5</b>	<b>1.9</b>	<b>426.3</b>
<b>Accumulated amortisation and impairment</b>				
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)
<b>At 2 March 2024</b>	<b>16.9</b>	<b>346.6</b>	<b>1.9</b>	<b>365.4</b>
<b>Carrying amount</b>				
<b>At 2 March 2024</b>	<b>–</b>	<b>60.9</b>	<b>–</b>	<b>60.9</b>
At 4 March 2023	–	58.3	–	58.3
At 26 February 2022	–	113.0	–	113.0

# Notes to the Group accounts continued

## 12. INTANGIBLE ASSETS CONTINUED

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 17). 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.

# Notes to the Group accounts continued

## 13. PROPERTY, PLANT AND EQUIPMENT

	Land and building £m	Fixtures and fittings £m	Plant and Machinery £m	Total £m
<b>Cost</b>				
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)
<b>At 2 March 2024</b>	<b>59.1</b>	<b>32.6</b>	<b>51.2</b>	<b>142.9</b>
<b>Accumulated amortisation and impairment</b>				
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)
<b>At 2 March 2024</b>	<b>25.6</b>	<b>22.5</b>	<b>47.8</b>	<b>95.9</b>
<b>Carrying amount</b>				
<b>At 2 March 2024</b>	<b>33.5</b>	<b>10.1</b>	<b>3.4</b>	<b>47.0</b>
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 12. 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 £1.9m (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, see note 15.

## 14. SUBSIDIARIES

A list of all investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest, is given in note 36 to the Company's separate financial statements.

## 15. INVENTORIES

	2024 £m	2023 £m
Finished goods	72.7	93.8
Sundry stocks	1.2	0.3
	<b>73.9</b>	94.1

The inventory balance is net of stock provisions amounting to £4.9m (2023: £7.3m).

A credit of £3.8m in the period (2023: charge of £3.5m) has been made to the income statement in respect of written-down inventories and reduction in the inventory duty provision.

The right of return asset in inventory amounted to £2.6m (2023: £2.9m). There was no inventory pledged as security for liabilities in the current or prior period.

Sundry stocks relate to packaging stock, and from 2024 also include amounts relating to replacement parts and spares for plant and machinery reclassified from tangible assets (FY23 tangible assets included £0.9m).

Gains on foreign exchange forward contracts held by the Group to hedge its exposure on forecast US dollar purchases designated in hedging relationships of £2.6m (2023: £10.3m) have been transferred to the cost of inventory purchased during the period.

## 16. TRADE AND OTHER RECEIVABLES

	2024 £m	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. Credit quality analysis is further analysed in note 19.

	2024 £m			2023 £m		
	Trade receivables	Trade receivables on payment arrangements	Total trade receivables	Trade receivables	Trade receivables on payment arrangements	Total trade receivables
Ageing of 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

	2024 £m	2023 £m
Provision movement <sup>1</sup>	(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

<sup>1</sup> Provision movement is the closing allowance for expected credit losses less the opening allowance for expected credit losses.

### SENSITIVITIES OF ESTIMATION UNCERTAINTIES

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

# Notes to the Group accounts continued

## 17. BANK BORROWINGS

	2024 £m	2023 £m
Bank loans	(301.5)	(332.9)
Net overdraft facility	–	–
The borrowings mature 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 / applicable in the year 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 '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.

The key covenants in respect of the new RCF continue to be as follows:

- Leverage less than 1.5 – representing the ratio of unsecured net cash / (debt)<sup>1</sup>, over Adjusted EBITDA<sup>1</sup> after the deduction of Securitisation interest; and
- Interest cover greater than 4.0 – representing the ratio of Adjusted EBITDA<sup>1</sup> over finance costs after excluding Securitisation interest and adding back pension interest credit.

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.

Note 19 summarises the objectives and policies for holding or issuing financial instruments and similar contracts, and the strategies for achieving those objectives that have been followed during the period.

There is no material difference between the fair value and carrying amount of the Group's borrowings.

<sup>1</sup> A full glossary of Alternative Performance Measures and their definitions are included on page 20. A reconciliation of statutory measures to adjusted measures is included on page 15.



## 18. DERIVATIVE FINANCIAL INSTRUMENTS

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

	2024 £m	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
<b>Total notional amount</b>	<b>477.2</b>	<b>614.4</b>

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

	2024 £m	2023 £m
<b>Current assets:</b>		
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
<b>Total</b>	<b>8.8</b>	<b>19.1</b>

	2024 £m	2023 £m
<b>Non-current assets:</b>		
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
<b>Total</b>	<b>0.1</b>	<b>7.6</b>

	2024 £m	2023 £m
<b>Current liabilities:</b>		
Foreign currency forwards – cash flow hedges	(0.7)	–
Foreign currency forwards – non designated instruments at FVPL	–	(0.1)
<b>Total</b>	<b>(0.7)</b>	<b>(0.1)</b>

	2024 £m	2023 £m
<b>Non-current liabilities:</b>		
Foreign currency forwards – cash flow hedges	(0.1)	–
Foreign currency forwards – non designated instruments at FVPL	–	–
<b>Total</b>	<b>(0.1)</b>	<b>–</b>

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).

# Notes to the Group accounts continued

## 18. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

There were no transfers between Level 1 and Level 2 during the current or prior period.

The Group's hedge reserve relates to the following hedging instruments and movements:

	FX Forwards £m	Cost of hedging £m	Interest rate swaps £m	Total £m
Opening 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 as 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)	(2.7)	0.1	–	(2.6)
Hedge gains 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
<b>Closing balance at 2 March 2024</b>	<b>(0.5)</b>	<b>(0.1)</b>	<b>6.0</b>	<b>5.4</b>

## 19. FINANCIAL INSTRUMENTS

### CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The debt and equity structure of the Group consists of debt, which includes the borrowings disclosed in note 17 and lease liabilities as recognised under IFRS 16, disclosed in note 27, net of cash and cash equivalents disclosed in note 25 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 23 to 24 and the consolidated statement of changes in equity.

### GEARING RATIO

The gearing ratio at the year end is as follows:

	2024 £m	2023 £m
Debt	301.5	332.9
Cash and cash equivalents	(65.2)	(35.5)
Bank overdrafts	–	–
Adjusted net debt	236.3	297.4
Lease liability	5.9	0.5
Net debt	242.2	297.9
Equity	379.1	390.7
Gearing ratio	63.9%	76.2%

Debt is defined as long-term and short-term borrowings, as detailed in note 17.

Equity includes all capital and reserves of the Group attributable to equity holders of the parent.

### EXTERNALLY IMPOSED CAPITAL REQUIREMENT

The Group is not subject to externally imposed capital requirements. However, its wholly owned subsidiary, J.D. Williams & Co Ltd does have an FCA regulatory minimum capital requirement, which it comfortably exceeded throughout the year.

### ACCOUNTING POLICIES

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.

### FINANCIAL RISK MANAGEMENT OBJECTIVES

The financial risks facing the Group include foreign exchange risk, credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimise the effects of certain of these risks by using derivative financial instruments to hedge these risk exposures as governed by the Group's policies. The Group does not enter into or trade financial instruments, including derivative financial instruments, to make a gain but rather to protect its position.

## FOREIGN CURRENCY RISK MANAGEMENT

The Group undertakes certain transactions denominated in foreign currencies, primarily relating to US dollar purchases of inventories and revenue and operating costs from its Irish operation. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising foreign exchange derivative contracts as described in note 18.

It is the policy of the Group to enter into foreign exchange derivative contracts to cover specific foreign currency payments for the purchase of overseas sourced products. Group policy allows for these exposures to be hedged for up to two years ahead. Hedge accounting is applied to the highly probable forecast inventory purchases with the objective of minimising volatility of currency cost. At the balance sheet date, details of the notional value of outstanding US dollar foreign exchange derivative contracts that the Group has committed to are as follows:

	2024 £m	2023 £m
Less than 6 months	34.1	42.9
6 to 12 months	32.9	34.1
12 to 18 months	9.5	17.5
Greater than 18 months	0.8	3.2
	<b>77.3</b>	<b>97.7</b>

Forward contracts outstanding at the period end are contracted at US dollar exchange rates ranging between \$1.21:£1 and \$1.35:£1.

## FOREIGN CURRENCY SENSITIVITY ANALYSIS

A strengthening or weakening of the sterling against the Euro and US dollar at 2 March 2024 would have affected the measurement of the Group's financial instruments denominated in a foreign currency and affected equity and profit or loss. The following table demonstrates a hypothetical sensitivity of 10% in sterling against the main foreign currencies used by the Group. The sensitivities have been applied on the foreign currency balances held by the Group at the balance sheet date. The sensitivity rate of 10% represents the Directors' assessment of a reasonable possible change. The Group takes out forward contracts to manage its foreign currency exposure.

	Euro Currency impact		US Dollar currency impact	
	2024 £m	2023 £m	2024 £m	2023 £m
Sterling strengthened by 10%	(0.6)	(0.7)	0.5	0.6
Sterling weakens by 10%	0.7	0.8	(0.6)	(0.7)

## CATEGORIES OF FINANCIAL INSTRUMENTS

	2024 £m	2023 £m
<b>Financial Assets</b>		
Derivatives – at fair value through profit and loss	0.4	4.4
Derivatives – at fair value and subject to hedge accounting	8.5	22.3
Cash and bank balances – amortised cost	65.2	35.5
Trade receivables – amortised cost	443.7	480.6
Other receivables – amortised cost	4.1	3.2
	<b>521.9</b>	<b>546.0</b>
<b>Financial Liabilities</b>		
Derivatives – at fair value through profit and loss	–	0.1
Derivatives – at fair value and subject to hedge accounting	0.8	–
Bank loans and overdraft – amortised cost	301.5	332.9
Trade and other payables – amortised cost	37.4	43.8
	<b>339.7</b>	<b>376.8</b>

## INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk, as entities in the Group borrow funds at floating interest rates but earns interest from customers at interest rates which are initially fixed for at least 12 months. Where appropriate, exposure to interest rate fluctuations on indebtedness is managed by using derivatives.

The Group has in place an interest rate swap to a notional value of £250m. The swap is designated as a cash flow hedge whereby the Group pays a fixed rate of interest, and receives interest linked to the Sterling Overnight Index Average ('SONIA'). An economic relationship exists with the Group's secured borrowing facility where the finance cost is linked to SONIA. The Group also has in place further interest rate caps which hedge the risk of the Group's finance costs increasing on the remaining borrowing facility above a certain rate, which is not designated for hedge accounting. The value of interest rate caps outstanding at the year end was £0.3m (2023: £3.5m).

# Notes to the Group accounts continued

## 19. FINANCIAL INSTRUMENTS CONTINUED

### INTEREST RATE SENSITIVITY ANALYSIS

If interest rates had increased by 0.5% and all other variables were held constant, the Group's interest cost for the 52 weeks ended 2 March 2024 would have increased by £0.3m (2023: £0.4m). This sensitivity analysis has been determined based on exposure to interest rates at the balance sheet date and assuming the net debt outstanding at the year end date was outstanding for the whole year.

The interest rate swap held by the Group limits the sensitivity to interest movement in the current period to securitisation drawdown above the £250m notional swap amount.

### CREDIT RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group and primarily arises from the Group's customer trade receivables.

The Group's credit risk in relation to these receivables is influenced by the individual characteristics of each customer. To manage credit risk, the Group has various strategies in place, which are supported by credit and lending policies.

All customers who wish to trade on credit terms are subject to credit verification procedures. Before accepting any new customer, the Group uses a credit scoring system using Credit Reference Agency ('CRA') data to assess the potential customer's credit quality, which together with assessment against credit policy, determines the terms and credit limit offered. Credit limits are reviewed every 28 days where an account remains active, by credit scoring using a blend of internal and external CRA data.

The Group has a number of forbearance options for customers in financial difficulty, which include the revision of minimum payment terms.

The concentration of credit risk is limited due to the customer base being large and diverse. The customer receivables balance is made from 0.90 million (2023: 0.95 million) customers with individually small balances, spread geographically across the UK and Ireland.

Customer debtor balances are monitored on an ongoing basis and provision is made for future expected credit losses ('ECL'), as detailed in note 16. 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 of £2.2m are held at the end of FY24 to cover both model risk and further expected impacts from these macro-economic pressures (FY23: £2.5m). The impact of debt sale timings vs prior year is the reason for the increase in expected credit loss coverage of 14.2% (FY23: 13.4%)

### CREDIT QUALITY ANALYSIS

The following table sets out information about the overdue status of trade receivables in Stages 1, 2 and 3. Included within stage 1 and current – not past due, are other debtor balances of £1.9m (2023: £(3.0)m) which are not subject to ECL.

				2024
Ageing of trade receivables	Stage 1	Stage 2	Stage 3	Total
Current – not past due	356.8	43.1	41.0	440.9
28 days – past due	5.7	11.9	3.6	21.2
56 days – past due	–	9.9	2.1	12.0
84 days – past due	–	–	9.5	9.5
112 days – past due	–	–	7.1	7.1
Over 112 days – past due	–	–	26.3	26.3
Gross trade receivables	362.5	64.9	89.6	517.0
Allowance for expected credit losses	(19.5)	(15.9)	(37.9)	(73.3)
				2023
Ageing of trade receivables	Stage 1	Stage 2	Stage 3	Total
Current – not past due	397.1	44.4	38.2	479.7
28 days – past due	6.3	13.7	5.1	25.1
56 days – past due	–	10.6	2.8	13.4
84 days – past due	–	–	11.7	11.7
112 days – past due	–	–	8.0	8.0
Over 112 days – past due	–	–	17.3	17.3
Gross trade receivables	403.4	68.7	83.1	555.2
Allowance for expected credit losses	(20.0)	(19.6)	(35.0)	(74.6)

As at 2 March 2024, current debtors were included in Stage 2 if the receivable had suffered from a significant increase in credit risk. Debtors which were in default or on an agreed interest free payment arrangement were included in Stage 3. The value of payment arrangements at the year end stood at £53.2m which is higher than the prior year (FY23: £48.6m). This increase is due to the continuation of our debt sale strategy to retain and support customers in financial difficulty.

The maximum exposure to credit risk at the reporting date for trade receivables not collateralised, after adjusting for other debtors of £1.9m (2023: £(3.0)m) which is not subject to ECL, is the gross carrying value of £515.1m (2023: £558.2m). Other debtor balances of £1.9m (2023: £(3.0)m) are included within stage 1 gross trade receivables, with no corresponding Expected credit losses.

	Gross Trade Receivables				Expected Credit Losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as at 4 March 2023	403.4	68.7	83.1	555.2	(20.0)	(19.6)	(35.0)	(74.6)
Transfers out from Stage 1	(79.0)	20.5	58.5	–	7.3	(1.4)	(5.9)	–
Transfers out from Stage 2	20.4	(57.3)	36.9	–	(4.0)	16.2	(12.2)	–
Transfers out from Stage 3	5.8	1.5	(7.3)	–	(2.2)	(0.6)	2.8	–
Remeasurement of ECL	–	–	–	–	4.5	(6.9)	(32.8)	(35.2)
Financial assets originated net of repayments <sup>1</sup>	25.8	38.7	18.0	82.5	(5.3)	(5.2)	(7.8)	(18.3)
Write-offs and derecognised <sup>2</sup>	(13.8)	(7.2)	(99.7)	(120.7)	0.2	1.6	53.0	54.8
<b>Balances as at 2 March 2024</b>	<b>362.6</b>	<b>64.9</b>	<b>89.5</b>	<b>517.0</b>	<b>(19.5)</b>	<b>(15.9)</b>	<b>(37.9)</b>	<b>(73.3)</b>

Restated	Gross Trade Receivables				Expected Credit Losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as at 26 February 2022	421.0	100.8	55.4	577.2	(8.4)	(24.1)	(36.2)	(68.7)
Transfers out from Stage 1	(85.3)	25.6	59.7	–	3.4	(0.6)	(2.8)	–
Transfers out from Stage 2	42.3	(89.8)	47.5	–	(6.8)	19.0	(12.2)	–
Transfers out from Stage 3	3.3	1.2	(4.5)	–	(1.5)	(0.6)	2.1	–
Remeasurement of ECL	–	–	–	–	(2.9)	(10.6)	(55.8)	(69.3)
Financial assets originated net of repayments <sup>1</sup>	42.3	41.4	25.5	109.2	(3.9)	(4.4)	1.1	(7.2)
Write-offs and derecognised <sup>2</sup>	(20.2)	(10.5)	(100.5)	(131.2)	0.1	1.7	68.8	70.6
Balances as at 4 March 2023	403.4	68.7	83.1	555.2	(20.0)	(19.6)	(35.0)	(74.6)

1 Financial assets originated net of repayments includes receivables that are new for the year, and the staging is based on where the balances are at the end of the year, or at the point of derecognition.

2 The table above has been restated to reflect incorrect classifications between stages in the prior year. Derecognition and write-offs in the prior year's accounts were based on the staging at the start of the year, this analysis has now changed to the staging at the point of derecognition.

## EXPECTED CREDIT LOSSES – ASSUMPTIONS AND POST MODEL ADJUSTMENTS

To calculate the allowance for expected credit losses, the Group makes use of an IFRS 9 ECL model and applies post model adjustments ('PMA') where there is insufficient data or uncertainties around future economic forecasts. ECL is the product of the probability of default ('PD'), exposure at default ('EAD') and loss given default ('LGD'), discounted at the current effective interest rate ('EIR').

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on historical data. Further details on the basis of these components can be found in note 2 Accounting Policies.

# Notes to the Group accounts continued

## 19. FINANCIAL INSTRUMENTS CONTINUED

The IFRS9 model was enhanced during the year reducing the need for a number of Post Model Adjustments ('PMAs') as these are now reflected in the model. The allowance for ECL includes the following post model adjustments:

2024 £m	Inflation / macro-economics	Other	Total
Modelled ECL	–	60.3	60.3
<b>PMAs:</b>			
1. Unemployment rate and macro-economic uncertainty	2.2	–	2.2 Macro-economic pressures driving model risk around use of relevant historical data, including unemployment data.
2. Legacy accounts not in model	–	10.1	10.1 Provisions on legacy accounts which are not included in the IFRS 9 model, including insolvent accounts.
3. Other	–	0.7	0.7 Predominantly timing adjustments e.g. rescoring not yet reflected in customers' statements.
<b>Total PMAs</b>	<b>2.2</b>	<b>10.8</b>	<b>13.0</b>
<b>Total ECL</b>	<b>2.2</b>	<b>71.1</b>	<b>73.3</b>

2023 £m	Inflation / macro-economics	Other	Total
Modelled ECL	–	68.9	68.9
<b>PMAs:</b>			
1. Macro-economic pressures – inflation	2.5	–	2.5 Inflation and macro-economic pressures are yet to be fully reflected in recent default rate data. This overlay reflects the increasing trend in PDs driven by these pressures as well as uncertainty over future economic variables.
2. Legacy accounts not in model	–	3.4	3.4 Provisions on legacy accounts which are not included in the IFRS 9 model.
3. Other	–	(0.2)	(0.2) Predominantly timing adjustments e.g. rescoring not yet reflected in customers' statements.
<b>Total PMAs</b>	<b>2.5</b>	<b>3.2</b>	<b>5.7</b>
<b>Total ECL</b>	<b>2.5</b>	<b>72.1</b>	<b>74.6</b>

### INCORPORATION OF FORWARD-LOOKING INFORMATION

The economic scenarios used as at 2 March 2024 included the following key variables for the UK for the calendar years 2024 to 2028 (figures are at the end of each calendar year):

		2024	2025	2026	2027	2028
Unemployment rate (%)	Base	4.1	4.1	3.9	3.7	3.7
	Upside	4.0	3.8	3.5	3.3	3.1
	Downside	4.3	4.3	4.3	4.2	4.2
Weekly Earnings Growth (%)	Base	3.4	3.0	3.3	3.2	3.1
	Upside	3.8	3.4	3.7	3.8	3.6
	Downside	2.8	2.5	2.8	2.9	2.7
Bank of England Base Rate (%)	Base	4.8	4.3	3.8	3.3	3.3
	Upside	4.3	3.8	3.1	2.4	2.6
	Downside	5.8	5.2	4.6	3.9	3.9

The scenarios above have been applied to all customers within the Group's ECL provision.

## LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining adequate banking and borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 17 is a description of additional undrawn facilities that the Group has at its disposal and details of the Group's remaining contractual maturity for its non-derivative financial liabilities.

The table below shows the maturity analysis of the undiscounted remaining contractual cash flows (including estimated interest payments) of the Group's financial liabilities, including cash flows in respect of derivatives:

	2024 Carrying amount £m	2024 Contractual cash flows £m	2024 1 year or less £m	2024 1 to <2 years £m	2024 2 to <5 years £m	2024 5 years and over £m
<b>2024</b>						
Non-derivative financial liabilities						
Secured bank loans	(301.5)	(341.9)	(10.4)	(10.4)	(321.1)	–
Trade payables	(30.1)	(30.1)	(30.1)	–	–	–
Lease liabilities	(5.9)	(7.8)	(1.1)	(1.2)	(2.1)	(3.4)
Other payables	(7.3)	(7.3)	(7.3)	–	–	–
Accruals	(27.8)	(27.8)	(27.8)	–	–	–
	<b>(372.6)</b>	<b>(414.9)</b>	<b>(76.7)</b>	<b>(11.6)</b>	<b>(323.2)</b>	<b>(3.4)</b>
Derivatives: net settled						
Cash inflows	8.9	8.9	8.8	0.1	–	–
Cash outflows	(0.8)	(0.8)	(0.7)	(0.1)	–	–
	<b>(364.5)</b>	<b>(406.8)</b>	<b>(68.6)</b>	<b>(11.6)</b>	<b>(323.2)</b>	<b>(3.4)</b>
	2023 Carrying amount £m	2023 Contractual cash flows £m	2023 1 year or less £m	2023 1 to <2 years £m	2023 2 to <5 years £m	2023 5 years and over £m
<b>2023</b>						
Non-derivative financial liabilities						
Secured bank loans	(332.9)	(356.1)	(12.1)	(344.0)	–	–
Trade payables	(40.2)	(40.2)	(40.2)	–	–	–
Lease liabilities	(0.5)	(0.5)	(0.3)	(0.2)	–	–
Other payables	(3.6)	(3.6)	(3.6)	–	–	–
Accruals <sup>1</sup>	(26.9)	(26.9)	(26.9)	–	–	–
	<b>(404.1)</b>	<b>(427.3)</b>	<b>(83.1)</b>	<b>(344.2)</b>	<b>–</b>	<b>–</b>
Derivatives: net settled						
Cash inflows	26.7	26.7	19.1	7.6	–	–
Cash outflows	(0.1)	(0.1)	(0.1)	–	–	–
	<b>(377.5)</b>	<b>(400.7)</b>	<b>(64.1)</b>	<b>(336.6)</b>	<b>–</b>	<b>–</b>

<sup>1</sup> FY23 has been re-presented to remove deferred balances included in the accruals total.

## FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of each category of the Group's financial instruments are approximately the same as their carrying value in the Group's balance sheet for both the current and prior years.

# Notes to the Group accounts continued

## 20. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting periods.

	Share based payments £m	Accelerated tax depreciation £m	Retirement benefit obligations £m	Cashflow Hedge Reserve £m	IFRS 9 transitional adjustment £m	Tax losses £m	Other – deferred tax assets £m	Other – deferred tax liabilities £m	Total £m
As at 26 February 2022	0.1	(6.0)	(12.9)	(1.8)	7.7	2.8	0.9	–	(9.2)
Credit / (charge) to income	0.2	5.3	(0.3)	–	0.7	17.4	(0.6)	(0.9)	21.8
Credit / (charge) to equity	–	–	6.8	(3.4)	–	–	–	–	3.4
As at 4 March 2023	0.3	(0.7)	(6.4)	(5.2)	8.4	20.2	0.3	(0.9)	16.0
Credit / (charge) to income	0.1	(3.7)	(1.2)	–	(1.7)	0.7	–	0.8	(5.0)
Credit to equity	(0.1)	–	1.6	3.4	–	–	–	–	4.9
<b>As at 2 March 2024</b>	<b>0.3</b>	<b>(4.4)</b>	<b>(6.0)</b>	<b>(1.8)</b>	<b>6.7</b>	<b>20.9</b>	<b>0.3</b>	<b>(0.1)</b>	<b>15.9</b>

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 £m	2023 £m
Deferred tax assets	28.2	29.2
Deferred tax liabilities	(12.3)	(13.2)
<b>As at 2 March 2024</b>	<b>15.9</b>	<b>16.0</b>

At the balance sheet date, the Group has unused tax losses of £83.4m (2023: £80.9m) available for offset against future profits, £83.4m of which relate to JD Williams & Co Limited UK trading at the 25% headline corporation tax rate and principally arose from the FY23 Allianz litigation settlement and FY23 impairment of non-financial assets (both as set out in note 6), £nil to Oxendales & Co Limited Irish trading at 12.5% corporation tax rate. Management has considered the impact of the Group's five year business plan and the interaction with other available tax reliefs, including the UK's capital allowances regime, and the future unwinding of existing deferred tax liabilities on the Group's balance sheet. As at 2 March 2024, it is management's expectation that sufficient trading profits will arise in future trading periods to support the conclusion that the tax losses will be utilised in full by the end of the five year planning horizon (FY29).

The Group also holds a UK balance of capital losses of £3.2m (2023: £3.2m) and further tax losses of £17.4m (2023: £17.4m) relating to historic trade. Deferred tax has not been recognised on the capital losses as capital gains are not foreseen and, therefore, it is management's expectation that these losses will not be utilised. The £17.4m loss balance relates to losses incurred in a trading line which has ceased and which management believe are inaccessible under current tax rules relating to streamed trading. Deferred tax has, therefore, not been recognised on this trading loss balance as access to future trading profits of the particular trade are not foreseen and, therefore, it is management's expectation that these losses will not be utilised.

### DEFERRED TAX ASSET FOR LOSSES SENSITIVITY ANALYSIS

The recovery of the Group's deferred tax asset for tax losses is dependent on its future profitability and is aligned to the Group's five year plan. The recognition of the deferred tax asset for losses is sensitive to changes in assumptions that affect future profits and therefore the recoverability of the deferred tax assets. In response, sensitivity analysis has been applied as follows:

- 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.

## 21. TRADE AND OTHER PAYABLES

	2024 £m	2023 £m
Trade payables	30.1	40.2
Other payables	7.3	3.6
Accruals and deferred income	27.8	28.7
<b>Trade and other payables</b>	<b>65.2</b>	<b>72.5</b>

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.

## 22. PROVISIONS

	Other litigation £m	Strategic Change £m	Allianz Litigation £m	Other £m	Total £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)
<b>Balance as at 2 March 2024</b>	<b>9.2</b>	<b>1.8</b>	<b>0.2</b>	<b>0.3</b>	<b>11.5</b>
Non-current	6.3	–	–	0.3	6.6
Current	2.9	1.8	0.2	–	4.9
<b>Balance as at 2 March 2024</b>	<b>9.2</b>	<b>1.8</b>	<b>0.2</b>	<b>0.3</b>	<b>11.5</b>
Balance as at 4 March 2023					
Current	6.9	2.2	0.3	0.7	10.1
Balance as at 4 March 2023	6.9	2.2	0.3	0.7	10.1

### 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

The provision is sensitive to movements in the key assumptions, which include estimates of the proportion of threatened claims that will result in court proceedings, the proportion of cases that will be subject to interim hearing, the proportion of cases which will be abandoned by claimants before trial, the Group's win rate and the court's likely assessment of quantum where the Group is required to pay redress. In response, sensitivity analysis has been applied to the key assumptions to demonstrate the variability of changes in the provision:

- 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.

# Notes to the Group accounts continued

## 22. PROVISIONS CONTINUED

### 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.

## 23. 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	–
<b>At 2 March 2024</b> (4 March 2023)	<b>463,325,018</b>	460,483,231	<b>51.2</b>	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 by the Company and approved in general meeting and are entitled to one vote per share at meetings of the Company.

## 24. OWN SHARES

	2024 £m	2023 £m
Balance at 4 March 2023	0.2	0.2
Purchase of own shares	0.3	–
Issue of own shares	(0.4)	(0.3)
Historical adjustment for share payments	–	0.3
<b>Balance at 2 March 2024</b>	<b>0.1</b>	0.2

The own shares reserve represents the cost of shares in N Brown Group plc held by the N Brown Group plc Employee Share Ownership Trust to satisfy options under the Group's various share-based payment benefit schemes (see note 28).

At 2 March 2024 the employee trusts held 894,160 shares in the Company (2023: 894,160).

## 25. CASH AND 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:

	2024 £m	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.

## 26. GUARANTEES

### BANK OVERDRAFTS

The Group operates a net overdraft facility that was undrawn at 2 March 2024 (2023: undrawn). The parent Company bank account, which at 2 March 2024 was in £nil overdraft (2023: £nil overdraft) is part of this net overdraft facility, and if drawn can be offset by other subsidiary accounts in a debit position. The parent company RCF loan was undrawn (2023: undrawn) at 2 March 2024. Both the net overdraft and RCF facilities are guaranteed by certain subsidiary undertakings.

### BANK GUARANTEE

As at 2 March 2024, the Group had a total of £1.2m (2023: £1.2m) of bank guarantee offered to certain suppliers and third parties.

## 27. LEASES

The Group leases various buildings, equipment and vehicles under non-cancellable leases of varying lengths.

The Group has recognised right-of-use assets for these leases except for short-term and low-value leases. Further information on the amounts recognised in the balance sheet are included within this note.

### AMOUNTS RECOGNISED ON THE BALANCE SHEET

The consolidated balance sheet as at 2 March 2024 shows the following amounts relating to leases:

	Land and buildings £m	Equipment and vehicles £m	Total £m
Right-of-use assets			
26 February 2022	0.5	0.6	1.1
Additions	–	0.2	0.2
Depreciation	(0.1)	(0.7)	(0.8)
4 March 2023	0.4	0.1	0.5
Additions	5.6	1.0	6.6
Depreciation	(0.4)	(0.4)	(0.8)
<b>2 March 2024</b>	<b>5.6</b>	<b>0.7</b>	<b>6.3</b>
		2024 £m	2023 £m
Current		1.1	0.3
Non-current		4.8	0.2
Total liability		5.9	0.5

### AMOUNTS RECOGNISED IN THE INCOME STATEMENT

The consolidated income statement shows the following amount relating to leases:

	2024 £m	2023 £m
Depreciation charge of right-of-use buildings	0.4	0.1
Depreciation charge of right-of-use equipment and vehicles	0.4	0.7
Interest expense (included in finance costs)	0.1	–
Expense relating to leases of low-value assets (included in operating expenses)	0.2	0.6
Expense relating to short-term leases (included in operating expenses)	0.2	–

The total cash outflow for leases during the year was £1.1m (2023: £0.8m). The portfolio of short-term and low-value leases to which the Group is committed is not dissimilar to the portfolio for which the expense has been incurred during the year, and future expenses are expected to be on a similar level annually.

## 28. EQUITY-SETTLED SHARE-BASED PAYMENTS

The Group offers Long Term Incentive Plan ('LTIP') and Restricted Share Awards ('RSA') that entitle key management personnel and senior employees to purchase shares in the parent entity. Holders of vested options are entitled to purchase shares at the market price applicable on the grant date of the award. The Directors' Remuneration Report on page 65 to page 72 contains details of the management awards offered to key management and senior employees, and of the vesting conditions attached to these.

In addition, the Group has offered its employees the opportunity to participate in an employee save as you earn ('SAYE') share purchase plan. To participate in the plan the employees are required to save an amount of their gross salary for a period of 36 months. At the end of the 36 month period the employees are entitled to purchase shares using the funds saved at the exercise price as set on the grant date. Only employees that remain in service for the 36 month period will become entitled to purchase shares.

# Notes to the Group accounts continued

## 28. EQUITY-SETTLED SHARE-BASED PAYMENTS CONTINUED

Details of all share awards outstanding during the period are as follows:

Option scheme	Option price in pence	Exercise period	Number of shares 2024	Number of shares 2023
<b>Option scheme</b>				
SAYE savings-related scheme	44–167	May 2010 – February 2025	1,482,540	2,695,223
<b>Long Term incentive plan awards (LTIPs)</b>				
November 2020	–	November 2023 – November 2030	–	1,593,346
August 2021	–	August 2024 – August 2031	2,469,030	2,475,709
August 2022	–	August 2025 – August 2032	6,362,797	6,827,388
<b>Restricted Share Award (RSAs)</b>				
November 2020	–	August 2021 – November 2030	–	525,268
August 2021	–	August 2022 – August 2031	587,701	1,504,414
August 2022	–	August 2023 – August 2032	2,623,397	4,986,917
August 2023	–	August 2024 – August 2035	10,511,158	–

Movements in share options are summarised as follows:

	2024		2023	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at the beginning	2,695,223	0.45	4,851,397	0.54
Granted during the period	–	–	–	–
Forfeited at the end of the period	(1,212,683)	0.45	(2,156,174)	0.66
Exercised during the period	–	–	–	–
Outstanding at the end of the period	1,482,540	0.45	2,695,223	0.45
Exercisable at the end of the period	–	–	–	–

No options were exercised in the period and the weighted average share price during the period was 22p (2023: 28p).

The options outstanding at 2 March 2024 had a weighted average remaining contractual life of 0.92 years (2023: 1.92 years). The aggregate estimated fair values of options granted in the period is £nil (2023: £nil). Movements in management share awards (LTIPs, RSAs and DABs) are summarised as follows:

	2024	2023
	Number of share options	Number of share options
Outstanding at the beginning of the period	17,913,042	12,130,843
Granted during the period	11,830,945	15,242,030
Forfeited during the period	(4,348,117)	(7,822,342)
Exercised during the period	(2,841,787)	(1,637,489)
Outstanding at the end of the period	22,554,083	17,913,042
Exercisable at the end of the period	–	–

The awards outstanding at 2 March 2024 had a weighted average remaining contractual life of 9.54 years (2023: 9.00 years). The aggregate estimated fair values of options granted in the period is £2.7m (2023: £4.0m).

The fair value of management and share awards granted is calculated at the date of grant using a Monte Carlo method. The inputs into the model are as follows:

	2024	2023
Weighted average share price at date of grant (pence)	23	26
Expected life (years)	3.0	3.0

Expected volatility was determined by calculating the historical volatility of the Group's share price over a period equivalent to the expected life of the option. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised a total charge of £1.5m (2023: £1.5m) related to equity-settled share-based payments.

## 29. RETIREMENT BENEFIT SCHEMES

### DEFINED CONTRIBUTION SCHEMES

The Group operates defined contribution retirement benefit schemes for all qualifying employees.

The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to income of £7.1m (2023: £6.4m) represents contributions payable to the schemes by the Group at rates specified in the rules of the plans. As at 2 March 2024, contributions of £0.6m (2023: £0.5m) due in respect of the current reporting period had not been paid over to the schemes and are included in trade and other payables.

### DEFINED BENEFIT SCHEME

The Group operates a defined benefit scheme, the N Brown Group Pension Fund. Under the scheme, the employees are entitled to retirement benefits based on final pensionable earnings. The scheme was closed to new members from 31 January 2002. On 29 February 2016 the scheme was closed to future accrual. No other post-retirement benefits are provided. The scheme is a funded scheme and operates under UK trust law and the trust is a separate legal entity from the Group. The scheme is governed by a board of trustees. The trustees are required by law to act in the best interests of scheme members and are responsible for setting certain policies (e.g. investment funding) together with the Group. The scheme exposes the Group to actuarial risks such as longevity risk, interest rate risk and investment risk.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2021 by an independent qualified actuary. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. The final results of the valuation indicated that the Technical Provisions funding position is a surplus of £6.4m as at 30 June 2021. The Group and Trustees finalised the valuation in July 2022 and agreed to maintain the schedule of contributions with the Group continuing to make contributions to help the Fund reach its longer-term target in a reasonable timeframe. The IAS 19 disclosures and actuarial assumptions have been based on the scheme valuation as at 30 June 2021.

The principal actuarial assumptions used in determining the Group's net retirement benefit obligations at the balance sheet date were as follows:

	2024	2023
Discount rate	4.90%	4.95%
Pension increases – Benefits accrued post 2005	1.90%	1.80%
Inflation – Retail Price Index	3.15%	3.15%
Inflation – Consumer Price Index	2.55%	2.55%
Life expectancy at age 65 (years)		
Pensioner aged 65 – male	21.6	21.9
Pensioner aged 65 – female	23.5	23.8
Non-pensioner aged 45 – male	22.8	23.2
Non-pensioner aged 45 – female	25.3	25.6

The liabilities are calculated based on Fund membership as at the most recent actuarial valuation date, 30 June 2021, and no allowance has been made for experience relating to Covid-19 (e.g. excess deaths) since this date. Within the latest version of the CMI projections model, CMI\_2022, users can choose to place more or less weight on data for individual years, the Group has adopted the CMI\_2022 model with a weighting of 10% above those in the core model for each year (i.e. applying a 10% weighting to data relating to 2020 and 2021 and a weighting of 35% to 2022) to represent a possible future trend as a best estimate. This leads to a slight reduction in life expectancies than if the core model allowance had been made for observed mortality experience in these years, which we estimate would increase the value of the liabilities by around 0.5% to 1%. The longer-term impact of Covid-19 on mortality remains an area of uncertainty and therefore this assumption will be reviewed at each year end based on the latest available information.

Amounts recognised in profit or loss in respect of these defined benefit schemes are as follows:

	2024 £m	2023 £m
Past service cost	–	–
Net interest credit	(1.0)	(1.0)
Administrative expenses paid from plan assets	0.4	0.4
Profit recognised in the income statement	(0.6)	(0.6)

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit scheme is as follows:

	2024 £m	2023 £m
Present value of defined benefit obligations	(79.4)	(76.9)
Fair value of scheme assets	96.5	96.9
Surplus in the scheme and asset recognised in the balance sheet	17.1	20.0

# Notes to the Group accounts continued

## 29. RETIREMENT BENEFIT SCHEMES CONTINUED

The amount included in the statement of comprehensive income is as follows:

	2024 £m	2023 £m
Remeasurement (loss) / gain	(2.5)	40.6
Loss on scheme assets	(2.1)	(60.0)
Loss recognised in the statement of comprehensive income	(4.6)	(19.4)

The surplus reflects the economic benefit at the balance sheet date that the Group would be entitled to, through refund, in the event the scheme was wound up. In respect of the Group's IAS 19 valuation, there are no restrictions on the recovery of the surplus which may be realised through refund or reduced contributions. Movements in the present value of defined benefit obligations were as follows:

	2024 £m	2023 £m
At 4 March 2023	76.9	118.8
Interest cost	3.7	2.9
Effect of changes in financial assumptions	0.9	(43.5)
Effect of changes demographic assumptions	(0.8)	(0.7)
Effect of changes in experience adjustment	2.4	3.6
Benefits paid	(3.7)	(4.2)
<b>At 2 March 2024</b>	<b>79.4</b>	<b>76.9</b>

Movements in the fair value of the scheme assets were as follows:

	2024 £m	2023 £m
At 4 March 2023	96.9	156.2
Interest income	4.7	3.9
Loss on scheme assets excluding interest income	(2.1)	(60.0)
Contributions from sponsoring companies	1.1	1.4
Benefits paid	(3.7)	(4.2)
Admin expenses	(0.4)	(0.4)
<b>At 2 March 2024</b>	<b>96.5</b>	<b>96.9</b>

The analysis of the scheme assets at the balance sheet date as follows:

	2024		2023	
	£m	%	£m	%
Equities	–	–	9.0	9.3
Fixed-interest government bonds	13.2	13.7	10.7	11.0
Index-linked government bonds	24.5	25.4	23.9	24.7
Corporate bonds	41.0	42.5	41.7	42.9
Property	0.6	0.6	1.2	1.2
Growth fixed income	16.7	17.3	9.0	9.4
Alternatives	–	–	1.1	1.2
Cash and cash equivalents	0.5	0.5	0.3	0.3
	<b>96.5</b>	<b>100.0</b>	96.9	100.0

All assets had an observable market price (2023: all). Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, inflation and life expectancy.

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).

The above sensitivities are applied to adjust the defined benefit obligation at the end of the reporting period. Whilst the analysis does not take account of the full distribution of cash flows under the scheme, it does provide an approximation to the sensitivity of the assumptions shown. No changes have been made to the method and assumptions used in this analysis from those used in the previous period.

The Group has previously updated its approach to setting Retail Price Index ('RPI') and Consumer Price Index ('CPI') inflation assumptions in light of the RPI reform proposals published on 4 September 2019 by the UK Chancellor and UK Statistics Authority. The Group continued to set RPI inflation in line with the market break-even expectations less an inflation risk premium but with allowance for the expected changes to the calculation of RPI from 2030.

An inflation risk premium of 0.25% has been adopted as at 2 March 2024 reflecting an allowance for additional market distortions caused by the RPI reform proposals (consistent with the approach in 2023). For CPI, the Group also maintained the assumed difference between the RPI and CPI at an average of 0.6% per annum.

The scheme is funded by the Group. Funding levels for the scheme are based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions above. Funding requirements and deficit contributions are formally set out in the Statement of Funding Principles, Schedule of Contributions and Recovery Plan agreed between the trustees and the Group.

Although the scheme has an accounting surplus, the Group expects to contribute £1.2m (2023 actual contributions: £1.4m) to the defined benefit scheme in the next financial year to help the scheme achieve fully funded on a long-term low risk measure of the liabilities.

The weighted average duration of the defined benefit obligation at 2 March 2024 is approximately 17 years (2023: 17 years). The defined benefit obligation at 2 March 2024 can be approximately attributed to the scheme members as follows:

- Active members: 0% (2023: 0%)
- Deferred members: 60% (2023: 60%)
- Pensioner members: 40% (2023: 40%)
- All benefits are vested at 2 March 2024 (unchanged from 4 March 2023).

On 16 June 2023, in the case *Virgin Media vs NTL Pension Trustees II Limited (and others)* ('the Virgin Media case'), the High Court ruled on the correct interpretation of historical legislation governing the amendment of scheme rules for contracted out defined benefit pension schemes for the period from 6 April 1997 until the abolition of contracting out on 6 April 2016. The High Court ruled that any amendment to the scheme rules of a contracted-out scheme during this period which related to section 9(2B) rights was void unless the amendment was introduced with a Section 37 Pension Schemes Act 1993 actuarial confirmation. The Virgin Media case is being appealed, with the appeal due to be heard late June 2024.

The N Brown Group Pension Fund ('the Scheme') is a defined benefit pension scheme which was contracted out during the period from 6 April 1997 to 6 April 2016. Whilst scheme amendments were entered into during the period covered by the Virgin Media case, at this stage the Company and Scheme Trustees have not carried out a detailed investigation as to the nature of the historical deeds of amendment, pending the outcome of the Virgin Media case appeal and therefore are not able to determine, nor reliably estimate, whether the Virgin Media case has a material impact on the Company's obligations to the pension scheme. The Company and Scheme Trustees will consider the case again once the outcome of the appeal is known and decide whether any further action is needed.

### 30. CONTINGENT LIABILITIES

Liabilities have been recorded based on the Directors' best estimate of known legal claims, investigations and legal actions in progress. The Group takes legal advice as to the likelihood of the success of the claims and actions and no liability is recorded where the Directors consider, based on that advice, that the action is unlikely to succeed. The Group has contingent liabilities in respect of other issues that may have occurred, but where no claim has been made.

### 31. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Remuneration paid to key management personnel (who comprise the Group Directors and members of the Executive Board) was £4.5m (2023: £4.0m). This was split as follows: short term employee benefits of £4.1m (2023: £3.3m), Post-employment benefits of £0.0m (2023: £0.0m), other long term benefits of £0.1m (2023: £0.1m), Termination benefits of £0.0m (2023: £0.4m) and share based payments of £0.3m (2023: £0.2m).

The N Brown Pension Fund is also considered to be a related party. Further information in respect of transactions during the year are shown in Note 29.

### 32 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.

<b>Consolidated balance sheet (extract)</b>	2023 £m	Adjustments £m	2023 £m (Restated)
<b>Non-current assets</b>			
Deferred tax assets	29.2	(13.2)	<b>16.0</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	(13.2)	13.2	<b>0.0</b>

### 33. POST BALANCE SHEET EVENTS

#### RECLASSIFICATION OF OWED 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.

# Company accounts

## COMPANY BALANCE SHEET AS AT 2 MARCH 2024

	Note	As at 2 March 2024 £m	As at 4 March 2023 £m
<b>Non-current assets</b>			
Investments	36	185.6	369.1
Debtors	37	90.8	95.9
Cash and cash equivalents		0.1	0.2
<b>Current assets</b>		90.9	96.1
Creditors: Amounts falling due within one year	38	(37.7)	(221.1)
<b>Current liabilities</b>		(37.7)	(221.1)
Net current assets / (liabilities)		53.2	(125.0)
Total assets less current liabilities		238.8	244.1
<b>Non-current liabilities</b>		–	–
<b>Net assets</b>		238.8	244.1
<b>Capital and reserves</b>			
Called-up share capital	40	51.2	50.9
Share premium account		85.7	85.7
Own shares	24	(0.1)	(0.2)
Profit and loss account		102.0	107.7
Shareholders' funds		238.8	244.1

N Brown Group plc reported a loss after tax for the financial period ended 2 March 2024 of £6.8m (2023 re-presented: loss of £9.3m) which includes dividends received of £3.4m (2023: £1.0m), see note 35. The financial statements of N Brown Group plc (Registered Number 00814103) were approved by the Board of Directors and authorised for issue on 5 June 2024. They were signed on its behalf by:



**Dominic Appleton**  
CFO and Executive Director



# Notes to the Company accounts

## COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital (note 40) £m	Share premium £m	Own shares (note 24) £m	Retained earnings £m	Total £m
<b>Changes in equity for the 53 weeks ended 4 March 2023</b>					
Balance at 26 February 2022	50.9	85.0	(0.2)	116.2	251.9
Comprehensive income for the period					
Loss for the period <sup>1</sup>	–	–	–	(9.3)	(9.3)
Total comprehensive loss for income for the period	–	–	–	(9.3)	(9.3)
<b>Transactions with owners recorded directly in equity</b>					
Issue of own shares by ESOT	–	–	0.3	–	0.3
Historic adjustment to equity for share payments	–	0.7	(0.3)	(0.4)	–
Adjustment to equity for share payments	–	–	–	(0.3)	(0.3)
Share-based payment charge	–	–	–	1.5	1.5
Total contributions by and distributions to owners	–	0.7	–	0.8	1.5
<b>Balance at 4 March 2023</b>	<b>50.9</b>	<b>85.7</b>	<b>(0.2)</b>	<b>107.7</b>	<b>244.1</b>
<b>Changes in equity for the 52 weeks ended 2 March 2024</b>					
Loss for the period	–	–	–	(6.8)	(6.8)
Total comprehensive loss for the period	–	–	–	(6.8)	(6.8)
<b>Transactions with owners recorded directly in equity</b>					
Issue of shares	0.3	–	–	–	0.3
Purchase of own shares by ESOT	–	–	(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-based payment charge	–	–	–	1.5	1.5
Total contributions by and distributions to owners	0.3	–	0.1	1.1	1.5
<b>Balance at 2 March 2024</b>	<b>51.2</b>	<b>85.7</b>	<b>(0.1)</b>	<b>102.0</b>	<b>238.8</b>

1 FY23 loss for the period re-presented to correctly represent the impact of the vesting of share option awards through retained earnings.

## 34. ACCOUNTING POLICIES

### BASIS OF ACCOUNTING

N Brown Group plc ('the Company') is a company incorporated and domiciled in the UK. These financial statements present information about the Company as an individual undertaking and not about its Group. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company does not consider that any of the new or amended standards included within the accounting policies of the Group in note 1, have any significant impact on the standalone financial statements of the Company.

The Company is the ultimate parent undertaking of the Group and also prepares consolidated financial statements.

The consolidated financial statements of N Brown Group plc are prepared in accordance with UK-adopted international accounting standards and are available to the public and may be obtained from its registered office address.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Company cash flow statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of N Brown Group plc include equivalent disclosures the Company has also taken exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement;
- Disclosures required by IFRS 7 Financial Instrument Disclosures; and
- Disclosures required by IFRS 2 Share-based payment.

# Notes to the Company accounts continued

## 34. ACCOUNTING POLICIES CONTINUED

### GOING CONCERN

The Directors continue to adopt the going concern basis in preparing the Company financial statements. Further details of their assessment is included in note 2.

### INVESTMENTS

Fixed asset investments in subsidiaries are shown at cost less provision for impairment.

### IMPAIRMENT

At each balance sheet date, the Company reviews the carrying value of its investments and intercompany amounts owed by its subsidiaries to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised. A reversal of an impairment loss is recognised in the income statement immediately.

### TAXATION

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that does not give rise to equal taxable and deductible temporary differences and that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

### DIVIDENDS

Dividends receivable are recognised when the Company's right to receive payment is established. Dividends payable to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, less bank overdrafts where a right to offset exists and intention to settle on a net basis exists.

### OWN SHARES HELD BY ESOT

Transactions of the Company-sponsored Employee Share Ownership Trust (ESOT) are treated as being those of the Company and are therefore reflected in the Company financial statements. In particular, the trust's purchases and sales of shares in the Company are debited and credited directly to equity.

### SHARE-BASED PAYMENTS

The Company issues equity-settled share-based payments to certain group employees. Whilst the Company has no employees of its own, it settles all share incentive schemes granted to employees of its subsidiaries. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. Fair value is measured by the Monte Carlo method for options subject to a market-based performance condition. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The expense is recognised as an employee expense in the subsidiaries profit and loss account, with a corresponding increase in equity. As the subsidiaries are not recharged for the share-based payment charge, the amount is debited to cost of investment in the Company with a corresponding increase in equity.

## FINANCIAL ASSETS – CLASSIFICATION

IFRS 9 contains a classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost; fair value through other comprehensive income ('FVOCI'); and fair value through profit and loss ('FVTPL'). A financial asset is measured at amortised cost if both the conditions detailed below are met and it has not been designated as FVTPL. All of the Company's receivables are due from subsidiary companies, and are classified as amortised cost because: all such assets are held within a business model whose objective is to hold the asset to collect its contractual cash flows; and the contractual terms of all such assets give rise to cash flows on specified dates that represent payments of solely principal and interest on the outstanding principal amount.

## FINANCIAL INSTRUMENTS – RECOGNITION AND MEASUREMENT

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities as appropriate on initial recognition. Financial assets classified as amortised cost are subsequently measured using the effective interest method, less any impairment. Financial liabilities classified as amortised cost are subsequently measured using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest rate method is a method of calculating amortised cost and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

## BANK BORROWINGS

Interest bearing bank loans and overdrafts are recorded at proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest method.

## IMPAIRMENT OF FINANCIAL ASSETS

The Company recognises an allowance for ECLs on its receivables from subsidiaries.

Receivables from subsidiaries are determined to have a significant financing component, and therefore the ECL model applies the concept of staging.

Stage 1 – assets which have not demonstrated any significant increase in credit risk since origination

Stage 2 – assets which have demonstrated a significant increase in credit risk since origination

Stage 3 – assets which are credit impaired (i.e. defaulted)

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.
- 12-month ECLs are calculated for assets in Stage 1 and lifetime ECLs are calculated for assets in Stages 2 and 3.

All receivables are considered to be repayable on demand, and therefore expected credit losses have been measured over the expected period to transfer cash once demanded. Receivables are considered on an entity-by-entity basis to assess the expected credit loss based on the assets of the counterparty and their ability to repay. In the case of these receivables the PD is considered to either be close to nil which would result in an immaterial loss, or 100% for those entities without sufficient assets to repay, and therefore be considered to be Stage 3 credit impaired. The LGD has been determined based on the expected ability to realise cash from the assets of the counterparty entity to calculate the expected credit loss.

## CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

### CARRYING VALUE OF INVESTMENTS AND AMOUNTS OWED BY SUBSIDIARIES

#### CRITICAL JUDGEMENT AND ESTIMATION UNCERTAINTY

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Company's market capitalisation was less than the carrying value of investments of the parent company as at 2 March 2024 and the Directors assessed and considered why this may be the case and whether the assets recorded on the parent company balance sheet may be impaired. The factors considered included the Company shareholding, with two major shareholders holding the majority of the shares which leads to a static share price, differing basis of valuations as the share price is a point in time versus a longer term value in use model that credits the ongoing transformation plan, general market sentiment given the economic challenges and specifically the cost-of-living crises that are impacting retailers, and the nature of the consumer credit model that the Group offers which is unique with no directly comparable listed companies.

# Notes to the Company accounts continued

## 34. ACCOUNTING POLICIES CONTINUED

Management's estimate of the value in use of the Group, which was used for the impairment analysis as set out in note 12, highlighted a value that exceeded the market capitalisation and supports the parent company investments and amounts owed by subsidiaries as at the year end. 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 12.

The Board has assessed the carrying value of the parent company's investments and amounts owed by subsidiaries as at 2 March 2024 by reference to these value in use calculations and no impairment was required.

## 35. LOSS FOR THE PERIOD

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the period. The Company has no recognised income or expenses in the current or prior period other than those included in the profit and loss account therefore no statement of other comprehensive income has been presented.

N Brown Group plc reported a loss after tax for the financial period ended 2 March 2024 of £6.8m (2023 re-presented: loss after tax of £9.3m) which includes dividend income from subsidiaries of £3.4m (2023: £1.0m).

The Company's distributable reserves at 2 March 2024 were £76.2m (2023: £83.3m).

The Non-Executive Directors' remuneration was £0.7m (2023: £0.7m) and nine Non-Executive Directors were remunerated (2023: eight). The Executive Directors were remunerated by a subsidiary company in both years; the total was £1.3m (2023: £0.9m). Further details are provided on page 68 of the Directors' Remuneration Report.

Fees in relation to non-audit related services include fees were £nil (2023: £nil).

Fees payable to the Company's auditor for the audit of the Company's annual accounts were £20,000 (2023: £20,000).

## 36. FIXED ASSET INVESTMENT

	2024 £m	2023 £m
Opening cost and net book value	369.1	367.6
Capital Return	(185.0)	–
Addition to investments	1.5	1.5
Closing cost and net book value	185.6	369.1

Included in the opening cost of investment of £369.1m was an amount of £343.1m relating to the Company's investment in its subsidiary entity Nochester Holdings Unlimited ('Nochester'). During the current period, the Group completed a restructuring programme unwinding Nochester and all subsidiary entities held by this entity. As part of the restructuring, a master deed of release of all intercompany debt payable to JDW Malta Limited ('JDW Malta'), one of the Nochester subsidiary entities being unwound, was approved and signed by the Board of Directors, agreeing to release the debt and discharge the respective group entities from the obligation of repaying the payable back to JDW Malta.

The release of the Company's intercompany payable owed to JDW Malta of £185.0m, further explained in note 38, has been accounted for as a capital return on its previously held investment in Nochester. The distribution realised from the release of the intercompany payable, has been offset by an equal and opposite write down in the carrying value of the investment held, with nil net gain or loss through the profit and loss account.

Additional dividend income of £3.1m has been recognised in the Company's profit and loss account in the current period following the release of additional amounts owed to the other subsidiary entities captured by the restructuring programme. The dividend income is non-taxable for corporation tax purposes.

The resulting investment balance of £158.1m in Nochester, has subsequently been reallocated as an investment in JDW Group Limited ('JDWG'), supported by the capital contribution made by the Company to JDWG and its subsidiary entity JD Williams & Co Limited ('JDWCo') following the release of their JDW Malta debt.

The carrying value of the investment of £185.6m was higher than the Company's market capitalisation as at 2 March 2024 and the Directors have therefore assessed whether the investment asset held as well as the amounts owed to the Company by its subsidiaries may be impaired. The factors considered included the Company shareholding with two major shareholders holding the majority of the shares which leads to a static share price, as well as the results of the Group value in use ('VIU') assessment as detailed in note 12, with the VIU model providing a longer term valuation basis that incorporates the ongoing transformation plan of the Group, general market sentiment given the economic challenges and specifically the cost-of-living crises that are impacting retailers, and the nature of the consumer credit model that the Group offers which is unique with no directly comparable listed companies.

The VIU calculation has demonstrated sufficient headroom to the carrying value of the Company's investment value and amounts owed by its subsidiaries as at 2 March 2024 and therefore no impairment is considered necessary.

Details of the Group's subsidiaries as at 2 March 2024 are as below:

Company	Registered Office address	Country of incorporation	Status	Proportion of ownership interest held by the Group (%)
Aldrex Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Alexander Ross (Financial Services) Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Ambrose Wilson Ltd (00144766) <sup>1</sup>	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Better Living Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Classic Combination Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Comfortably Yours Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Crescent Direct Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Cuss Contractors	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Dale House (Mail Order) Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Daly Harvey Morfitt Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
DHM (Management Services) Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
E Langfield & Co. Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Eunite Limited	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100 <sup>2</sup>
Figleaves Global Trading Limited	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Financial Services (Edinburgh) Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
First Financial Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Gray & Osbourn Ltd (03539270) <sup>1</sup>	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Halwins Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Hammond House Investments International Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Hammond House Investments Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100 <sup>2</sup>
Hartingdon House Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
HB Wainwright (Financial Services) Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Heather Valley (Woollens) Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Hilton Mailing Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Holland & Heeley Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100 <sup>2</sup>
House of Sterling (Direct Mail)	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
J.D. Williams & Co Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Trading Company	100
J.D. Williams Group Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Intermediate Holding Company	100 <sup>2</sup>
J.D. Williams Merchandise Co Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
JDW Finance Ltd (04968326) <sup>1</sup>	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Active	100
JDW Malta Limited	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Under liquidation	100
JDW Pension Trustees Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Active	100 <sup>2</sup>
Langley House Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Mature Wisdom Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Melgold Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
NB Finance (Eire Reg)	29 Earlsfort Terrace, Dublin 2, Ireland	Ireland	Under liquidation	100
N Brown Pension Trustees Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Active	100 <sup>2</sup>

# Notes to the Company accounts continued

## 36. FIXED ASSET INVESTMENT CONTINUED

Company	Registered Office address	Country of incorporation	Status	Proportion of ownership interest held by the Group (%)
N Brown Funding Ltd (03338402) <sup>1</sup>	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Intermediate Holding Company	100 <sup>2</sup>
N Brown Holdings Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100 <sup>2</sup>
N Brown Property One Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100 <sup>2</sup>
N Brown Property Three Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
N Brown Property Two Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
NB Funding Guernsey Ltd (Guernsey Reg)	St Martin's House, Le Bordage, St Peter Port, Guernsey, GY1 4AU	Guernsey	Intermediate Holding Company	100
NB Holdings Guernsey Ltd (Guernsey reg)	St Martin's House, Le Bordage, St Peter Port, Guernsey, GY1 4AU	Guernsey	Intermediate Holding Company	100 <sup>2</sup>
NB Insurance Guernsey Ltd (Guernsey Reg)	St Martin's House, Le Bordage, St Peter Port, Guernsey, GY1 4AU	Guernsey	Trading Company	100
Nochester Holdings (Eire Reg)	29 Earlsfort Terrace, Dublin 2, Ireland	Ireland	Under liquidation	100 <sup>2</sup>
Odhams Leisure Group Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Oxendale & Company Ltd (00153451) <sup>1</sup>	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Oxendale & Co. Ltd (Eire Reg)	29 Earlsfort Terrace, Dublin 2, Ireland	Ireland	Active	100
Reliable Collections Ltd (00707759) <sup>1</sup>	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Sander & Kay Limited	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Speciality Home Shopping (US) Ltd (03941468) <sup>1</sup>	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Speciality Home Shopping (US Marketing) LLC (incorporated 5 January 2018)	1209 Orange Street, Wilmington, Delaware 19801	United Kingdom	Dormant	100
Tagma Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100 <sup>2</sup>
T-Bra Limited	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
The Bury Boot & Shoe Co (1953) Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
The Value Catalogue Limited	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Vote It Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100 <sup>2</sup>
Whitfords (Bury) Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Whitfords (Cosytred) Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Whitfords (Textiles) Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Wingmark Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100 <sup>2</sup>

<sup>1</sup> Entities exempt from preparing audited statutory financial statements by virtue of s479A of Companies Act 2006.

<sup>2</sup> Indicates direct investment of N Brown Group plc.

## 37. DEBTORS

	2024 £m	2023 £m
<b>Amounts falling due within one year:</b>		
Amounts owed by Group undertakings	90.7	95.8
Prepayments and accrued income	0.1	0.1
	<b>90.8</b>	<b>95.9</b>

The amounts owed by Group undertakings, whilst there is no fixed term of expiry, balances are repayable on demand and therefore, classified as current debtor. During the current period, an impairment of £0.3m (2023: £nil) has been recognised in respect of amounts receivable not considered recoverable.

## 38. CREDITORS

	2024 £m	2023 £m
<b>Amounts falling due within one year:</b>		
Amounts owed to the Group undertakings	37.7	221.1
	<b>37.7</b>	<b>221.1</b>

The amounts owed to Group undertakings, whilst there is no fixed date for repayment, balances are repayable on demand and therefore, classified as current creditors. All amounts are non-interest bearing.

As explained in note 36, the Group has completed a restructuring programme during the current period. As part of the restructuring, a master deed of release of all intercompany debt payable to JDW Malta Limited ('JDW Malta') in respect of loan note agreements established between a number of group entities in 2010, was approved and signed by the Board of Directors, agreeing to release the debt and discharge the respective group entities from the obligation of repaying the payable back to JDW Malta. Additional payable balances have been released in the period relating to amounts owed to other subsidiary entities captured by the restructuring programme. Total amounts released in the period was £188.1m.

## 39. BANK LOANS AND OVERDRAFT

The Company's bank account, which at 2 March 2024 was £nil overdraft (2023: £nil overdraft), is part of the Group's notional pooling and net overdraft facility of £12.5m, as described in note 17, and offset by other subsidiary accounts in a debit position. This facility of £12.5m was undrawn at 2 March 2024 (2023: £12.5m undrawn).

The Company also had an unsecured bank loan under its medium term Revolving Credit Facility ('RCF') with maximum limit of £75m at 2 March 2024, of which £nil (2023: £nil) was drawn down at 2 March 2024. The facility was refinanced during the year as disclosed in note 17.

The weighted average interest rates applicable during the year were as follows:

	2024 %	2023 %
Net overdraft facility	6.4	3.5
Bank loans	0.7	0.8

## 40. 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	–
<b>At 2 March 2024 (4 March 2023)</b>	<b>463,325,018</b>	<b>460,483,231</b>	<b>51.2</b>	<b>50.9</b>

The Company has one class of ordinary share which carries no right to fixed income.

## 41. GUARANTEES

The Company bank account which at 2 March 2024 was £nil (2023: £nil) is part of the Group's net overdraft facility, as described in note 17, and if drawn can be offset by other subsidiary accounts in a debit position. The net overdraft facility of £12.5m was undrawn at 2 March 2024 (2023: £12.5m undrawn). Parent Company loans amounted to £nil (2023: £nil) at 2 March 2024.

# Shareholder information

## FINANCIAL CALENDAR

2024	2 March	Financial year end
	June	Preliminary announcement of annual results
	June	Publication of 2024 Annual Report and Accounts
	July	Annual General Meeting
	October	Interim results
2025	January	Q3 Trading Statement

An updated version of the financial calendar is available at [www.nbrown.co.uk](http://www.nbrown.co.uk)

### REGISTERED OFFICE

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Manchester M60 6ES

Registered No. 814103  
Telephone 0161 236 8256

### REGISTRARS

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LS1 4DL

Telephone 0371 664 0300  
(Calls will be charged at the standard geographic rate and will vary by provider)

### AUDITOR

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### NOMINATED ADVISER

Shore Capital and Corporate Limited

### BANKERS

HSBC Bank plc  
NatWest Group plc

### SOLICITORS

Addleshaw Goddard LLP  
Eversheds LLP  
Herbert Smith Freehills LLP  
Pinsent Masons LLP

### CORPORATE BROKERS

Shore Capital Stockbrokers Limited

### SHAREHOLDER BENEFITS

Subject to certain conditions, shareholders are entitled to a 20% privilege discount off the selling price of consumer merchandise in any of the Group websites. Shareholders interested in these facilities should write for further information to the Company Secretary, N Brown Group plc, Griffin House, 40 Lever Street, Manchester M60 6ES stating the number of shares held and the brand or product of interest.

### CAPITAL GAINS TAX

For the purpose of capital gains tax, the value of the Company's ordinary shares of 10p each was 6.40625p per share on 31 March 1982 and 1.328125p on 6 April 1965.

For more information and latest news on the Group, visit [www.nbrown.co.uk](http://www.nbrown.co.uk)



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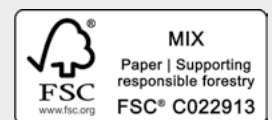
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