

Championing inclusion

N Brown Group plc
Annual Report and Accounts 2023



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I'd like to thank the whole team at N Brown for continuing to champion inclusion, putting our customers at the heart of everything we do."

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INTRODUCTION

ABOUT US

We're a top 10 UK clothing and footwear digital retailer 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

REVENUE¹

£677.5m

2022: £715.7m

ADJUSTED EBITDA²

£57.3m

2022: £95.0m

TOTAL ACCESSIBLE LIQUIDITY^{2,3}

£143.9m

2022: £212.1m

ADJUSTED PROFIT BEFORE TAX²

£7.5m

2022: £43.1m

STATUTORY (LOSS) / PROFIT BEFORE TAX

£71.1m

2022: £19.2m

CASH & CASH EQUIVALENTS³

£35.5m

2022: £43.1m

¹ FY23 is the 53 week period, ended 4 March 2023. Reference to 2023 or year means as at 4 March 2023 or the 53 weeks then ended. A detailed comparison of the 53 weeks and 52 weeks results is set out on page 23.

² 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.

³ 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.

A reconciliation of statutory measures to adjusted measures is included on page 23. A full glossary of Alternative Performance Measures and their definitions is included on page 29.

OUR BUSINESS
AT A GLANCE

Championing inclusion through our brands and culture

N Brown is an inclusive digital retailer serving customers through a differentiated brand portfolio.



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

Our values underpin everything we do...

TOGETHER FOR THE CUSTOMER

We're all working towards one goal – to help people look and feel amazing.

MOTIVATED BY PACE

We keep up in the fast-moving world of retail and we're ready for anything.

DRIVEN BY CURIOSITY

The more we ask, the more we learn – about customers, fashion, our business, our industry and ourselves.

EMPOWERED BY TRUST

We encourage people to express themselves and build relationships on trust, not control.

Sustainability

SUSTAIN is our overarching ESG strategy which we are continuing to embed deeper into the business to deliver on our stretching ESG targets.

→ 40 READ MORE ABOUT SUSTAINABILITY



Our strategic brands

Future growth is focused on three strategic brands



JD·WILLIAMS

Retail platform which delivers inspirational and accessible fashion and lifestyle products, designed specifically for women aged 45-65.



JACAMO

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



simply be.

Online fashion brand that delivers great fit in the latest trends to young women aged 25-45 of all shapes and sizes.

Our heritage brands

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

HOME▲
essentials

ambrose*
Wilson

Oxendales

fashion
ENTROUSSE

Marisota

PREMIER MAN

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.

£555.2M

GROSS CUSTOMER LOAN BOOK

CHAIR'S STATEMENT

REVIEW OF THE YEAR



Our focus on strategic change and execution means that we look forward to the future with cautious optimism.”

Ron McMillan
Independent Non-Executive Chair



The year was characterised by normalising post the pandemic into the latest conditions of inflationary headwinds and more cautious consumer behaviour. The team has worked tirelessly to mitigate these macro-economic conditions whilst delivering for our customers.

The business delivered Adjusted EBITDA of £57.3m and adjusted PBT of £7.5m. This was lower than last year reflecting the normalisation of Financial Services' performance, and the weaker consumer environment. Product revenue declined 6.9% for the year. We benefited from a focus on product margin, and cost flexibility which partially mitigated lower volumes. Financial Services' gross margin normalised following an abnormally elevated level in the prior year, driven by Government Covid-19 support to customers. Adjusted operating costs¹ have been managed carefully to help offset the inflationary pressures and although adjusted operating costs as a percentage of Group revenue increased by 1.7%pts in the year, absolute costs reduced by £2.4m.

We announced in January 2023 that full and final settlement had been reached with Allianz Insurance plc in relation to a claim issued against J.D. Williams & Company Limited ('JDW'), and JDW's counterclaim. Further details are set out in note 6 to the financial statements.

An update on the significant progress we are making with our strategic transformation is included in the Chief Executive's review.

GOVERNANCE

In February 2023, and in line with many other AIM companies, the Board decided with effect from FY24 to adopt the Corporate Governance Code of the Quoted Companies Alliance (the 'QCA Code'). More information is set out in my Introduction to the Corporate Governance Report on page 59.

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 10 July 2023.

COLLEAGUES

It has been yet another challenging year and I would like to thank all colleagues for their continued dedication and hard work. As a result of the cost-of-living increases, we introduced a number of initiatives to support our colleagues' mental and financial wellbeing. The initiatives include the setup of a Hardship Fund as well as a range of financial tools and products under our "Bloom" wellbeing programme.

We also launched "EMBRACE", our Diversity, Equality and Inclusion programme, as part of our commitment to build a diverse workforce and create an inclusive environment that values equality for all. Both Bloom and EMBRACE have had excellent colleague participation. We will continue to listen to our colleagues to ensure N Brown is a great place to work.

¹ A reconciliation of statutory measures to adjusted measures is included on page 23. A full glossary of Alternative Performance Measures and their definitions is included on page 29.

BOARD CHANGES

There have been further changes to the Board this year. In November 2022, Rachel Izzard notified the Board of her intention to step down as Group Chief Financial Officer to take up a career opportunity outside of the online fashion and consumer credit industry. Dominic Appleton joined the Group as Chief Financial Officer Designate on 1 March 2023. Dominic will succeed Rachel as Chief Financial Officer and join the Board following Rachel's departure at the beginning of June 2023, subject to FCA approval. Dominic is an experienced finance professional, and his career includes over ten years at The Very Group, most recently as Group Finance Director.

Gill Barr and Richard Moross also notified the Board of their intention to step down from the Board in order to focus on other professional commitments. Gill and Richard will step down from the Board following the conclusion of the Annual General Meeting on 10 July 2023. Gill served as Senior Independent Director (a position we are not replacing) and also Chair of the Remuneration Committee. In April 2023, we announced the appointment of Meg Lustman as an Independent Non-Executive Director. Meg, has significant experience in transformation and growth, and has over 35 years of experience in the retail industry. Meg will Chair the Group's Remuneration Committee, subject to FCA approval.

I am pleased to welcome the return of Christian Wells to the Board as Company Secretary and General Counsel on a permanent basis from August 2022 following the departure of Michael Mustard. Christian previously joined the Group as Interim Company Secretary from October 2021 to March 2022 having held the role of General Counsel and Company Secretary and Chief Risk Officer at Yell Group Limited.

On behalf of the Board, I would like to thank Rachel, Gill, Richard and Michael for their contributions to the Group and wish them every success for the future.

SUSTAIN

SUSTAIN is our overarching Environment, Social and Governance ('ESG') strategy which we continue to focus on through a series of targets and commitments. Developments within the "Social" pillar this year have included the conclusion of our charity partnership with Maggie's, raising over £180,000 during the four-year partnership, and the launch of new partnerships with two charities – the Retail Trust and FareShare Greater Manchester. This year we have also implemented a more integrated Diversity, Equity and Inclusion policy "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.

Within the "Environment" pillar, a key commitment is to responsibly source own-brand product. We have reached 41% of own brand designed Clothing and Home textile ranges with sustainable attributes (from 0% in 2019) as we target growing this to 100% by FY30 in line with our Textiles 2030 commitment. Our science-based target submission has been made to the Science Based Targets initiative ('SBTi') and we are awaiting target validation in October 2023. Our proposed target is to reduce our Scope 1, 2 and 3 emissions by 42% by FY30 against an FY22 base year, which is aligned with the 1.5°C pathway of the Paris Agreement. In addition to this, we are committed to continue to source 100% renewable energy across our direct operations.

BALANCE SHEET

We will continue our transformation of the Group and our strategic investment in FY24. Post year end, the Group successfully refinanced the RCF and overdraft, with maturities of December 2026. As at 6 May 2023, the Group had access to circa £112.0m of liquidity in the form of £24.5m of cash net of restricted cash and undrawn RCF and overdraft facilities of £87.5m.

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, 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 has decided not to introduce a dividend this year or for FY24. We believe this decision to be in the best interests of our shareholders.

LOOKING AHEAD

We will continue to invest in our strategic transformation in support of our vision, mission and purpose, with a focus on fewer priorities in order to deliver value faster.

Investment will centre around transformational priorities including the launch of new websites for all of our strategic brands. Simply Be was launched in 2022, Jacamo and JDW will follow, as will a new technology platform and brand for financial services to enhance the ways customers can pay. Although we recognise that the market for consumer products is likely to remain soft in FY24 we remain confident in the resilience of the business and in the strategic investments which we are making.

CHIEF EXECUTIVE'S STATEMENT

CONTINUED STRATEGIC PROGRESS



We continued to invest in our strategic transformation which aims to deliver value faster, through a simpler and more focused business.”

Steve Johnson
Chief Executive Officer



FY23 has seen significant macro-economic pressures impact consumers and businesses. This has included inflationary pressures weighing on consumer confidence and disposable incomes. In this context, our performance has been resilient. We have remained agile, and balanced softening customer demand with disciplined trading decisions. We saw a 2 ppt rise in the proportion of new customers signing up for our credit proposition. We rebalanced our product mix towards Clothing and Footwear ('C&F'), which saw better category market performance than Home & Tech, whilst achieving increases in Average Item Value of 12%. We also managed our cost base and profit margins tightly, ensuring marketing and supplier spend decisions were taken in a pragmatic manner. Adjusted EBITDA of £57.3m is in line with Board expectations and market consensus, with the reduction over prior year driven by the normalising of consumer trends in our Financial Services business. Our refinancing in April gives us access to liquidity at 6 May 2023 of £112m, through to December 2026, details of which are set out in the Financial Performance section on page 22.

We continued to invest in our strategic transformation which aims to deliver value faster, through a simpler and more focused business. Our work to build clearer, more distinct brand identities is ongoing, and we showcased our progress through engaging and creative campaigns that were representative of our customers and demonstrated why we remain unique. We successfully launched own brand labels and collaborations including our William Hunt and Jacamo formalwear, complemented by exciting third-party new range additions including Whistles, Sosander and Ted Baker. We enhanced the customer experience with the launch of our new mobile first website for Simply Be, with initial indications showing improvements to load speed and usability. We also invested in new marketing channels to drive more valuable customers to our brands. By developing and launching a new data strategy, we sought opportunities to make margin improvements through better use of our data. We have also set in motion organisational changes which will enable us to move to more agile ways of working.

In an unpredictable market, we are concentrating on elements we can control as a business, ensuring we deliver value for our customers in the most effective way possible. We expect the first half of FY24 to be very challenging, but our balance sheet ensures we are well positioned for investing in the future. It provides a foundation from which we can continue to execute our strategy, and the Board remains confident in achieving the objective of delivering sustainable profitable growth.

ALLIANZ CLAIM SETTLED

One of the Group's principal subsidiaries, JD Williams & Co Ltd ('JDW'), was involved in a legal dispute with Allianz Insurance plc ('Allianz'). In January 2023 full and final settlement had been reached in relation to a claim issued against JDW, and the subsequent JDW counterclaim. The dispute related to significant amounts of redress previously paid to customers by JDW and Allianz in respect of certain historic insurance products, including payment protection insurance. JDW has paid Allianz £49.5m, which was recognised as an adjusting item across FY22 and FY23. Further details are set out in note 6 to the financial statements. This removes significant uncertainty and distraction for the business.

EXECUTIVE HIRES

Alongside our strategic transformation, there were also changes to our Executive Board with Dominic Appleton joining as Chief Financial Officer Designate this year, taking on the role of Chief Financial Officer from June 2023. Dominic brings considerable consumer experience, particularly in digital retail and financial services, following over 10 years at The Very Group (previously Shop Direct). We have also welcomed back Christian Wells, who was previously with the Group in an interim capacity, as our permanent General Counsel and Company Secretary.

FY23

A RESILIENT PERFORMANCE AGAINST SIGNIFICANT HEADWINDS

As an organisation, we exist to serve the underserved. Our strategy is framed by our vision that “By championing inclusion, we’ll become the most loved and trusted fashion retailer”. Inclusivity is an incredibly important part of what we stand for as an organisation. We have built up this expertise over generations and it continues to be a key opportunity for differentiation in the market. We create clothes that fit, and that make our customers look and feel amazing, enabling them to live the lifestyle they aspire to, something we have always championed as accessible to all. This is what makes N Brown special, both in the culture it creates internally and in what we can deliver for customers.

STRATEGIC PILLARS

These pillars are underpinned by two 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.



CHIEF EXECUTIVE'S STATEMENT CONTINUED

1. BUILD A DIFFERENTIATED BRAND PORTFOLIO

A considerable amount of work has been undertaken this year to build stronger identities and points of differentiation for the strategic brands in our portfolio. We have immersed colleagues further in the identity of each of our strategic brands, to allow them to better execute against their individual strategies.

For Simply Be, we launched a new creative campaign, "The Fit Revolution", which was delivered via a new media approach which saw us move away from traditional TV advertising, and switch to digital video, social, out of home and influencers. You can watch how we have evolved our brand identity through the Spring/Summer "SS" campaign on the right.

We also launched our JD Williams "Collections" campaign, and supported this with specific activity showcasing how our financial services offer makes our collections accessible to our customer. We launched the Collections campaign with an updated media approach in SS working alongside our brand ambassadors, Davina McCall and Amanda Holden, and evolved this approach further in the Autumn/Winter season. You can see this on the right.

With Jacamo, we continued to champion inclusivity through the launch of our "Every Man" creative campaign for SS. Accompanied by a new media approach where we aligned our ongoing communications and storytelling with the "Every Man" creative, you can see how we told this story below.

Our heritage brand portfolio is focused on the retention and retrade of existing customers and, in particular, loyal credit customers. These brands are now managed by a dedicated team to create operational focus and clarity distinct from the strategic brands which we are seeking to accelerate.



SEE OUR "COLLECTIONS" CAMPAIGN HERE designed to help her make the most of every moment



SEE OUR "THE FIT REVOLUTION" CAMPAIGN HERE reinforcing our belief that all women should be able to access fashion that truly fits



2. ELEVATE THE FASHION AND FINTECH PROPOSITION

We rebalanced our core offer to align with a normalisation in the clothing and footwear market post pandemic. We achieved this by buying into growth categories such as occasionwear and formalwear, whilst protecting the categories our customers consistently love – lingerie, dresses, denim, and footwear. In line with our vision of inclusivity, we have extended the size range across our product portfolio, introducing smaller sizes, ensuring accessibility of our fantastic product to all.

We have taken a customer-centric approach to enhancing our design capability, responding to customer feedback, particularly within our Womenswear own label proposition. Our teams have reduced the historic syndication across strategic brands, replacing it with own label product that is designed and bought specifically for Simply Be, JD Williams and Jacamo. This product is distinct and bespoke to each brand, strengthening our unique, brand-aligned proposition across our product offering.

We welcomed some fantastic third-party brands across our strategic brands during the year, chosen selectively to complement our own product offering. Within Womenswear, our branded offer sales have increased by 49% YoY through partnerships with Nobody's Child, Mango, Monsoon and Whistles. Our Men's branded offering continues to see growth, up 8% YoY, with good performance from our premium brands including Polo Ralph Lauren and Boss.

SEE OUR "EVERYMAN" CAMPAIGN HERE showcasing our vision for inclusivity, by having the brands, styles and sizes for all men



Our Financial Services proposition evolved in the year, enhancing the customer offer. In parallel, work has begun on a new technology platform, with a dedicated team now in place to drive delivery. Progress during the year has included commencing the build of the first component of the platform, mapping customer journeys and selecting platforms for further components to be built. We have improved the integration of our existing Financial Services proposition into the customer journey, developing better credit messaging displays and optimising the user experience. We rebranded our JD Williams credit offer "JDW Pay", which was communicated through direct mail campaigns and attracted over 20,000 new credit customers. Building on lessons learnt from this, we later rebranded our Simply Be credit offer as "Pay Simply Be". We also launched 0% interest for new and existing customers.

BRANDED WOMENSWEAR

+49%

YOY THROUGH PARTNERSHIPS INCLUDING NOBODY'S CHILD, MANGO, MONSOON AND WHISTLES.

BRANDED MENSWEAR

+8%

YOY WITH GOOD PERFORMANCE FROM OUR PREMIUM BRANDS INCLUDING POLO RALPH LAUREN AND BOSS.

'JDW PAY'

+20,000

NEW CREDIT CUSTOMERS ATTRACTED THROUGH OUR REBRANDED JD WILLIAMS CREDIT OFFER.



3. TRANSFORM THE CUSTOMER EXPERIENCE

We have evolved our digital customer ecosystem, building a mobile-first, customer-centric website which was launched this year for Simply Be. The platform aims to deliver a seamless customer experience, so shoppers are able to navigate the site, have a frictionless checkout experience and receive the same rich mobile application experience across any device. It is already 18% faster than any of our other websites and has also gained external credibility for its performance, with its Google Lighthouse score increasing, a measure based on a combination of performance, accessibility, Search Engine Optimisation ('SEO'), and best practice criteria. Jacamo will be the next brand to benefit and is expected to go live in the first half of FY24, followed later by JD Williams.

Native checkout, which allows customers to pay directly through our app, rather than being redirected to the website, was launched for mobile users across Android and iOS. Native checkout creates a faster and smoother user experience, with fewer errors and abandoned carts at point of payment.

4. WIN WITH OUR TARGET CUSTOMER

We have invested in new marketing channels in order to attract our target customers. We built a customer bidding algorithm to target prospective customers interested in purchasing our products through credit with branded display advertisements. Of the new customers that were recruited through this channel, 80% went on to purchase using our credit proposition. We continually sought new ways to test and innovate acquisition of target audiences, driving app installations across paid media channels including Google, Apple, and Facebook.

We also evolved our approach to customer retention. We introduced a new credit welcome programme to influence payment behaviour by educating our customers on how to manage their credit responsibly. This initiative led to a 34% reduction in customers falling into arrears within testing. We intend to capitalise on this insight to pursue other ways of influencing more regular payments and activation of customer demand through better use of data and analytics.

We also rebuilt our Customer Lifetime Value Model to give us more accurate data, so that we can better understand our customer base and improve targeting and personalisation.



5. ESTABLISH DATA AS AN ASSET TO WIN

Last year we designed and launched our new Data Strategy. Leveraging better insight from our unique Retail and FS data requires us to evolve our operating model, and foster the appropriate data culture.

We have largely achieved our target operating model by establishing a Group Data function, plugging capability gaps with key hires, and aligning with the organisation's agile ways of working. Our data culture will empower our colleagues to meaningfully engage with data to identify and leverage analytical opportunities.

We continue to invest in data-driven use-cases in the Pricing Optimisation and Customer Value space. One of our data products, PriceTagger, (an in-house tool which helps us optimally promote product using pricing elasticity curves), has been rolled out to all clothing and footwear promotions. We have also released an improved mailing selections model to optimise our offline marketing spend and embedded our new customer cohort models into our forecasting and planning processes. We expanded our Machine Learning ('ML') capabilities by creating 'Luna', a framework for building, deploying, and tracking scalable ML models by leveraging the power of cloud platforms. This reduces ML deployment time from months to minutes, allowing us to be more agile.



CHIEF EXECUTIVE'S STATEMENT CONTINUED

KEY ENABLERS

We have worked hard to develop an agile operating model by evolving our organisational design. We are moving to organisational structures that are better aligned to our brands, journeys and systems to enable better customer outcomes and deliver value faster and more effectively for the organisation. We have been testing how to embed this as part of our culture and learning throughout the year through an iterative process, implementing it across areas of the business where value can be realised fastest.

To ensure that we have the right environment for our people and talent to adapt to this evolved way of working, we are committed to building both a diverse workforce and creating an inclusive environment which values equality for all. This is why we launched our Equity, Diversity and Inclusion Strategy, "EMBRACE" during the period. Embrace is a fundamental enabler to our success as an organisation. Alongside this, we have launched our Apprenticeship, Graduate and High Potential programmes, welcoming the first cohort of our graduate scheme in October, as we continue to attract, acquire, and develop capabilities for the future.

PROTECTING OUR CUSTOMERS

We have taken a proactive approach to looking after our customers, continuing to offer flexible payment options and payment holidays, where appropriate, to help them manage their finances. In addition, we have updated our help and support pages online, providing financial education to help our customers make informed decisions and manage their finances more effectively. As we move forward, we will continue to work hard to provide help and support for our customers.



STRATEGIC PRIORITIES

Good progress has been made across all our key strategic pillars during the last financial year, reinforcing confidence in our strategy, despite market conditions. We anticipate market conditions to remain difficult for the next 12-18 months and expect the first half of FY24 to be particularly challenging, before inflationary pressures slowly subside and the impacts of UK economic policy flow through into consumer markets. During this period, we will upweight our focus on internal cash generation to support the continuation of our strategy.

We will continue to invest in our strategic transformation, the key to unlocking sustainable growth when market conditions improve. In order to better prioritise and execute activity that will transform the business in the medium term, we have made the decision to focus our resources on fewer things, so that we can deliver value faster.

Investment is centred on five transformational priorities:



NEW WEBSITES FOR ALL STRATEGIC BRANDS

Roll out our new mobile-first website experience and continuously iterate launches with new features.



A TECHNOLOGY PLATFORM TO SUPPORT OUR FINANCIAL SERVICES PROPOSITION

The platform will enhance the ways in which customers can choose to pay for our amazing product and will be supported by the launch of a new FS brand.



DATA CULTURE

further empower our colleagues to engage with data to identify and leverage analytical opportunities.



A PRODUCT INFORMATION MANAGEMENT ('PIM') SYSTEM

Providing a single place to collect, manage and enrich product data, to provide a better experience for customers and a more efficient process for colleagues.



A FULLY EMBEDDED AGILE OPERATING MODEL

Evolving our organisational design so that all relevant colleagues will have moved to an agile way of working.

STRATEGIC PILLARS

Build a differentiated brand portfolio

Our focus for FY24 is to further develop the identities of our strategic brands. This will be executed through elevated communications and storytelling that resonates with our target audiences, delivered through channels which reflect where they spend their time.

Simply Be will continue to emphasise inclusive fashion for all body shapes, presenting itself as a brand that grasps this territory better than others in the industry, enhancing our approach to influencer marketing.

For JD Williams, we've started the year with an exciting media partnership with ITV and Global, featuring our brand ambassadors Davina McCall and Amanda Holden. Our summer campaign will follow this and will launch a new creative approach. Building on the 'Collections' narrative, it will create an even stronger emotional connection with our customer. We will continue to use our content to raise the visibility of our credit proposition.

For Jacamo, we will design a new creative approach, to build on the foundations of 'Every Man', broadening its appeal to all men, not just 'Plus Size'. We have partnered with social media community LADbible to create highly engaging content, based around our customers' passion points. This will bring our product to life and demonstrate the credibility in our story, championing inclusion and providing access to the brands he is looking for.

CHIEF EXECUTIVE'S STATEMENT CONTINUED

STRATEGIC PILLARS

Elevate the fashion and fintech proposition

We will continue to evolve our own-label Womenswear proposition to become unique to each of our brands. This will provide us with exclusivity and credibility, and we will support our efforts with the right third-party brands, offering a curated and balanced offer. Our Financial Services proposition will continue to evolve through the transformational activity being delivered.

As the market continues to evolve, we will also look to further refine the balance of fashion and home within our range architecture. We have built a great home proposition to include some of the world's leading brands and will continue to delight our customers with a curated offer through the coming year.

Remaining mindful of the external market and the pressures our customers face, we are committed to ensuring our offer delivers great value for money, including great fit as standard, a wider range of sizes, and most importantly, great fashion. This plays into our financial services proposition, giving our customers access to great products and making them more affordable.

Our FS transformation journey is in flight and we have listened carefully to what our existing and prospective customers want. We will develop our new FS proposition, by building and testing our new FS Platform ready to launch to customers. The underlying technology is the enabler that will help us to innovate our product offering, as well as create the flexibility we require to best support our customers. This means giving customers the flexibility of revolving credit, combined with the certainty of instalment credit, all tailored to individual needs. We will be launching this new proposition under a new FS brand which has the customer at its heart and removes barriers, by putting flexible payment options into the hands of more people.





Transform the customer experience

Throughout the year our new websites will form an integral part of our transformation activity. The launch of Simply Be provided us with a blueprint, allowing us to replicate processes for the launches of Jacamo, and then JD Williams.

Jacamo has begun its staged launch to customers. Our approach to our website technology is not just about the websites going live, but rather an iterative process where we constantly build new features to complement the entire ecosystem. Our development is customer centric, with the user experience fed by continuous customer feedback. The aim is to constantly refine the end-to-end customer journey, allowing for seamless interaction with our technology.

We will also deploy a Product Information Management ('PIM') system to provide our customers with better information and insight on our products, including offering more detail about sizing and fabric. This will create a consistent customer experience and seeks to lower the returns rate by distributing accurate and complete content across all channels.

CHIEF EXECUTIVE'S STATEMENT CONTINUED

STRATEGIC PILLARS

Win with our target customer

Whilst seeking to resonate with our target audiences, we are further integrating our Retail and FS business to better encourage the acquisition of credit customers.

Supported by our Finance and Data teams, this will facilitate a more holistic approach to find the best business solutions to support our credit propositions. Ahead of our FS brand launch, this will be achieved through clearer credit identities across all of our brands in our portfolio.

To ensure these identities are showcased in the most effective way, we will reallocate our marketing spend towards Direct Mail and Display, with FS becoming a fully embedded part of the overall marketing plan. We will also be using combined Retail and FS data to positively impact business decision making, through clearer consideration of the combined contribution.

Whilst we continue to invest in new ways to acquire target customers, we will also consider the evolution of how we define loyalty, the behaviours we want to encourage, and the mechanisms that need to be implemented in order to create a better value exchange between our brands and our customers.

CREDIT IDENTITIES

Ahead of our FS brand launch, this will be achieved through clearer credit identities across all of our brands in our portfolio.



Establish data as an asset to win

We will continue to invest in data-driven use cases in pricing optimisation and the customer value space by utilising our unique datasets and expertise to land high value data-driven use cases.

PriceTagger will gain seasonality intelligence, and expand to cover the Home, Technology and Leisure categories. Our new Customer Lifetime Value model will improve the allocation of our marketing spend, and we will create data-enabled propositions that leverage our unique, combined FS and Retail business model. Lastly, we will continue our digital analytics work to provide a consistent view of customer activity across devices (app and web) and platforms (existing and new websites).



CHIEF EXECUTIVE'S STATEMENT CONTINUED

FY24 continued

ENABLERS

Throughout FY24, we will continue to mature our new ways of working across the organisation. This means some colleagues will be fully immersed in this way of working and some will adopt agile principles as needed, depending on what they are working on and who they are working with. We believe it will be a better way for us to focus on delivering our strategy at pace. It will allow us to be adaptable, sensing and responding to changes in the market as soon as they happen and satisfying our customers' expectations faster than ever.

We will continue to ensure our business delivers key projects to allow us to trade effectively, safeguarding our colleagues and our customers. These include the upcoming changes to regulation on Consumer Duty and core technology programmes such as infrastructure contract renewals and investment in our cyber security.

FY24 OUTLOOK

We continue to expect the macroeconomic challenges of a high inflationary environment and low consumer confidence, to persist throughout FY24.

Given this backdrop, we have commenced FY24 with lower active customers and our performance at the start of FY24 has been impacted by poor early Spring weather, reducing demand for our summer ranges. Q1 FY24 annualises against the strongest quarterly performance experienced in FY23, before the more significant impact of cost-of-living pressures on customers' spend was felt. As a result, product revenue momentum in Q4 FY23 (17.8%) has broadly continued into Q1 FY24.

The uncertain macroeconomic conditions make visibility on revenue trends difficult. We currently expect full year product revenue for FY24 to decline at a slightly improved rate to that seen in FY23 (8.4%¹).

We expect to drive product margin improvements through mix by moving further into clothing, and a greater proportion of full price sales, supported by optimised pricing strategies which also utilise our improving data usage. We are well hedged against our US Dollar purchases for FY24.

The customer loan book opened the year lower than prior year. Combined with our expectations for product revenue, we currently expect Financial Services revenue to decline at a rate slightly adverse to that seen in FY23 of 4.1%¹. The Financial Services gross margin broadly normalised in FY23 at circa 49%.

We anticipate a further increase in the adjusted operating costs to Group revenue ratio in FY24, as a result of inflationary pressures continuing from FY23, particularly in Admin & Payroll costs, and lower Group revenue. Management actions are planned across all areas to mitigate the effect of these pressures where possible.

Across the combination of gross margin improvements and the headwinds in adjusted operating costs, we currently expect a reduction in FY24 of around 1ppt in EBITDA margin over FY23's level (8.2%¹).

We expect to see a reduction of around £15m against the previous level of depreciation and amortisation following the £53m impairment of non-financial assets in FY23, whilst holding finance costs in line with FY23.

The business continues to be well positioned to invest in and deliver strategic change and we will step-up investment in FY24, aligned to our transformational priorities. We will continue to self-fund investment through carefully managed cash flows including tight control and right-sizing of stock. At the end of FY24, we expect net debt to be slightly better than FY23's closing position. We remain confident in our strategic direction and our digital transformation as we focus on driving sustainable profitable growth.

SUMMARY

FY23 was a year of pragmatism and flexibility. The business balanced its short-term trading requirements with its need to deliver longer-term transformation against our strategic agenda. We have been continuously tested by fluctuations in the market since the Covid-19 pandemic and have managed to effectively navigate our way through each year. In the face of this adversity, we have become a more resilient business by challenging our colleagues to put the customer at the centre of everything we do, and by executing our strategic transformation at pace to realise value faster.

We have clear brand identities that resonate with their target audiences, with a product offer that continues to drive inclusion through our expertise in fit. We have continued to foster collaboration between our Retail and Financial Services businesses to provide better outcomes for our customers and see this adding further value as we expand this approach into FY24.

We expect the market for UK discretionary goods to remain soft in FY24. However, during the year we will balance disciplined trading of the business, maintaining balance sheet strength and moving forward with our strategic transformation. By the end of 2024 we expect the output of our five transformational activities to provide the platform for the organisation to seize market opportunities so that we can begin to deliver sustainable profitable growth. Supporting our customers throughout this period is paramount, because despite cost-of-living pressures, our customers still want to look and feel amazing, and it is our responsibility, and opportunity to make sure they do.

¹ FY23 was a 53 week financial year. FY24 expectations are stated against the 52 week results to 25 February 2023 as set out on pages 22-29 (Product revenue of £426.6m; Financial services revenue of £239.8m; EBITDA margin of 8.2%).

KEY PERFORMANCE INDICATORS ("KPIs")

NON-FINANCIAL KPIs

A number of our KPIs¹ reflect the impact of the tougher consumer environment on the business seen during the year. Total website sessions declined by 10%², reflecting a combination of more cautious consumer behaviour, consistent with the softer online market in the year, and significant cost inflation in paid search, reducing the number of sessions obtained from the same spend. The conversion rate is down 0.1ppts² against last year, which is also a reflection of a more cautious approach from consumers whilst browsing sites. The reduction in orders has been offset by an increase in Average Item Value ('AIV') as we have mitigated

a more subdued backdrop with a focus on promotional discipline, implementing measured price increases supported by data tools to help offset inflationary impacts, and we have seen more intentional behaviour from customers, which has included buying into more premium ranges.

The total number of active customers is lower than the prior year, reflecting the more difficult trading environment and includes our heritage portfolio of brands where the focus is on stabilisation and value protection rather than growth. We have seen a 2ppt increase in the proportion of new accounts opened as credit accounts.

The Financial Services arrears rate increased over the prior year and returned to pre-pandemic levels in the second half of the year. This was driven by macro-economic pressures, particularly over the cost-of-living. We continue to support our customers through these pressures, and customers utilised our payment plans at a greater rate than previous years.

Our Net Promoter Score ('NPS') declined from our FY22 position as we manage issues around delivery speed, which have been a challenge across the industry. The FY23 exit run rate for NPS has now returned to historic norms.

TOTAL WEBSITE SESSIONS

217m



DEFINITION

Total number of sessions across N Brown apps, mobile and desktop websites.

TOTAL ACTIVE CUSTOMERS

2.6m



DEFINITION

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

TOTAL ORDERS

8.7m



DEFINITION

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

CONVERSION

3.8%



DEFINITION

% of app/web sessions that result in an accepted order.

AVERAGE ORDER VALUE ('AOV')

£79.2



DEFINITION

Average order value based on accepted demand³.

AVERAGE ITEM VALUE ('AIV')

£28.3



DEFINITION

Average item value based on accepted demand³.

ITEMS PER ORDER

2.8



DEFINITION

Average number of items per accepted order.

FINANCIAL SERVICES ('FS') ARREARS

9.1%



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')

57



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.

¹ All non-financial KPIs shown on a 52-week basis for FY23 other than Financial Services Arrears, which reflects a 4 March 2023 balance sheet date.

² FY22 sessions and conversion restated to match updated definition post roll-out of new Simply Be website. The restatement is estimated based on metrics from before and after the Simply Be roll-out. Estimations to be replaced with actuals as new websites roll-out to other brands.

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

MARKETPLACE

ADAPTING TO MARKET TRENDS

The retail market continues to evolve rapidly and we are **adapting** to changes for our customers

RETAIL MARKET

The retail market continues to evolve post the impact of Covid-19. Following an acceleration in the shift to online retail during the Covid-19 pandemic, FY23 has seen a softer online market, declining around 8%¹ and reflecting some channel-shift back into stores/omni-channel retailers, along with the cost-of-living pressures on consumers. However, although the online market has been softer, the proportion of online retail sales remains structurally higher than pre-pandemic.

The online clothing and footwear market has been broadly flat to prior year, with the overall decline driven by the online home and technology market, continuing a trend seen in the prior year. This follows the exceptional levels of interest in home products during the pandemic and some current caution from consumers around purchasing bigger ticket items.

Our focus remains on responding promptly to changing trends, and customer demand, such as a return of consumers to formalwear and occasionwear. We will continue to monitor 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. This structural growth in the online market seen since pre-pandemic presents a continued opportunity for N Brown's brands to cater for new segments of shoppers, and the need to keep building and innovating our digital experiences. This is reflected in our technology roadmap and increased capital investment in FY24.

¹ BRC total online non-food market.



CONSUMER CREDIT

Our credit proposition remains a key differentiator, providing convenient financial services to customers and giving them access to fantastic products across our portfolio of brands. Our credit customers remain our most loyal customers, who not only shop more frequently but also score the highest when it comes to customer satisfaction.

To ensure we remain competitive in the long term, we continued to make progress on our FS platform which is tasked with providing us with the flexibility to tailor our offer and service to meet our customers' needs. Prior to the new platform being delivered, we have provided 0% interest offers to new and existing customers using our existing platform. We have also further integrated our offer within the customer journey, developing new credit identities and finding more targeted ways to market our offer.

As a responsible lender we have always put our customers first and have worked hard to support them through the Covid-19 pandemic and the cost-of-living crisis. We have worked closely with our customers to understand their needs and have provided appropriate solutions to help them navigate this period. This has included offering flexible payment options and payment holidays, where appropriate, as well as providing financial education by updating our help and support pages.

The FCA is taking steps to further improve the way consumers are treated in the consumer credit market, particularly in regard to unsecured lending, following an increase in the market of unregulated 'Buy Now, Pay Later' credit propositions. The new Consumer Duty sets higher and clearer standards of consumer protection across financial services and requires firms to put their customers' needs first. We welcome these developments and are already delivering on the majority of what the Consumer Duty aims to achieve through our inclusive, customer-centric approach. We are working towards being fully compliant with Consumer Duty guidance by the regulatory deadline of 31 July 2023. Further details on this can be found in the Financial Services Board Committee report on page 78.

MARKETPLACE OUTLOOK

Our success as a business is determined by demand for our products, which stems from consumer confidence, our ability to benefit 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 -30 at April 2023, an improvement over the record low of -49 seen in September 2022. However, the index remains low by historical standards, being only nine points above the level recorded at the height of the global financial crisis in July 2008.

Fears remain elevated around inflationary impacts and interest rates, which are impacting consumer confidence.

The total online non-food market is forecast to show moderate growth of around 1%¹ in calendar year 2023 before the level of growth improves in 2024.

We believe that our integrated credit proposition will remain particularly relevant in this consumer market. We will also continue to pivot our different brands into product categories to meet customer demand, supported by targeted levels of marketing investment.

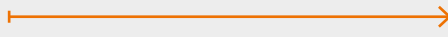
¹ GlobalData online non-food market growth (at April 2023).



BUSINESS MODEL

CREATING SUSTAINABLE VALUE

Inputs



What makes us different?

OUR RESOURCES

COLLEAGUES

Without our colleagues and their relentless energy, enthusiasm and passion we couldn't do what we do.

PRODUCT

Delivering product which truly resonates with our customers in perfect fitting styles.

FINANCE

Our customers can either pay us immediately or make purchases on credit, thereby spreading the cost and allowing them to budget appropriately.

OUR RELATIONSHIPS

CUSTOMERS

We are proud to source great products which our customers love. We exist to make our customers look and feel amazing.

REGULATORS

We work effectively with all our regulators to ensure that our customers receive good outcomes.

FINANCING

We maintain strong relationships with supporting securitisation and other banking partners to ensure that the Group is appropriately financed.

BRANDS

We operate distinct digital retail brands selling Clothing and Footwear and Home and Gift.

REPUTATION

We believe we should be a major force for good in fashion. It's a huge responsibility, and a purpose way beyond profit.

SUPPLIERS

We work collaboratively with our suppliers across the world to ensure that we can serve our customers by delivering key products and trends at the right time.

COMMUNITIES

We support the local communities in which we operate and encourage our colleagues to play a positive role within their local community.

SHAREHOLDERS

We work to deliver long-term sustainable value for our shareholders.

UNDERSERVED MARKET FOCUS



DISTINCT BRAND PORTFOLIO



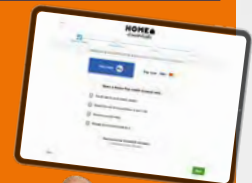
SUPERIOR FIT



DIGITAL PUREPLAY



ACCESSIBILITY OF FINANCIAL SERVICES OFFER



GREAT COLLEAGUES



Our values underpin everything we do

TOGETHER FOR THE CUSTOMER



What we do

The value we create

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

SOURCE, DESIGN
AND CREATE
PRODUCTS

SELL OWN AND
THIRD-PARTY BRANDS
VIA DIGITAL CHANNELS,
WITH INTEGRATED
PAYMENT OPTIONS



DATA-LED
FEEDBACK
ON OFFERING

CUSTOMER
DELIVERY
AND RETURNS

FINANCIAL

CAPITAL
EXPENDITURE¹

£25.6m

ADJUSTED EBITDA²

£57.3m

NON-FINANCIAL

COLLEAGUES
SUPPORTED THROUGH
APPRENTICESHIP AND
GRADUATE
PROGRAMMES

68

DONATED TO CHARITY
PARTNER MAGGIE'S
OVER FOUR-YEAR
PARTNERSHIP TO FY23

£180,000

¹ Capital expenditure, i.e. cash flows relating to the purchase of intangible assets and property, plant and equipment.

² A reconciliation of statutory measures to adjusted measures is included on page 23. A full glossary of Alternative Performance Measures and their definitions is included on page 29.

DRIVEN BY
CURIOSITY



EMPOWERED
BY TRUST



MOTIVATED
BY PACE



FINANCIAL PERFORMANCE

FINANCIAL KPIs

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

All financial KPIs below relate to our 53-week financial year ended 4 March 2023.

PRODUCT REVENUE¹

£433.4m

Change: (6.9)%

ADJUSTED EBITDA²

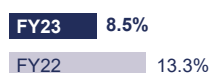
£57.3m

Change: 39.7%

ADJUSTED EBITDA MARGIN^{1,2}

8.5%

Change: 4.8ppts

ADJUSTED OPERATING COSTS TO GROUP REVENUE^{1,2}

37.7%

Change: (1.7)ppts

CASH AND CASH EQUIVALENTS^{3,4}

£35.5m

Change: (17.6)%

TOTAL ACCESSIBLE LIQUIDITY⁴

£143.9m

Change: (32.2)%



STATUTORY (LOSS)/PROFIT BEFORE TAX

£(71.1)m

Change: N/A%

ADJUSTED EPS¹

1.81p

Change: (76.5)%



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.

¹ FY23 is a 53-week year, ended 4 March 2023. A detailed comparison of the 53 weeks and 52 weeks results is set out on page 23.

² A full glossary of Alternative Performance Measures and their definitions is included on page 29.

³ During FY22 we agreed with our banks that the securitisation facility does not need to be fully drawn and that surplus cash can be used to repay drawings from time to time. FY22 excludes accessible amounts voluntarily undrawn against the securitisation facility of £60.1m. There were no amounts voluntarily undrawn against the securitisation facility at the FY23 year end.

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

RECONCILIATION OF INCOME STATEMENT MEASURES

	53 weeks to 4 March 2023			52 weeks to 25 Feb 2023		52 weeks to 26 Feb 2022		
	Statutory	Adjusted items	Adjusted	53rd week impact	52 weeks Adjusted	Statutory	Adjusted items	Adjusted
Group revenue	677.5		677.5	(11.5)	666.0	715.7		715.7
Group cost of sales	(364.7)		(364.7)	6.7	(358.0)	(362.8)		(362.8)
Gross profit	312.8		312.8	(4.8)	308.0	352.9		352.9
Gross profit margin	46.2%		46.2%		46.2%	49.3%		49.3%
Operating costs	(290.0)	34.5	(255.5)	1.9	(253.6)	(286.6)	28.7	(257.9)
Adjusted operating costs to Group revenue ratio			37.7%		38.1%			36.0%
Adjusted EBITDA			57.3	(2.9)	54.4			95.0
Adjusted EBITDA margin			8.5%		8.2%			13.3%
Depreciation & amortisation	(35.7)		(35.7)	–	(35.7)	(38.1)		(38.1)
Impairment of non-financial assets	(53.0)	53.0	–	–	–	–		–
Operating (loss) / Profit	(65.9)	87.5	21.6	(2.9)	18.7	28.2	28.7	56.9
Finance costs	(14.1)		(14.1)	0.3	(13.8)	(13.8)		(13.8)
(Loss) / Profit before taxation and fair value adjustment to financial instruments	(80.0)	87.5	7.5	(2.6)	4.9	14.4	28.7	43.1
Fair value adjustments to financial instruments	8.9		8.9	–	8.9	4.8		4.8
(Loss) / Profit before taxation	(71.1)	87.5	16.4	(2.6)	13.8	19.2	28.7	47.9
Taxation credit / (charge)	19.7	(20.6)	(0.9)	–	(0.9)	(3.0)	(5.7)	(8.7)
(Loss) / Profit for the year	(51.4)	66.9	15.5	(2.6)	12.9	16.2	23.0	39.2
(Loss) / Earnings per share	(11.19)p		1.81p		N/A	3.53p		7.69p

RECONCILIATION OF CASH AND CASH EQUIVALENTS AND BANK OVERDRAFTS TO UNSECURED NET CASH / (DEBT) AND ADJUSTED NET DEBT

£m	4 March 2023	26 Feb 2022
Cash and cash equivalents	35.5	43.1
Unsecured debt and bank overdrafts	–	–
Unsecured net cash / (debt)	35.5	43.1
Secured debt facility linked to eligible receivables	(332.9)	(302.5)
Adjusted net debt	(297.4)	(259.4)

RECONCILIATION OF NET MOVEMENT IN CASH AND CASH EQUIVALENTS AND BANK OVERDRAFTS TO NET CASH (UTILISATION) / GENERATION

£m	53 weeks to 4 March 2023	52 weeks to 26 Feb 2022
Net decrease in cash and cash equivalents and bank overdraft	(7.6)	(37.7)
Voluntary flexible (drawdown) / repayment of securitisation loan	(60.1)	60.1
Net cash (utilisation) / generation	(67.7)	22.4

FINANCIAL PERFORMANCE CONTINUED

REVIEW OF THE YEAR



The business has remained resilient in a challenging market, adapting to the high inflation environment and exiting the year with unsecured net cash, enabling the business to look ahead with cautious optimism and execute on strategic change.”

Rachel Izzard
Chief Financial Officer



OVERVIEW

For both our customers and N Brown, FY23 was a year of normalising post-pandemic and facing into the new challenge of a high inflation environment.

The Group delivered Adjusted EBITDA of £57.3m and Adjusted Profit Before Tax of £7.5m. Adjusting items totalled £87.5m, including the Allianz litigation settlement, and a non-cash impairment to non-financial assets of £53.0m to reduce the balance sheet asset value to match lower value in use forecasts driven by the current macro-economic conditions. These adjusting items resulted in a statutory loss before tax of (£71.1m). Net cash utilisation was (£67.7m), reflecting underlying cash generation offset by adjusting items of £55.4m including a partial deferral of the annual debt sale to achieve a better outcome for customers and the business, and settlement of Allianz litigation. Cash and cash equivalents amounted to £35.5m. Net of a low level of restricted cash, combined with the fully undrawn RCF of £100.0m and overdraft of £12.5m, provides Total Accessible Liquidity of £143.9m at the balance sheet date.

Core customer dynamics, including product mix, returns rates and credit arrears rates broadly returned to pre-pandemic norms. However, progressively through the year the impact of the high inflation environment became apparent. This was experienced through significant pressure on input costs and customers' being more cautious in their shopping behaviours, combined with an increase in their use of credit. We have remained adaptable in recognition of, and with the intention to mitigate, these pressures, focusing the teams on what we can control.

The softer market dynamics, combined with an active strategy to prioritise profitability as opposed to growth, led to product revenue down 6.9% or £32.2m. This was substantially offset by the 1.8ppt improvement in product gross margin rates as well as volume cost savings through operating costs, resulting in

a relatively small retail impact on the Group Adjusted EBITDA versus prior year. The more material driver of the movement year on year in Adjusted EBITDA and Adjusted Profit before Tax came from Financial Services ('FS') with the normalisation of FS gross margin rate compared with the abnormally high result in the prior year, combined with lower retail sales leading to a 3.8% reduction in the customer receivables debtor book. Adjusted Operating costs were slightly lower with material cost inflation of £15m being offset by savings through volumes. Interest costs and adjusted amortisation were also broadly flat, benefiting from the interest rate hedge.

Our balance sheet remains strong with Total Accessible Liquidity of £112.0m at 6 May 2023, following recommitment of the RCF and overdraft facilities to December 2026, and we remain well hedged on foreign exchange and interest rates. This strong financial position allows us to take a measured and well-managed approach to capital investment. We are continuing to make strategic progress including the launch of new customer facing websites, with Simply Be being the first to be deployed, and moving to the "build" stage in the development of our strategically critical new Financial Services platform.

Looking ahead, the Board reflected on the current cost-of-living crisis and challenges in consumer confidence, and reduced the financial forecasts to reflect the lower exit run rate from FY23, as announced in the trading update published in January 2023. The accounting standard (IAS 36) requires us to look at our financial forecasts and compare their value to our net assets. The discounted value of the latest financial forecasts is lower than our net assets resulting in an accounting impairment of £53.0m which has been recorded against our intangible and plant and equipment assets. This is an accounting assessment under IAS36 and is not a market valuation of the business. These assets remain in use and whilst having to take account of the change in forecasts, the Board remain confident in the strategy

REVENUE

£m	53 weeks to 4 Mar 2023	52 weeks to 26 Feb 2022 ²	Change 53 weeks to 52 weeks	52 weeks to 25 Feb 2023 ¹	Change 52 weeks to 52 weeks
Strategic brands ³	311.8	323.9	(3.7)%	306.8	(5.3)%
Heritage brands ⁴	121.6	141.7	(14.2)%	119.8	(15.5)%
Total product revenue	433.4	465.6	(6.9)%	426.6	(8.4)%
Financial Services revenue	244.1	250.1	(2.4)%	239.4	(4.3)%
Group revenue	677.5	715.7	(5.3)%	666.0	(6.9)%

¹ FY23 is a 53-week year, ending 4 March 2023. Revenue has been presented on a 52 week basis, excluding the 53rd week for comparability with last year's 52-week year. A detailed comparison of the 53 weeks and 52 weeks results is set out on page 23.

² Brand split re-presented into strategic and heritage brands in line with the Group's strategy.

³ JD Williams, Simply Be, Jacamo.

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

referenced on p7 onwards, and will continue to keep under review the forward forecasts for the latest macro-economic environment and strategic execution.

REVENUE

Group revenue declined 5.3% to £677.5m reflecting a 6.9% decline in product revenue and a 2.4% decline in FS revenue. For the comparable 52-week period the Group revenue declined 6.9%.

Product revenue reflected the challenging online market conditions which developed throughout the year, including channel shift back into stores and omni-channel retailers. Across FY23, the total online market declined by c.8%¹, and c.5%² when weighted for our category mix. Against this market backdrop, our strategic brands saw a decline of 5%, in line with the market for the comparable 52-week period. Our heritage brands, which are managed for contribution as opposed to growth, saw product revenue, down 15% for the comparable 52-week period. The product revenue trend developed through the year with Q1 down 0.6%, Q2 and Q3 similar at -9.4% and -9.2% respectively, and Q4 at -17.8%, in part due to deliberate actions to manage for profitability rather than sales at this softer time of year.

The impact of cost-of-living pressures has been evident in our customers' buying behaviour, particularly since the summer, with customers becoming more intentional in their spend, buying what they need or what they love, with a greater focus towards either the value or premium end of our ranges. Order levels were down 15% year on year reflecting this caution, partially offset by an increase in average order value of 11% driven by a combination of price increases in response to cost inflation, and the more disciplined approach to discounting. By Peak trading in Q3 the previous pandemic effect on returns rates and mix of clothing versus home had normalised and from H2 was no longer a year-on-year drag.

The reduced level of product sales from this fiscal year and prior years, net of a slight improvement in credit penetration, resulted in a smaller customer receivables loanbook, down 3.8% at year end. This in turn drove lower FS income with revenue down 4.3% on a comparable 52-week basis.

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

¹ BRC total online non-food market.

² BRC total online non-food market weighted to N Brown category mix using management analysis.

ADJUSTED GROSS PROFIT

Adjusted gross profit margin reduced 3.1ppts year on year to 46.2%, returning to a more normal level post the pandemic impacted prior year. The material driver of this reduction was the FS margin normalising as expected.

FS gross margin reduced 12.5ppts to 49.3% in FY23, compared to the abnormally high FY22 gross margin of 61.8%. The unprecedented conditions within the consumer credit market across FY21 and FY22, with government support during the first part of the Covid-19 pandemic, resulted in high repayment rates, low arrears rates, and low cash write-off. Consequently, this led to low write off charges in FY22 and the release of the original FY21 expected credit loss provision which anticipated an adverse Covid-19 impact that was then not required. This generated the high FY22 FS margin rate, with the current year reflective of more normal levels. FY23 is still inclusive of a forward looking additional expected credit loss provision to reflect caution in the future macro-economic conditions, reducing FS margin by c. (0.8)ppt.

Product gross margin improved 1.8ppts to 44.4%, benefiting from management actions taken to mitigate the impact of input cost

inflation. Actions included reduced discounting through disciplined trading, measured price increases supported by data, and optimising our approach to wholesaling our stock to third parties, which combined, benefitted margin rate by c. 2ppts. We saw c. 1ppt of margin rate benefit from higher VAT bad debt relief due to the normalising level of Financial Services write-offs¹. Partially offsetting this was a negative impact of c. 0.5ppts from higher freight rates. The impact from foreign exchange was minimal due to hedging fully mitigating the c.2ppts drag from Sterling weakening against the US\$. A higher year end stock provision is also in place, which reduced margin by c. 1ppt. The proportion of current stock versus prior season has improved year on year, with the additional provision covering the year end stock being higher than normal for the forward level of sales.

The FX contracts used to hedge US\$ spend are described in note 18 to the financial statements and we remain well hedged throughout FY24 with c. 90% of the US\$ cash spend hedged.

¹ Included in product gross margin as they are only recoverable as we are a combined retail and financial services business, and they would not be recoverable as a standalone credit business.

ADJUSTED GROSS PROFIT¹

£m	53 weeks to 4 Mar 2023 ³	52 weeks to 26 Feb 2022	Change 53 weeks to 52 weeks	52 weeks to 25 Feb 2023 ²	Change 52 weeks to 52 weeks
Product gross profit	192.5	198.3	(2.9)%	189.6	(4.4)%
Product gross margin %	44.4%	42.6%	1.8%ppts	44.4%	1.8ppts
Financial Services gross profit	120.3	154.6	(22.2)%	118.4	(23.4)%
Financial Services gross margin %	49.3%	61.8%	(12.5)ppts	49.5%	(12.3)ppts
Adjusted Group gross profit ¹	312.8	352.9	(11.4)%	308.0	(12.7)%
Adjusted Group gross profit margin	46.2%	49.3%	(3.1)ppts	46.2%	(3.1)ppts

¹ Included in product gross margin as they are only recoverable as we are a combined retail and financial services business, and they would not be recoverable as a standalone credit business.

² A reconciliation of statutory measures to adjusted measures is included on page 23. A full glossary of Alternative Performance Measures and their definitions is included on page 29. There are no reconciling items between Adjusted Gross Profit and Gross Profit.

³ FY23 is a 53-week year, ending 4 March 2023. Adjusted gross profit has been presented on a 52-week basis, excluding the 53rd week for comparability with last year's 52-week year. A detailed comparison of the 53 weeks and 52 weeks results is set out on page 23.

ADJUSTED OPERATING COSTS

£m	53 weeks to 4 Mar 2023	52 weeks to 26 Feb 2022	Change 53 weeks to 52 weeks	52 weeks to 25 Feb 2023 ²	Change 52 weeks to 52 weeks
Warehouse and fulfilment costs	(63.2)	(67.9)	6.9%	(62.2)	8.4%
Marketing and production costs	(70.0)	(73.1)	4.2%	(69.4)	5.1%
Admin and payroll costs	(122.3)	(116.9)	(4.6)%	(122.0)	(4.4)%
Adjusted operating costs¹	(255.5)	(257.9)	0.9%	(253.6)	1.7%
Adjusted operating costs¹ as a % of Group Revenue	37.7%	36.0%	1.7%ppts	38.1%	2.1%ppts

¹ A reconciliation of statutory measures to adjusted measures is included on page 23. A full glossary of Alternative Performance Measures and their definitions is included on page 29.

² FY23 is a 53 week year, ending 4 March 2023. Adjusted operating costs have been presented on a 52 week basis, excluding the 53rd week for comparability with last year's 52 week period. A detailed comparison of the 53 weeks and 52 weeks results is set out on page 23.

FINANCIAL PERFORMANCE CONTINUED

REVIEW OF THE YEAR

ADJUSTING ITEMS

£m	53 weeks to 4 March 2023	52 weeks to 26 Feb 2022
Impairment of non-financial assets	53.0	–
Settlement of Allianz litigation	26.1	29.8
Other	8.4	(1.1)
Items charged to profit before tax	87.5	28.7

OPERATING COSTS

Total operating costs excluding adjusting items reduced £2.4m to £255.5m. This included the headwind of c. £15m price inflation being offset by volume savings, and expensed project costs being offset by cost saving initiatives. Adjusted operating costs as a percentage of Group revenue increased 1.7ppt to 37.7% reflecting the negative operational gearing on fixed costs, but remained below the pre-pandemic level of c.40%.

Warehouse and fulfilment costs were £4.7m or 6.9% lower than prior year, benefitting from the flexible cost base with c. £12m of savings from lower core volumes. This was partially offset by higher returns in H1 which drove a c. £2m increase over prior year, and a headwind of c. £6m across fuel surcharge and inflationary price impacts on carrier and resource costs.

Marketing and production costs were £3.1m or 4.2% lower than prior year reflecting the impact of lower order volumes on performance marketing, more than offsetting cost inflation of c.£4m, with brand marketing similar year-on-year. In H1 HY23, costs increased £3m year-on-year and in H2 costs reduced £6m due to a combination of the volume profile in year, and the phasing of brand spend in the prior year.

Admin and payroll costs increased by £5.4m or 4.6%, driven predominantly by inflationary price increases of c. £5m including utilities, technology contracts, pay awards and National Insurance. Expensed project costs have been funded through net underlying savings.

Across all areas of the cost base, the inflationary pressure increased in H2 FY23 vs H1 FY23 as expected, for both supplier costs and internal pay awards. This will flow through and annualise into FY24.

Statutory operating costs including adjusting items increased by 1.2%.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation was £35.7m, down £2.4m versus the £38.1m in the prior year as a result of older assets now being fully amortised following the acceleration of useful economic lives post the review at the end of FY21, and the change in accounting policy adopted in FY22 relating to software as a service, which results in a greater proportion of one off investment spend expensed.

FINANCE COSTS

Net finance costs of £14.1m, were broadly in line with the £13.8m in the prior year 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, which provided a cash benefit of approximately £4m during FY23.

ADJUSTING ITEMS – EXCLUDING IMPAIRMENT OF NON-FINANCIAL ASSETS

During the year, the Group reached 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. The current year charge of £26.1m represents the additional amount required to cover the settlement and legal costs to completion. Further details are disclosed in note 6 to the financial statements.

During the year the Group made a provision of £5.5m as an estimate of litigation costs. This is principally committed external legal costs associated with legacy customer claims. This is not a new area of exposure and in prior years the Group has handled such claims on a case-by-case basis, and costs incurred have not been material. 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.

During the current year, the Group performed a restructuring exercise to assess headcount and payroll overhead, following the contraction in revenues during the Pandemic and the more recent macro-economic conditions. Total redundancy costs of £2.4m were incurred in the year.

ADJUSTING ITEMS – IMPAIRMENT

During Q4 FY23, the Board reflected on the current cost-of-living crisis and challenges in consumer confidence, and reduced its financial forecasts to reflect a lower exit run rate from FY23, as announced in the trading update published in January 2023. Accounting standard (IAS 36) requires us to look at our financial forecasts and compare their value to our net assets. The discounted value of the latest financial forecasts is lower than our net assets, resulting in an accounting impairment of £53.0m which has been recorded against our intangible and plant and equipment assets. This is an accounting assessment and is not a market valuation of the business. The assets in question remain in use and whilst having to take account of the changes to forecasts, the Board remains confident in the strategy referenced on p78, and will continue to keep its forecasts under review.

PROFIT AND EARNINGS PER SHARE

Driven by the elevated FS gross margin rate in the prior year, and the softer trading environment this year, Adjusted EBITDA decreased by £37.7m to £57.3m and Adjusted EBITDA margin decreased by 4.8ppts to 8.5%.

Statutory operating (loss)/profit decreased by £94.1m over prior year to a loss of £65.9m reflecting the reduction in Adjusted EBITDA and a higher level of adjusting items charged to operating profit.

Statutory (loss) / profit before tax was £(71.1)m, down £90.3m year on year (FY22: £19.2m), reflecting the reduction in statutory operating (loss) / profit, stable interest costs, and an increased fair value gain on financial instruments as a result of foreign exchange and interest rate hedging mark to market gains.

The taxation credit for the year is based on the underlying estimated effective tax rate for the full year of 28%, and reflects adjusted costs and movement in deferred tax in the year, partially offset by prior year adjustments. Further tax analysis is contained in note 9 on p122.

Statutory earnings per share decreased to a loss of 11.19p (FY22: 3.53p).

Adjusted earnings per share decreased to 1.81p (FY22: 7.69p).

FINANCIAL SERVICES CUSTOMER RECEIVABLES AND IMPAIRMENT CHARGE ON CUSTOMER RECEIVABLES

Gross customer trade receivables at year end reduced by 3.8% to £555.2m, driven by the reduced level of prior and current year product sales net of an increase in credit penetration.

Arrears rates increased to 9.1% (FY22: 8.4%), normalising from the prior year low level. Macro conditions have resulted in pressure on customers, which is being carefully monitored. We have continued to support our customers during this time and in FY23 saw indications of customers staying up to date or pro actively moving onto payment arrangements.

This year, as part of the annual payment arrangements debt sale, further analysis was undertaken to segment the balances and predict future probable outcomes. This led to a change of strategy with only part of the balance being sold, with the remainder being retained to either enable customers to return to trade, or a better net outcome to be achieved selling later inclusive of VAT recovery. As a result of the different strategy, an additional c. £35m of gross debtor balances are included in the year end balance and £14.3m of cash generation is being temporarily deferred.

The change in debt sale strategy is also the main driver behind the expected credit loss (ECL) provision ratio increasing to 13.4% from 11.9% in FY22, as these payment arrangement balances are provided for at a higher rate than the receivables not on a payment arrangement.

FINANCIAL SERVICES CUSTOMER RECEIVABLES AND IMPAIRMENT CHARGE ON CUSTOMER RECEIVABLES

	4 March 2023	26 Feb 2022	Change
Gross customer loan balances	555.2	577.2	(3.8)%
ECL provision	(74.6)	(68.7)	8.6%
Normal account provisions	(56.3)	(58.1)	0.1ppts
Payment arrangement provisions	(16.5)	(4.8)	(2.1)ppts
Inflationary impacts	(1.8)	(5.8)	0.7ppts
ECL provision ratio	13.4%	11.9%	1.5ppts
Net Customer Loan Balances	480.6	508.5	(5.5)%

The profit and loss net impairment charge on customer receivables for FY23 was £122.3m, £27.9m higher than last year driven by annualising against the unusually low write-offs and the release of Covid-19 provisioning in FY22.

£m

52 weeks to 26 Feb 2022 impairment charge on customer receivables	94.4
Covid-19 provisioning which was not required	13.7
Normalised write-offs	9.4
Macro-economic and inflationary overlay	2.5
Week 53	2.3
53 weeks to 4 March 2023 impairment charge on customer receivables	122.3

FUNDING AND TOTAL ACCESSIBLE LIQUIDITY ("TAL")

The Group has the following arrangements in place:

A £400m securitisation facility (FY22: £400m) committed until December 2024, drawings on which are linked to prevailing levels of eligible receivables but with flexibility around the level which the Group chooses to draw. In February 2023, the Group chose to proactively reduce the lender commitment from £400m to £340m to reflect the accessible funding level and reduce ongoing fees;

As at the balance sheet date, a RCF of £100m, and an overdraft facility of £12.5m, both fully undrawn at 4 March 2023. These facilities were refinanced following the year end to a maximum limit of £75m and £12.5m respectively, remain undrawn and are both now committed to December 2026;

Following the refinancing of the RCF facility, at 6 May 2023 Group TAL was £112.0m, comprising of £28.3m of cash including restricted cash of £3.8m, the fully undrawn RCF of £75.0m and the overdraft of £12.5m.

At the end of FY23 the Group had TAL of £143.9m (FY22: £212.1m), comprising £35.5m of cash, net of restricted cash of £4.1m and the fully undrawn RCF of £100m and overdraft facility of £12.5m.

CASH FLOW AND INVENTORY

Net cash utilisation was £67.7m in the year, funded by £60.1m from the return to the normal procedure of fully drawing the financial services securitisation facility relative to the eligible receivables, and a reduction of £7.6m in the cash and cash equivalents. The year closed with a positive position of £35.5m net unsecured cash.

The utilisation of cash in the year was majority driven by cash outflows related to adjusting items totalling £55.4m including the full and final settlement paid to Allianz, and the £14.3m impact of the partial deferral of the debt sale. Timing differences due to the inclusion of a 53rd week in FY23 have also resulted in an additional month's payroll and other cash payments of c.£9.0m as adverse working capital. Excluding these non-comparable items, cash of £11.0m was generated in the year.

Capital expenditure of £25.6m (FY22: £19.8m) reflects a planned step-up in spend to deliver the ongoing digital transformation of the business. We expect a further increase in capital investment in FY24 as part of the continued transformation of the business.

FINANCIAL PERFORMANCE CONTINUED

REVIEW OF THE YEAR CONTINUED

NET CASH (OUTFLOW) / GENERATION

£m	53 weeks to 4 March 2023	52 weeks to 26 Feb 2022
Adjusted EBITDA	57.3	95.0
Inventory working capital movement	(6.7)	(9.6)
Other working capital, operating cash flows and provision movement ²	(14.7)	(21.8)
Cash flow adjusted for working capital¹	35.9	63.6
Adjusting items	(55.4)	(9.8)
Capital investing activities	(25.6)	(19.8)
Non-operating tax and treasury	0.2	(7.2)
Interest paid	(15.0)	(13.8)
Non-operational cash outflows	(95.8)	(50.6)
Gross customer loan book repayment	21.9	28.6
Decrease in securitisation debt in line with customer loan book ¹	(29.7)	(19.3)
Net cash inflow from the customer loan book²	(7.8)	9.4
Net cash (outflow) / generation^{1,2}	(67.7)	22.4

¹ Includes impact of debt sale strategy.

² Includes impact of 53rd week.

Net inventory levels at the year end were up 7.8%, at £94.1m (FY22: £87.3m), driving a net drag in working capital. This inventory level is inclusive of the impact of cost inflation on both input costs and freight rates, with the underlying unit volume similar year on year. The proportion of current stock versus prior season is an improved position year on year. Given an expectation of softness in consumer markets in FY24, we have plans in place to carefully manage inventory intake and reduce stock holding in FY24 and have also provided at year end for a higher level of stock write offs.

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 £35.5m (FY22: unsecured net cash £43.1m plus additional £60.1m which was voluntarily underdrawn on the securitisation funding facility to optimise interest costs).

Adjusted net debt increased by £38.0m in the year, to £297.4m (FY22: £259.4m). This is the net amount of £35.5m of cash and £332.9m of debt drawn against the securitisation funding facility which is backed by eligible customer receivables. The £480.6m net customer loan book significantly exceeds this adjusted net debt figure. The increase in net debt over the prior year reflects the net cash utilisation described above partially offset by the lower securitised borrowings.

DIVIDEND AND CAPITAL ALLOCATION

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 and have considered the re-introduction of a dividend this year. However, 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 have decided not to do so in the current year or FY24. We believe this decision to be in the best interests of our shareholders.

PENSION SCHEME

The Group's defined benefit pension scheme had a surplus of £20.0m at year end, which has reduced over the prior year (FY22: £37.4m) driven by lower returns on the scheme assets, offset partly by the increase in corporate yields and reduced long-term inflation expectations.

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 the reliance on detective management level controls. This feeds into the Audit and Risk Committee focus on improving controls as described on p72 and will form a sound basis for any potential UK SOx attestation requirements as that proposed guidance is formalised. Examples of improvements deployed during the year are the refinements to our FX monitoring and hedging processes which have significantly reduced our exposure to FX volatility and higher interest rates during the recent macro-economic environment.

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 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 23.

RISK MANAGEMENT

PROTECTING THE INTEGRITY OF OUR BUSINESS STRATEGY



INTERNAL CONTROL AND RISK MANAGEMENT JOURNEY

We continuously seek to enhance our risk management and internal control environment. During the year the Group continued to progress a number of Risk Management enhancements.

We further embedded the use of our Risk Management System, which is now the repository for our inventory of key risks and controls. Control descriptions were standardised, and the pilot control testing work was rolled out across the Group where it continues to embed. This will form a sound basis for any potential UK-SOX attestation requirements as that proposed guidance is formalised. This work will continue as controls are remediated, standardised and control dependencies are mapped across the Group.

A standard risk model has been developed consisting of 39 risks across the risk categories and these have been mapped across business areas.

Risk Governance has been enhanced by the establishment of functional risk committees, and the establishment of a dedicated Executive Risk Committee. Risk appetite statements and associated Key Risk Indicators ('KRIs') were reformulated and updated for all the Principal Risk Policies, and approved through the Group governance structure.

An integrated plan of important control enhancements has been considered by the Audit and Risk Committee and progress against it is monitored regularly.

OUR RISK MANAGEMENT PROCESS

We have identified a number of Principal Risk Categories with the potential to impact on our performance and delivery of our strategy.

Our risk categories are all supported by policies, appetite metrics and key risk indicators. The Board of Directors maintains 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 Environmental, Social and Governance ('ESG') factors, drivers and impacts on the health and sustainability of the business.

The Group recognises this as an emerging risk, particularly in the short-medium term. Our approach to monitoring and managing this is outlined in our SUSTAIN section.

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, including those with the potential to create ESG exposures.

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.

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.

OUR PRINCIPAL RISKS AND UNCERTAINTIES

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 MOVEMENT

DECREASED **STABLE** INCREASED

Our strategy has been reviewed as part of our annual process and confirmed.

The impact of the “cost of living crisis” continues to affect the short term earnings of the business, whilst the medium term strategy is robust.

Due to the scale of our change programme we have reprioritised our change portfolio to focus on those items of greatest strategic import.

KEY CONTROLS AND MITIGATING FACTORS

We monitor closely the reaction of our customers to our brand and product changes and engage with external experts to validate our direction.

The Board is drawn from a wide variety of disciplines and continues to rigorously test our strategy as we transform our business.

New ways of working are being embedded within the business to increase certainty of change activity.

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 MOVEMENT

DECREASED **STABLE** INCREASED

The business has successfully managed 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

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 MOVEMENT

DECREASED **STABLE** INCREASED

The cyber threat levels remain high as a result of the geo-political environment.

KEY CONTROLS AND MITIGATING FACTORS

Digital Technology programmes have been established and are transforming elements of our estate.

Technology Risk governance includes comprehensive monitoring, controls and KRIs.

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.

A dedicated Data Protection team run advisory sessions; perform Data Protection Information Assessments (‘DPIAs’) and advise on regulatory matters.

FINANCIAL CRIME

The risk that financial crime is attempted or perpetrated against or by the Group or that the Group fails to make legal and regulatory obligations in relation to financial crime.

RISK MOVEMENT

DECREASED **STABLE** INCREASED

The geopolitical risk environment remains elevated.

KEY CONTROLS AND MITIGATING FACTORS

The Group is lower risk for money laundering due to its product offering.

A comprehensive annual review of financial crime risks is completed.

Appropriate Know Your Customer (‘KYC’) and screening processes are in place.

RISK MANAGEMENT CONTINUED

OUR PRINCIPAL RISKS AND UNCERTAINTIES

SUPPLIER AND OUTSOURCING RISK

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

RISK MOVEMENT

DECREASED STABLE INCREASED

Our supply base across the world creates resilience and cost advantages.

Inflationary pressures and localised disruptions continue to occur.

Delivery partners were under pressure during the Christmas period.

KEY CONTROLS AND MITIGATING FACTORS

A robust category planning process is in place.

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.

Incident management and contingency planning processes are used to assess and mitigate the impacts of supply chain disruption.

The Group continues to integrate and strengthen the ESG processes through an ongoing programme of work integrated into our business activities.

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 MOVEMENT

DECREASED STABLE INCREASED

Competition for talent continues to be high within the UK.

KEY CONTROLS AND MITIGATING FACTORS

Robust and values aligned recruitment process.

Revised training 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 MOVEMENT

DECREASED STABLE INCREASED

Inflationary pressures continue to impact consumers across the UK.

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 new 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.

As it is the Group's objective that lending supports a long-term customer relationship, we offer a range of forbearance options designed to help customers who may be experiencing financial difficulties.

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 MOVEMENT

DECREASED STABLE INCREASED

The outstanding legal case with Allianz Insurance plc has concluded.

The Group is significantly advanced in the programme of work to be compliant to the new Consumer Duty rules.

The Group has commenced gap analysis activity for the impending "UK SOx" rules with an external partner.

KEY CONTROLS AND MITIGATING FACTORS

Horizon scanning and regulatory change implementation activity.

Compliance reviews and remediation activity.

Comprehensive legal review of contracts.

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 MOVEMENT

DECREASED **STABLE** INCREASED

The macro-economic environment continues to be challenging.

KEY CONTROLS AND MITIGATING FACTORS

Financial policies and standards.

Financial oversight committees.

Hedging Strategy for interest and FX movements.

The Group has recently completed its refinancing of the unsecured Revolving Credit Facility which is committed to December 2026.

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 MOVEMENT

DECREASED STABLE **INCREASED**

Changes to reach the higher outcomes test within the Consumer Duty have not yet been fully bedded in.

The economic environment is likely to result in more of our customers being vulnerable.

KEY CONTROLS AND MITIGATING FACTORS

Conduct and customer risk policy.

Regular review of conduct risk dashboard in senior committees.

First line quality assurance activity examining customer outcomes.

Regular cycle of product reviews implemented.

Consumer Duty programme well advanced.

Second line assurance testing in place.

SECTION 172 STATEMENT

ENGAGEMENT WITH STAKEHOLDERS

Promoting long-term success through active engagement



Section 172(1) of the Companies Act 2006 states that the Directors of a company must act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole and in doing so have regard, in addition to other matters, to:

The likely long-term consequences of decisions.

The interests of the Company's employees.

The need to foster the Company's business relationships with suppliers, customers and others.

The impact of the Company's operations on the community and the environment.

The desirability of the Company maintaining a reputation for high standards of business conduct.

The need to act fairly as between the Company's owners.

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 Group Board, Executive Board, senior leadership team and colleagues as required. The Company engages both proactively and reactively with stakeholders.

During FY23, 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:

The Colleague Forum – The Culture Club.

Colleague Voice – Bi-annual engagement surveys and monthly pulse surveys.

EXEC Sessions – Coffee with colleagues.

Colleague recognition and long service awards.

Colleague conversations – Performance and feedback sessions.

Division Huddles and Team meetings.

Daily emails from Internal Comms.

Weekly Company-wide newsletter.

Our Company-wide intranet.

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 FY23.

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 ASAS Transparency Pledge.

Action Collaboration and Transformation – Living Wage.

Ethical Trading Initiative.

2018 Transition ACCORD/RSC Bangladesh.

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

LISTENING TO OUR PEOPLE

Bringing our colleagues together

The past year has been one in which colleagues have faced numerous challenges outside of the workplace, with the after-effects of the pandemic, the economic impact of Brexit and the inflationary challenges and cost-of-living crisis that have arisen.

As a result, it has been a period during which the need to support and engage colleagues within the workplace has never been greater.

This year we have ensured that we provide colleagues with a working environment and experience in which they are informed, have a voice and feel connected.

We have done this through reviewing and expanding our colleague communications to widen our touchpoints and tools, and provide greater opportunities for feedback and two-way dialogue. It has also been a year in which we have embraced bringing colleagues together, whether that be to align on strategy, priorities and the latest business updates, to socialise or to focus on wellbeing.

Our colleagues are critical to our success, and keeping them informed of, as well as involved in, the business' strategy, goals and priorities is key to cultivating engagement and fostering a culture where everyone can contribute.

Our Culture Group employee forum includes representatives from all business areas and provides a key colleague voice channel through which we are able to gain meaningful insight into and hold two-way conversations around the colleague experience. This group is an important source of input and also acts as a valuable advisory board when it comes to new initiatives, helping to ensure that we are focusing on what matters most to colleagues. This year the group has played a key role in the launch of our new colleague Valued Awards, and supported the divisional roll out of our colleague engagement survey through setting up division-specific focus groups. This has supported a significant increase in our survey response rate, with our highest ever completion figures, giving us rich and thorough insight into our colleague experience across the Group.

RECOGNISING COLLEAGUES THROUGH OUR AWARDS PROGRAMMES

Recognition is a key engagement driver for our colleagues, and being able to celebrate those who go above and beyond, live and breathe our values, and support and inspire their peers is important for us as a business. We launched our new colleague Valued Awards in October to do just that. The awards take place on a quarterly basis, with winners announced during our colleague all hands and receiving vouchers to spend on Fabric, our employee engagement and reward platform. Within the first two rounds of awards, 15% of colleagues had received a peer-to-peer nomination.

Our annual Long Service Awards recognise those colleagues that are celebrating a landmark anniversary with the business. In FY23 we celebrated 17 colleagues reaching their 25, 35 or 40 year anniversaries – with over 300 years' service between them!



This year the increase in our employee Net Promoter Score ('eNPS') across the Group is testament to the commitment we have made and work that we've undertaken to support and engage colleagues at a time when external pressures have remained high."

Richard Moross
Designated Director
of Colleague Engagement





LEADERSHIP COLLECTIVE

As we embed a new way of working that supports our digital transformation, empowering our teams and leaders, increasing visibility, and reducing hierarchy are critical. This year we have made changes to the format of our Senior Leadership Team to create a more flexible and less hierarchical Leadership Collective, which is based not on hierarchy or job grade, but on role, skill set and ability to make a difference. The purpose of this Group is to facilitate wider group communication, ensuring consistency and regularity of updates.

NUMBER OF COLLEAGUES ON FUTURE LEADERS PROGRAMMES

25

CREATING A COMMUNITY

We recognise the value in bringing colleagues together to provide a strong social connection and sense of community to the workplace - and the importance of this in strengthening our company culture. That's why we have continued to invest in holding social activities and events that support colleague engagement, interaction and wellbeing.

In FY23, this included our Christmas party which, in view of the cost-of-living crisis, we made low cost and accessible to as many colleagues as possible, by transforming a floor of the office and making the event free of charge. We also provided Christmas lunches to our Logistic colleagues.

We also held events throughout the year which have provided fun, support and a sense of belonging. These have included everything from our popular colleague shops, to massage sessions, life drawing classes, sound baths, exercise sessions and free breakfasts.



FUTURE LEADERS PROGRAMME

As part of our focus to attract, develop and retain talent to support the future success of N Brown, in FY23, using our performance results, we identified a diverse group of Future Leaders as part of our succession planning. We created two programmes to nurture and develop our talent with a mix of theory, action learning and business case studies:

EMERGING LEADERS

A twelve-month programme designed to prepare or enhance leaders for their first role managing people. They explore management and leadership fundamentals and solve real, tactical challenges within the business. Their ideas are showcased and implemented to the Leadership Collective.

DEVELOPING LEADERS

For aspiring leaders hoping to develop their practice and strategic approach, this twelve-month programme explores deeper leadership practices, self-awareness and cultural climates. They have a strategic challenge within N Brown to solve, working with senior leaders to develop their ideas, before presenting back to the executive board.

Each programme, as well as developing skills, has been designed to promote the development of relationships and expose participants to different areas of the business to give them a rounded understanding of the business.



COLLEAGUES CELEBRATING LONG SERVICE AWARDS

17

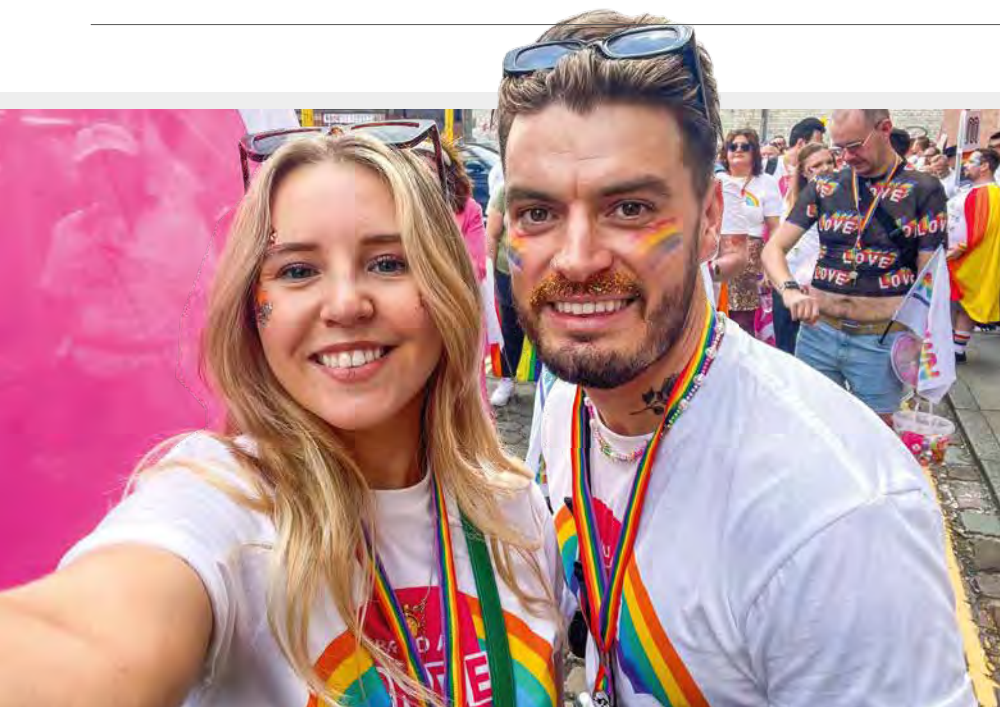


NUMBER OF COLLEAGUES WHO RECEIVED A PEER-TO-PEER NOMINATION

15%

BOARD ENGAGEMENT WITH THE WORKFORCE CONTINUED

LISTENING TO OUR PEOPLE CONTINUED



OUR COMMUNICATIONS APPROACH

This year we have focused on developing our communications channels and opportunities for colleagues to remain up to date with the latest from across the business. This has included the introduction of a monthly online all hands session, On Trend, which is hosted by a member of the Executive team and features varied updates from around our Domains. Tailored, is a new fortnightly e-shot for leaders which provides the latest and upcoming news to support them in keeping their teams informed.

Fabric, the employee engagement and reward platform – and our primary communications channel - was launched in October 2021, has gone from strength to strength. 99.1% of colleagues are now registered on the platform, with 91% of those registered now active users, and 76% of colleagues accessing the platform on a monthly basis. Since launch, colleagues have spent £472,800 through the platform, making savings of £27,000 across 750+ retailers.

We have increased the opportunities for two-way communications, and this has included a series of listening groups with our Logistics colleagues to gain greater understanding and insight into their colleague experience. This insight has informed a focused programme of work to address key feedback from colleagues, along with regular updates on actions taken to confirm to colleagues that when they share their feedback, the business not only listens but responds. As a result, we saw a significant year on year increase in our colleague engagement scores within Logistics.

A LENS ON DIVERSITY, EQUITY & INCLUSION AND WELLBEING

With the launch of our DE&I strategy, Embrace, in FY23 our lens on inclusion and belonging has come into sharper focus and we have run a number of events to support this and provide information and education to colleagues around key issues.

In August 2022, N Brown took part in Manchester Pride, walking in the parade with a group of 40 colleagues, including members of our LGBTQ+ community, Rainbow Alliance.

Throughout the year a series of talks from guest speakers on topical subjects - ranging through inclusivity to wellbeing - have also been held and made available for colleagues to join. These include the History of Pride, International Women's Day panel discussion, financial wellbeing and pensions planning, and mental health sessions around setting boundaries.

THE SCRIPTER

One of the key colleague voice initiatives for FY22 was the launch of The Producer, a leadership development programme for all people managers. Due to the engagement and success of The Producer, in FY23 we introduced a prequel to this development programme; 'The Scriptor'. This is aimed at first-time people leaders, equipping them with the skills and behaviours to inspire, lead and manage with confidence. The Scriptor is a modular programme and each module can be delivered as a stand-alone session to meet the development needs of our colleagues. The sessions equip colleagues with theory and best practice, our N Brown processes, and cover everything from how we recruit the right talent, to how we develop and inspire colleagues to enhance performance.

NUMBER OF COLLEAGUES WHO ATTENDED THE SCRIPTER

153





RE-INTRODUCING IN PERSON EVENTS

In FY23, we held a colleague conference to bring our teams together, share our business strategy and bring to life the work we're prioritising to achieve it.

COLLEAGUES WHO ATTENDED OUR ANNUAL COLLEAGUE CONFERENCE

96%

COLLEAGUES WHO FELT MORE INFORMED FOLLOWING THE CONFERENCE

92%



COLLEAGUE CONFERENCES

We've taken the opportunity, post pandemic, to re-introduce in-person events as a key strand of our communications strategy, and in FY23 held colleague conferences to bring our teams together, share our business strategy and bring to life the work we're prioritising to achieve it. N Brown Together took place over a week in July and encompassed in-person keynote sessions hosted by the Exec and Senior Leaders, along with workshops, wellbeing events and learning opportunities.

On 1 and 2 March 2023 we looked ahead and pressed play on the future with Fast Forward, our all-colleague conference focused on what our business will look and feel like in 2024 – and what we'll be doing to get there. It was also an opportunity to bring our Spring/Summer collections to life for colleagues on the catwalk. Feedback following the event found that 92% of colleagues felt more informed about and better understood the strategy and direction of the business.



MEASURING COLLEAGUE ENGAGEMENT (VIBE)

Creating an environment and culture in which colleagues are engaged and able to thrive is key. Colleague feedback is essential in keeping us informed and helping us to achieve this. We run colleague voice surveys regularly throughout the year, which provides colleagues with an opportunity to share their feedback and gives us meaningful insight into their experience.

Our annual engagement survey asks questions relating to all areas of a colleague's experience at N Brown and ensures that we have transparency on how they're feeling and a clear view on the things that matter most to them. We also run pulse surveys throughout the year to allow us to take a temperature check on colleague sentiment or impact of activity at a specific point in time, and respond to any changes in this in a time-sensitive way. In FY23 this was especially useful in helping us to support colleagues as we navigated a challenging external environment, and helped us to identify areas of focus within our Logistics area of the business, allowing us to take targeted action and implement new approaches in this area to bring about positive change.

Our FY23 annual survey saw growth across all of our key engagement measures, with increases in Engagement Score, Engagement Index and eNPS.

Our Engagement Score – measuring average score across all questions - rose to 71% (from 69% in the previous year). eNPS increased to 0 from -6, moving against the UK market trend which saw a year-on-year decrease in eNPS more generally across UK businesses.

We saw our Engagement Index score increase slightly (to 6.8 from 6.7), again in opposition to the market trend, which saw the benchmark scores dip both for UK businesses overall, and the Retail sector specifically, to 6.7 and 6 respectively.

Within the Logistics area of the business, which was a key focus for the business during FY23, scores increased considerably across all metrics, with the most significant uplifts in eNPS, which moved from -32 to -12, and Engagement index (up from 5.8 to 6.5).

We're pleased to see that our focus on increasing learning opportunities, our emphasis on inclusion with the launch of our EMBRACE strategy, and the steps taken to increase our colleague communications have all had a visible impact on colleague sentiment and experience, with significant improvements in feedback across questions in all of these areas.

ENGAGEMENT INDEX

6.8

OVERALL ENGAGEMENT SCORE

71%

SUSTAIN

MESSAGE FROM MICHAEL ROSS

Taking care of our world

Over the last 12 months, our primary focus within the environment pillar of our Environment, Social and Governance ('ESG') strategy has been to continue driving both our net zero and Textiles 2030 commitment.

We have submitted our commitment letter to the Science Based Target initiative setting out our intent to drive progress towards our commitment to reduce Scope 1, 2 and 3 emissions.

During our first year of membership with Textiles 2030 we have measured our baseline on textile material use and developed a Textiles 2030 pathway that will support integrating circular practices into our long-term strategy. This year we increased the mix of own brand designed products with sustainable attributes to 41.2%, which increased from 30% last year.

Our design and buying teams have embraced that this is a change we need to make and are keen to drive the ambitious targets for FY24.

We held our first supplier funded Charity Ball in December which raised over £52,000 for Maggie's Manchester and Maggie's Oldham and marked the end of our four year partnership with the charity.

Simply Be is committed to a long term patronage with The Prince's Trust which includes supporting the charity with their Mosaic Mentoring programme and also developing a scheme helping young people get into retail. I'm also delighted that the 2022 International Women's Day Edit raised £37,000 for The Prince's Trust.

We launched our DE&I strategy EMBRACE and became proud signatories of the British Retail Consortium ('BRC') D&I Charter as we continue to build a diverse and inclusive workforce.

We have ensured that our focus on colleague wellbeing remains our upmost priority by launching Bloom, our wellbeing programme to support all colleagues, and have included a specific focus on financial wellbeing as colleagues navigate the cost-of-living challenges.

Within our emerging talent pipelines, we have welcomed 13 graduates and 15 Industrial Placement students this year. Our focus for FY24 will include increasing the visibility and significance of all of our emerging talent pipelines as we continue to support young people with their careers.

I am available to speak with shareholders at any time via the Company Secretary and shall be available at the Annual General Meeting on 10 July 2023 to answer any questions you may have on this report.

#SUSTAIN



We are seeing clear progress with our SUSTAIN strategy as we focus on the stretching targets within our roadmap. SUSTAIN is now fully embedded within our business as we drive forward with our commitments."

Michael Ross
Chair of the ESG Committee



SUSTAIN

OUR STRATEGY

SUSTAIN

IMPACT AREAS

KEY TARGETS

LONG-TERM COMMITMENTS

Environment



ACHIEVE NET ZERO EMISSIONS BY 2040

We are committed to reducing our environmental impact by becoming net zero by 2040. Through key partnerships, we will drive a greater long-term impact, which is why we are working in collaboration with the BRC.

ALL OWN BRAND PRODUCTS RESPONSIBLY SOURCED BY 2030

We are aware that as a fashion retailer this is one of the biggest impacts on our environment. We have partnered with Textiles 2030 because it supports our goals to make all our own brand products sustainable by 2030 runs across the long-term objectives.

Natural Resources Zero deforestation from major commodities by 2025.

Water Reduction of aggregate water footprint of new products of 30% by 2030.

Circularity Ensure that all waste is reduced throughout our operations, waste to landfill remains zero and recycling is the primary objective.

Climate Change Introduce science based targets to reduce our carbon footprint and achieve net zero.

Responsibly Sourced Products

All own brand designed products to be sustainably sourced by 2030, supporting best practice from design through to end of life (waste).

Social



BRINGING POSITIVE BENEFITS TO OUR PEOPLE AND OUR COMMUNITIES

We understand the impact we can have on our people and communities which is why we're committed to ensuring it's as positive as can be, as together we can support a brighter future.

Diversity, Equity & Inclusion Building a diverse workforce and creating an inclusive environment which values equality for all.

Wellbeing Curating a culture centred on our colleagues' wellbeing.

Emerging Talent Giving young people the best possible start to their careers by offering an inclusive programme with opportunities for all.

Ethical Workplace Full visibility to Tier 2 own brands Strategic and Significant suppliers by end 2023.

Charity and Our Community

Give back to our communities through working with collaborative charity partners who align with our values, colleagues and customers.

Governance



SUSTAIN

Aims to align our ethical policies with our commercial activities, achieving tangible results and benefits for our stakeholders.

Data Led Reporting suite to be optimised.

Ethical Principles of Responsible AI

Ensure that our approach to building models does not contain hidden biases and considers the impact of these models on the people who use them.

Partnerships Collaborate with key partners to ensure that we validate all areas of strategy and performance; ensuring we do the right thing, for our planet, people, customer and communities.

SUSTAIN CONTINUED

KEY PERFORMANCE METRICS

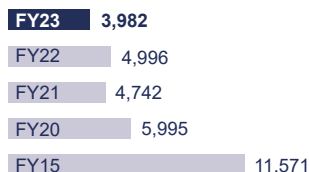
Environment 

Social 

ABSOLUTE EMISSION REDUCTION (S1+2)

3,982

Change: -66%

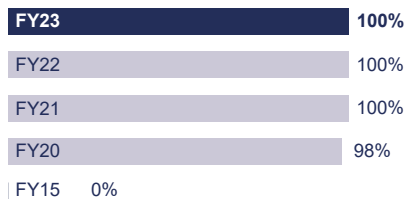


DEFINITION

Total GHG Scope 1 and Location-based Scope 2 emissions (GHG tCO₂e).

SOURCED 100% RENEWABLE ELECTRICITY

100%



DEFINITION

All electricity consumed across the Group is backed with renewable energy certification or from on-site solar PV.

ABSOLUTE EMISSION REDUCTION (S1,2+3)

470,121

Change: -9%



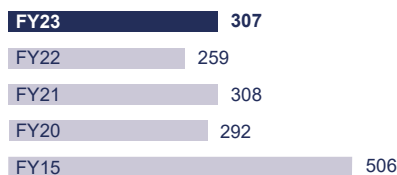
DEFINITION

Total GHG Scope 1, 2 and 3 emissions (GHG tCO₂e).

RELATIVE EMISSION REDUCTION (S1+2+ SELECT S3)

307

Change: -39%



DEFINITION

Total GHG Scope 1, Location-based Scope 2 and select Scope 3 emissions per million items shipped (GHG tCO₂e).

ETHICAL WORKPLACE

Tier 2 suppliers mapped for own brand

66%

Workers in our Tier 1 factories (48% men 52% women)

77,502

Countries sourced from. Top three are China, India and Bangladesh

13

EMERGING TALENT

Welcomed 13 new graduates and supported 56 colleagues through apprenticeship programmes across the Group

69

DIVERSITY, EQUITY AND INCLUSION

Female Band 5 colleagues

33%

CHARITY

Amount donated to Maggie's throughout our 4 year partnership

£180k

RESPONSIBLY SOURCED PRODUCTS

SUSTAINABLE OWN BRAND PRODUCTS

Of own brand products with sustainable properties – see page 45

41.2%

BETTER COTTON INITIATIVE

Own brand product cotton mix

61.8%



¹ Scope 3 emissions in scope of target are: business travel, employee commuting, waste, water use and fuel- and energy-related activities not reported in Scope 1 and 2.

SUSTAIN CONTINUED

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ('UN SDG')

This year we have enhanced our ambitions by aligning the UN SDGs to focus on each pillar and streamline priorities.

Environment



Through our ESG strategy SUSTAIN, we are determined to find smarter and more sustainable ways of working for our environment.

This involves collaborating with suppliers who share our standards and working together to source, produce, and transport products in a more responsible and sustainable manner. N Brown Group aligns its environmental objectives to the following three pillars in order to reduce its impact on the planet and actively reach its sustainability goals. By prioritising these key areas, we demonstrate our commitment to responsible and sustainable business practices and make a positive impact for the planet and future generations.

CLIMATE CHANGE

N Brown Group recognises the critical importance of addressing climate change and its impact on the environment, which is why we are committed to actively reducing our carbon footprint, promoting the use of renewable energy and implementing measures to reduce greenhouse gas emissions. N Brown Group is also working to raise awareness around the need for businesses to take action on climate change and to encourage others to join in the effort.

NATURAL RESOURCES

The industry's impact on natural resources is a concern that N Brown is constantly monitoring. Through promoting sustainable land use practices, reducing deforestation, protecting biodiversity, and promoting sustainable agriculture practices, N Brown Group aims to work with its suppliers to promote sustainable land use practices and to support the conservation and restoration of natural habitats and ecosystems.

CIRCULARITY

N Brown Group recognises the negative impact that waste and pollution can have on the environment and is taking action to reduce its waste footprint. Our focus is on reducing and removing the use of harmful materials and chemicals, promoting energy efficiency, and ensuring that the products and materials used in production are responsibly sourced.

N Brown Group is also working to promote responsible production and consumption practices and to support the transition to a circular economy. Prioritising these key areas, we demonstrate our commitment to responsible business practices and models to make products that don't negatively impact the planet for future generations.

Social



These pillars play a critical role in creating a positive social environment for all stakeholders involved with N Brown Group.

DIVERSITY, EQUITY & INCLUSION AND WELLBEING

Prioritising the wellbeing of employees, we continue to invest in their development and training, ensuring fair pay and benefits, and equality whilst championing diversity and inclusion in the workplace.

ETHICAL WORKPLACE

Ensuring that the health and safety of workers involved in the production of products are protected, N Brown delivers training, essential equipment, and safety procedures to minimise the risk of injury or harm to workers. By promoting a safe work environment, the Group is taking steps to protect the health and wellbeing of its workers.

CHARITY AND OUR COMMUNITY

Focusing on our relationship with our stakeholders, we want to understand their needs and concerns and make changes to the Company's operations to align with their values and priorities. N Brown Group is building positive relationships, promoting sustainable development, and contributing to a more equitable future for all.

By engaging more with our valued customers and supply base, N Brown Group is building positive relationships, promoting sustainable development, and contributing to a more equitable future for all.

These pillars are essential for creating a positive social environment for all stakeholders involved with the Company. Continuing to align with our commitments and initiatives, N Brown Group is taking steps to promote a more sustainable and equitable future for all.

SUSTAIN CONTINUED

OUR STORY SO FAR




Environment 

Over the past year, we have prioritised developing a comprehensive understanding of the impacts on our entire value chain. With this foundation in place, we are now better positioned to strategically plan and implement actions that can make a significant contribution to mitigating the worst effects of climate change and preserving the environment.

Our commitment to sustainability is now aligned with the United Nations Sustainable Development Goals ('SDGs'), helping us further align our ESG strategy.

CLIMATE CHANGE

BRC CLIMATE ACTION ROADMAP

 Scope 1	Net zero direct emissions from operations including from fleet vehicles, heating fuels and refrigeration by 2035
 Scope 2	Net zero emissions from purchased electricity by 2030
 Scope 3	Ambition for net zero emissions embodied in product supply chain, both upstream (from suppliers) and downstream (from customers by 2040)

- 1** Placing GHG data at the core of business decisions
- 2** Operating efficient sites powered by renewable energy
- 3** Moving to low carbon logistics
- 4** Sourcing sustainably
- 5** Helping our employees and customers live a low carbon lifestyle

During FY23 we have continued to drive progress along the British Retail Consortium's Climate Action Roadmap towards achieving net zero by 2040 and the five pathways.

We have measured and publicly reported our full GHG inventory for the second year running. As part of our efforts to engage with key suppliers, we have developed our Supplier Sustainability Questionnaire ('SSQ') to get a better understanding of where our suppliers are on their journey towards net zero, ahead of a more targeted programme of engagement to obtain their GHG emissions data and encourage practices to reduce emissions across our value chain.

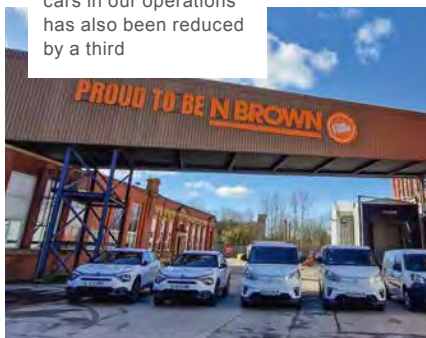
Although our operations represent a small proportion of our GHG emissions, we value the importance of operating our estate as efficiently as possible. We have completed a major LED lighting project at our main distribution centre and continue to focus on making sure heating and lighting schedules match occupancy times to minimise our energy usage.

As a result, our Scope 1 and location-based Scope 2 emissions have fallen by 19% compared to last year. In addition to this, we've achieved our 2030 Scope 2 Target for the third year running, resulting in net zero emissions from purchased electricity. We recognise the importance of continually procuring energy from renewable energy sources, which is why we are aligning our near-term science-based target to continue sourcing 100% renewable electricity for our operations.

We are also taking action to reduce the impact of our logistics operations, both directly and through our partners. Our commercial vans fleet reduced from six to four vehicles, now comprising of three electric vans and one diesel. The number of pool cars in our operations has also been reduced by a third (from 14 to 5) and are now all completely electric, charged onsite with 100% renewable electricity. In addition to this, we have been focusing on gathering more detailed information for inbound and outbound logistics partners to build a more accurate GHG inventory to inform and drive decision-making.

FULLY ELECTRIC POOL CARS

The number of pool cars in our operations has also been reduced by a third



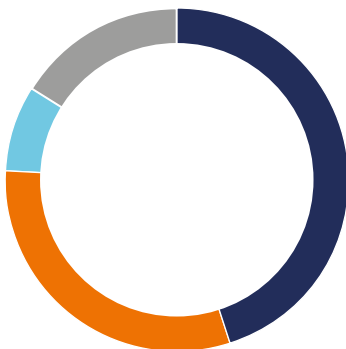
 **51** READ MORE ABOUT EMISSIONS MANAGEMENT IN THE FUTURE

CIRCULARITY

TEXTILES 2030

In our first year of membership, we measured our baseline on textile material use for own brand products, and through this, we evaluated the impact change based on our improvement actions on fibre use. Through developing our Textiles 2030 pathway we have created a roadmap to reach our targets and integrate circular business practices into our long-term strategy. Working more on circular business models and closing the loop on materials will allow us to further reduce our footprint on carbon and water, replacing virgin feedstocks and increasing longevity within products. As a result, our carbon and water-related emissions for our own-brand products decreased by 0.1% and 12.4% compared to our Textiles 2030 baseline year.

OWN BRAND TEXTILE PRODUCTS FIBRE COMPOSITION



Fibre composition	%
■ Polyester	45%
■ Cotton	31%
■ Viscose & manmade cellulosic fibres	8%
■ Other	16%



Fibre composition	%
■ Sustainable properties	41.2%
■ Other	58.8%

RESPONSIBLY SOURCED PRODUCTS

By 2030, all own-brand products will have sustainable properties and we have an ambitious plan to deliver this commitment. We have developed a fibre tiering system using objective and industry accepted scoring mechanisms to rank fibres based on their environmental and social impacts.

To date, 41.2% (increased from 30% in FY22) of our brand products have sustainable properties. From our baseline data, we have identified our three main fibre types on textile and apparel goods, polyester (44.6%) cotton (31.4%) viscose and man-made cellulosic fibres (8%). We will look to increase the use of alternative fibres with reduced carbon and water impacts using certified and traceable sources as much as possible. Over FY24 we aim to increase our own brand sustainable properties to 52%.

Although sustainability can be defined in many ways, to act as a guide for our progress, we have created minimum standards for improved and recycled fibres across our products.

FOR RECYCLED POLYESTER (E.G. REPREVE™)

30%

FOR GRS STANDARD RECYCLED POLYESTER

50%

FOR IMPROVED MMCFS (LENZING™ ECOVERO™, TENCEL™, REFIBRE™)

30%

FOR IMPROVED COTTON FIBRES ORGANIC BLEND / RECYCLED COTTON

50%

We are currently sourcing fibres that are certified through the following schemes:

Better Cotton Initiative ('BCI') – BCI works on a mass balance system, so while not all cotton may be from BCI, the commitment ensures a demand for better practices across cotton agriculture. This mission is to help cotton communities survive and thrive while protecting and restoring the environment. We have now covered 62% across our ranges with the aim of making all our cotton BCI.

REPREVE™ – Recycling plastic bottles into polyester fibre. Compared to virgin fibre, REPVEVE™ offsets using new petroleum, emitting fewer greenhouse gases, and conserving water and energy in the process.

The Global Recycled Standard ('GRS') – It is a voluntary product standard for tracking and verifying the content of recycled materials in a final product. Recycled synthetics offset using new petroleum, emitting fewer greenhouse gases, and conserving water and energy in the process.

LENZING™ – Derived from certified renewable wood sources using an eco-responsible production process that meets high environmental standards, LENZING™ fibres are tailored to a sustainable lifestyle, contributing to a cleaner environment. Under the LENZING™ umbrella we use ECOVERO™ TENCEL™ Lyocell, TENCEL™ Modal.

Organic cotton – Organic cotton is produced and certified to organic agricultural standards. Its production sustains the health of soils, ecosystems, and people by using natural processes rather than artificial inputs, eliminating toxic chemicals or GMOs (genetically modified organisms).

Recycled Cotton Standard ('RCS') – RCS, like GRS, is an international, voluntary standard that sets the requirements for third-party certification of recycled material. The standards are set through the Textile Exchange, which is a non-profit organisation.

SUSTAIN CONTINUED

OUR STORY SO FAR CONTINUED

CIRCULARITY

SDG ALIGNMENT (UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS)



HIRESTREET

Recognising the significant environmental impact that the production of clothing, home, and tech products can have, we are committed to move away from the make-use-dispose culture and move towards more sustainable practices for our products. In August 2022, we partnered with Hirestreet, the UK's leading accessible fashion rental platform, to introduce a rental edit which allows customers to rent clothes and extend the lifespan of the products we offer. This is another important milestone in our strategy and reinforces our determination to embrace circularity.

DIGITAL SAMPLING

We have embraced digital technology to enable 3D sampling of products during the design phase. We would typically receive three physical samples from suppliers when designing new products that would be sent via air freight. 3D sampling has enabled us to remove the need for suppliers to send us up to two of the three samples. This helps to speed up the design process as well as lower the environmental impact. We estimate that around 4,000 sample pieces have been prevented over FY23 and we are starting to work with a key supplier to roll out digital sampling across our jersey collection.

COLLEAGUE ENGAGEMENT

SDG ALIGNMENT



At the core of our responsible sourcing commitments is the engagement of our colleagues. We recognise that raising awareness, particularly across our product teams, is crucial to reducing the environmental impact of our goods. To this end, we have implemented regular training sessions and provided toolkits to help our teams drive the use of less impactful and recycled fibres throughout our product offerings. One of our key tools is the "How We Use Materials" guide, which helps our product teams navigate the complexities of different material choices and understand how less harmful production processes can reduce their impact. We also prioritise education and training to improve visibility around our efforts to address sustainability and wider ESG matters. To date, we have provided training to over 150 colleagues across eight sessions, empowering them with the knowledge and tools to make a positive impact. By engaging our colleagues and equipping them with the necessary tools and knowledge, we are making strides towards awareness on consumption impacts while also ensuring that our products meet the highest standards of quality and responsibility.

52 [READ MORE ABOUT CIRCULARITY IN THE FUTURE](#)

NATURAL RESOURCES

WATER

SDG ALIGNMENT



IMPROVING WATER MANAGEMENT

During FY23, we have worked to improve our water stewardship with a large focus on identifying and assessing water risk within our Tier One of our own brand value chain. The assessment takes into consideration the importance of the supplier to N Brown and the underlying water risk across physical, regulatory, and reputational indicators. In total, 7.2% of our Tier One supplier factories were identified as high risk. We are now starting to engage with these factories to understand their reliance on water and what actions they are taking to improve water stewardship.

TEXTILES 2030

As part of our commitment to Textiles 2030, we've set a target to reduce the aggregate water footprint of new products sold by 30% by 2030. We have made good progress and reduced our indirect water usage by 12.3%. We have achieved this by identifying and moving away from fibres and processes with a high-water impact and continuing through our fibre roadmap we can stay ahead of our 30% target.

NON-CHEMICAL CLEANING

Across our head office and main distribution centres, we have been working with our facilities management provider to implement sustainable cleaning solutions. We have installed a filtration system which converts tap water into Stabilised Aqueous Ozone (SAO). SAO is a highly effective natural cleaner, which uses no additives, toxins or artificial scents and reverts back into water. This is a more sustainable, cheaper, and effective alternative to traditional cleaning chemicals.

52 [READ MORE ABOUT WATER IN THE FUTURE](#)



FORESTRY POLICY

SDG ALIGNMENT



During FY23, we have updated and published our forestry policy, setting out our position on the procurement of products containing forest-based raw materials. We stand in agreement with the Forest Stewardship Council ('FSC') principles in their commitment to protecting the world's forests and encouraging responsible sourcing practices. As part of the BRC Climate Action Roadmap, we are working towards zero deforestation from major commodities by 2030.

ANIMAL WELFARE POLICY

We have set out our position on the use of animal derived materials regarding ethical sourcing and material specific requirements. We firmly believe that it is not acceptable for animals to suffer in the name of fashion and/or beauty. We believe our customers should be able to purchase our products with confidence and assure that there is no involvement of cruelty in the development and manufacturing of our products.



52

READ MORE ABOUT NATURAL RESOURCES IN THE FUTURE



Social



Bringing positive benefits to our people and our communities.

Our Vision – Championing, inclusion, we'll become the most loved and trusted fashion retailer. This means building a diverse workforce and creating an inclusive environment which values equality for all.

DIVERSITY, EQUITY & INCLUSION AND WELLBEING

SDG ALIGNMENT



In FY23 we launched our DE&I 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 became signatories of the British Retail Consortium ('BRC') D&I Charter, demonstrating our commitment to challenging culture and supporting the aspiration for retail to be a leader in diversity, equity, and inclusion. We also partnered with the Retail Trust, a charity that has been protecting the lives of those working in retail and aiming to create a more sustainable and successful future for retail.

We're proud to have established five communities that represent core strands of diversity that exist within our business: LGBTQ+ & Allies, Multicultural & Allies, Intergenerational & Allies, Women & Allies and Accessibility & Allies. These are responsible for sharing our colleagues' experiences within our organisation and advising us on actions the business can take as we continue to build equitable foundations through our people, processes, and policies. Each member of our Executive Board and our Director of Data have been appointed to an area of diversity to sponsor, to improve the experience of the community members and to be visible and active internally and externally to raise awareness and drive progress.

Alongside our communities, EMBRACE remains a key consideration for our Culture Group, a group of colleague representatives from around the business who come together on a monthly basis to discuss and steer our culture and policies.

56% of our colleagues are women. Our 2022 gender pay gap report reveals that our mean pay gap has increased from 16.4% to 18.9% which 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. We are focusing on several initiatives to address the gender pay gap within our data reporting, recruitment, retention and progression whilst engaging with our Women & Allies community.

COLLEAGUES THAT ARE WOMEN

56%

SUSTAIN CONTINUED

OUR STORY SO FAR CONTINUED

WELLBEING
SDG ALIGNMENT



Curating a culture centred on our colleagues' wellbeing. Ensuring that our colleagues feel safe, well and supported in bringing their best selves to work is one of our top priorities.

This year we launched Bloom, our wellbeing programme, which focuses on supporting colleagues in their financial, physical, mental and nutritional wellbeing.

This included a dedicated area on our communications hub, Fabric, and the publishing of a Bloom guide and launch of initiatives, pulling together all wellbeing resources and support for colleagues into a central and accessible tool.

We made January a Bloom focus, with activity centred around physical, mental, financial and nutritional health. This included free mental wellbeing sessions with a trained Cognitive Behavioural Therapist, healthy eating cookery demonstrations, pensions guidance and more.

In addition, a key theme of The Producer, our leadership development programme, is the role of the manager in promoting the wellbeing of their team. Leaders are equipped with skills and behaviours to understand their team members, look for changes in their wellbeing, facilitate conversations around wellbeing and support their team with strategies to thrive.

With the cost-of-living crisis, FY23 was a year in which many colleagues felt the impact of wider economic challenges. Financial wellbeing has therefore also been a focus for us this year, with activities including financial health seminars and online pension workshops to support colleagues in managing and optimising their finances.



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
- Life drawing classes
- Massage sessions
- Sound baths
- Free fruit drops
- Free breakfasts



BLOOM
Our wellbeing programme, focuses on supporting colleagues in their financial, physical, mental and nutritional wellbeing.

EMERGING TALENT
SDG ALIGNMENT



Giving young people the best possible start to their careers by offering inclusive programmes with opportunities for all.

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

In FY23, we were proud to welcome 13 graduates from 11 universities on our two-to-three-year scheme. We now have 15 graduates who are fully immersed in our business, learning about how our divisions operate and contributing to the work we do to continue to delight our customers. We were also proud to recruit 15 Industrial Placement students for 12-month opportunities, equipping them with practical experience that will complement the theory and knowledge they are learning at university.

Investing in apprenticeships provides an important pathway to upskilling individuals through their combination of education and paid, on-the-job training. As debt-free, quality routes into careers, they help close opportunity gaps and provide the skills our business needs to succeed. We offer apprenticeships from Level 3 (equivalent to two A Level passes) up to Level 7 (equivalent to a Master's degree) 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. We supported 56 colleagues across 15 apprenticeship programmes and 25% successfully achieved their qualifications in FY23; 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. 18 colleagues have completed the Level 4 Data Analyst programme, 29 colleagues are currently in study, and six colleagues have just started their Level 3 Data Technician journey.

We also hosted 28 work experience students in FY23, partnering with local schools and colleges to bridge the gap between education and employment. Of 11 eligible students (18+) 27% secured permanent employment with us.

ETHICAL WORKPLACE

Full visibility to Tier 2 Own Brand Strategic and Significant suppliers by end 2023.

This year we have made significant progress with our transparency commitment by;

Re-onboarding all our Tier 1 suppliers to ensure that all data is refreshed and updated. The total number for suppliers for both branded and own brand products is 670.

We have mapped out, to date, 66% of our own brand Tier 2 suppliers.

96% Supply base has had an ethical audit assessment.

Published both Tier 1 and 2 factory list on our website (July 22 and January 23).

SUPPLY BASE AUDITED



Supply Base Audited		%
■ Globally audited		96%
■ Under review		4%

We currently have 290 active factories
 96% of these are audited globally
 100% of all BD factories are audited

TIER 2 MAPPED



Tier 2 Mapping		%
■ Mapped		66%
■ To be mapped		34%

365 tier 2 factories mapped to date

GRADUATES WHO ARE FULLY IMMERSED IN OUR BUSINESS

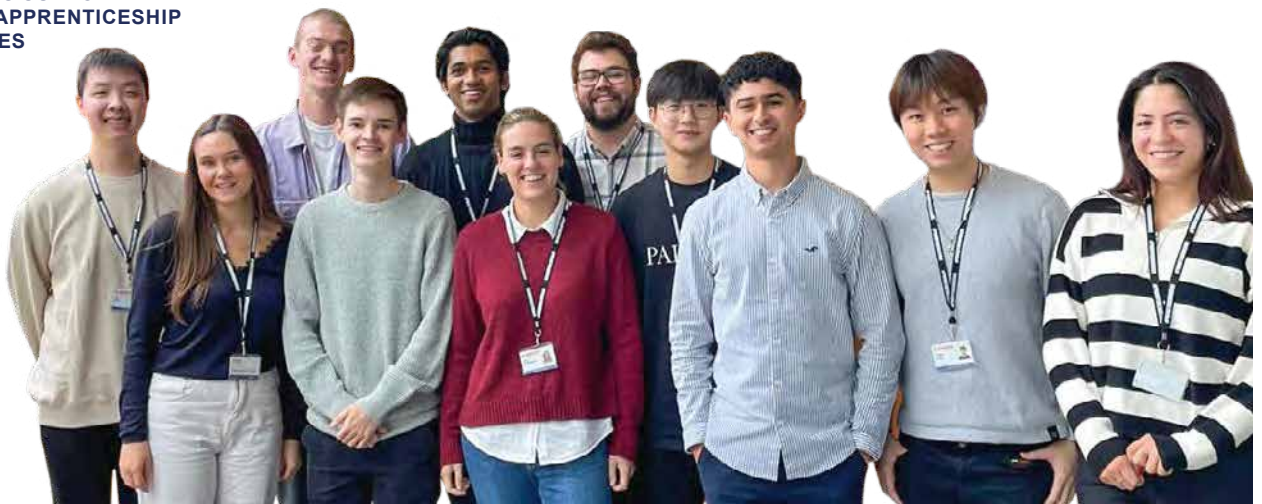
15

INDUSTRIAL PLACEMENT STUDENTS FOR 12-MONTH OPPORTUNITIES

15

COLLEAGUES SUPPORTED ACROSS 15 APPRENTICESHIP PROGRAMMES

56



SUSTAIN CONTINUED

OUR STORY SO FAR CONTINUED

CHARITY AND OUR COMMUNITY

Give back to our communities through working with collaborative charity partners who align with our values, colleagues and customers.

Our colleague-led charity partnership with Maggie's Manchester and Maggie's Oldham came to an end in FY23, raising over £180,000 during the four-year partnership. In December, we held our first ever supplier funded charity ball in aid of Maggie's, which was an opportunity to celebrate the end of the partnership and raise a final donation for both local Maggie's centres.

With our Maggie's partnership coming to an end, we took the opportunity to review our corporate charity strategy and it was decided that we would partner with two new charities: the Retail Trust, to align with our industry and strategic vision, and FareShare Greater Manchester, nominated by our colleagues to allow us to continue to support a charity in our immediate community.

Our Retail brands also continue to support charities aligned to our customers. Simply Be is committed to a long-term patronage with The Prince's Trust, which involves supporting the charity with their Mosaic Mentoring programme and also developing a scheme helping young people get into retail. Simply Be also launched their second International Women's Day edit this year where £1 from each item sold in the collection will be donated to The Prince's Trust, having raised £37,000 for the cause through their 2022 campaign. Jacamo continue to work in collaboration with men's mental health charity Campaign Against Living Miserably ('CALM') to help raise mental health awareness with the hope that it will empower men to have open conversations about their mental wellbeing. In September 2022, Jacamo launched a limited edition t-shirt with 100% of the profits going to CALM which will go towards funding their life-saving work.

RAISED FOR THE PRINCE'S TRUST THROUGH SIMPLYBE'S INTERNATIONAL WOMEN'S DAY CAMPAIGN

£37,000



MAGGIE'S MANCHESTER AND OLDHAM
£180k
Raised during the four-year partnership



CHARITY SUPPORT IN OUR COMMUNITY

FareShare Greater Manchester, was nominated by our colleagues as one of our new charity partners



LOOKING FORWARD TO FY24

Environment



To reflect our commitment to deliver meaningful change towards reducing the impact of our operations and supply chain emissions, we recognise the importance of aligning our short-term objectives with our long-term commitments. We have set a clear strategy, aligned with the Paris Climate Agreement, to deliver against these goals.

SCIENCE BASED TARGETS INITIATIVE

Our target submission has been made to the SBTi and we are awaiting target validation in October 2023. Our proposed target is to reduce our Scope 1, 2 and 3 emissions by 42% by FY30 against an FY22 base year. Our target is aligned with the 1.5°C pathway of the Paris Agreement. In addition to this, we are also committing to sourcing 100% renewable electricity across our direct operations to FY30.

The SBTi continues to evolve its requirements to ensure targets are aligned with the latest climate science. As a result, the SBTi have introduced a requisite for certain companies to set additional targets to quantify and reduce their Forest, Land and Agriculture ('FLAG') emissions. FLAG emissions account for around 22% of global greenhouse gas emissions. We are currently working towards quantifying our FLAG emissions and are aiming to set our FLAG target by the end of FY24.

REDUCING OUR EMISSIONS

SDG ALIGNMENT



To achieve our science based target, we are focusing on improving our engagement with our supplier base. Building on our Supplier Sustainability Questionnaire ('SSQ'), we aim to develop a supplier standard to align suppliers' operations with our commitments and targets. We are going to start with our strategic suppliers to build momentum and start delivering progress against our target.

INDIRECT USE OF SOLD PRODUCT

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 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.

	FY23	FY22	Change	(%)
Indirect Use Emissions (tCO ₂ e)	98,347	124,333	-25,986	-21%

SUSTAIN CONTINUED

LOOKING FORWARD TO FY24 CONTINUED

RESPONSIBLY SOURCED PRODUCTS**MAN-MADE CELLULOSIC FIBRES ('MMCF')**

We are taking steps to improve our sourcing capabilities, particularly concerning improved MMCF fibre use. One way we are doing this is through licensing fibres from LivaEco, which allows us to utilise improved MMCFs across our Southeast Asian supply base and support the use of regenerative processes. By sourcing raw materials closer to our manufacturing base, we can reduce the distances that raw materials are transported over.

BETTER COTTON

As part of our commitment to cotton sourcing, we continue to review our responsible sourcing policy and increase our transparency across our cotton supply chain. Our goal is to increase our use of BCI 100% across cotton-based products. This move reflects our commitment to creating a new baseline for cotton standards, intending to improve working conditions and reduce the environmental impact in regions where resources are scarce and over-sourcing is a concern.

RECYCLED POLYESTER

While we recognise that current technologies for recycled polyester fibres are not a long-term solution, we understand that they play a role in reducing GHG emissions. As such, we aim to contribute to building a solution for addressing water pollution and microfibres. We are dedicated to improving our sourcing practices and minimising our environmental impacts while maintaining the high-quality standards our customers expect.

MATERIAL MIX

We recognise that the use of polyester in our products has an impact on the environment, and we are committed to reducing our reliance on this material. Moving forward, our approach to fibres will focus on circular solutions within regenerative cellulose. This means we will prioritise the use of natural, plant-based renewables that can be grown and processed sustainably. By using regenerative cellulose, we can help mitigate the environmental impact of our products and support a circular economy, where waste is minimised, and materials are reused or recycled.

CIRCULARITY**EMBRACING CIRCULAR DESIGN**

Through the development of our Textiles 2030 pathway and action plan, we are exploring opportunities for circular design and business models, which will help us to reduce waste, conserve resources, and minimise our carbon footprint. Our aim going forward is to generate solutions with our partners on end-of-life solutions, durability, and to develop a framework for circular design that will guide our design and production processes in a less impactful and more resourceful direction.

WORKING WITHIN THE INDUSTRY

Our push towards circularity and innovation has led us to collaborate with Leeds University's Institute of Textile and Colour ('LITAC') and Textiles 2030. The aim of the project is to explore the complex nature of garment durability and how this influences opportunities for circular fashion.

WATER**IMPROVING WATER MANAGEMENT**

Over FY24, we are continuing to improve our water stewardship and increasing the scope of our water risk assessment. We have been mapping Tier 2 and parts of Tier 3 supply chain for own brand products and we are going to include these within our supplier water risk assessment. We are also exploring improved manufacturing processes that help reduce water consumption and pollution across our supply chain.

MANUFACTURING PROCESSES: DENIM

Wet processing is a critical part of textile production. This is particularly important for denim, which traditionally requires significant amounts of water in the manufacturing process. To ensure we are actively reducing our impacts through improved production processing, we have already collaborated with industry partners such as Jeanologia to introduce low-impact washes on our Simply Be denim. This is just the beginning of our efforts to expand this approach across our denim product line. We believe that a focus on chemical use and wet processing will be key to reducing our overall environmental impact, particularly concerning water consumption and pollution.

NATURAL RESOURCES**CANOPY PARTNERSHIP**

FY24 will initiate the beginning of our partnership with Canopy, an initiative set up to remove the use of endangered and ancient forests within the textiles and packaging industry by 2025. Through this commitment, we aim to engage a clear visual on our use of MMCF across the business, enabling us to have better transparency within our MMCF supply chain, evaluating their impact, and reducing our timber risk across the business.

FSC PARTNERSHIP

As we look to reach zero deforestation by 2030, we are partnering with the Forest Stewardship Council ('FSC') to support certification across packaging and timber-based products. The FSC standards ensure the protection of water quality, prohibit the harvest of rare old-growth forest and use of highly hazardous chemicals, as well as prevent the loss of natural forest cover. This move supports our forestry policy and will help manage risk and reduce our environmental impacts.

Social



By introducing more structure to our activities within our social pillar, we have made clear progress throughout FY23 against our commitment to deliver social value across our focus areas. We'll continue to build on these successes through the following areas:

ENGAGEMENT

CUSTOMER ENGAGEMENT

As we begin to build our digital experience for our customers, we also want to develop their experience on product and sustainability. By developing the user experience and customer journey through our front-end and corporate website, we can provide our customers with accurate information for any sustainability claims made on our products. We also want to improve their understanding of our journey. By utilising the new digital experience capabilities, we also aim to become more transparent with customers.

DIVERSITY, EQUITY & INCLUSION AND WELLBEING

Our focus for FY24 will be defining what we mean by "inclusion" for our colleagues, increasing our colleague diversity data and embedding the BRC D&I Charter within EMBRACE to ensure our actions remain relevant, impactful, and aligned to our vision for the future of the business. Our communities will also continue to shape our EMBRACE strategy and define their objectives for FY24.

To drive continued momentum in our colleague wellbeing activity we will work to embed our wellbeing proposition, Bloom, furthering the activity undertaken in FY23 to launch this. Our focus will be on both building awareness and uptake of our current offering amongst colleagues, as well as increasing the scope of our wellbeing initiatives. This will include looking at how we can better support parents, as well as focusing on wellbeing initiatives that tie in with our Embrace communities and their aims.

EMERGING TALENT

Our focus for FY24 will be to build on our existing outreach initiatives, partnerships with the Prince's Trust and grow our newest partnership with the University Academy 92, an Old Trafford based university that encourages students from a diverse range of backgrounds to set foot in and flourish in higher education. We will continue to increase the visibility and significance of all emerging talent pipelines.

ETHICAL WORKPLACE

SDG ALIGNMENT



Our focus remains to complete Tier 2 mapping for all own brand suppliers by end 2023. We will then review next steps in line with our transparency pledge.

CHARITY AND OUR COMMUNITY

SDG ALIGNMENT



We will further engage colleagues with our two new charity partners, Retail Trust and FareShare Greater Manchester, through a series of fundraising and engagement events throughout the year. We will also continue to work with The Prince's Trust in our long-term patronage through our Simply Be brand.

We will continue to encourage colleagues to take part in volunteering through our Make A Difference Day volunteering scheme which we relaunched this year. This will help us to further support our local communities and give our colleagues the opportunity to volunteer with a charity or cause close to their heart.

SUSTAIN CONTINUED

GOVERNANCE



Governance

Climate-related matters are being embedded appropriately within our governance structure to improve visibility and accountability across the organisation to drive progress towards our net zero target.

CLIMATE RELATED FINANCIAL DISCLOSURES

We recognise that climate change is one of the greatest challenges facing our planet today. We are currently working towards aligning our strategy with the Task Force on Climate-related Financial Disclosures ('TCFD') recommendations during FY24. This will enable us to assess, manage and disclose climate-related risks and opportunities across our business models and operations. The recommendations are structured around four core elements: Governance, Strategy, Risk Management and Metrics & Targets.

GOVERNANCE

SUSTAIN is sponsored by the Executive Board and led by Christian Wells (Company Secretary), Sarah Welsh (Retail CEO) and Aly Fadil (Chief People Officer). The ESG Committee meets at least twice a year and is chaired by Non-Executive Director Michael Ross. A SUSTAIN Steering group, comprised by the Exec Board representatives and other senior leadership team members, supports the ESG Committee and reviews the sustainability roadmap by keeping on track with its objectives. This forum also reviews any market trends, potential issues or risks across the Our People and Our Planet pillars of the strategy.

Reports are provided to the Executive Board team and up through to the Group Board via the ESG Committee in line with the meeting schedule. Progress against our sustainability targets is reported quarterly within the Retail Operating Committee ('ROC').

In line with our transformation roadmap, a review of our wider governance framework is being carried out by the Company Secretary. One objective of the review is to ensure that climate-related matters are embedded appropriately within our governance structure to improve visibility and accountability across the organisation to drive progress towards our net zero target.

RISK MANAGEMENT

The Group has continued to enhance and embed risk management practices in support of the N Brown Enterprise Risk Management Framework ('RMF'). The RMF enables the Group to maintain robust governance and oversight across the business and underpin a standardised approach to managing risks. ESG matters, including climate-related risks, are incorporated within our principal risks and uncertainties, ensuring that climate risks are assessed and considered alongside other risks.

Over FY24, we are going to review and strengthen our approach to identifying, assessing, and evaluating climate-related risks and opportunities.

STRATEGY

Our ESG strategy 'SUSTAIN', aims to align our ethical policies with our commercial activities, achieving tangible results and benefits for our stakeholders. Fully embracing the values of our business, SUSTAIN is our overarching strategy across our sustainability pillars – Our People and Our Planet. To address our impacts, we have made a series of challenging public commitments and are working across a range of different frameworks and external reporting obligations to ensure our approach is transparent and aligned with best practice.

To deliver on our Textile 2030 commitment, we have established our Textiles 2030 Pathway. This plan sets out how we are going to deliver on this commitment, breaking the journey down into the short (2022-2024), medium (2025-2027) and long-term (2028-2030). Our plan includes seven pillars ranging from low carbon energy across our supply chain and direct operations, using improved and recycled fibres, introducing lower impact production processes, embracing circular business models and designing for sustainability. The implementation of this pathway will also help deliver progress against our proposed science-based targets and the BRC climate action roadmap. In FY24, we will look to build upon our Textile Pathway to develop a similar plan for other areas of the business such as domestic goods and electrical items, supplier engagement, and logistics.

In addition to this, we will conduct scenario analysis to evaluate the resilience of our strategy, taking into consideration a range of different climate scenarios, including the 1.5°C scenario.

METRICS AND TARGETS

We have quantified our GHG emissions across all relevant Scope 1, 2 and 3 emission sources in accordance with the GHG Protocol. We will continue to evolve our methodology to improve accuracy and reduce uncertainty within future inventories.

To track our progress, we have established a series of Key Performance Indicators. During FY24 we will be reviewing our KPIs and ensuring they are fully aligned with our principal climate-related risks and opportunities.

In FY23, we submitted our commitment letter to the Science Based Targets initiative ('SBTi') setting out our intent to establish near-term science-based targets to drive progress towards our net zero commitment. Our target submission was made in March 2023, and we are awaiting the formal target validation process. The SBTi continue to evolve their requirements to ensure targets are aligned with the latest climate science. As a result, the SBTi have introduced a requirement for certain companies to set additional requirements to quantify and reduce their Forest, Land and Agriculture ('FLAG') emissions. FLAG emissions account for around 22% of global greenhouse gas emissions. During FY24, we are working towards quantifying our FLAG emissions and starting the process for setting a FLAG emissions target through the SBTi.

ESG DISCLOSURE SCORE

As part of SUSTAIN, we will use the ESG Disclosure Score outlined by the London Stock Exchange to provide stakeholders with a comprehensive assessment of our ESG progress. The ESG Disclosure Score is intended as a tool for companies to consider good practice in disclosure of key quantitative ESG metrics. The London Stock Exchange has commented that the "ESG disclosure score is calculated based upon the level of disclosure against the metrics considered by FTSE Russell to be the most material to investors for different industries. This is drawn from existing ESG standards including: the Global Reporting Initiative ('GRI'); Sustainability Accounting Standards Board ('SASB'); and the Carbon Disclosure Project and based upon expertise built over 18 years of commercial activity in ESG data and indexes, working with investors and other market participants."

Based on our business being in the "Consumer Goods, Customer Services & Healthcare" sector, the ESG Disclosure Score assesses the following criteria and more information can be found on the pages indicated:

Carbon emissions page 51 and 56

Energy use page 56

Social and Community investment page 50

Share of temporary employees 124

Independent Directors page 60

Female Directors page 68

In addition, we also consider employee training hours, employee turnover rates, share of human rights, supply chain, sustainability clothing and waste and recycling to be central to our ESG strategy.

EMISSIONS PROFILE

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2018 requires the Group to disclose global greenhouse gas ('GHG') emissions and underlying energy use for all Scope 1 and 2 emission sources. Our energy and GHG emissions have been independently calculated in accordance with the GHG Protocol, using the operational control approach for the period 1 March 2022 to 28 February 2023. Emission factors published by the UK Government and the International Energy Agency ('IEA') have been used. In addition to calculating mandatory Scope 1 and 2 emissions, we have quantified our relevant Scope 3 emissions in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Standard.

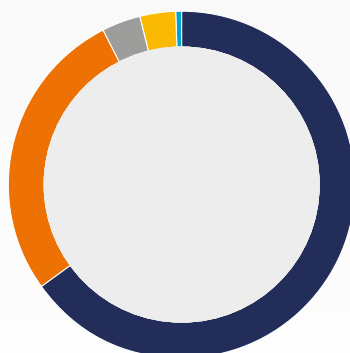
TOTAL GHG TCO₂e

Scope	Source	FY23	FY22	tCO ₂ e change from previous year	% change from previous year
Scope 1	Natural Gas	1,640.3	1,876.2	-235.9	-13%
	Diesel	193.7	227.8	-34.1	-15%
	HFCs	37.0	151.7	-114.7	-76%
	Gas oil	46.6	47.4	-0.7	-2%
	Company Vehicles	11.7	12.8	-1.0	-8%
Scope 2	Electricity (Location Based)	2,052.3	2,680.2	-627.9	-23%
	Electricity (Market Based)	—	—	—	—%
Total Scope 1 and 2¹		1,929.3	2,315.7	386.4	-17%
Scope 3	Purchased Goods & Services	306,582.5	329,807.9	-23,225.4	-7%
	Capital Goods	5,225.0	2,244.4	2,980.6	133%
	Fuel & Energy-Related Activities	1,352.4	1,827.0	-474.6	-26%
	Upstream Transportation & Distribution	17,652.0	22,752.8	-5,100.7	-22%
	Waste Generated in Operations	39.4	79.4	-40.0	-50%
	Business Travel	51.7	7.3	44.4	609%
	Employee Commuting	1,115.1	1,778.3	-663.2	-37%
	Upstream Leased Assets	6.7	18.7	-12.0	-64%
	Downstream Transportation & Distribution	2.5	41.3	-38.7	-94%
	Use of Sold Products	128,460.6	143,320.3	-14,859.7	-10%
	End-of-Life Treatment of Sold Products	7,703.3	10,150.1	-2,446.8	-24%
Total scope 1, 2² and 3		470,120.6	514,343.0	-44,222.4	-9%
Outside scopes- Biogenic element- Diesel		14.1	8.0	6.1	76%

¹ Total Scope 1 and 2 emissions have been calculated using the market-based methodology for Scope 2 emissions to reflect our purchase of renewable electricity.

² Total Scope 1, 2 and 3 emissions have been calculated using the market-based methodology for Scope 2 emissions to reflect our purchase of renewable electricity.

EMISSIONS PROFILE FY23 (tCO₂e)



Scope 3 – Purchased Goods & Services	65.2%
Scope 3 – Use of Sold Products	27.3%
Scope 3 – Logistics (Upstream & Downstream)	3.8%
All other Scope 3	3.3%
Scope 1 and 2 (MBM)	0.4%

SUSTAIN CONTINUED

LOOKING FORWARD TO FY24

Total emissions for our direct emissions (Scope 1 and 2) have decreased by 17% compared to last year. Our natural gas consumption has decreased by 13% as we have focused on the effective management of our heating systems so that they match building occupancy to minimise energy usage. We have also invested in refurbishing our offices and facilities with low-emitting alternatives (such as LED lights), as seen in the increase of emissions relating to capital goods. These measures, along with the improvement of the UK's electricity grid factor, have contributed to the 23% reduction in our location-based Scope 2 emissions. Our market-based Scope 2 emissions are zero as we continue to source 100% renewable electricity. Our energy use across the Group has decreased by a total of 15% compared to FY22 levels.

We continue to effectively monitor and reduce our operations' impact by also carrying out regular checks on our air conditioning units. As a result, we were able to reduce our FY23 fugitive emissions from our air conditioning systems by 76% compared to last year. Improvements in the way we manage and test these systems allow us to not only obtain better data, but also more effectively manage leakage and, hence, reduce emissions. Emissions from company vehicles also reduced (8% compared to FY23) due to the introduction of electric vehicles ('EVs'). Our fleet is now comprised of a total of eight EVs (five pool cars and three commercial vans), compared to one electric commercial van in FY22.

Business travel emissions have seen an increase compared to last year. With the easing of Covid-19 restrictions, our employees have been able to travel more compared to last year, resulting in higher air, rail, and road journeys, and, consequently, higher emissions. We expect these emissions to increase in FY24 as business travel picks up.

Compared to last year, we have sold less products to customers which has seen our emissions reduce across Scope 1 and scope 3 emissions. Across Scope 1, there has been less activity across our haulage fleet and the use of shunter trucks which has reduced our diesel and gas oil emissions. Within our biggest emission source, purchased goods and services, we have seen a reduction of 7% as we have purchased less stock compared to last year. As we have brought less product into the business, our inbound logistic emissions have also fallen. As we have sold less during the year, our outbound logistics, use of sold products and end of life treatment emission have also fallen. In total, our emissions for FY23 have fallen by 9% compared to last year.

EMISSIONS INTENSITY

We track the emissions intensity of our operations by tracking emissions against the number of items shipped, using FY15 as a baseline. Compared to last year, our emissions intensity across Scope 1 and 2 has increased by 15% compared to last year and it has decreased by 42% against the FY15 baseline. Whilst our absolute emissions have reduced compared to last year, the number of items shipped has decreased, leading to an increase in our emissions intensity.

Emissions Intensity Ratio	FY15	FY21	FY22
tCO ₂ e per mil. Items shipped ¹	323.6	162.4	187.0
% Change against FY15 baseline	–	-50%	-42%

We have also compared our Scope 1, 2 and part of our Scope 3 emissions² against FY22 and our baseline year. Our results show that, due to a lower number of items shipped during FY23, our emissions intensity has increased by 19% compared to last year. However, when comparing it with our FY15 baseline year, we have achieved a 39% reduction. This tracks our performance against our emissions intensity target that will be superseded by our science-based target once it has been validated.

Emissions Intensity Ratio	FY15	FY21	FY22
tCO ₂ e per mil. Items shipped ²	505.6	259.1	307.2
% Change against FY15 baseline	–	-49%	-39%

GLOBAL ENERGY USE AND EMISSIONS

The tables below show the proportion of energy use and Scope 1 and 2 GHG emissions that occurred within the UK and non-UK countries. In FY23, 99.2% of the Group's energy consumption arose from UK operations. Our overall energy usage has decreased by 15% compared to last year. Emissions have dropped by 20% compared to FY22.

Energy	FY23 kWh	%	FY22 kWh	%
UK	20,389,789	99.2%	24,006,583	99.1%
Non-UK	165,093	0.8%	230,176	0.9%
Total energy use	20,554,882		24,236,759	

Emissions	FY23 tCO ₂ e	%	FY22 tCO ₂ e	%
UK	3,953	99.3%	4,926	98.6%
Non-UK	28	0.7%	70	1.4%
Total Scope 1 and 2 GHG emissions	3,982		4,996	

¹ tCO₂e includes Scope 1 and Scope 2 location-based emissions.

² tCO₂e includes Scope 1, Scope 2 location-based emissions and the following Scope 3 categories: business travel, employee commuting, waste, water use and fuel- and energy-related activities not reported in Scope 1 + 2.

MANDATORY GHG REPORTING NOTES

The data disclosed is in conformance with the Companies Act 2006 (Strategic Report and Directors' Report Regulations). GHG emissions disclosed under the required reporting categories fall within the Group's consolidated financial statement. Scope 1 and 2 emissions have been calculated using the operational control approach in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. The quantified emissions are for the reporting period 1 March 2022 to 28 February 2023. GHG emissions factors published by the UK Government and International Energy Agency for 2022 have been used to calculate GHG emissions.

NOTED CHANGE IN EMISSIONS FOR FY22

We have restated aspects of our FY22 GHG inventory to improve the robustness and accuracy of our emissions statement. There have been updates to our Scope 1 and 2 emissions including the movement of our Bangladesh sourcing office from Scope 1 and 2 to Scope 3 (upstream leased assets) as we no longer have operational control of this leased office. Our up and downstream logistics emissions have been restated as more detailed emission factors have been made available by our logistics partners as well as improvements to the calculation methodology. Purchased goods and services has been restated to account for additional datapoints and refinements to the emission classification of certain product lines; this has also impacted our use of sold product calculations. The calculation methodology for end-of-life treatment has been improved so that actual product weight data has been used moving away from assumed weights derived from the inbound logistics dataset. We will continue to review and improve our calculation methodology over time.

DATA RECORDS

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 floor areas and published benchmarks. Some data has been estimated from previous periods of consumption where quarterly bills have not yet been published.

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

There has been no company car business travel during the latest reporting period. 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 Viridor. Viridor provide a breakdown of weight of waste disposed of by N Brown split by waste type and disposal method. For the sites which are not managed by Viridor, waste audits are completed over a week as a sample and figures are annualised. There are a few closed stores which are included within the scope of reporting due to them still being leased to N Brown. As the stores were closed for the duration of the reporting period, it has been assumed that there has been no waste from these stores.

EMPLOYEE COMMUTING

Employee commuting habits are captured using an annual colleague 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 have continued to work from home during the reporting period as per our Hybrid Working model. The emissions associated with home working (e.g. as a result of lighting, heating and IT equipment) has been captured using a staff survey. For this year changes to the methodology were made to capture information relating to green electricity contracts at home as well as refinements to the modelling of space heating usage.

SUPPLY CHAIN LOGISTICS

Internal data and data provided by third party service providers 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.

Business travel (air, rail): There are two types of air travel carried out by N Brown: traditional business travel and travel for photoshoots. There were no photoshoot or business journeys by air during the latest reporting period due to Covid-19 restrictions. 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 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 is estimated based on a standard benchmark against full-time staff equivalent. There are a few closed stores which are included within the scope of reporting due to them still being leased to N Brown. As the stores were closed for the duration of the reporting period, it has been assumed that there has been no water usage on site.

Setting a high standard of governance

GOVERNANCE REPORT

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INTRODUCTION FROM THE CHAIR

ENHANCING CORPORATE PERFORMANCE



The business continues to move forward with high standards of corporate governance to enable better decision-making.”

Ron McMillan

Independent Non-Executive Chair



On behalf of the Board, I am pleased to present our FY23 corporate governance report. During the reporting period the Group applied the UK Corporate Governance Code.

As mentioned in my statement on page four, the Board recently made the decision to adopt the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') with effect from the beginning of the FY24 reporting period.

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. It also provides guidance on key governance areas such as board composition and effectiveness, risk management, and remuneration. The Board will ensure the principles of the QCA Code are embedded in all our governance practices and processes.

More details regarding our compliance with the QCA Code are available on the Group's website www.nbrown.co.uk

FY23 has been another busy year for the Committees of the Board. The highlights and activities of each Committee as well as the FY24 priorities are summarised in their respective reports which can be found on pages 71 to 91.

Ron McMillan

Independent Non-Executive Chair

THE CODE

During the year, the Company applied the UK Corporate Governance Code (the 'Code') on a voluntary basis. The Board is responsible for ensuring that the Company has appropriate frameworks in place to ensure compliance with its chosen Corporate Governance Code.

LEADERSHIP AND PURPOSE

The role of our Board is to promote the long-term sustainable success of the Company. This includes leading by example, acting with integrity at all times and ensuring effective engagement with stakeholders.



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MORE INFORMATION CAN BE FOUND ON PAGE 60 - 65

DIVISION OF RESPONSIBILITY

The Board has the appropriate balance of Executive and Non-Executive Directors in order to lead the Company effectively, with the responsibilities between the leadership of the Board and the executive leadership of the Company clearly defined.



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MORE INFORMATION CAN BE FOUND ON PAGE 66 - 67

COMPOSITION, SUCCESSION AND EVALUATION

The Board maintains an appropriate combination of skills, experience and knowledge to ensure effective governance over the Company. This includes an effective evaluation and succession plan.



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MORE INFORMATION CAN BE FOUND ON PAGE 68 - 70

AUDIT, RISK AND INTERNAL CONTROL

The Board determines the Company's strategy, taking account of the need to avoid or manage unnecessary or unacceptable risks. On behalf of the Board, the Audit and Risk Committee has established formal and transparent processes to oversee the independence and effectiveness of internal and external audit functions.



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MORE INFORMATION CAN BE FOUND ON PAGE 72 - 77

REMUNERATION

The remuneration policy is designed to incentivise the delivery of the strategy, which the Board believes to be critical to long-term sustainable success.



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MORE INFORMATION CAN BE FOUND ON PAGE 79 - 91

LEADERSHIP AND PURPOSE

GROUP BOARD DIRECTORS

RON MCMILLAN

Independent
Non-Executive Chair

Appointed: April 2013
Appointed Chair of the Board:
March 2021



First appointed to the Board in April 2013, Ron served as Senior Independent Director until his appointment as Board Chair in March 2021. Prior to joining the Board, he was the Deputy Chair of PricewaterhouseCoopers in the Middle East and Northern Regional Chairman of the UK firm.

Key strengths

- Retail and digital retail
- Corporate finance
- Governance
- Risk management
- Remuneration

External appointments

Ron is the Senior Independent Director and Chair of the Audit Committee of B&M European Value Retail SA and SCS Group plc.

STEVE JOHNSON

Chief Executive Officer

Appointed: September 2018



Steve was appointed CEO of N Brown in February 2019 having been appointed Interim CEO in September 2018. 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

None.

RACHEL IZZARD

Chief Financial Officer

Appointed: June 2020
Resigned June 2023



Rachel was appointed as CFO in June 2020 after joining the Company in April 2020. Prior to this she was CFO at Aer Lingus, leading the Finance and Technology functions, successfully driving a step change in performance, and integrating the company into the IAG Group. Over her career Rachel has held a range of CFO, technology, and senior finance roles in the airline and logistics sectors, based in locations in Asia, the US and Europe.

Key strengths

- Retail and digital retail
- Airline industry
- Financial and capital planning
- Corporate finance
- Governance
- Regulated industry
- Technology, data and analytics

External appointments

Rachel is a Non-Executive Director and Chair of the Audit and Risk Committee at Raspberry Pi Limited.

GILL BARR

Senior Independent
Non-Executive Director

Appointed: January 2018
Appointed Senior Independent
Director: March 2021



Gill joined the Board in January 2018 as the Chair of the Remuneration Committee and was appointed Senior Independent Director in March 2021. She was previously a Non-Executive Director of Morgan Sindall Plc, Group Marketing Director of The Co-operative Group and Marketing Director of John Lewis. Gill also spent seven years at Kingfisher plc in a variety of senior strategy, marketing and business development roles.

Key strengths

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

External appointments

Gill is a Non-Executive Director of PayPoint Plc, Wincanton Plc and DFS plc.

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.

RICHARD MOROSS

Independent
Non-Executive Director

Appointed: October 2016



Richard joined the Board in October 2016 and was appointed Designated Director for Colleague Engagement in 2019. As the CEO and founder of MOO.com, Richard brings significant expertise in digital retailing and technology. Before founding MOO, Richard worked for the design company Imagination. Other past companies include sorted.com and the BBC.

Key strengths

- Retail and digital retail
- Strategy and change management
- Technology and data analytics
- Remuneration
- Marketing

External appointments

Richard is an Executive Director of Moo Print Ltd.

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 and Sainsbury's Bank. He also an Executive Fellow at London Business School.

DOMINIC PLATT

Independent
Non-Executive Director

Appointed: June 2021



Dominic was appointed to the Board on 10 June 2021. Dominic is the current Chief Financial Officer of BGL Group, a position he has held since March 2016. Prior to joining BGL he was Group Finance Director and MD of International Businesses at Darty plc from 2010-2015 and spent 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 BGL.

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.

CHRISTIAN WELLS

Company Secretary

Appointed: August 2022



Christian re-joined as General Counsel and Company Secretary in August 2022 having served as Interim General Counsel and Company Secretary to N Brown Group from October 2021 to March 2022. Christian joined from Yell Group Limited, a leading digital marketing business spanning across the US and UK, where he was General Counsel, Company Secretary and Chief Risk Officer. Prior to this, Christian was Chief Counsel Europe and Chief

Counsel UK Group at Sara Lee Corporation, an American consumer goods company.

Key strengths

- Governance
- Risk management
- Corporate finance
- Strategy and change management
- Digital transformation

External appointments

None.

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.

Key strengths

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

External appointments

Vicky is a Non-Executive Director of West Bromwich Building Society where she sits on the Risk Committee and Remuneration Committee.

LEADERSHIP AND PURPOSE CONTINUED

EXECUTIVE BOARD DIRECTORS

STEVE JOHNSON

Chief Executive Officer

Appointed: September 2018



Steve was appointed CEO of N Brown in February 2019, having been appointed Interim CEO in September 2018. 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

None.

RACHEL IZZARD

Chief Financial Officer

Appointed: June 2020

Resigned June 2023



Rachel was appointed as CFO in June 2020 after joining the Company in April 2020. Prior to this she was CFO at Aer Lingus, leading the Finance and Technology functions, successfully driving a step change in performance, and integrating the company into the IAG Group. Over her career Rachel has held a range of CFO, technology, and senior finance roles in the airline and logistics sectors, based in locations in Asia, the US and Europe.

Key strengths

- Retail and digital retail
- Airline industry
- Financial and capital planning
- Corporate finance
- Governance
- Regulated industry
- Technology, data and analytics

External appointments

Rachel is a Non-Executive Director and Chair of the Audit and Risk Committee at Raspberry Pi Limited.

ALYSON FADIL

Chief People Officer

Appointed: April 2018



Alyson joined N Brown in April 2018 having spent her HR career in retail, hospitality and leisure. Experienced at delivering cultural change, Alyson has worked in a number of dynamic, fast-paced, retail businesses including Misguided, Selfridges and Sofology.

Key strengths

- Cultural change
- Organisational design
- Retail

External appointments

Marks Electrical Group Plc.

NUNO MILLER

Chief Operating Officer

Appointed: November 2021



Nuno joined N Brown as Chief Operating Officer in November 2021. Nuno has over 25 years' experience and has successfully delivered change across multiple industries, including the retail, fashion, luxury and technology sectors. Nuno joined N Brown from the multinational fashion group, Sonae Fashion, where he was Chief Digital and Information Officer.

Before joining Sonae, Nuno spent three years as the Chief Information Officer at farfetch.com where he was a member of the executive leadership team and responsible for the luxury retailer's technology platform.

Key strengths

- Retail and digital retail
- Technology, data analytics and AI
- Change management
- Organisational design

External appointments

None.

SARAH WELSH

CEO of Retail

Appointed: March 2020



Sarah was appointed CEO of Retail in March 2020. With over 25 years of retail and brand experience on the UK high street, she held senior buying roles in both River Island and the Arcadia Group before joining Oasis Fashions where she progressed from senior manager to Managing Director during her tenure.

Sarah has a passion for product, brand and customer.

Key strengths

- Retail and digital retail
- Product and brand
- Unified Commerce
- Customer

External appointments

None.

DAN JOY

CEO of Financial Services

Appointed: January 2020



Dan was appointed CEO of Financial Services in January 2020 following 11 years at Ikano Bank where he held several leadership roles including UK Country Manager and, latterly, Group Chief Commercial Officer. Dan has extensive Financial Services experience across multiple sectors having worked at Zurich Insurance, Fairpoint plc and Capital One.

Key strengths

- Financial services
- Corporate finance
- Risk management

External appointments

None.

CHRISTIAN WELLS

General Counsel and
Company Secretary

Appointed: August 2022



Christian re-joined as General Counsel and Company Secretary in August 2022 having served as Interim General Counsel and Company Secretary to N Brown Group from October 2021 to March 2022. Christian joined from Yell Group Limited (formerly Hibu Group Limited), a leading digital marketing business spanning across the US and UK, where he was General Counsel, Company Secretary and Chief Risk Officer.

Prior to this, Christian was Chief Counsel Europe and Chief Counsel UK Group at Sara Lee Corporation, an American consumer goods company.

Key strengths

- Governance
- Risk management
- Corporate finance
- Strategy and change management
- Digital transformation

External appointments

None.

NEW APPOINTMENTS IN FY24**DOMINIC APPLETON**

Chief Financial Officer



Dominic joined 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.

DIRECTORS OR COMPANY SECRETARIES WHO SERVED DURING THE YEAR**MICHAEL MUSTARD**

General Counsel and
Company Secretary

Appointed: March 2022

Resigned: August 2022

KENYATTE NELSON

Chief Brand Officer

Appointed: June 2019

Resigned: October 2022

MEG LUSTMAN

Independent
Non-Executive Director

Appointed: April 2023



Appointed on in April 2023, Meg brings over 35 years of retail experience to the Board. Meg was previously CEO of British luxury brand, Hobbs, and prior to this has held senior positions at many of the UK's leading fashion retailers.

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).

LEADERSHIP AND PURPOSE CONTINUED

BOARD LEADERSHIP

During the year, the Board comprised ten Directors of whom eight are Non-Executive Directors, including the Chair. Of the eight 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 to the right.

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.

 **30** READ MORE ABOUT RISK MANAGEMENT AND CONTROL

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 36 and in our Section 172 Statement outlining wider stakeholder engagement across the year.

 **34** READ MORE ABOUT SECTION 172 STATEMENT

BOARD AND COMMITTEE MEMBER ATTENDANCE

	PLC Board	Remuneration Committee	Audit and Risk Committee	Nominations and Governance Committee	Financial Services Board Committee
Total meetings	10	4	4	4	4
Ron McMillan	10/10	4/4	-	4/4	4/4
Steve Johnson	10/10	-	-	-	4/4
Rachel Izzard	10/10	-	-	-	4/4
Gill Barr	10/10	4/4	-	4/4	-
Lord Alliance ¹	0/10	-	-	-	-
Richard Moross ²	9/10	4/4	-	4/4	-
Michael Ross	10/10	-	4/4	4/4	-
Vicky Mitchell	10/10	-	4/4	4/4	4/4
Joshua Alliance ³	9/10	4/4	-	-	-
Dominic Platt	10/10	4/4	4/4	4/4	4/4

¹ Lord Alliance was unable to attend Board meetings in FY23 due to illness. He was represented by Joshua Alliance.

² Richard Moross was unable to attend one Board meeting in FY23 due to a prior commitment.

³ Joshua Alliance was unable to attend one Board meeting in FY23 due to a prior commitment.

POWERS OF THE DIRECTORS

The Directors are responsible for the management of the Company and may exercise all powers of the Company subject to applicable legislation and regulation, and the Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

The powers of the Directors are found in the Terms of Reference for the Board and its Committees which are available on the Group's website www.nbrown.co.uk

BOARD COMMITTEE MEMBERSHIP

Member	A	R	N	F
Ron McMillan		■	■	■
Steve Johnson				■
Rachel Izzard				■
Gill Barr		■	■	
Richard Moross		■	■	
Michael Ross	■		■	
Vicky Mitchell	■		■	■
Dominic Platt	■	■	■	■

Committee key

■ Chair	■ N Nominations and Governance
■ A Audit and Risk	■ F Financial Services Board
■ R Remuneration	

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 Board.

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 register of reported conflicts is reviewed by the Board at least annually. 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.

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. 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.

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.

Strategic review meeting in relation to the technology roadmap, financial services platform and new agile delivery model.

Oversight of the Company's operations and trading strategy.

Review and update of the new financial services platform development.

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 FY24 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.

STAKEHOLDER MATTERS

Approval of material contracts and investment proposals.

Board evaluation review.

Amendment and extension to the Group's revolving credit facility.

Material litigation updates and approvals.

CULTURE AND GOVERNANCE

Review approach to retention of colleagues.

Review of governance for AIM listed companies.

Approval to transition to QCA Code.

Recruitment of Board positions.

The Board also took part in training sessions on the regulatory agenda and specialist matter topics.



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READ MORE ABOUT THE BOARD



DIVISION OF RESPONSIBILITY

GOVERNANCE STRUCTURE

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 officers.

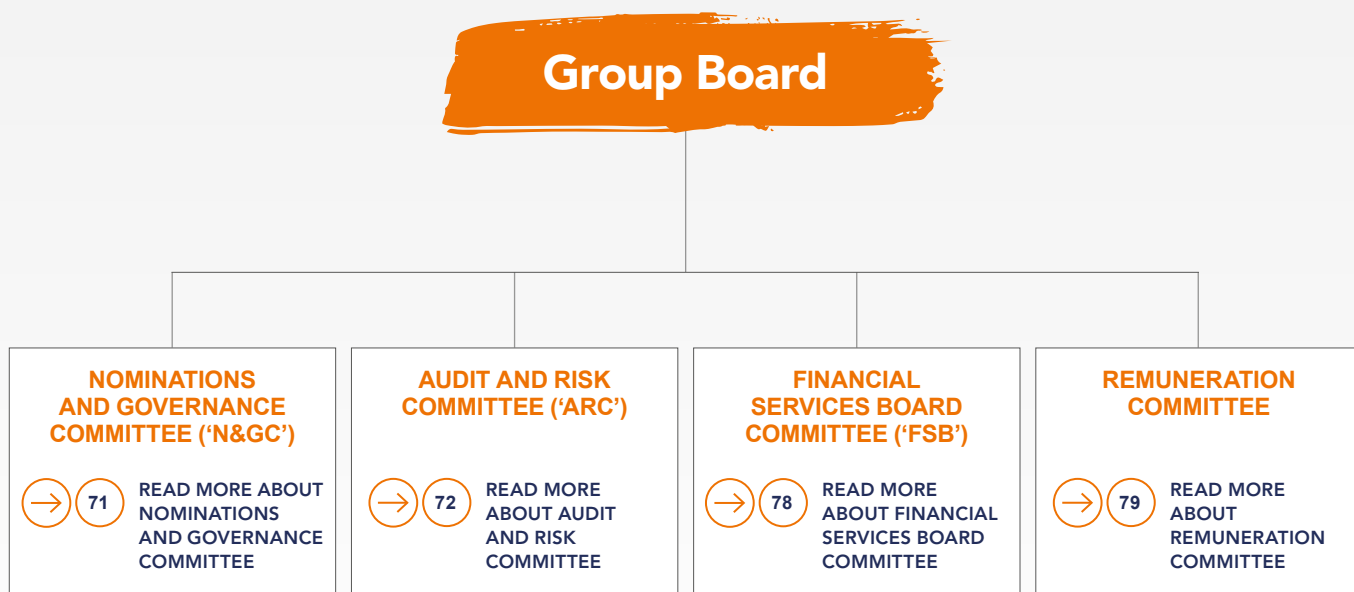
Further information on the responsibilities of each Committee is set out on in their respective reports from pages 71 to 91.

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.

KEY ROLES

Resilient and open working relationships between Directors are vital to the effective and successful running of the Board and the wider Group, with the Non-Executive Directors providing constructive challenge and alternative views to the Board.

The roles of the Chair, Senior Independent Director, Chief Executive Officer, Chief Financial Officer and Company Secretary are particularly crucial to this endeavour; a summary of their roles and responsibilities as agreed and set out in writing, can be found opposite.



EXECUTIVE BOARD

The Executive Board is responsible for the day-to-day operations and running of the Company, monitoring progress against and delivering on its strategy while ensuring that the policies and procedures as decided by the Group Board are implemented and enforced across the business.

The Board

CHAIR

Responsible for the overall leadership and governance of the Board and for overseeing performance.

Responsible for promoting a culture of openness and debate by facilitating the effective contribution of all Board members.

Responsible for ensuring the Company's strategy is formulated clearly and is well understood both internally and externally.

Responsible for fostering good relationships between Executive and Non-Executive Directors.

Maintains a productive relationship with the CEO, providing a source of counsel and challenge on how the business is operated.

CHIEF EXECUTIVE OFFICER

Has delegated authority from the Board and is responsible for the conduct of the whole of the business of the Company.

Delivers the Company's strategy in accordance with its objectives and regulatory requirements.

Develops and has oversight of the Company's corporate culture in the day-to-day management of the business.

Communicates the strategic objectives of the Company and its core values and control systems.

SENIOR INDEPENDENT DIRECTOR

Leads the assessment of the performance of the Chair by meeting with the Non-Executive Directors at least once a year to appraise the Chair's performance and on such other occasions as are deemed appropriate.

Acts as a sounding board for the Chair, and acts as an intermediary for the Directors when necessary.

Works with the Chair and other Directors and/or shareholders to resolve significant issues should they arise.

Chairs the Nominations and Governance Committee when considering succession to the role of Chair.

CHIEF FINANCIAL OFFICER

Supports the CEO in providing strategic direction in relation to the overall finance strategy for the Company.

Controls all day-to-day activities pertaining to finance and finance operating systems.

Responsible for assessing the ongoing appropriateness of accounting and financial reporting policies of the Company, and where relevant escalating matters for the attention of the Board and Audit and Risk Committee, including matters relating to provisions and impairments.

Responsible for monitoring and regularly assessing the adequacy and effectiveness of finance processes and controls.

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.

COMPOSITION, SUCCESSION AND EVALUATION

BOARD COMPOSITION

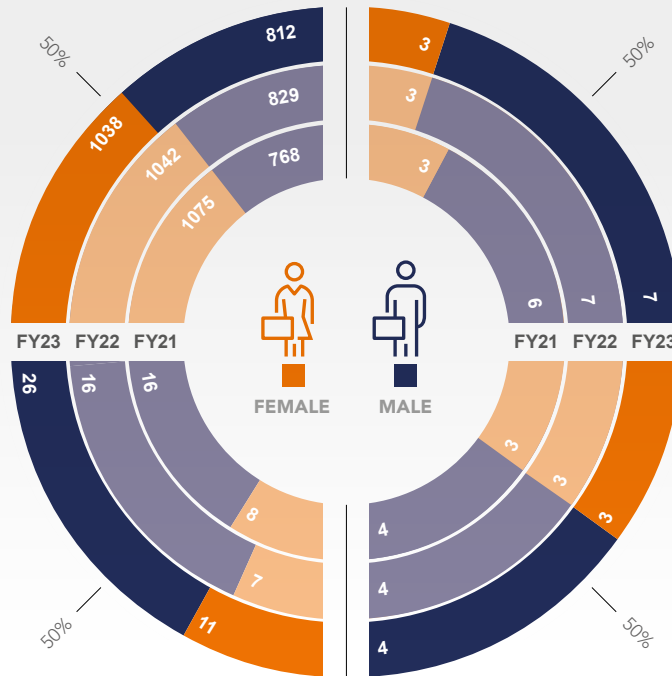
GENDER BALANCE AT FINANCIAL YEAR END

ALL COLLEAGUES

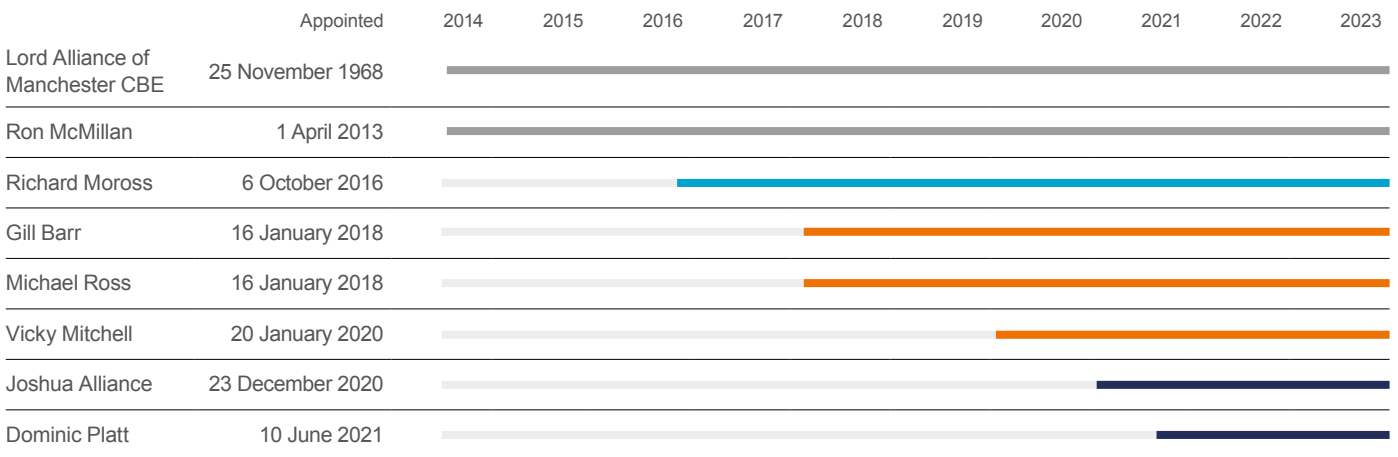
PLC BOARD

SENIOR LEADERSHIP TEAM

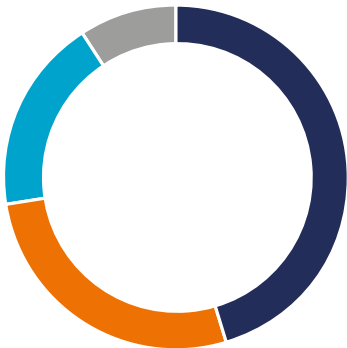
EXECUTIVE BOARD



NON-EXECUTIVE DIRECTOR TENURE



NON-EXECUTIVE DIRECTOR TENURE



Years

- 9+
- 7-9
- 4-6
- 0-3

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. The Board continues to consider how diversity can be enhanced on both the Group and Executive Boards, within the senior collective 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 FY23. As of May 2023, there is 36% female representation at Board level and 50% at Executive Board level.

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.

→ **71** FURTHER DETAILS ON APPOINTMENTS MADE DURING THE YEAR ARE PROVIDED IN THE NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

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 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 Chair 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 2023 Annual General Meeting, all of the Directors will retire and will offer themselves for re-election with the exception of Meg Lustman who will be seeking ratification of her appointment and Rachel Izzard, Gill Barr and Richard Moross who will be stepping down from the Board. 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.

→ **60** DETAILS OF CURRENT EXTERNAL APPOINTMENTS CAN BE FOUND IN THE DIRECTORS' BIOGRAPHIES

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 4th March 2023 were:

Ron McMillan (Chair, effective 31 March 2021)

Lord Alliance of Manchester CBE

Gill Barr (Senior Independent Director, effective 31 March 2021)

Richard Moross

Michael Ross

Vicky Mitchell

Joshua Alliance

Dominic Platt

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 FY24

As part of the ongoing simplification of the governance structure, including the change to the QCA Code, the Board has 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 taken up 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.



Board composition

■ Independent Non-Executive Directors	6
■ Non-Executive Directors	2
■ Executive Directors	2

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

BOARD COMPOSITION CONTINUED

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

OKR (Objectives Key Results) 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 Board members 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 internal Board and Committee evaluation.

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

Business strategy and risk

Communication and remote working

Wider stakeholders

Shareholder value

Knowledge and skills

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 composition

Board papers

Board relationships

Succession planning

Overall, the Board is satisfied with the outcome of the evaluation and believes the performance of the Chair, Committee Chairs and Directors, and their commitment to their respective roles, continues to be fully effective. The Board and its Committees continue to provide appropriate oversight of the Company and challenge to the Executive team. Overall, the Board remains effective, positive and cohesive and has the requisite skills, experience, challenge and judgement appropriate for the requirements of the business.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

Throughout the 53-week period ended 4 March 2023, the Company was in compliance with the principles and provisions of the UK Corporate Governance Code 2018 (the Code), with the exception of Provision 19. Ron McMillan will remain as Chair beyond his nine-year tenure. As described in the FY22 Annual Report, this is to ensure continuity and stability during the business's transformation. The Board believes that retaining Ron as Chair is in the best interests of the Company while a comprehensive succession plan is developed.

Having served on the Board since April 2013, Ron's experience offers valuable insight during strategic transformation discussions. Furthermore, given the changes the Board has undergone in the past 24 months, maintaining Ron's position as Chair provides a clear advantage as new Board members settle into their roles. He intends to step down at the AGM in July 2025, ensuring a smooth handover to the incoming Chair.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT



A considerable proportion of the Committee's time this year has been spent considering and recommending changes to both Executive and Non-Executive roles on the Board."

Ron McMillan

Chair of the Nominations and Governance Committee ('N&GC')

MEMBER

Ron McMillan	April 2013 – Present (Chair from 31 March 2021)
Gill Barr	January 2018 – Present
Richard Moross	October 2016 – Present
Michael Ross	January 2018 – Present
Vicky Mitchell	January 2020 – Present
Dominic Platt	June 2021 – Present

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.

FY24 PRIORITIES

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 and its Committees in light of the adoption of the Corporate Governance Code of the Quoted Companies Alliance (the 'QCA Code'), engaging with external shareholders where appropriate.

DEAR SHAREHOLDER

I am pleased to present the Nominations and Governance Committee report for FY23.

The Committee held four meetings during the year with full attendance by all members. Activities undertaken during the year included a review of the Committee's terms of reference, the Company succession planning and the recommendation of the reappointment of Vicky Mitchell for a second term of three years.

The Committee also oversaw the search for and appointment of a Chief Financial Officer Designate. Russell Reynolds Associates were appointed by the Committee to support the process and a comprehensive external candidate search was undertaken which produced a short-list of excellent candidates.

Following a thorough and competitive process, the Committee recommended the appointment of Dominic Appleton, a recommendation supported unanimously by the Board. Dominic was appointed Chief Financial Officer Designate on 1 March 2023.

The FY23 Board and Committees' evaluation comprised an internal evaluation. The results were discussed with the whole Board and an action plan based on the outcomes of the evaluation was being developed for FY24.

As mentioned earlier in my Chair's Statement on page four, Gill Barr and Richard Moross will be leaving the Board in July 2023 as they will not be seeking re-election at the 2023 Annual General Meeting. Sam Allen Associates were engaged to commence the search process for a new Non-Executive Director to replace Gill as Chair of the Remuneration Committee.

In April 2023, following a rigorous selection process, the appointment of Meg Lustman as Independent Non-Executive Director was announced. Meg's appointment as Chair of the Remuneration Committee is subject to FCA approval.

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 on 10 July 2023 to answer any questions you may have on this report.

Ron McMillan

Chair of the Nominations and Governance Committee

AUDIT, RISK AND INTERNAL CONTROL

AUDIT AND RISK COMMITTEE REPORT



The Committee acknowledges and embraces its role of protecting the interests of shareholders regarding the integrity of published financial information and the effectiveness of audit.”

Dominic Platt

Chair of the Audit and Risk Committee ('ARC')

MEMBER

Dominic Platt November 2021 – Present (Chairman)

Vicky Mitchell January 2020 – Present (Acting Chair from March 2021 to November 2021)

Michael Ross January 2018 – Present

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 Board 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.

FY24 PRIORITIES

Overseeing the transition of the external auditors.

Continuing to be responsive to the impact of geopolitical and economic events on resources.

Overseeing the further embedding of the Group's Risk Management System and ongoing improvement in the control environment.

Ensuring that the Group's Internal Audit and Risk functions continue to be appropriately resourced.

Continued monitoring of key change programmes with particular focus on tech and strategic execution and their impact on internal controls.

Continue to cover an in-depth review of risk factors for sustainability and management's proposed approach to Task Force on Climate Related Disclosure ('TCFD') 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 Board 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 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 Board Committee and Group management to ensure that all significant risks are considered on an ongoing basis.

The Committee has maintained oversight of the embedding of the Risk Management Framework ('RMF') and key risk processes. 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.

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. The Committee recognises the improvements made to further strengthen internal audit practices.

An audit tender process was undertaken, led by the Committee (further details can be found on page 74) following notification from KPMG that the firm was standing down.

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 93 of this Annual Report.

The Committee considered whether the 2023 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 2023 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 on 10 July 2023 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 64. 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 KPMG. The Committee also met with the Group Head of Internal Audit and the KPMG 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.

COMMITTEE ACTIVITIES IN FY23

The table on page 77 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 Board 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 30 to 33.

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.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

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 06 June 2023.

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 2023. 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.

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 into the Chair of the Committee with administrative oversight from the CEO.

As the business continued to mature its third line of defence, this financial year, a new Group Head of Internal Audit was appointed and overseen by the Committee. In the last six months, a refreshed GIA strategy and improvement plan was approved, and the functional strategy delivery is monitored by the Committee.

To strengthen the available resources a new GIA team architecture was defined and co-sourcing agreements with reputable professional services firms are being utilised to add specialist skills and up-to-date industry insight.

GIA applies a risk-based audit planning methodology with regular prioritisation review with Executive management and the Committee. The Committee approved the annual plan and 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 Board. 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 in its January 2023 meeting and receives periodic update 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 internal evaluation carried out in early 2023, as detailed on page 70. The Board considers that the processes undertaken by the Committee are appropriately robust, effective and in compliance with the guidelines issued by the FRC. During the year, the Board was not advised by the Committee, 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 FY23 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.

Whether the use of Alternative Performance Measures was appropriate.

EXTERNAL AUDITORS

KPMG LLP were appointed as external auditors on 14 July 2015. The partner responsible for the audit is Robert Brent, a partner in the London office. Robert replaced Anthony Sykes who left KPMG at the end of September 2022. The total fees paid to KPMG for the year ended 4 March 2023 were £1.7m. Further details are set out in note 5 on the financial statements on page 120.

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. KPMG LLP 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 KPMG's audit in a number of ways:

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

The Committee considered in detail KPMG's audit planning documentation and satisfied itself that the audit work to be carried out by KPMG covered all significant aspects of the Annual Report and Accounts. There were no areas which the Committee asked KPMG to look at specifically. KPMG'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 KPMG as reflected in their audit opinion and their year end report to the Board. KPMG'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. KPMG's opinion describes how these matters were addressed in the audit and the scope and nature of their work.

During the year, the FY22 audit of N Brown Group plc by KPMG was reviewed by the FRC's Audit Quality Review team ('AQR'). The FRC routinely monitors the quality of the audit work of certain UK audit firms through inspections of sample audits and related procedures at individual audit firms. The AQR identified improvements related to how the audit team challenge and evidence the consideration of the Company's impairment model, including the cash flow forecasts, key assumptions and discount rate.

The Committee and KPMG have discussed the review findings and the agreed actions and are satisfied with responses to be implemented by KPMG in the FY23 audit. KPMG reported to the Audit Committee as part of their April and May 2023 reports on these matters, with the Committee concluding that the findings had been addressed appropriately.

The Committee commenced a process to select a new audit firm having been notified by KPMG that the firm was standing down from the appointment with the retirement of the previous Audit Partner at the end of September 2022, and FY23 being their eighth year of auditing the Group in a normal ten-year cycle.

The Committee acknowledged and utilised the guidance provided by the FRC to conduct a robust audit tender. A key decision for the Board was understanding the experience any potential audit firm had with regard to N Brown's consumer credit business model. These requirements were assessed across a full range of audit firms, with both the long-list and short-list including those outside of the 'Big 4'.

Management undertook a full initial tender process across the long-list of firms and the Committee shortlisted their preferred audit firms for the final tender process. Presentations were made to a panel consisting of the relevant management and Board experts. The audit firms were supported in their proposals by face to face access to management and access to information covering the Group's strategy, operation, systems and controls.

In turn the audit firms provided information relevant to the N Brown audit and the proposed audit plan, strategy and approach. This supported the Board's due diligence process concluding with final proposals and face to face presentations. The tender process allowed the Board to conclude on the audit firm to select, and following the extensive process Ernst & Young LLP were selected to assume the appointment as external auditor, subject to approval by the shareholders.

This recommendation will be tabled at the AGM in July 2023.

AUDITOR INDEPENDENCE

The Committee sought and was provided with assurance from the Audit Engagement partner that they and all members of KPMG's staff engaged on the audit had confirmed that they and their dependants were independent and that KPMG 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 in accordance with the Code. 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 and as required by the UK Corporate Governance Code, the Committee assessed whether the content of the FY23 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 FY23 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 118.

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, the Allianz claim and counterclaim 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 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 was lower than the Group's net assets. As this is an indicator of impairment, management is required to test for impairment based on value-in-use calculations reflecting expected cash flows, long-term growth rates and a pre-tax discount rate. The macro economic conditions and challenging trading environment and significant step down in business plan projections have resulted in an accounting impairment which has been recognised.

The Committee discussed the sensitivities of key assumptions including, long-term growth rates, capital expenditure and the discount rate with management and reviewed the relevant disclosures in the Annual Report.

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.

ALLIANZ LITIGATION

During the year, the Group reached agreement of a final settlement payment of £49.5m in relation to the legal dispute with Allianz Insurance plc. Legal fees of £8.2m were incurred over and above those provided at the prior year end.

Further information is disclosed in note 6 to the financial statements.

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.

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 FY23 were as follows:

JULY 2022 (AD HOC)

Planning session for the external audit tender.

OCTOBER 2022

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.

External audit tender recommendation.

Annual Money Laundering Risk Officer ('MLRO') update.

Bi-annual risk assessment.

Selection of level one Group policies to approve.

JANUARY 2023

Review and approach of the external auditors' plan for assessment of the FY23 full year results.

Selection of level one Group policies to approve.

Review of progress against the FY23 Internal Audit Plan.

Approval of the Group Internal Audit strategy and Group Internal Audit charter.

Approval of the Group's taxation strategy and policy.

Risk and Compliance controls plan.

Review of risk appetite statements.

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.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

FINANCIAL SERVICES BOARD COMMITTEE REPORT



The Committee has remained focused on supporting our customers with convenient financing options and providing good customer outcomes.”

Vicky Mitchell

Chair of the Financial Services Board Committee

MEMBER

Vicky Mitchell	January 2020 – Present (Chair)
Ron McMillan	November 2019 – Present
Steve Johnson	November 2019 – Present
Rachel Izzard	June 2020 – Present
Dominic Platt	June 2021 – Present

RESPONSIBILITIES

Oversight of the Financial Services business of the Group.

Setting the values and standards of the Financial Services operations.

Oversight and development of culture and approval of long-term objectives and strategy in relation to the Financial Services business.

Ensuring that the Financial Services business delivers good customer outcomes.

Establishing the risk appetite of the Financial Services business.

FY24 PRIORITIES

Continuing to drive the strategic contribution of the Financial Services business to the Group.

Delivery of the new FCA ‘Consumer Duty’ regulations.

Supporting our customers through the cost of living crisis, particularly focusing on those who are vulnerable and/or experiencing financial difficulties.

Optimising the existing credit proposition in the short-term to drive better customer and commercial outcomes.

Delivering FS transformation for the medium-term, including the soft launch of the new, branded Financial Services customer proposition, delivered through a new Financial Services IT platform.

Ensuring that the Group complies with the requirements of the Senior Managers Certification Regime – the FCA’s enhanced regime for regulated firms.

DEAR SHAREHOLDER

The Financial Services Board Committee is responsible for the development and oversight of the Financial Services (‘FS’) business. This includes the continued development of the culture within the business as well as the establishment of FS-related risk appetite and approval of associated risk management plans. The Committee also maintains oversight of internal control and governance frameworks across FS.

During FY22 the Committee dealt with the immediate impacts of Covid-19 on FS, with the knock-on impacts being felt throughout FY23, alongside the war in Ukraine and the consequent effects on the global economy. These macro-economic impacts have been well documented and are affecting our customers and our business. This represents both a challenge and an opportunity, with the focus on affordability enabling customers to budget and spread the cost of goods over time. This is more important to customers than ever. Customers who may not have considered credit in the past may see it as a good option for them in the current climate.

In FY23, the Committee maintained oversight of the continued provision of customer support including the integration of credit into the overall Retail customer proposition, to ensure credit is made available appropriately throughout the customer journey. As an inclusive lender we strive to be there for our loyal customers through challenging times and welcome new customers with our convenient financing options, helping them to buy what they need. We remain hyper-vigilant in ensuring we lend responsibly and within risk appetite.

High on the regulatory agenda is the new Consumer Duty which comes into force in July 2023. A dedicated team is working on this important deliverable, with myself as Consumer Duty Champion and the Committee maintaining oversight of implementation. Progress has been positive and we look forward to delivering ever-improving customer outcomes.

The FS transformation is well advanced, with the central pillar of that transformation being the development of the new FS customer proposition. Following considerable customer research, the new proposition is well-articulated and will feature under a new brand. The development of the new IT platform is under way and expected to be ready for testing during FY24.

The Committee continues to provide support, perspective and challenge to this important initiative.

FY24 is likely to be another challenging year for our customers. Aided by the delivery of the Consumer Duty regulations, we will ensure continued support to our customers by making credit available for those who can afford it and helping those who find themselves in financial difficulty. We will achieve this, whilst maintaining a strong focus on the medium term and investing in the FS transformation. I would like to thank our colleagues for their hard work and dedication in delivering against a busy and exciting agenda.

As always, I am available to speak with shareholders at any time and shall be available at the Annual General Meeting on 10 July 2023 to answer any questions you may have on this report.

Vicky Mitchell

Chair of the Financial Services Board Committee

REMUNERATION

REMUNERATION COMMITTEE REPORT



We recognise progress made against the strategic objectives key to our transformation. However, the threshold for Adjusted EBITDA was missed and as this acts as a gateway for all elements of the bonus, no bonus is payable to anyone in the organisation.”

Gill Barr

Chair of the Remuneration Committee

MEMBER

Gill Barr* (Chair)	January 2018 – Present
Richard Moross*	January 2017 – Present
Dominic Platt	June 2021 – Present
Meg Lustman	April 2023 - Present

* Gill and Richard will step down from the Board following the conclusion of the 2023 AGM.

* Subject to FCA approval, Meg will undertake the role of Chair of the Committee once Gill steps down.

RESPONSIBILITIES

Setting and reviewing the remuneration policy and determining the total individual remuneration package for all Executive Directors, the Chair of the Board and other 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 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.

FY24 PRIORITIES

Reviewing the operation of the Directors’ Remuneration Policy to ensure that the changes made for FY24 are effective in supporting the business strategy and our transformation programme.

Continuing to ensure our approach to pay provides fair and appropriate reward, balancing the interests of all stakeholders.

The Committee’s Terms of Reference can be found at www.nbrown.co.uk

DEAR SHAREHOLDER

I am pleased to present the Directors’ Remuneration Report for FY23 on behalf of the Board.

It has been another busy year for the Remuneration Committee. The Committee has reviewed the Directors’ Remuneration Policy to ensure it continues to support our business strategy. Some changes which I refer to further below are being made effective from FY24. We have also reviewed performance and remuneration outcomes for FY23 as well as the operation of our new policy for FY24.

Finally, following Rachel Izzard’s notification in November 2022 of her intent to step down as Group Chief Financial Officer, we have determined her remuneration on leaving the business as well as that of our new Chief Financial Officer Designate, Dominic Appleton.

EXECUTIVE DIRECTOR CHANGES

We are delighted to welcome Dominic Appleton to the Group as our Chief Financial Officer, subject to FCA approval. Details of Dominic’s remuneration arrangements are set out later in this report.

Rachel will receive her salary, pension and benefits until she leaves the Group. Because Rachel resigned from the business, all unvested LTIP awards lapse on her leaving the Group and there is no bonus payable for FY23 or FY24.

REMUNERATION OUTCOMES FOR FY23

The Board’s focus for FY23 was on balancing short-term trading requirements with delivery of our longer-term transformation. Whilst we recognise progress against the strategic objectives our trading performance has not met our expectations.

SALARIES

The salaries of our CEO and CFO were increased by 3% in line with the wider workforce to £444,316 and £365,908 respectively.

ANNUAL BONUS

The annual bonus continued to be focused on operational delivery targets. The bonus was weighted as to 60% on financial targets, Adjusted EBITDA 45% and growth in statutory Product Revenue of accelerated brands 15%.

The other metrics target our transformational journey with Customer NPS 10%, Strategic change technology milestones 20% and ESG metrics of 10% split equally between GHG and sustainable products.

The threshold for Adjusted EBITDA was missed and as this acts as a gateway for all elements of the bonus, no bonus is payable to anyone in the organisation.

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

The 2020 LTIP vests in November 2023. The Net Cash Generated target which represents 50% of the award has not been met. Based on an early assessment of the TSR element, which is measured over three years from the date of grant, and accounts for the remaining 50%, this is unlikely to be met. As a result, we anticipate that none of the award will vest. The final vesting outcome will be included in the FY24 Remuneration Report.

REMUNERATION COMMITTEE REPORT CONTINUED

2022 LTIP AWARDS GRANTED IN FY23

The 2022 LTIP awards were made at normal grant levels of 150% of salary for the CEO and 125% of salary for the CFO. As I explained in the FY22 Remuneration report, given the focus on returning to profitable growth, all of the 2022 LTIP is based on EPS growth targets which are set out later in this report. Rachel Izzard's CFO award will lapse upon leaving the business.

OUR NEW REMUNERATION POLICY

We currently operate a Long Term Incentive Plan with performance shares, vesting subject to achievement of three-year performance targets, and a two-year holding period. Our Policy was reviewed last year and rolled over with minimal changes as part of the normal triennial timetable. However, each year the Remuneration Committee sense checks that the Policy is operating as intended. This year we concluded that some changes would strengthen the alignment of remuneration to business strategy.

At N Brown we need an incentive structure that incentivises our Executives to successfully complete our complex technology transformation because of its importance to long-term shareholder value.

During the year progress was made in transforming our operating model which is essential to delivering our strategy. Within this context the Committee has considered how the Policy might be amended to support the momentum achieved so far. Additionally, there is significant difficulty in forecasting financial metrics for incentive purposes. Our share ownership structure, with several significant shareholders, means there is very little liquidity in our share register and as a result little opportunity to reward management for TSR or share price growth. As a result, the Committee has concluded that performance shares are not the right LTIP mechanism.

Instead, the Committee is amending our Policy to introduce restricted share awards ('RSA'), replacing the current performance shares. This structure will better support our transformation programme by rewarding the delivery of our strategy and ultimately value to our shareholders.

STRUCTURE OF RSAS

The RSAs will be granted at a 50% discount to the current LTIP awards. The normal Policy maximum award level is 75% of salary with an exceptional Policy maximum award level of 100% of salary.

The RSA will vest on the third anniversary of grant subject to service with a two-year holding period and a performance underpin which will ensure there is no reward for failure.

OTHER POLICY CHANGES

We are also making some limited changes to other aspects of our Policy to align to market practice in other AIM companies and digital retailers with whom we are competing for Executive Director talent. One-third of the annual bonus will be deferred for two years (rather than as currently, 40% for three years) and our post-employment shareholding policy will require retention of the lower number of shares held on cessation at 100% of salary for one year (rather than as currently, two years).

We consulted with our largest shareholders regarding our policy proposals and would like to thank them for their views. The majority of shareholders that engaged with us are supportive.

NEW N BROWN SHARE PLAN

Our current long-term incentive plan expires in 2024 and we are taking the opportunity to renew the plan at the 2023 AGM to enable the grant of the RSAs to our Executive Directors. The new plan provides flexibility to grant different types of incentive awards to ensure it is future proofed for its ten year life. However, there is no current intention to grant awards other than the RSAs and the long-term incentives for our Executive Directors continue to be covered by our Directors' Remuneration Policy.

Our Group Share Plan is used to make awards to colleagues within the business and not just our most senior Executives. For this reason and taking into account our market capitalisation, our new plan removes the 5% dilution limit but retains the 10% limit for all share awards.

HOW THE POLICY WILL BE APPLIED IN FY24**SALARIES**

The salary of our CEO will be increased by 5% which is aligned to increases for the wider workforce with the resulting salary of £466,532. The salary for our CFO Designate was set on appointment at £350,000.

Given the impact of inflation and the higher cost of living on all colleagues, the Committee agreed that it was appropriate to award all colleagues the same percentage salary increase. The Company has, during 2023, put in place a number of initiatives under our wellbeing programme, to provide additional wellbeing, healthcare and financial support to colleagues if required.

ANNUAL BONUS

Annual bonus maximum opportunity remains at 150% of salary for the CEO and 125% of salary for our CFO Designate. The performance metrics and weightings will be:

50% Adjusted EBITDA
20% Active Credit Customers
20% Customer NPS
10% Strategic change delivery

We have not included environmental metrics for FY24. This is to ensure for the year ahead, we provide sufficient emphasis on the deliverables essential to our business transformation. Our environmental strategy remains critical to our business strategy, please see the 'SUSTAIN' report on page 40.

Annual bonus targets, performance and the bonus payable will be disclosed in the FY24 Remuneration Report.

RESTRICTED SHARE AWARDS

Our CEO will receive a RSA of 75% of salary and our CFO Designate 62.5% of salary. The award will be subject to a performance underpin allowing 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. The Committee will consider whether any adjustment for windfall gains is appropriate on vesting of the awards.

REMUNERATION REPORTING AND AGM RESOLUTIONS

The Committee has reviewed its remuneration reporting and the shareholder resolutions provided on remuneration matters in light of its move to the QCA Code and listing on AIM. The Committee's focus has been to provide a more streamlined Remuneration Report that provides clear and transparent disclosure of remuneration decisions and outcomes. Shareholders will note that we have removed from our Remuneration Report some of the disclosures that companies listed on the Main Market are required to make, where it is considered these do not enhance our transparency and reporting. The Committee has also agreed that with effect from our 2023 AGM, shareholders should be provided with a single advisory vote on our Remuneration Report.

CLOSING REMARKS

The Committee is satisfied that the remuneration outcomes for FY23 are appropriate given the challenges of the year and that the Policy operated as intended.

The Committee believes a move to RSAs provides much stronger alignment to our business strategy and longer-term investor interests as well as providing an effective retention and incentive mechanism as our business transformation continues.

As an AIM company we will be asking our shareholders to approve these changes to our Directors' Remuneration Policy as part of the advisory vote on our Remuneration Report as a whole. I hope you will be supportive of our remuneration proposals.

I will be stepping down from the Board following the conclusion of the Annual General Meeting on 10 July 2023.

Meg Lustman will assume the role of Chair of the Remuneration Committee subject to FCA approval. Until that time, should you have any questions, I am contactable via the Company Secretary.



Gill Barr

Chair of the Remuneration Committee

DIRECTORS' REMUNERATION POLICY

The Committee has reviewed its remuneration reporting and shareholder resolutions on remuneration matters in light of its listing on AIM and transition to the QCA Code.

Following this review, the Remuneration report including this Directors' Remuneration Policy, will be subject to an advisory shareholder vote at the 2023 AGM.

APPROACH AND CONSIDERATIONS IN REVIEWING THE DIRECTORS' REMUNERATION POLICY

The Company's policy ensures that the remuneration package supports the Company's short-term priorities and long-term strategy and that it is capable of attracting, motivating and retaining our Executive Directors. The policy aims to provide competitive remuneration packages which are fair and appropriately constructed, reward achievement of long-term growth, profitability and sustainability of the business and which do not encourage excessive risk taking.

In particular, the Committee strives to ensure that remuneration packages are:

Aligned with the Group's strategic plan

Aligned with the shareholders' interests and those of broader stakeholders, and the longer-term growth, performance and sustainability of the business

Measured against stretching targets, both in absolute and relative terms

Competitive and sufficiently flexible to support the recruitment needs of the business

Paid in a combination of cash and shares

Linked to performance measured over annual and three-year periods

REMUNERATION COMMITTEE REPORT CONTINUED

SUMMARY OF COMPONENTS OF EXECUTIVE DIRECTORS' REMUNERATION

Purpose and link to strategy	Operation	Maximum	Performance assessment
SALARY			
Reflects the performance of the Company and the individual, their skills and experience, and the responsibilities of the role. Provides an appropriate level of basic fixed income.	<p>Reviewed annually, taking account of Group performance and individual performance as well as changes to the market value of the Company.</p> <p>Set with reference to the levels of base salary for similar positions with comparable responsibility and skills in competitor organisations of comparable size and complexity, in particular those in the home shopping and retail market sectors.</p> <p>When reviewing salary increases the Committee takes into account the impact of any increase to base salaries on the total remuneration package.</p> <p>Any changes normally take effect from 1 June.</p>	<p>Salary increases will normally be in line with increases awarded to other employees of the Group.</p> <p>More significant increases may be awarded at the discretion of the Committee, for example: where there is a change in responsibilities or scope of the role; to reflect individual development and performance in the role (e.g. for recent hires); or in exceptional circumstances.</p>	None, although overall individual and Company performance is a factor considered when setting and reviewing salaries.

ANNUAL BONUS

Drives and rewards annual delivery of financial, corporate and individual strategic goals.	The annual bonus is based on the Group's performance as set and assessed by the Committee on an annual basis.	<p>Chief Executive: up to 150% of base salary p.a.</p> <p>Other Executive Directors: up to 125% of base salary p.a.</p>	A majority of the annual bonus will normally be determined by reference to performance against financial measures.
Annual performance targets are aligned to the annual and longer-term financial and strategic KPIs of the Company and aimed at increasing shareholder value, whilst being prudent and safeguarding the future of the Company.	<p>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).</p> <p>The payment of any earned bonus remains ultimately at the discretion of the Committee.</p>		<p>In addition, we may set corporate and individual strategic performance objectives. These will be measurable and based on the Group's longer-term strategic plan.</p> <p>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.</p>
The deferral/holding period provides alignment with shareholders and the longer-term performance of the Company.			<p>The Committee has the discretion to adjust bonus payments (including reducing to zero) if it considers that the formulaic outcome is not reflective, for instance, of the underlying performance of the Company or investor experience or wider Group employee reward.</p> <p>Recovery of payments may occur in the event of a material misstatement of the Group's financial results, error in calculation of performance or payment, individual misconduct, reputational damage, failure of risk management and Company failure.</p>

Purpose and link to strategy	Operation	Maximum	Performance assessment
RESTRICTED SHARE AWARDS (RSAS)			
Provides incentives to reward sustained long-term performance and alignment to the interests of shareholders.	<p>Annual grants of restricted shares which vest after three years, subject to the continued employment of participants and an underpin.</p> <p>Participation and all awards are subject to the discretions given to the Committee in the plan rules. Executives may also receive dividend equivalents on vested shares which will, except in exceptional circumstances, be paid in shares.</p> <p>Shares acquired from RSAs awards must be held for a total period of five years from the date of grant. This comprises the three-year vesting period and a further two years (including in normal circumstances post-cessation) before they can be disposed of (subject to sales to meet taxes payable).</p>	<p>Normal maximum of 75% of salary.</p> <p>Exceptional circumstances maximum of 100% of salary.</p>	<p>The award is not subject to specified performance measures and weightings. However the award will vest subject to satisfaction of an underpin which is set at the time awards are made and is disclosed in the Annual Report on Remuneration.</p> <p>The Committee also has the discretion to adjust awards (including reducing to zero) if it considers that the vesting outcome is not reflective of, for instance, the underlying performance of the Company or investor experience.</p> <p>Recovery of payments may occur in the event of a material misstatement of the Group's financial results, error in calculation of performance or payment, individual misconduct, reputational damage, failure of risk management and Company failure.</p>
ALL-EMPLOYEE SHARE SCHEMES			
Provides all employees, including Executives, with a mechanism to acquire shares in the Group and to together participate in the success of the Group.	The Group operates an HM Revenue & Customs approved savings-related share option scheme for Group employees and may operate other HM Revenue & Customers approval schemes from time to time.	Plans are subject to statutory individual limits as amended from time-to-time or such lower limits as set by the Group.	These are broad based all-employee plans and are not subject to performance targets.
PENSION			
Provides retirement benefits.	The Company operates a defined contribution plan and may also pay a cash supplement in lieu.	Limited to the contributions to the majority of workforce, currently 8% of salary.	N/A
OTHER BENEFITS			
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.	<p>Main benefits currently include but are not limited to private medical insurance and a car allowance. Executive Directors are eligible for other benefits including those which are introduced for the wider workforce on broadly similar terms.</p> <p>Any reasonable business-related expenses (including tax (grossed up) thereon) can be reimbursed if determined to be a taxable benefit.</p>	<p>Car and fuel allowance up to £20,000 per annum.</p> <p>The value of each benefit is based on the cost to the Company and is not predetermined.</p>	N/A

REMUNERATION COMMITTEE REPORT CONTINUED

ALIGNMENT OF DIRECTORS' PAY WITH BROADER WORKFORCE PAY POLICIES

The remuneration policy for the Executive Directors is aligned with the policy for employees across the Group as a whole.

REMUNERATION COMMITTEE DISCRETION

The Committee operates the Group's variable incentive plans according to their respective rules and in accordance with HMRC rules where relevant. To ensure the efficient administration of these plans and to be consistent with market practice, the Committee has certain operational discretions as set out in the plan rules.

LEGACY ARRANGEMENTS

Authority is given to the Company to honour any commitments previously entered with the current or former Directors under a previous Directors' Remuneration Policy. It is also part of this policy that the Company will honour payments or awards crystallising after the effective date of this policy but arising from commitments entered into at a time when the relevant individual was not a Director of the Company.

SELECTION OF PERFORMANCE METRICS AND TARGETS

Where relevant variable pay and remuneration is linked to both corporate and individual performance with measures clearly aligned to business strategy and KPIs of the business.

The Committee reviews the measures to be used for the incentives each year to ensure they remain appropriate before awards are granted.

SHAREHOLDING REQUIREMENT

Executive Directors are required to build and retain a minimum shareholding in the Company of 200% of salary through the retention of shares acquired from annual bonuses and the vesting of LTIP awards and RSAs. Post-cessation of employment, the requirement is to hold shares equal in value to 100% of salary or actual shares if lower for one year post cessation. The Remuneration Committee has discretion to adjust this requirement in exceptional circumstances.

EXECUTIVE DIRECTORS' SERVICE AGREEMENT AND POLICY ON TERMINATION OF EMPLOYMENT

Executive Directors have contracts with an indefinite term providing for a maximum of 12 months' notice.

The Company does not make payments beyond its contractual obligations on termination. In addition, Executive Directors are expected to mitigate their loss or, within existing contractual constraints, accept phased payments for any contractual payments.

Other than in certain "good leaver" circumstances, (including but not limited to, ill health or retirement or on a change of control): no bonus is payable unless the individual remains in employment and is not under notice at the payment date; any unvested LTIP awards will normally lapse.

Where an individual is a "good leaver", the Committee's policy is for LTIP awards to continue until the end of the original performance period and to vest to the extent targets are met, and in respect of both LTIP awards and RSAs (to vest at the normal time) with a pro-rata reduction to take account of the proportion of the vesting period that elapsed prior to termination of employment, although the Committee has discretion to partly or completely disapply pro-rating in exceptional circumstances. On a change of control awards would vest, subject to the extent to which the performance conditions if applicable have been achieved and, normally, pro-rating for time. The Committee has discretion to determine "good leaver" treatment. In doing so, it will take account of the reason for their departure and the performance of the individual.

Copies of Executive Directors' service contracts (and also Non- Executive Directors' letters of appointment) are available for inspection at the Company's registered office on application to the Company Secretary.

Name	Date of contract	Potential termination payment
Steve Johnson	26 February 2019	12 months' salary and benefits
Dominic Appleton	2 February 2023	12 months' salary and benefits
Rachel Izzard	6 April 2020	12 months' salary and benefits

RECRUITMENT OF EXECUTIVE DIRECTORS

Base salary levels will be set in accordance with the Company's remuneration policy, taking account of the Executive's skills, experience, current remuneration package and securing the best candidate for the role.

Benefits and pension will be provided in accordance with the policy. The variable pay opportunity will be in accordance with the Company's policy as detailed above.

If it is necessary to buy out incentive pay, which would be forfeited by reason of leaving the previous employer, as far as possible, the Company will take into account the type of award, vesting period and any performance conditions.

The service contract for a new appointment would be in accordance with the policy for the current Executive Directors.

In the case of an internal hire, any outstanding variable pay awarded in relation to the previous role will be allowed to pay out according to its terms of grant.

POLICY FOR NON-EXECUTIVE DIRECTORS' FEES

Purpose and link to strategy	Operation	Maximum	Performance assessment
NON-EXECUTIVE DIRECTORS' AND CHAIR'S FEES			
To attract and retain high-calibre Non-Executives and ensure they are appropriately paid for their skills and experience, responsibilities and time commitment of their role.	<p>The Non-Executive Directors' remuneration is determined by the Board within the limits set by the Articles of Association.</p> <p>The Chair is paid a single fee for all his responsibilities.</p> <p>The Non-Executives are paid a basic Board membership fee. The Chairs of Committees, Senior Independent Director and Non-Executives with other specific additional roles receive additional fees to reflect their extra responsibilities.</p> <p>Non-Executive Directors may not participate in any of the Company's share incentive schemes or performance-based plans and are not eligible to join the Company's pension scheme or receive payments in lieu.</p> <p>Any reasonable business-related expenses (including tax thereon (grossed up) where an expense is treated as a taxable benefit) can be reimbursed and limited benefits relating to travel, accommodation, secretarial support and hospitality provided in relation to the performance of the Non-Executive Directors' duties.</p> <p>When setting and reviewing fee levels, account is taken of the experience and skills required for and responsibilities of the role, fee levels in comparable companies, Board Committee responsibilities, ongoing time commitments, the general economic environment and the level of increases awarded to the wider workforce.</p> <p>Additional fees may be paid where there is a substantial increase in the time commitment required and workload of Non-Executive Directors.</p>	N/A	N/A

NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

Non-Executive Directors are retained on letters of appointment. All letters of appointment provide for six months' notice in the event of early termination. All Non-Executive appointments are on three-year rolling terms terminable upon six months' notice. All appointments are subject to successful re-election upon retirement at the Annual General Meeting. Fees are payable to the date of termination, but termination carries no right to compensation other than that provided by general law. All Non-Executive Directors signed new letters of appointment, effective upon the Company's re-listing on the Alternative Investment Market in December 2020; this did not impact the progression of their current three-year rolling terms. Brief details of Non- Executive Directors' letters of appointment are summarised below:

Name	Date of original letter of appointment	Date of current letter of appointment	Date current term commenced	Notice period
Ron McMillan	1 March 2013	9 March 2021	31 March 2021	6 months
Lord Alliance of Manchester CBE	16 May 2007	20 October 2020	10 April 2019	6 months
Gill Barr ¹	6 December 2017	26 October 2020	16 January 2021	6 months
Richard Moross ¹	13 September 2016	26 October 2020	6 October 2019	6 months
Michael Ross	8 December 2019	27 October 2020	16 January 2021	6 months
Vicky Mitchell	24 January 2020	30 May 2023	28 January 2023	6 months
Joshua Alliance	5 November 2020	5 November 2020	23 December 2020	6 months
Dominic Platt	25 May 2021	25 May 2021	10 June 2021	6 months
Meg Lustman ²	05 April 2023	05 April 2023	05 April 2023	6 months

¹ Gill Barr and Richard Moross will step down following the AGM.

² Meg Lustman's appointment is subject to shareholder ratification at the Annual General Meeting on 10 July 2023.

REMUNERATION COMMITTEE REPORT CONTINUED

ANNUAL REPORT ON REMUNERATION

The Remuneration Report including this Annual Report on Remuneration will be put to an advisory shareholder vote at the 2023 Annual General Meeting. The information on pages 86 to 88 has been audited.

DIRECTORS' REMUNERATION PAYABLE FOR FY23 (AUDITED)

	Year	Salaries and fees £000's	Taxable benefits ¹ £000's	Pension ² £000's	Bonus (cash and deferred shares) £000's	LTIP £000's	Total fixed pay £000's	Total variable pay £000's	Total £000's
Executive Directors									
Steve Johnson	2022/23	441	20	35	0	0	496	0	496
	2021/22	430	20	34	142	0	484	142	626
Rachel Izzard	2022/23	363	18	29	0	0	410	0	410
	2021/22	354	18	28	98	0	400	98	498
Non-Executive (fees)									
Ron McMillan ³	2022/23	265	0	0	0	0	265	0	265
	2021/22	240	0	0	0	0	240	0	240
Lord Alliance of Manchester CBE ⁴	2022/23	0	85	0	0	0	85	0	85
	2021/22	0	52	0	0	0	52	0	52
Richard Moross	2022/23	62	3	0	0	0	65	0	65
	2021/22	61	2	0	0	0	63	0	63
Gill Barr ⁵	2022/23	77	0	0	0	0	77	0	77
	2021/22	76	0	0	0	0	76	0	76
Michael Ross	2022/23	62	1	0	0	0	63	0	63
	2021/22	61	1	0	0	0	62	0	62
Vicky Mitchell ⁶	2022/23	77	0.2	0	0	0	77.2	0	77.2
	2021/22	90	0.3	0	0	0	90.3	0	90.3
Joshua Alliance	2022/23	41	0	0	0	0	41	0	41
	2021/22	40	0	0	0	0	40	0	40
Dominic Platt ⁷	2022/23	70	2	0	0	0	72	0	72
	2021/22	42	2	0	0	0	44	0	44

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 Ron McMillan was appointed as Non-Executive Chair on 31 March 2021.

⁴ Lord Alliance has waived his Non-Executive Director's fee of £53,318 (FY22: £51,765). Lord Alliance's benefits comprise secretarial support.

⁵ Gill Barr was appointed as the Senior Independent Director on 31 March 2021.

⁶ Vicky Mitchell was the interim ARC Chair in 2022.

⁷ Dominic Platt was appointed to the Board on 10 June 2021.

DETAILS OF VARIABLE PAY EARNED IN THE YEAR

ANNUAL BONUS (AUDITED)

The table below sets out performance against targets for the Executive Director annual bonus for FY23. Because the Adjusted EBITDA threshold target was not met the Committee determined that no bonus would be awarded for the year.

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 overall bonus
Adjusted EBITDA ¹	45%	£83.6m	£90.1m	£96.6m	£103.1m	£109.6m	£57.3m	0%
Growth in statutory Product Revenue of accelerated brands	15%	£25.8m	£42.2m	£48.4m	£51.6m	£54.9m	£16.9m	0%
Customer NPS	10%	60.3	61.3	62.3	63.3	64.3	56.8	0%
Strategic change delivery: Technology milestones ²	20%	see below	see below	see below	see below	see below	see below	20%
Sustainable product ³	5%	35%	40%	45%	50%	55%	41.2%	31%
Greenhouse gas emissions ⁴	5%	42.5%	45%	47.5%	50%	52.5%	42%	0%

¹ Adjusted EBITDA acts as a threshold underpin.

² Technology milestones achieved in full: (1) Simply Be New Front End live to all customers and on budget (2) FS platform programme approved and in build and on budget.

³ Sustainable products measure the % of our brand products that have sustainable properties.

⁴ Greenhouse gas emissions, the targets have been set to keep on track for our 2040 target.

	Maximum bonus opportunity % salary	Salary for bonus calculation	Bonus payable (as % max)	Bonus payable
Steve Johnson	150%	£444,316	0%	£0

Note: Following Rachel Izzard's resignation, no annual bonus is payable to her for FY23.

LTIP AWARDS WITH PERFORMANCE PERIOD ENDING IN FY23 (AUDITED)

The LTIP awards granted on 6 November 2020 are based 50% on a Net Cash Generated target measured over three years ending FY23 and 50% relative Total Shareholder Return ('TSR') which is measured over three years commencing on the date of grant. Actual vesting will be confirmed at the end of the final performance period 6 November 2023 and detailed in next year's Remuneration Report.

Performance against targets is set out below:

	Performance period	Threshold target (25% of that part of the award vests) ¹	Stretch target (100% of that part of the award vests)	Actual performance	Vesting
Net Cash Generated 50%	3 yrs ending FY23	At least £121.4m	£191.4m	£84.6m	0% out of 50%
Relative TSR 50% ²	3 yrs from the date of grant	Median performance	Upper quartile performance	Below median	0% out of 50%
Total vesting					0%

¹ Straight-line vesting between threshold to maximum performance.

² Relative TSR is against the FTSE SmallCap excluding investment trusts. Performance is an estimate at 11 May 2023 with final TSR vesting to be confirmed next year.

Set out below are the details of the LTIP awards held by Executive Directors and the vesting resulting from the performance detailed above.

Executive	% Salary ²	Face value at grant	Share price at grant (rounded) pence	Number of shares awarded	Percentage of award vesting	Number of shares vesting	Value of shares vesting
Steve Johnson	127.5%	£541,875	55.3	979,882	0%	Nil	£0
Rachel Izzard ¹	106.25%	£371,875	55.3	672,468	0%	Nil	£0

¹ Rachel Izzard's FY20 LTIP award will lapse on cessation.

² The 2020 LTIP awards were scaled back by 15%.

REMUNERATION COMMITTEE REPORT CONTINUED

LONG-TERM INCENTIVE AWARDS GRANTED TO EXECUTIVE DIRECTORS DURING THE YEAR (AUDITED)

Executive	Date of grant	Performance condition	% of salary award level	Face value of award	Number of shares	Share price at grant pence	Performance period
	08/08/2022	100% Adjusted EPS	150%	£666,474	2,613,625	25.5	Three years to end of financial year FY25
Steve Johnson							
Rachel Izzard ²	08/08/2022	As above	125%	£457,384	1,793,664	25.5	As above
Metric	Weighting	Threshold target (25% vesting) ¹	Maximum target (100% vesting) ¹				
Adjusted EPS from FY22 to FY25	100%	6.6pence	9.5pence				

¹ Straight-line vesting between threshold and maximum performance.

² Rachel Izzard's FY21 LTIP award will lapse on cessation.

OUTSTANDING AWARDS (AUDITED)

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

Executive	26 Feb 2022	Awarded during the year	Lapsed during the year	Vested and exercised during the year	4 Mar 2023	Date granted ¹	Type of award
Steve Johnson	35,410	–	–	35,410	–	June 2019	DSBP
	601,983	–	601,983	–	–	September 2019	LTIP
	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
Rachel Izzard ²	672,468	–	–	–	672,468	November 2020	LTIP
	897,095	–	–	–	897,095	August 2021	LTIP
	–	1,793,664	–	–	1,793,664	August 2022	LTIP

¹ The relative TSR performance target for the LTIP awards granted in November 2020 is not currently expected to be met, therefore the awards will likely lapse on the later of 6 November 2023 and Remuneration Committee decision.

² Rachel Izzard's unvested incentive awards will all lapse on her leaving the business.

³ The aggregate gain received by Steve Johnson on the exercise of his DSBP award on 5 September 2022 was £8,852.50 based on the shareprice on the date of exercise of 25 pence.

DIRECTORS' SHAREHOLDINGS (AUDITED)

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.

	Owned shares			Guideline met?	Other interests in shares			Total as at 4 March 2023
	26 February 2022 ¹	4 March 2023 ¹	Value of shares (as a % of salary) ²		Outstanding awards subject to performance conditions	Unvested awards not subject to performance conditions	Vested unexercised awards	
Steve Johnson	184,469	387,296	31.38%	No	4,900,703	–	–	5,287,999
Rachel Izzard	155,272	226,403	22.3%	No	3,363,227	–	–	3,589,630
Ron McMillan	80,555	80,555	N/A	N/A	–	–	–	80,555
Lord Alliance of Manchester CBE	184,196,762	200,636,762	N/A	N/A	–	–	–	200,636,762
Richard Moross	–	–	N/A	N/A	–	–	–	–
Gill Barr	13,704	13,704	N/A	N/A	–	–	–	13,704
Michael Ross	–	–	N/A	N/A	–	–	–	–
Vicky Mitchell	–	–	N/A	N/A	–	–	–	–
Joshua Alliance	29,588,800	29,943,800	N/A	N/A	–	–	–	29,943,800
Dominic Platt	–	–	N/A	N/A	–	–	–	–

¹ The figures for the Executive Directors include the number of beneficially owned shares obtained via direct purchase and acquisitions under the Company's open offer as executed on 23 December 2020 and deferred bonus shares.

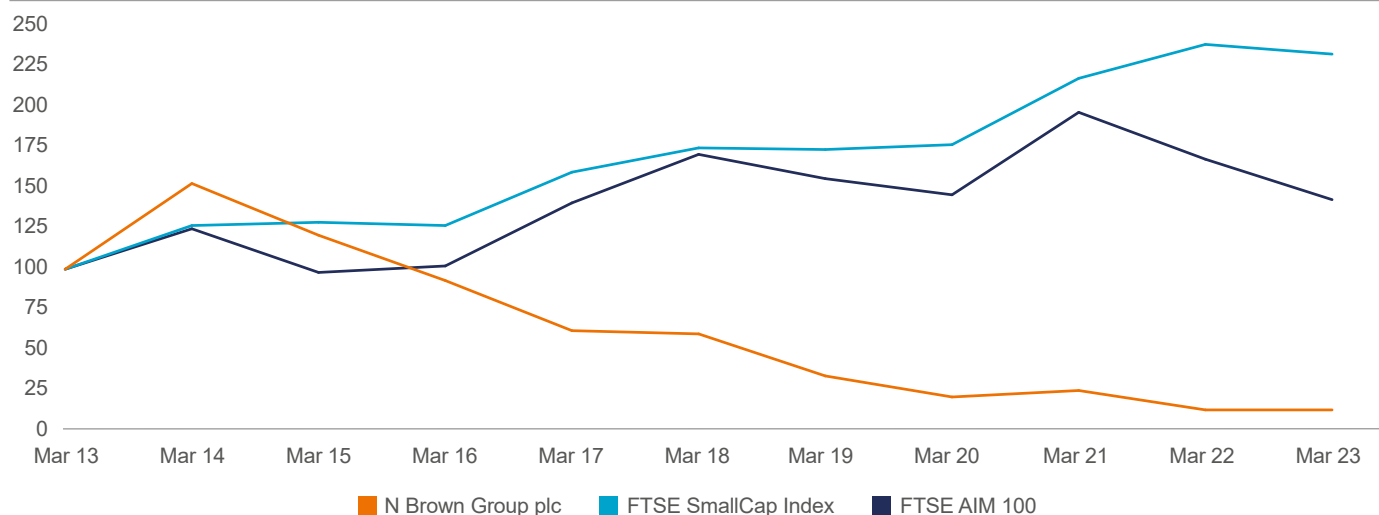
² The value of shareholding as a % of salary is calculated using the market closing price of 36p on 3 March 2023.

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 4 March 2023 and 06 June 2023.

TOTAL SHAREHOLDER RETURN: N BROWN VS FTSE SMALLCAP AND AIM100

The graph shows the Company's ten-year performance, measured by TSR, compared to the performance of the FTSE Small Cap and AIM 100 indices, also measured by TSR. The Company has been a member of these indices during the ten-year period and they are therefore considered appropriate as comparator groups for this purpose.

(rebased to 100)



ANALYSIS OF CHIEF EXECUTIVE'S PAY OVER TEN YEARS

	Alan White		Angela Spindler ¹					Steve Johnson				FY23
	FY14	FY14	FY15	FY16	FY17	FY18	FY19	FY19	FY20 ²	FY21 ³	FY22	
Total remuneration (£'000)	2,734	1,364	728	783	1,373	1,208	555	266	479	737	627	496
Annual bonus (% of max)	15.8%	83.2%	0%	27.9%	42.1%	66.7%	34.4%	38.5%	0%	88%	22.1%	0%
Long-term share vesting (% of max)	85%	N/A	N/A	0%	0%	0%	0%	0%	0%	0%	0%	0%

¹ The one-off recruitment award granted to Angela Spindler in 2013 and which vested in FY16 and FY17 has been included in the figures for total remuneration, but not counted as long-term share vesting.

² The annual bonus formulaic outcome for FY20 was 6.5% of maximum although no annual bonus was actually paid.

³ The annual bonus for FY21 was 88% of the maximum opportunity for that year which had been reduced to 50% of the normal opportunity. It is therefore 44% of the normal maximum opportunity.

CEO PAY RATIO

The employee data for the CEO pay ratio has been compiled using Option A as it represents the most statistically accurate method for identifying UK employee remuneration. The FY23 pay data has been taken for all individuals on a full-time equivalent basis using fixed pay data as at 4 March 2023. A review has been carried out to ensure that the individuals at the quartiles are representative by checking individuals both above and below the quartile points.

The reward policies and practices for our employees are aligned to those set for the Executive Directors, including the CEO, and on this basis the Committee is satisfied that the median pay ratio is consistent with the pay, reward and progression policies across all our employees.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	A	24:1	19:1	11:1
2022	A	32:1	26:1	15:1
2021	A	36:1	29:1	18:1
2020	A	27:1	22:1	14:1

Year	CEO		25th Percentile		50th Percentile		75th Percentile	
	Salary	Total remuneration	Salary	Total remuneration	Salary	Total remuneration	Salary	Total remuneration
2023	£441,081	£496,482	£19,786	£20,561	£25,026	£26,129	£40,033	£44,312

The reduction in the pay ratio from 2022 to 2023 is due to a reduction in total remuneration for the CEO, driven by nil bonus pay out for FY23. Whilst the nil bonus pay out affected all colleagues, we have seen an increase in total remuneration at each percentile, due to higher rates of base pay year on year.

REMUNERATION COMMITTEE REPORT CONTINUED

PAYMENTS FOR LOSS OF OFFICE

Rachel Izzard notified the Board of her intention to step down from her role as Chief Financial Officer on 29 November 2022 and will leave the Group at the beginning of June 2023. Rachel will be paid her salary, pension and benefits until she leaves the business to take up her new role. Rachel resigned from the business and as a result no annual bonus is payable for FY23 or that part of FY24 where she is in active employment. In addition, all unvested LTIP awards will lapse 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).

SHAREHOLDER VOTING ON THE DIRECTORS' REMUNERATION REPORT

Voting outcome for the 2022 Remuneration report:

		For	Against
Remuneration Report	% of votes cast	99.93	0.05
	Number of votes cast	326,675,029	173,205

Note: 52,163 votes were withheld in relation to the report in 2022. A vote withheld is not a vote in law and is not counted in the votes for or against a resolution but would be considered by the Committee in the event of a significant number of votes being withheld.

THE REMUNERATION COMMITTEE

Details of the current members are located on page 79.

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 four times during the year, see page 64 for details of attendance.

The Committee received advice during the year from Korn Ferry.

APPLICATION OF THE REMUNERATION POLICY FOR FY24

The application of the remuneration policy for FY24 is set out below.

BASE SALARY

Effective 1 June 2023, the CEO's salary will be increased by 5% in line with the salary increase awarded to the rest of the workforce.

Name	Salary at 1 June 2022	Salary at 1 June 2023
Steve Johnson	£444,316	£466,532
Rachel Izzard (Due to leave the Group in June 2023)	£365,908	-
Dominic Appleton	Salary set on appointment at £350,000	

PENSION

Our CEO and CFO Designate both receive cash supplements of 8% of salary, in lieu of pension contributions and these are aligned with the majority of the workforce.

ANNUAL BONUS PLAN

For FY24 the annual bonus maximum opportunity is 150% of salary for the CEO and 125% of salary for the CFO Designate Dominic Appleton.

The performance measures and weightings are set out below.

Objective	Weighting
Adjusted EBITDA	50%
Active Credit Customers	20%
Customer NPS	10%
Strategic change delivery	20%

The Committee considers that the targets for the annual bonus are commercially sensitive and are not therefore disclosed in this report. The targets and performance against them will be disclosed retrospectively in the FY24 Remuneration Report.

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 Designate Dominic Appleton. 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.

FEES FOR THE CHAIR AND NON-EXECUTIVE DIRECTORS

Details of the Non-Executive Directors' fees are set out below. From 1 June 2023 the fees will be increased by 5% aligned to the salary increase for the workforce and the Executive Directors.

As noted on page 69, the Company has agreed to not replace the Senior Independent Director ('SID') role following Gill Barr's departure in July 2023 at the AGM.

	Fees at 1 June 2022 ¹	Fees at 1 June 2023
Chair of the Board fee	£262,650	£275,783
Other Independent Non-Executive Director's base Board fee	£53,318	£55,984
Non-Executive Director base Board fee (Lord Alliance) ²	£53,318	£55,984
Non-Executive Director base Board fee (Joshua Alliance)	£41,818	£43,909
Additional Non-Executive Director fees:		
Senior Independent Director's fee	£10,455	£10,977
Chair of Audit and Risk Committee	£15,682	£16,466
Chair of Remuneration Committee	£15,682	£16,466
Chair of Financial Services Board Committee	£25,091	£26,345
Designated Director for Colleague Engagement	£10,455	£10,977

¹ Increase of 3% awarded to the Non-Executive Directors for FY23 was instead given to the N Brown Hardship Fund equivalent to the amount of the increase.

² Lord Alliance has waived his Non-Executive base Board fee.

APPROVAL OF THE DIRECTORS' REMUNERATION REPORT

The Directors' Remuneration Report was approved by the Board on 06 June 2023.

Signed on behalf of the Board on 06 June 2023.



Gill Barr

Chair of the Remuneration Committee

ADDITIONAL DISCLOSURES

The Directors have pleasure in presenting their Annual Report and audited Accounts for the 53-week period ended 4 March 2023.

The Directors' Report comprises page 58 to 95, 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 & Accounts, namely:

Disclosure	Page
Financial and Risk Management	30
Future Business Developments	16
Disclosure of the Group's greenhouse gas emissions in FY22	55

Additional information to be disclosed in the Directors' Report is given in this section.

The Directors' Report together with the Strategic Report set out on page one to 57 form the Management report for the purposes of DTR4.1.5R.

Both the Strategic Report and the Directors' Report have been prepared and presented in accordance with UK company law and the liabilities of the Directors in connection with those reports shall be subject to the limitations and restrictions provided by such law.

SHARE CAPITAL

Details of the Group's issued share capital are shown in note 23 on page 139. The Group has one class of ordinary shares which carry no fixed income. Each share carries the right to one vote at general meetings of the Group.

There are no specific restrictions on the size of a holding nor on the transfer of shares which are both governed by the general provision of the Company's Articles of Association and prevailing legislation (except as set out in the section entitled "Voting Rights and Restrictions on Transfers"). No person has any special rights over the Group's share capital and all issued shares are fully paid.

At the 2022 Annual General Meeting, the Directors were given the power to issue new shares up to a nominal amount of £16,965,171. This power will expire on the earlier of the conclusion of the 2023 Annual General meeting or on 10 July 2023. Accordingly, a resolution will be proposed by Directors at the 2023 Annual General Meeting to renew the Company's authority to issue new shares up to a further nominal amount of £16,965,171 in connection with an offer by way of a rights issue.

An approval will be sought at the 2023 general meeting for a certain number of shares up to a maximum nominal value – to be allotted pursuant to the authority granted to Directors set out above without being covered by statutory pre-emption rights regime. Further information regarding this will be included in the Notice of the Meeting for the AGM.

As in previous years, authorisation for the Directors to buy back the Company's shares will not be sought at the 2023 Annual General Meeting. The Directors have no current plans to issue shares other than in connection with employee share options.

MAJOR SHAREHOLDERS

Information provided to the Company by major shareholders pursuant to the FCA's Disclosure Guidance and Transparency Rules ('DTR') are published via a Regulatory Information Service and are available on the Company's website. As at 04 March 2023 and the date of this report, other than the Directors' shareholdings included in the Remuneration Report on page 79, the Company received one notification in relation to the interest in voting rights from Fraser Group for the closure of open contracts for difference and purchase 23,013,425 ordinary shares (which was published on 24 April 2023).

VOTING RIGHTS AND RESTRICTIONS

None of the ordinary shares in the Group carry any special rights with regard to control of the Group. There are no restrictions on transfers of shares other than:

Certain restrictions which may from time to time be imposed by laws or regulations such as those relating to insider dealing;

Pursuant to the Company's code for securities transactions whereby the Directors and designated employees require approval to deal with the Company's shares;

Where a person with an interest in the Company's shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares; and

The Directors are not aware of any arrangements between shareholders that may result in restrictions on the transfer of securities or voting rights. The rights and obligations attaching to the Company's ordinary shares are set out in the Articles of Association.

EMPLOYEE SHARE SCHEMES – RIGHTS OF CONTROL

The trustees of the N Brown Group plc Employee Benefit Trust hold shares on trust for the benefit of the Executive Directors and employees of the Group. The shares held by the trust are used in connection with the Group's various share incentive plans. The trustees currently abstain from voting but have the power to vote for or against, or not at all, at their discretion in respect of any shares in the Company held in the trust. The trustees may, upon the recommendation of the Company, accept or reject any offering relating to the shares in any way they see fit, without incurring any liability and without being required to give reasons for any decision. In exercising their trustee powers, the trustees may take all the following matters into account:

The long-term interests of beneficiaries;

The interests of beneficiaries other than financial interests;

The interests of beneficiaries in their capacity as employees or former employees of their dependents;

The interests of persons (whether or not identified) who may become beneficiaries in the future; and

Considerations of a local, moral, ethical, environmental, or social nature.

CHANGE OF CONTROL

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company such as commercial contracts, bank loan agreements, property lease arrangements and employees share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. Executive Directors' service contracts are terminable by the Group on giving 12 months' notice. There are no agreements between the Group and its Directors or employees.

SIGNIFICANT CONTRACTS

The Group has a number of contractual arrangements with suppliers (both of goods and services) and occupies leasehold premises for the purpose of conducting business. While these arrangements are important to the business of the Group, individually none of them are essential to the business of the Group and do not require disclosure under section 417(5) (c) of the Companies Act.

2023 ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 15:30 on 10 July 2023. The notice convening the Annual General Meeting will be sent to members by way of a separate circular. Explanatory notes on each resolution to be proposed at the meeting will be available online and accessible to all shareholders unless they have specifically requested to receive hard copies.

GOING CONCERN

As explained fully in note 2 on page 118, the Directors have adopted the going concern basis in preparing the financial statements.

ADDITIONAL DISCLOSURES CONTINUED

VIABILITY STATEMENT

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Board has assessed the viability of the Group and Parent Company over a five-year period. This aligns with the Group's business 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 16 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: The creation of a dedicated team for all remaining "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 growth. Key transformational investments (as detailed on page 10) are underway, building on the successful launch of the new website in FY23 providing our customer with a more effective experience. These investments, including the roll-out of the new website infrastructure which went live for Simply Be across all brands, are reflected within the five-year plan.

In FY23, the Group settled the Allianz legal claim removing the uncertainty and finished the year with well-managed unsecured net cash, an undrawn RCF and overdraft committed to December 26. Giving total liquidity of £112m at 6th May. The Group also has a £400m securitisation facility which facilitates the delivery of our a Financial Services strategy. The strategic progress made in FY23 is set out in more detail on page 7 to 10.

In preparing the viability statement the Directors have assessed the Groups prospects and viability and have taken into account; The continued challenges facing the retail market, as a result of the UK cost-of-living crisis.

The continuing global macro-economic uncertainty and global uncertainty from Russia's invasion of Ukraine.

The Group's current trading position, its principal risks and uncertainties as described on page 40 to 45 and how these are managed; and the FY24 base and downside planning scenarios as described in note 2 to the Group accounts on page 118.

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 Russia's invasion of Ukraine, the Group's current position, its principal risks and uncertainties as described on page 40 to 45 and how these are managed, as well as its FY24 base and downside planning scenarios as described in note 2 to the Group accounts on page 118, the Directors have assessed the Group's prospects and viability.

The Groups 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 have 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 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. 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 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 the recent renewal of the Revolving Credit Facility ('RCF') 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.



Christian Wells
Company Secretary

06 June 2023

Resilient financial performance

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF N BROWN GROUP PLC

1. OUR OPINION IS UNMODIFIED

We have audited the financial statements of N Brown Group plc ("the Company") for the 53-week period ended 4 March 2023 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity, Company Balance Sheet, Company Statement of Changes in Equity, and the related notes, including the accounting policies in notes 2 and 32.

In our opinion:

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 4 March 2023 and of the Group's loss for the period then ended;

the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;

the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and

the financial statements have been prepared in accordance with the requirements 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality: group financial statements as a whole	£2.0m (2022: £2.0m) 4.3% (2022: 4.6%) of group profit before tax, normalised to exclude exceptional items and by averaging over the last five years due to fluctuations in the business cycle
Coverage	96% (2022: 88%) of total profits and losses that make up group profit before tax

	Key audit matters	vs 2022
Recurring risks	Impairment of the carrying value of non-financial assets in the Group cash generating unit ('CGU')	◀▶
	Recoverability of the carrying value of the parent company's investment in, and amounts due from, its subsidiaries	◀▶
	Impairment of customer receivables	▲

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF N BROWN GROUP PLC CONTINUED

2. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including 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 forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
<p>IMPAIRMENT OF THE CARRYING VALUE OF NON-FINANCIAL ASSETS IN THE GROUP CASH GENERATING UNIT ('CGU')</p> <p>Please refer to the Audit and Risk Committee report on page 72, the Accounting Policy on page 109, and the Financial Disclosures on page 150.</p>	<p>FORECAST-BASED ASSESSMENT:</p> <p>The carrying value of non-financial assets in the Group CGU are significant. There is an indicator of impairment due to the Group's market capitalisation being lower than the carrying value of net assets of the Group.</p> <p>The estimated recoverable amount of these balances is subjective due to the inherent uncertainties involved in forecasting and discounting future cash flows, which forms the basis of the Group's value in use calculation. The estimation uncertainty associated with the cash flow forecasts is heightened in the context of an inflationary economic environment and pressure on the disposable income of the Group's target customers due to the cost-of-living crises, which may adversely affect revenues and margins. These heightened macro-economic risks, combined with declining financial results in the period, have resulted in an increase in the overall risk of impairment year on year.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the value in use model used in the Group's impairment assessment has a high degree of estimation uncertainty with a potential range of outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p> <p>The impairment calculation is sensitive to reasonably possible changes to key assumptions, which could lead to a material impairment. As a result of these conditions, and the increased risk of an impairment in the current year, we have recognised a significant risk of both fraud and error in respect of the group impairment risk.</p> <p>The financial statements (note 12) disclose the impairment charge recognised, and the sensitivities estimated by the Group.</p>	<p>OUR PROCEDURES INCLUDED:</p> <p>Model integrity: We used our modelling specialists to test the integrity of the impairment model used by management.</p> <p>Benchmarking assumptions: We challenged, with the support of our own valuation specialists, the key assumptions used in the value in use calculations of the Group CGU by comparing them to externally derived data in relation to key inputs such as projected growth rates and discount rates. This included consideration of relevant comparator entities, industry and analyst forecasts.</p> <p>Historical comparisons: We considered the Group's historical forecasting accuracy by comparing actual performance against forecasts.</p> <p>Sensitivity analysis: We performed analysis on the key assumptions, including the discount rate, capex expenditure and projected EBIDTA growth in the Board approved plan, to assess how sensitive the value in use calculation is to reasonably possible changes in key cash flow assumptions.</p> <p>Comparing valuations: We compared the total of the value in use calculation to the Group's market capitalisation to assess the reasonableness of those cash flows and critically assessed the rationale for the difference from that comparison.</p> <p>Challenge key judgements: We performed corroborative inquiries of key personnel outside of the core group finance team to challenge the status of the Group's performance, and to corroborate the key assumptions underpinning the Group's strategy and Board approved plan.</p> <p>Assessing transparency: We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflects the risks inherent in the valuation of the Group.</p> <p>Results: We found the impairment of the non-financial assets to be acceptable.</p>

The risk

IMPAIRMENT OF CUSTOMER RECEIVABLES

£74.6m (2022: £68.7m)

Please refer to the Audit and Risk Committee report on page 72, the Accounting Policy on page 109 and the Financial Disclosures on page 150.

SUBJECTIVE ESTIMATE:

The estimation of expected credit losses ('ECL') on customer receivables involves a number of subjective judgements and estimates, including the determination of forward-looking economics, Probabilities of Default ('PD'), Significant Increases in Credit Risk ('SICR'), as well as Post-Model Adjustments ('PMAs').

There is a risk that the impairment losses provision on customer receivables could be materially misstated if certain models, underlying assumptions, or PMAs do not accurately predict defaults or recoveries over time, become out of line with wider industry experience, or fail to reflect the credit risk of financial assets. As a result, certain IFRS 9 models, model assumptions and PMAs are the key drivers of complexity and uncertainty in the Group's calculation of the ECL estimate. Our assessment is that the risk has increased year on year due to the increased macroeconomic pressures on customers, considering ongoing inflationary and affordability pressures.

The effect of these matters is that, as part of our risk assessment, we determined that the impairment losses provision on trade receivables has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 12) disclose the sensitivities estimated by the Group.

Our response

OUR PROCEDURES INCLUDED:

Our credit risk modelling expertise: We involved our own credit risk modellers who assisted in our procedures to evaluate the Group's impairment methodology for compliance with IFRS 9. We inspected model code to assess its consistency with the Group's model methodology and we evaluated the PD and SICR model output by independently rebuilding of the model code and comparing our independent output with management's output. Additionally, we independently recalculated a selection of model assumptions which we used to develop a range for ECL which is compared to management's point estimate.

Our economics expertise: We involved our own economic specialists who assisted us in assessing key economic variables which included comparing the Group's economic variables to external sources. Our procedures also included assessing the overall reasonableness of the economic forecasts and weighting of scenarios by comparing the Group's forecasts to our own modelled forecasts.

Our sector experience: We assessed completeness of the PMAs and critically assessed the assumptions underpinning the most significant PMAs applied due to model limitations identified. We assessed the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and reperforming the calculation of certain qualitative adjustments.

Assess transparency: We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. As part of this, we assessed the sensitivity analysis disclosures. In addition, we assessed whether the disclosure of the key judgements and assumptions was sufficiently clear.

Results: We found the impairment of customer receivables to be acceptable.

RECOVERABILITY OF THE CARRYING VALUE OF THE PARENT COMPANY'S INVESTMENT IN, AND AMOUNTS DUE FROM, ITS SUBSIDIARIES

Please refer to the Audit and Risk Committee report on page 70, the Accounting Policy on page 109 and the Financial Disclosures on page 150.

FORECAST-BASED ASSESSMENT:

The carrying amount of the Parent Company's investment in, and amounts due from, its subsidiaries represent 79.3% and 20.6% (2022: 79.3% and 20.4%) of its total assets respectively.

There is a significant level of inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability for investments in subsidiaries and amounts due from subsidiaries.

Due to its materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect overall on our Parent Company audit.

The effect of these matters is that, as part of our risk assessment, we determined that the recoverability of the carrying value of the Parent Company's investment in, and amounts due from, its subsidiaries is subject to a high degree of estimation uncertainty with a potential range of outcomes greater than our materiality for the financial statements as a whole.

The financial statements (note 12) disclose the sensitivities estimated by the Parent Company.

OUR PROCEDURES INCLUDED:

Tests of detail: We compared the carrying amount of the investment, and the amounts due from subsidiaries, with the relevant subsidiary's draft statutory balance sheet to identify whether its net assets, being an approximation of its minimum recoverable amount, was in excess of its carrying amount.

We compared also the cash flows used in the impairment model to assess recoverability, with reference to the corporate intercompany loan structure as at the balance sheet date.

Assessing transparency: We assessed whether the Parent Company's disclosures about the Board's consideration of the market capitalisation vs the company's investment in, and amounts due from, its subsidiaries was proportionate.

For each of the key audit matters reported above, we performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balances is such that we would expect to obtain audit evidence primarily through the detailed procedures described above.

We continue to perform procedures over the Allianz Insurance plc legal claim. However, as this claim was settled in the period the related estimation uncertainty has been removed and we have therefore not assessed this as one of the most significant risks in our current year audit and it is not separately identified in our report this year.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF N BROWN GROUP PLC CONTINUED

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the Group financial statements as a whole was set at £2.0m (2022: £2.0m), determined with reference to a benchmark of Group profit before tax, normalised to exclude adjusted items (as disclosed in note 6) and by averaging over the last five years due to fluctuations in the business cycle (2022: normalised to exclude adjusted items and averaged over the last three years) of which it represents 4.3% (2022: 4.6%).

Materiality for the parent Company financial statements as a whole was set at £1.6m (2022: £2.0m), determined with reference to a benchmark of Company total assets, of which it represents 0.3% (2022: 0.4%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2022: 65%) of materiality for the financial statements as a whole, which equates to £1.3m (2022: £1.3m) for the Group and £1.04m (2022: £1.3m) for the parent Company. We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies during the prior period.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.1m (2022: £0.1m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 32 (2022: 30) reporting components, we subjected 3 (2022: 2) to full scope audits for group purposes and 1 (2022: 0) to specified risk-focused audit procedures. The latter was not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed. The work on each of these components was performed by the Group team.

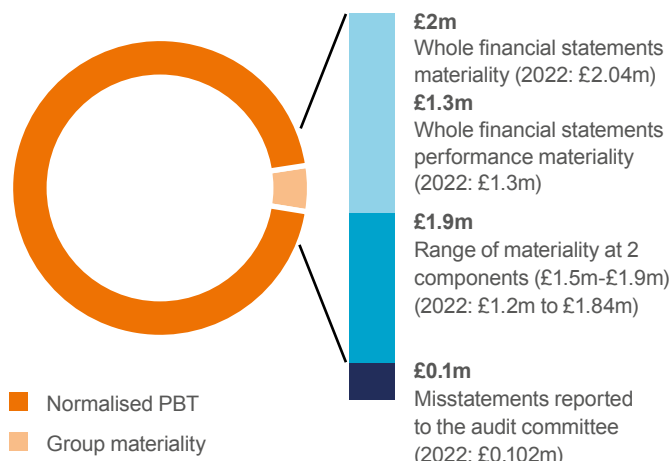
The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 3% (2022: 3%) of total Group revenue, 4% (2022: 12%) of the Group total profits and losses that make up Group loss before tax and 1% (2022: 2%) of total Group assets is represented by 29 (2022: 28) of reporting components, none of which individually represented more than 4% (2022: 6%) of any of total Group revenue, Group total profits and losses that make up Group loss before tax or total Group assets. For these components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

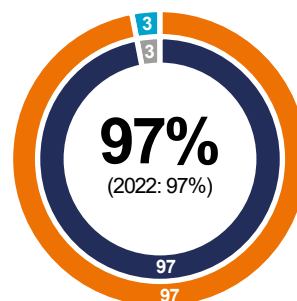
The scope of the audit work performed was fully substantive as we did not rely upon the Group's internal control over financial reporting.

GROUP PROFIT BEFORE TAX NORMALISED TO EXCLUDE EXCEPTIONAL ITEMS AND AVERAGED OVER THE LAST 5 YEARS
£46.5M (2022: £44.1M)

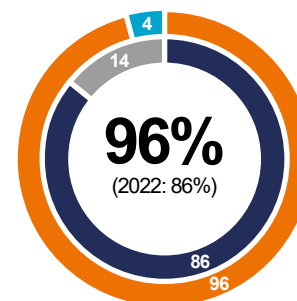
GROUP MATERIALITY
£2M (2022: £2.04M)



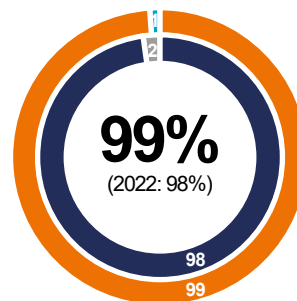
GROUP REVENUE



GROUP PROFIT AND LOSSES BEFORE TAX



GROUP TOTAL ASSETS



- Full scope for Group audit purposes 2023
- Residual components 2023
- Full scope for Group audit purposes 2022
- Residual components 2022

4. GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company available financial resources and metrics relevant to debt covenants over this period are consumer confidence and the successful execution of the Group's strategic plans.

We also considered less predictable but realistic second order impacts, such as the impact of business interruption and supply chain cost inflation, which could result in a rapid reduction of available financial resources.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and related sensitivities.

We assessed the completeness of the going concern disclosure. Our conclusions based on this work:

we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for the going concern period; and

we have nothing material to add or draw attention to in relation to the directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 2 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO FRAUD

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

Enquiring of directors, the Audit and Risk committee and internal audit, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

Reading Board, Audit and Risk Committee, Operational, Risk and Compliance Committee, Financial Services Operations Committee and Remuneration Committee minutes.

Considering remuneration incentive schemes and performance targets for management, Directors including the Adjusted EBITDA target for management remuneration.

Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the nature of the Group's revenue streams, and the high volume and low value nature of the Group's revenue transactions. We consider that the fraud risk in relation to inappropriate accounting entries is limited to journals which is covered by our procedures in respect of management override of controls.

We also identified fraud risks related to possible management bias in respect of impairment of the carrying value of non-financial assets in the Group CGU, inappropriate impairment of customer receivables and inappropriate capitalisation of internal software and development costs in response to incentives and pressures relating to potential management bias, management compensation arrangements, strategy considerations and historic internal control deficiencies identified.

Further detail in respect of the procedures performed over the impairment of the carrying value of non-financial assets in the Group CGU and inappropriate impairment of customer receivables is set out in the key audit matter disclosures in section 2 of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF N BROWN GROUP PLC CONTINUED

We also performed procedures including:

Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those with unexpected account pairings and those posted to unusual accounts.

Assessing significant management judgements in relation to capitalised internal software and development costs for bias; and

Assessing significant accounting estimates in relation to the KAMs above for potential bias.

IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO NON-COMPLIANCE WITH LAWS AND REGULATIONS

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

For the Group's regulated subsidiary, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and corruption and money laundering regulations, employment law, data protection regulations, environmental and climate legislation, trading and consumer standards, PCI compliance and FCA regulations, recognising the financial and regulated nature of entities in the Group.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

CONTEXT OF THE ABILITY OF THE AUDIT TO DETECT FRAUD OR BREACHES OF LAW OR REGULATION

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

STRATEGIC REPORT AND DIRECTORS' REPORT

Based solely on our work on the other information:

we have not identified material misstatements in the strategic report and the directors' report;

in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

in our opinion those reports have been prepared in accordance with the Companies Act 2006.

DIRECTORS' REMUNERATION REPORT

In addition to our audit of the financial statements, the directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the directors have decided to prepare as if the Company were required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under 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, as if those requirements applied to the Company.

DISCLOSURES OF EMERGING AND PRINCIPAL RISKS AND LONGER-TERM VIABILITY

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

the directors' confirmation within the Viability Statement on page 94 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

the Principal Risks and Uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and

the directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

CORPORATE GOVERNANCE DISCLOSURES

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

the directors' statement that they consider that the annual report and financial statements 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;

the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and

the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

In addition to our audit of the financial statements, the directors have engaged us to review their 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 the terms of our engagement we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. We have nothing to report in this respect.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF N BROWN GROUP PLC CONTINUED

7. WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required 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 which we were engaged to audit 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.

We have nothing to report in these respects.

8. RESPECTIVE RESPONSIBILITIES**DIRECTORS' RESPONSIBILITIES**

As explained more fully in their statement set out on page 94, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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 and the terms of our engagement by the Company. 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 the further matters we are required to state to them in accordance with the terms agreed with the Company, 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.



Robert Brent

(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

06 June 2023

GROUP ACCOUNTS

CONSOLIDATED INCOME STATEMENT

	Note	53 weeks ended 4 March 2023			52 weeks ended 26 February 2022		
		Before adjusted items £m	Adjusted items (note 6) £m	Total £m	Before adjusted items £m	Adjusted items (note 6) £m	Total £m
Revenue		455.7	–	455.7	487.0	–	487.0
Credit account interest		221.8	–	221.8	228.7	–	228.7
Group revenue	3	677.5	–	677.5	715.7	–	715.7
Cost of sales		(242.4)	–	(242.4)	(268.4)	–	(268.4)
Impairment losses on customer receivables	16	(122.3)	–	(122.3)	(94.4)	–	(94.4)
Gross profit		312.8	–	312.8	352.9	–	352.9
Impairment of non-financial assets		–	(53.0)	(53.0)	–	–	–
Operating profit/(loss)	5	21.6	(87.5)	(65.9)	56.9	(28.7)	28.2
Finance costs	8	(14.1)	–	(14.1)	(13.8)	–	(13.8)
Profit/(loss) before taxation and fair value adjustments to financial instruments		7.5	(87.5)	(80.0)	43.1	(28.7)	14.4
Fair value adjustments to financial instruments	18	8.9	–	8.9	4.8	–	4.8
Profit/(loss) before taxation		16.4	(87.5)	(71.1)	47.9	(28.7)	19.2
Taxation	9	(0.9)	20.6	19.7	(8.7)	5.7	(3.0)
Profit/(loss) for the period		15.5	(66.9)	(51.4)	39.2	(23.0)	16.2
(Loss)/earnings per share from continuing operations							
Basic	11			(11.19)			3.53
Diluted	11			N/A			3.51

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	53 weeks ended 4 March 2023 £m	52 weeks ended 26 February 2022 £m
(Loss)/profit for the period		(51.4)	16.2
Items that will not be reclassified subsequently to profit or loss			
Actuarial (losses)/gains on defined benefit pension scheme	29	(19.4)	10.5
Tax relating to items not reclassified	9	6.7	(3.7)
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		0.8	0.6
Fair value movements of cash flow hedges		30.5	7.2
Amounts reclassified from other comprehensive income to profit and loss		(6.6)	0.6
Tax relating to these items		(6.0)	(1.8)
Other comprehensive income for the period		6.0	13.4
Total comprehensive (expense)/income for the period attributable to equity holders of the parent		(45.4)	29.6

GROUP ACCOUNTS CONTINUED

CONSOLIDATED BALANCE SHEET

	Note	As at 4 March 2023 £m	As at 26 February 2022 £m
Non-current assets			
Property, plant and equipment	13	50.9	58.5
Intangible assets	12	58.3	113.0
Right-of-use assets	27	0.5	1.1
Retirement benefit surplus	29	20.0	37.4
Derivative financial instruments	18	7.6	5.1
Deferred tax assets	20	29.2	11.5
		166.5	226.6
Current assets			
Inventories	15	94.1	87.3
Trade and other receivables	16	504.7	533.1
Derivative financial instruments	18	19.1	1.7
Current tax asset		0.1	1.0
Cash and cash equivalents	25	35.5	43.1
		653.5	666.2
Total assets		820.0	892.8
Current liabilities			
Trade and other payables	21	(72.5)	(94.7)
Lease liability	27	(0.3)	(0.9)
Provisions	22	(10.1)	(30.9)
Derivative financial instruments	18	(0.1)	(0.4)
		(83.0)	(126.9)
Net current assets		568.7	539.3
Non-current liabilities			
Bank loans	17	(332.9)	(302.5)
Lease liability	27	(0.2)	(0.4)
Deferred tax liabilities	20	(13.2)	(20.7)
		(346.3)	(323.6)
Total liabilities		(429.3)	(450.5)
Net assets		390.7	442.3
Equity attributable to equity holders of the parent			
Share capital	23	50.9	50.9
Share premium account		85.7	85.0
Own shares	24	(0.2)	(0.2)
Cash flow hedge reserve		15.7	5.5
Foreign currency translation reserve		1.8	1.0
Retained earnings		236.8	300.1
Total equity		390.7	442.3

The financial statements of N Brown Group plc (Registered Number 814103) were approved by the Board of Directors and authorised for issue on 6 June 2023.

They were signed on its behalf by:



Rachel Izzard
CFO and Executive Director

CONSOLIDATED CASH FLOW STATEMENT

	Note	For the 53 weeks ended 4 March 2023 £m	For the 52 weeks ended 26 February 2022 £m
Net cash inflow from operating activities		5.8	78.7
Investing activities			
Purchases of property, plant and equipment		(5.8)	(3.4)
Purchases of intangible assets		(19.8)	(16.4)
Net cash used in investing activities		(25.6)	(19.8)
Financing activities			
Interest paid ¹		(15.0)	(13.8)
Increase/(decrease) in bank loans		30.4	(79.3)
Principal elements of lease payments		(1.0)	(1.8)
Foreign exchange forward contracts		(1.2)	(1.3)
Net cash inflow/(outflow) from financing activities		13.2	(96.2)
Net foreign exchange difference		(1.0)	(0.4)
Net decrease in cash and cash equivalents and bank overdraft		(7.6)	(37.7)
Cash and cash equivalents and bank overdraft at beginning of period		43.1	80.8
Cash and cash equivalents and bank overdraft at end of period	25	35.5	43.1

¹ Included within Interest paid is £13m relating to interest incurred on the Group's securitisation facility, drawings on which are linked to prevailing levels of eligible receivables.

RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	For the 53 weeks ended 4 March 2023 £m	For the 52 weeks ended 26 February 2022 £m
(Loss)/profit for the period	(51.4)	16.2
Adjustments for:		
Taxation (credit)/charge	(19.7)	3.0
Fair value adjustments to financial instruments	(8.9)	(4.8)
Net foreign exchange gain	1.0	0.4
Finance costs	14.1	13.8
Depreciation of right-of-use assets	0.8	1.2
Depreciation of property, plant and equipment	4.3	4.4
Loss on disposal of intangible assets	0.8	–
Gain on disposal of right-of-use assets	–	(0.5)
Impairment of non-financial assets	53.0	–
Amortisation of intangible assets	30.6	32.5
Share option charge	1.5	0.8
Operating cash flows before movements in working capital	26.1	67.0
Increase in inventories	(6.7)	(9.6)
Decrease in trade and other receivables	28.3	15.9
Decrease in trade and other payables	(22.3)	(13.5)
(Decrease)/increase in provisions	(20.9)	26.1
Pension obligation adjustment	(1.0)	(0.9)
Cash generated by operations	3.5	85.0
Taxation received/(paid)	2.3	(6.3)
Net cash inflow from operating activities	5.8	78.7

GROUP ACCOUNTS CONTINUED

CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

	53 weeks to 4 March 2023 £m	52 weeks to 26 February 2022 £m
Loans and borrowings		
Balance at 26 February 2022	303.8	386.8
Changes from financing cash flows		
Net proceeds/(repayment) from loans and borrowings ¹	27.9	(79.2)
Lease principal payments in the period	(0.8)	(1.8)
Lease disposals in the period	–	(1.8)
Increase/(decrease) in loans and borrowings due to changes in interest rates	2.5	(0.2)
Increase/(decrease) in loans and borrowings	29.6	(83.0)
Balance at 4 March 2023	333.4	303.8

¹ Repayments relating to the Group's securitisation facility are represented net of cash receipts in respect of the customer book collections. The Directors consider that the net representation more accurately reflects the way the securitisation cash flows are managed.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (note 23) £m	Share premium £m	Own shares (note 24) £m	Cash flow hedge reserve £m	Foreign currency translation reserve £m	Retained earnings £m	Total £m
Balance at 27 February 2021	50.9	85.0	(0.3)	–	0.4	276.3	412.3
Comprehensive income for the period							
Profit for the period	–	–	–	–	–	16.2	16.2
Other items of comprehensive income for the period	–	–	–	6.0	0.6	6.8	13.4
Total comprehensive income for the period	–	–	–	6.0	0.6	23.0	29.6
Hedging gains & losses transferred to the cost of inventory purchased in the year	–	–	–	(0.5)	–	–	(0.5)
Transactions with owners recorded directly in equity							
Issue of shares by ESOT	–	–	0.1	–	–	–	0.1
Share option charge	–	–	–	–	–	0.8	0.8
Total contributions by and distributions to owner	–	–	0.1	–	–	0.8	0.4
Balance at 26 February 2022	50.9	85.0	(0.2)	5.5	1.0	300.1	442.3
Comprehensive income for the period							
Loss for the period	–	–	–	–	–	(51.4)	(51.4)
Other items of comprehensive income/(loss) for the period	–	–	–	17.9	0.8	(12.7)	8.6
Total comprehensive income/(loss) for the period	–	–	–	17.9	0.8	(64.1)	(42.8)
Hedging gains and losses transferred to the cost of inventory purchased in the year	–	–	–	(7.7)	–	–	(7.7)
Transactions with owners recorded directly in equity							
Issue of own shares by ESOT	–	–	0.3	–	–	–	0.3
Adjustment to equity for share payments	–	–	–	–	–	(0.3)	(0.3)
Historic adjustment to equity for share payments	–	0.7	(0.3)	–	–	(0.4)	–
Share option charges	–	–	–	–	–	1.5	1.5
Total contributions by and distributions to owner	–	0.7	–	–	–	0.8	(8.8)
Balance at 4 March 2023	50.9	85.7	(0.2)	15.7	1.8	236.8	390.7

NOTES TO THE GROUP ACCOUNTS

1 GENERAL INFORMATION

N Brown Group plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is listed in the Shareholder Information section on p154 at the end of the report. The nature of the Group's operations and its principal activities are set out on p2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2. The Group financial statements for the 53 weeks ended 4 March 2023 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 p146-153.

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 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 were in issue but have not been applied in these financial statements as they were not yet mandatory:

"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)"

"Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)"

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.

The following accounting standards and interpretations became effective this financial year and have been applied for the first time in these financial statements:

"Annual Improvements to IFRS Standards 2018-2020"

"Reference to the Conceptual Framework (Amendments to IFRS 3)"

"Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16)"

"Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)"

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

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 review, reference to 2023 means at 4 March 2023 or the 53 weeks then ended; reference to 2022 means at 26 February 2022 or the 52 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 53-week period ended Saturday 4 March 2023 (2022: 52-week period ended Saturday 26 February 2022), with an extra week added to ensure that the year end date remains close to the end of February. 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 (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 cash flows 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.

NOTES TO THE GROUP ACCOUNTS CONTINUED

2 ACCOUNTING POLICIES CONTINUED**SECURITISATION CONTINUED**

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.

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 the ones delivered to the customers directly from suppliers and goods delivered to partners, is recognised in accordance with IFRS 15, when goods are delivered to the customer or partner and therefore control is transferred.

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 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.

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.

Provision is made based on management's best estimate of future disposal strategies. Provision rates applied take into consideration expected disposal routes and indications of obsolescence of inventory.

Net realisable value means estimated selling price less all costs to be incurred in marketing, selling and distribution.

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.

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.

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.

NOTES TO THE GROUP ACCOUNTS CONTINUED

2 ACCOUNTING POLICIES CONTINUED**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 carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

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 classified as equity 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.

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 included 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 sales 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 impairment requirements are not applied by the Group until delivery has occurred and a receivable has been recognised, at which point the 12-month ECL will be recognised in line with the above.

NOTES TO THE GROUP ACCOUNTS CONTINUED

2 ACCOUNTING POLICIES CONTINUED**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 has 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 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.

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 19.

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 under IFRS 16. 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. 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 transition or at the lease start date for leases entered into after transition, calculated by applying a weighting to all recent third-party financing.

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.

NOTES TO THE GROUP ACCOUNTS CONTINUED

2 ACCOUNTING POLICIES CONTINUED**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. Rebates are calculated annually based on agreements in place, which stipulate an agreed percentage of purchase be granted as a rebate. Rebates are recorded in the income statement once agreed with the suppliers, with amounts receivable recorded in accrued income on the balance sheet.

ADJUSTED ITEMS

Adjusted items are items of income and expenditure which are one-off in nature and material to the current financial year or represent true-ups to items presented as 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 4 March 2023, 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 of 12 months from the date of approval of these financial statements. 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, on a distressed scenario, over the going concern period.

The Company renewed its revolving credit facility ('RCF') at £75m and extended to the end of 2026, together with a committed overdraft facility of £12.5m. Both facilities were undrawn at the year end and the Group also had available cash/cash equivalents of £35.5m at the balance sheet date.

The distressed scenario model prepared by Management provided a robust assessment, which the Audit & Risk Committee reviewed in support of the Board's evaluation. The stress test prepared by Management is challenging and considers the cumulative impact of various downsides and additional stress sensitivities on the Group's forecasts. This therefore supports the Board's consideration of a 'severe but plausible' downside. The distressed 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 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 as has been the case throughout the Covid-19 pandemic;

The UK cost-of-living crisis;

Progress against the strategic growth programme;

Product gross margin improvement is achieved through changes to product mix, planned price increases and a reduction in freight rates. It is also recognised that we will continue to face a highly promotional retail market as a result of cautious customer sentiment;

Financial Services revenue reduces in the short term as the average size of the loan book is smaller as a function of FY23 and FY24 lower product sales;

Customer eligibility and arrears rates normalising to pre-pandemic levels.

Operating costs reflecting inflationary and macro-economic cost base pressures.

The Base Case has material total accessible liquidity headroom of £85m over the next 12 months and all bank covenant conditions are met. Adjusted EBITDA would have to reduce by more than 38% against the Base Case low point in FY24 to breach covenants.

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

Business interruptions reducing product revenue, for example from a denial of service caused by a cyber-attack as well as delivery delays caused by supply chain challenges;

Further adverse macro-economic conditions impacting customer behaviour, bad debt write-offs and customer account payment collection rates;

Additional sensitivities to product revenue.

The Downside is the compounded cumulative impact of all scenarios with the sensitivities layered on top. Material total accessible liquidity headroom of £60m exists throughout the Downside assessment and all bank covenant conditions are met. Adjusted EBITDA would have to reduce by more than 14% against the Downside low point in FY24 to breach covenants.

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 until December 2024. During the year the maximum commitment was reduced at the Group's request from £400m to £340m to reflect the prevailing levels of encumbered eligible receivables and drawings of notes thereon (£334.5m drawn against the maximum of eligible customer receivable);

An RCF of £75m committed until December 2026, fully undrawn; and

An overdraft facility of £12.5m which is committed until December 2026.

d) the Group's robust policy towards liquidity and cash flow management. As at 6 May 2023, the Group had cash of £28.3m, including restricted cash of £3.8m. In addition, the Group had £87.5m of unsecured facilities that were not drawn. This gives rise to total accessible liquidity ('TAL') of £112.0m (FY22: £212.1m).

e) the Group management's ability to successfully manage the principal risks and uncertainties outlined on pages 30 to 33 during periods of uncertain economic outlook and challenging macro-economic 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 for trade receivables involves several areas of judgement, including estimating forward-looking modelled parameters (Probability of default ('PD'), loss of 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 IFRS 9 model are covered in pages p113-114.

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 macro-economic uncertainties on ECL including cost-of-living increases.

NOTES TO THE GROUP ACCOUNTS CONTINUED

2 ACCOUNTING POLICIES CONTINUED

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 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 two years, recent bids, and existing sale contracts depending on the type of debt sale.

Uncertainty exists over the forward looking view on macro-economics including inflation (CPI) and subsequent impacts on affordability and defaults. Whilst the impacts of macro-economics and inflation are reflected in growing arrears in FY23, in management's view, the full impact of these on defaults have yet to fully feed through. A post model adjustment has been applied to reflect the expected deterioration in customer defaults from this.

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 CAPEX, 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.

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 future committed legal costs and associated redress costs in respect 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.

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

	53 weeks to 4 March 2023 £m	52 weeks to 26 February 2022 £m
An analysis of the Group's revenue is as follows:		
Sale of goods	412.4	445.8
Postage and packaging	21.0	19.8
Product revenue	433.4	465.6
Credit account interest	221.8	228.7
Other Financial Services income	22.3	21.4
Financial Services revenue	244.1	250.1
Total Group revenue	677.5	715.7

4 BUSINESS SEGMENT

The Group has identified two operating segments in accordance with IFRS 8 – Operating segments, Product Revenue and Financial Services ('FS'). The Board, who are 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 £19.4m (2022: £16.0m) 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 Financial Services 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.

	53 weeks 2023 £m	52 weeks 2022 £m
Analysis of revenue:		
Sale of goods	412.4	445.8
Postage and packaging	21.0	19.8
Product – total revenue	433.4	465.6
Other Financial Services revenue	22.3	21.4
Credit account interest	221.8	228.7
Financial Services – total revenue	244.1	250.1
Group revenue	677.5	715.7
Product – total cost of sales	(240.9)	(267.3)
Impairment losses on customer receivables	(122.3)	(94.4)
Other Financial Services cost of sales	(1.5)	(1.1)
Financial Services – total cost of sales	(123.8)	(95.5)
Cost of sales	(364.7)	(362.8)
Gross profit	312.8	352.9
Gross profit margin – Group	46.2%	49.3%
Gross profit margin – Product	44.4%	42.6%
Gross profit margin – Financial Services	49.3%	61.8%
Warehouse and fulfilment	(63.2)	(67.9)
Marketing and production	(70.0)	(73.1)
Other administration and payroll	(122.3)	(116.9)
Adjusted operating costs before adjusted items	(255.5)	(257.9)
Adjusted EBITDA	57.3	95.0
Adjusted EBITDA margin	8.5%	13.3%
Depreciation and amortisation	(35.7)	(38.1)
Impairment of non-financial assets (note 12)	(53.0)	–
Adjusted items charged to operating loss	(34.5)	(28.7)
Operating (loss)/profit	(65.9)	28.2
Finance costs	(14.1)	(13.8)
Fair value adjustments to financial instruments	8.9	4.8
(Loss)/profit before taxation	(71.1)	19.2

NOTES TO THE GROUP ACCOUNTS CONTINUED

4 BUSINESS SEGMENT CONTINUED

	53 weeks to 4 March 2023 £m	52 weeks to 26 February 2022 ³ £m
Analysis of product revenue:		
Strategic brands ¹	311.8	323.9
Heritage brands ²	121.6	141.7
Total product revenue	433.4	465.6
Financial Services revenue	244.1	250.1
Group revenue	677.5	715.7

¹ Strategic brands include JD Williams, Simply Be and Jacamo.

² Heritage brands include Ambrose Wilson, Home Essentials, Fashion World, Mariosta, Oxendales and Premier Man.

³ FY22 brand split has been re-represented to align with the strategy change and focus on the three accelerate brands with all other brands presented within heritage.

The Group has one significant geographical segment, which is the United Kingdom. Revenue derived from the Republic of Ireland amounted to £18.5m (2022: £21.0m), with operating profit amounting to £1.8m (2022: £3.7m).

All segment assets are located in the UK and Ireland. All non-current assets are located in the UK with the exception of £0.1m of right-of-use assets located in Ireland.

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 £53.0m (2022: £nil).

	2023 £m	2022 £m
Capital additions	26.4	19.4
Capital disposals	(0.9)	(19.4)
Balance sheet		
Total segment assets	820.0	892.8
Total segment liabilities	(429.3)	(450.5)
Segment net assets	390.7	442.3

5 (LOSS)/PROFIT FOR THE PERIOD

	53 weeks to 4 March 2023 £m	52 weeks to 26 February 2022 £m
(Loss)/profit for the period has been arrived at after charging/(crediting):		
Net foreign exchange loss/(gains)	1.3	(2.6)
Depreciation of property, plant and equipment	4.3	4.4
Impairment of non-financial assets	53.0	–
Amortisation of intangible assets	30.6	32.5
Depreciation of right-of-use assets	0.8	1.2
Loss on disposal of intangible assets	0.8	–
Cost of inventories recognised as expense	240.9	267.9
Staff costs (note 7)	78.3	77.3
Auditor's remuneration for audit services	1.7	1.3
Impairment losses on customer receivables	122.3	94.4
Adjusted items (note 6)	34.5	28.7
Lease costs (note 27)	0.6	1.2

A more detailed analysis of auditor's remuneration is provided below:

	2023 £m	2022 £m
Audit of these financial statements	0.3	0.3
Audit of financial statements of subsidiaries of the Company	1.4	1.0
Non-audit services	–	–
Total	1.7	1.3

Additional fees of £0.1m were raised following the finalisation of the 2022 audit, and therefore not included in the prior year comparative figures above.

Fees relating to non-audit services were £nil (2022: £nil).

Fees payable to the Company's auditor for the audit of the Company's annual accounts were £20,000 (2022: £20,000).

A description of the work of the Audit and Risk Committee is set out in the Corporate Governance Statement on p72 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditor.

6 ADJUSTED ITEMS

	53 weeks to 4 March 2023 £m	52 weeks to 26 February 2022 £m
Allianz litigation	26.1	29.8
Other litigation	6.0	0.2
Historic tax matters	–	(1.2)
Strategic change	2.4	(0.1)
Impairment of non-financial assets	53.0	–
Total adjusted items	87.5	28.7

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.

A provision of £28.0m in respect of the claims was recognised in the Group's balance sheet at the prior year end, and updated as at 27 August 2022. The provision was based on known facts and circumstances at each balance sheet date, that supported the Board's best estimate of any outflow, including any committed legal fees. As the legal due diligence and negotiations continued, the Board reflected on updated inputs, escalating costs, and ongoing levels of distraction for the Board and senior management.

In January 2023 the Board agreed to the Settlement. 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). While the Settlement was in excess of the provision, the Dispute has been brought to an end and this removes a significant element of uncertainty for all stakeholders and allows the Group to focus on creating shareholder value through its core business activities as it continues its transformation.

The provision outstanding at 4 March 2023 was £0.3m, relating to outstanding legal costs and amounts payable to Allianz following closure of the joint redress account.

OTHER LITIGATION

During the year the Group made a provision of £5.5m, as an estimate of the potential litigation costs. This is principally committed external legal costs associated with legacy customer claims. This is not a new exposure and in prior years the Group handled such claims on a case by case basis. The costs incurred have not been material. 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. In addition, a charge of £0.5m was incurred in the year, and £0.2m in the prior year, relating to the true up of legacy customer redress provisions presented as exceptional in prior periods. The provision outstanding at 4 March 2023 was £5.5m as disclosed in note 22.

In addition, a charge of £0.5m was incurred in the year, and £0.2m in the prior year, relating to the true up of legacy customer redress provisions presented adjusted in prior periods.

HISTORIC TAX MATTERS

The Group reached agreement with HMRC over a number of historical VAT and other tax matters in the prior year with the release of £1.2m in 2022 relating to opening provisions no longer required.

STRATEGIC CHANGE

During the current year, the Group initiated a restructuring of its operational and head office headcount to reflect the lower sales orders, of which an element was enacted during the year. Total redundancy costs of £2.4m were incurred in the year. The provision outstanding at 4 March 2023 amounted to £2.2m relating to payments made in the months following the year end.

IMPAIRMENT OF NON-FINANCIAL ASSETS

During the year, the Group has recorded a non-cash impairment of £53.0m against its intangible and tangible assets, to reduce the balance sheet asset value to match the lower value in use forecasts driven by the current macro-economic conditions. This has arisen primarily from the impact of the market and current macroeconomic conditions significantly reducing near term Group Adjusted EBITDA levels and a slower recovery through the five-year forecast period. More details provided in note 12.

NOTES TO THE GROUP ACCOUNTS CONTINUED

7 STAFF COSTS

	2023	2022
The average monthly number of employees (including Executive Directors) was:		
Distribution	629	650
Sales and administration	1,245	1244
	1,875	1894
	53 weeks to 4 March 2023	52 weeks to 26 February 2022
	£m	£m
Their aggregate remuneration comprised:		
Wages and salaries	63.3	64.7
Social security costs	6.9	6.1
Other pension costs	6.4	5.7
Share option costs	1.7	0.8
	78.3	77.3

Included in the £63.3m wages and salaries cost is £10.6m (2022: £11.8m) relating to agency staff costs.

The aggregate amount of remuneration paid or receivable by Executive Directors in respect of services in the year was £0.8m (2022: £1.0m).

The aggregate amount of contributions paid to a pension scheme in respect of Executive Directors' qualifying services was £0.1m (2022: £0.1m). Retirement benefits are accruing in respect of qualifying services in defined contribution pension schemes for one Executive Director (2022: one).

No amounts were paid to or receivable by Executive Directors under long-term incentive schemes in respect of qualifying services in the year (2022: £nil).

Details of individual Directors' remuneration is disclosed in the Directors' Remuneration Report on p79 to 93.

8 FINANCE COSTS

	53 weeks to 4 March 2023	52 weeks to 26 February 2022
	£m	£m
Interest on bank overdrafts, loans and lease liabilities ¹	14.9	14.3
Net pension interest credit	(1.0)	(0.5)
Other interest payable	0.2	–
	14.1	13.8

¹ Included within interest paid is £13.0m relating to interest incurred on the Group's securitisation facility, drawings on which are linked to prevailing levels of eligible receivables.

Gains on the interest rate swap held by the Group to hedge its floating rate exposure on the securitisation facility of £2.8m (2022: loss of £0.6m) designated in a hedge relationship with the securitisation loan notes have been transferred to the Groups finance cost in the period.

9 TAXATION

	53 weeks to 4 March 2023	52 weeks to 26 February 2022
	£m	£m
Tax recognised in the income statement		
Current tax		
Charge for the period	1.3	–
Adjustments in respect of previous periods	0.7	(1.0)
	2.0	(1.0)
Deferred tax		
Origination and reversal of temporary timing differences	(21.4)	2.7
Adjustments in respect of previous periods	(0.3)	1.3
	(21.7)	4.0
Total tax (credit)/expense	(19.7)	3.0

UK corporation tax is calculated at 19% (2022: 19%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

In the Spring Budget on 15 March 2023, it was confirmed that the UK tax rate would increase from 19% to 25% from 1 April 2023. Accordingly, the UK deferred tax asset/(liability) as at 4 March 2023 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 is higher than the statutory UK tax rate of 19% due to the impact of adjusting items in the period, which have been treated as deductible for tax purposes consistent with the treatment of similar costs. These adjusted items have created deferred tax assets at 25%. The deferred tax assets have been partially offset by the impact of prior year adjustments.

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

	2023 £m	2022 £m
(Loss)/profit before tax	(71.1)	19.2
Tax (credit)/charge at the UK Corporation tax rate of 19%	(13.5)	3.6
Effect of change in deferred tax rate	(7.2)	(1.1)
Tax effect of expenses that are not deductible in determining taxable profit	0.5	0.2
Effect of different tax rates of subsidiaries operating in other jurisdictions	0.1	–
Tax effect of adjustments in respect of previous periods	0.4	0.3
Tax (credit)/expense for the period	(19.7)	3.0

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

	2023 £m	2022 £m
Tax recognised directly through equity		
Deferred tax – remeasurement of retirement benefit obligations	(6.7)	3.7
Deferred tax – hedging related items recognised in other comprehensive income	6.0	1.8
Deferred tax - fair value movements transferred to the value of inventory recognised directly to equity	(2.7)	–
Tax credit/charge in equity	(3.4)	5.5

In respect of corporation tax, as at 4 March 2023 the Group has provided a total of £0.7m (2022: £nil) for potential future tax charges based upon the Group's best estimate and the outcome from discussions with HMRC. During the period, HMRC notified the Group of a previously unidentified and unpaid historic tax balance, relating to years 2010 – 2015, which HMRC had stood over awaiting resolution of other historic tax matters. The matter related to tax liabilities in Ambrose Wilson Limited and Oxendales & Company Limited from transfer pricing adjustments calculated on intercompany balances with JD Williams & Company Limited for the years in question. The Group believed the tax had previously been paid, however, following a detailed internal investigation, it was agreed with HMRC in May 2023 that this balance was outstanding. Accordingly, a tax provision of £0.7m was included as a prior year adjustment in the 2023 tax calculation, with a provision for related interest estimated at £0.2m included in finance charges.

10 DIVIDENDS

No dividends were paid or proposed in either the current year or prior year.

11 (LOSS)/EARNINGS PER SHARE

The calculation of 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 have also been 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 current year have not been diluted following the loss after tax in the period.

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

	2023 £m	2022 £m
(Loss)/earnings	(51.4)	16.2
(Loss)/earnings for the purpose of basic and diluted earnings per share being		
Net (loss)/profit attributable to equity holders		
	2023 Number	2022 Number
Number of shares ('000s)		
Weighted average number of ordinary shares for the purposes of basic earnings per share	459,468	458,825
Effect of dilutive potential ordinary shares:		
Share options	4,879	3,235
Weighted average number of ordinary shares for the purposes of diluted earnings per share	464,347	462,060

NOTES TO THE GROUP ACCOUNTS CONTINUED

11 (LOSS)/EARNINGS PER SHARE CONTINUED

	2023 £m	2022 £m
Earnings from continuing operations		
Total net (loss)/profit attributable to equity holders of the parent for the purpose of basic earnings per share	(51.4)	16.2
Fair value adjustment to financial instruments (net of tax)	(7.2)	(3.9)
Adjusted items (net of tax)	66.9	23.0
Adjusted earnings for the purposes of adjusted earnings per share	8.3	35.3

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

	2023 Pence	2022 Pence
Adjusted earnings per share		
Basic	1.81	7.69
Diluted	N/A	7.64
(Loss)/earnings per share		
Basic	(11.19)	3.53
Diluted	N/A	3.51

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
Cost				
At 27 February 2021	16.9	369.9	1.9	388.7
Additions	–	16.3	–	16.3
Reclass	–	1.5	–	1.5
Disposals	–	(14.4)	–	(14.4)
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
Accumulated amortisation and impairment				
At 27 February 2021	16.9	241.8	1.9	260.6
Charge for the period	–	32.5	–	32.5
Reclass	–	0.4	–	0.4
Disposals	–	(14.4)	–	(14.4)
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
Carrying amount				
At 4 March 2023	–	58.3	–	58.3
At 26 February 2022	–	113.0	–	113.0
At 27 February 2021	–	128.1	–	128.1

Assets in the course of development included in intangible assets at the year end total £10.5m (2022: £13.4m). No amortisation is charged on these assets. Borrowing costs of £nil (2022: £nil) have been capitalised in the period.

Additions in the year of £15.0m relate to internal development costs (2022: £12.4m). These are costs that are incremental and reflect unavoidable costs which qualify for capitalisation.

As at 4 March 2023, the Group had entered into contractual commitments for the further development of intangible assets of £3.0m (2022: £7.5m) of which £2.9m (2022: £7.4m) is due to be paid within one year.

Research costs of £0.8m were incurred in the year (2022: £1.1m).

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

IMPAIRMENT TESTING OF NON-FINANCIAL ASSETS

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 triggers a test for impairment in accordance with IAS 36.

Management prepared a value in use 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 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 FY28. The Board reflected on the current cost-of-living crisis and challenges in consumer confidence, and significantly reduced the near-term outlook from the prior year as announced in the trading update published in January 2023.

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 retail 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 historic 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 risk-adjusted pre-tax discount rate applied.

The long-term growth rate of 2.2% was determined with reference to external industry growth forecasts which management believe is a reasonable indicator of the expected long term-growth rate for the Group's market sector, available at 4 March 2023. 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 "SUSTAIN" section of the Group's annual report.

The relationship between retail sales and the financial services cash flows is not linear, as there is a natural time lag from when sales are completed, and financial services income is earned. Management modelled the estimated impact of this lag by extending the financial services model past the five-year Board approved plan and this indicated additional headroom inbuilt in the FS customer receivables book which would materially increase the VIU. This however has not been included in the impairment model as the Board restricted the assessment to the five-year forecasts in accordance with IAS 36.

The impairment review performed over the Group's CGU has indicated that an accounting impairment is required over the assets of the Group, with the carrying amount exceeding the recoverable amount assessed through value in use. This is due to the market and current macro-economic conditions significantly reducing the near-term Group EBITDA levels with recovery through the five-year forecast period but in later years than previously expected. As a result a non-cash impairment charge of £53m has been recognised.

The Group has no goodwill reported on the balance sheet and in accordance with IAS 36 the impairment charge has been 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 have been reduced from £101.7m to £58.3m, and tangible assets have been reduced from £60.5m to £50.9m. The continued successful execution of the five year plan is expected to increase the VIU in future periods, and this would trigger a reversal of the impairments recognised this year, capped to the carrying value that the assets would have been determined (net of amortisation or depreciation) had no impairment loss been recognized in prior periods.

NOTES TO THE GROUP ACCOUNTS CONTINUED

12 INTANGIBLE ASSETS CONTINUED**THE KEY ASSUMPTIONS ARE AS FOLLOWS:**

Years 1-5 to FY28 are based on the Adjusted EBITDA growth per the Board approved business plan. This reflects the current cost-of-living crisis and other economic challenges with growth thereafter assumed once the economy stabilizes and importantly driven by the benefits that the transformation plan are anticipated to deliver;

Replacement Capital expenditure of £16.5m per year in years 1-5 and £15.0m in the terminal year. 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: 17.7% (2022: 18.6%). The discount rate includes an allowance for risks specific to the Group, including a size premium and execution risk associated with the transformation plan; and

Long term growth rate: 2.2% (2022: 2.2%). Management have sourced external benchmarks for the Group's sector, and applied a cautious long-term growth rate. The long term growth rate for the current and prior year has been updated to reflect external benchmarks specific to the UK retail sector. The growth rate has been sensitized below in line with the externally available arms length forecast range.

GROUP IMPAIRMENT SENSITIVITY ANALYSIS:

The Board recognizes 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 and the resulting headroom/(impairment) is as follows:

	Sensitivity applied	Headroom/ (impairment) £m	Movement £m
VIU calculation	–	(53)	–
Long-term growth rate	Increase by 1%	(33)	20
	Decrease by 1%	(69)	(17)
Pre-tax discount rate	Increase by 1%	(81)	(28)
	Decrease by 1%	(19)	34
Replacement CAPEX in terminal year	Increase to £20m	(71)	(18)
	Decrease to £10m	(34)	19
Combined sensitivity	Discount rate decrease by 1% and terminal CAPEX increase to £20m	(40)	13

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 £7.2m;

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 £5.0m.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £m	Fixtures and fittings £m	Plant and machinery £m	Total £m
Cost				
At 27 February 2021	59.1	23.3	58.4	140.8
Additions	–	1.3	1.8	3.1
Transfer to intangible assets	–	–	(1.5)	(1.5)
Disposals	–	–	(4.9)	(4.9)
At 26 February 2022	59.1	24.6	53.8	137.5
Additions	–	5.6	0.7	6.3
Disposals	–	–	–	–
At 4 March 2023	59.1	30.2	54.5	143.8
Accumulated amortisation and impairment				
At 27 February 2021	18.7	20.5	40.7	79.9
Charge for the period	1.2	0.5	2.7	4.4
Transfer from tangible assets	–	–	(0.4)	(0.4)
Disposals	–	–	(4.9)	(4.9)
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
Carrying amount				
At 4 March 2023	38.0	8.5	4.4	50.9
At 26 February 2022	39.2	3.6	15.7	58.5
At 27 February 2021	40.4	2.8	17.7	60.9

The impairment relates to the pro-rata allocation as set out in note 10.

Assets in the course of development included in fixtures and fittings and plant and machinery at 4 March 2023 total £2.5m (2022: £2.5m), and in land and buildings total £nil (2022: £nil). No depreciation has been charged on these assets.

At 4 March 2023, the Group had entered into contractual commitments of £1.0m for the acquisition of property, plant and equipment (2022: £1.0m).

The impairment charge relates to pro-rate allocation of the impairment, see note 12.

14 SUBSIDIARIES

A list of all investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest, is given in note 35 to the Company's separate financial statements.

15 INVENTORIES

	2023 £m	2022 £m
Finished goods	93.8	87.0
Sundry stocks	0.3	0.3
	94.1	87.3

The inventory balance is net of stock provisions amounting to £7.3m (2022: £5.2m).

A charge of £3.5m (2022: £4.5m) has been made to the income statement in respect of written-down inventories. The right of return asset in inventory amounted to £2.9m (2022: £2.9m). There was no inventory pledged as security for liabilities in the current or prior period. Sundry stocks relate to packaging stocks.

Gains on foreign exchange forward contracts held by the Group to hedge its exposure on forecast US dollar purchases designated in hedging relationships of £10.4m (2022: £0.5m) have been transferred to the cost of inventory purchased during the period.

NOTES TO THE GROUP ACCOUNTS CONTINUED

16 TRADE AND OTHER RECEIVABLES

	2023 £m	2022 £m
Amount receivable for the sale of goods and services	555.2	577.2
Allowance for expected credit losses	(74.6)	(68.7)
Net trade receivables	480.6	508.5
Other debtors and prepayments	24.1	24.6
Trade and other receivables	504.7	533.1

Included in amount receivable for the sale of goods and services is a provision for outstanding customer returns of £6.3m (2022: £6.1m).

Other debtors include a balance of £1.3m (2022: £2.5m) relating to amounts due from wholesale partners.

The weighted average Annual Percentage Rate ('APR') across the trade receivables portfolio is 58.2% (2022: 58.1%). 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 £36.4m as at 4 March 2023 (2022: £11.5m). Interest income recognised on trade receivables which were credit impaired as at 4 March 2023 was £21.4m (2022: £14.4m).

The amounts written-off in the period of £131.2m (2022: £144.9m) include the sale of impaired assets with a net book value of £55.0m (2022: £64.1m). The proceeds from derecognised portfolio sales exceeded the net book value by £0.1m (2022: £1.0m).

During the year there were £21.0m of proceeds recognised in respect of accounts that had previously been written-off or derecognised (2022: £36.8m).

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 4 March 2023.

Credit quality analysis is further analysed in note 19.

	2023 £m			2022 £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	443.3	36.4	479.7	497.3	11.5	508.8
28 days – past due	20.1	5.0	25.1	18.4	1.3	19.7
56 days – past due	10.8	2.6	13.4	13.5	0.4	13.9
84 days – past due	9.5	2.2	11.7	11.5	0.2	11.7
112 days – past due	6.8	1.2	8.0	8.5	0.2	8.7
Over 112 days – past due	16.1	1.2	17.3	14.1	0.3	14.4
Gross trade receivables	506.6	48.6	555.2	563.3	13.9	577.2
Allowance for expected credit losses	(58.1)	(16.5)	(74.6)	(63.9)	(4.8)	(68.7)
Net trade receivables	448.5	32.1	480.6	499.4	9.1	508.5

	2023 £m	2022 £m
Provision movements ¹	5.9	(16.5)
Gross write-offs	131.2	144.9
Recoveries	(21.0)	(36.8)
Other items	6.2	2.8
Net Impairment charge	122.3	94.4

¹ 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 £3.4m (2022: £2.2m) increase or £3.6m (2022: £2.2) 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 £2.4m

100% upside – a decrease in the ECL of £1.4m

100% base case – a decrease in the ECL of £0.7m

17 BANK BORROWINGS

	2023 £m	2022 £m
Bank loans	(332.9)	(302.5)
Net overdraft facility	–	–
The borrowings mature as follows:		
Within one year	–	–
In the second year	(332.9)	–
In the third to fifth year	–	(302.5)
Amounts due for settlement after 12 months	(332.9)	(302.5)
	2023 %	2022 %
The weighted average interest rates paid/applicable in the year were as follows:		
Net overdraft facility	3.5	1.7
Bank loans	3.6	2.5

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 4 March 2023 was £12.5m (2022: £12.5m), of which the Group had a net position of £nil drawn down at 4 March 2023 (2022: £nil).

The Group has a bank loan of £332.9m (2022: £302.5m) secured by a charge over certain "eligible" customer receivables (current and 0–28 days past due) of the Group and is without recourse to any of the Group's other assets. The facility limit at 4 March 2023 was at £400m (2022: £400m), maturing in December 2024. In February 2023, whilst not reducing the £400m facility limit, the Group proactively 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 cash flows of the facility are treated within working capital rather than financing cash flows. Unamortised fees relating to this facility of £2.0m (2022: £3.0m) 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.

The Group also had unsecured bank loans under its medium-term Revolving Credit Facility ('RCF') with maximum limit of £100m at 4 March 2023, of which £nil (2022: £nil) was drawn down at 4 March 2023. The facility was refinanced during the period following the year end as disclosed in note 31.

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.

NOTES TO THE GROUP ACCOUNTS CONTINUED

18 DERIVATIVE FINANCIAL INSTRUMENTS

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

	2023 £m	2022 £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)	85.1	138.4
Notional amount – sterling contract value (FVPL)	279.3	38.0
Total notional amount	614.4	426.4

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

	2023 £m	2022 £m
Current assets:		
Foreign currency forwards – cash flow hedges	6.1	1.4
Foreign currency forwards – non-designated instruments at FVPL	0.8	0.3
Interest rate swaps – cash flow hedges	9.2	–
Interest rate caps – non-designated instruments at FVPL	3.0	–
Total	19.1	1.7
Non-current assets:		
Foreign currency forwards – cash flow hedges	0.8	0.2
Interest rate swaps – cash flow hedges	6.2	4.9
Interest rate caps – non-designated instruments at FVPL	0.6	–
Total	7.6	5.1
Current liabilities:		
Foreign currency forwards – cash flow hedges	–	(0.3)
Foreign currency forwards – non-designated instruments at FVPL	(0.1)	(0.1)
Total	(0.1)	(0.4)

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 £5.1m (2022: gain of £4.8m), recognised through the Income statement in the period.

Changes in the fair value of derivatives designated for hedging purposes amounted to £30.5m (2022: £7.2m), 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 £3.8m (2022: £nil) 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 (2022: £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 (2022: Level 2).

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

There were no transfers between Level 1 and Level 2 during the current or prior period.

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

	FX forwards £m	Cost of hedging £m	Interest rate swaps £m	Total £m
Opening balance as at 27 February 2021	–	–	–	–
Changes in fair value of hedging instruments recognised in OCI	3.2	(0.4)	4.4	7.2
Reclassified to cost of inventory (not included in OCI)	(0.5)	–	–	(0.5)
Recycled from OCI to profit and loss	–	–	0.6	0.6
Deferred tax	(0.7)	–	(1.2)	(1.8)
Balance as 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)
Closing balance at 4 March 2023	4.7	(0.6)	11.6	15.7

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:

	2023 £m	2022 £m
Debt	332.9	302.5
Cash and cash equivalents	(35.5)	(43.1)
Bank overdrafts	–	–
Adjusted net debt	297.4	259.4
Lease liability	0.5	1.3
Net debt	297.9	260.7
Equity	390.7	442.3
Gearing ratio	76.2%	58.9%

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.

SIGNIFICANT ACCOUNTING POLICIES

Details of the significant 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.

NOTES TO THE GROUP ACCOUNTS CONTINUED

19 FINANCIAL INSTRUMENTS CONTINUED

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, for speculative purposes.

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:

	2023 £m	2022 £m
Less than 6 months	42.9	68.7
6 to 12 months	34.1	63.2
12 to 18 months	17.5	22.3
Greater than 18 months	3.2	22.3
	97.7	176.5

Forward contracts outstanding at the period end are contracted at US dollar exchange rates ranging between \$1.20: £1 and \$1.35: £1.

FOREIGN CURRENCY SENSITIVITY ANALYSIS

A strengthening or weakening of the sterling against the Euro and US dollar at 4 March 2023 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	
	2023 £m	2022 £m	2023 £m	2022 £m
Sterling strengthens by 10%	(0.7)	(0.8)	0.6	1.7
Sterling weakens by 10%	0.8	1.0	(0.7)	(1.9)

CATEGORIES OF FINANCIAL INSTRUMENTS

	2023 £m	2022 £m
Financial assets		
Derivatives – at fair value through profit and loss	4.4	0.3
Derivatives – at fair value and subject to hedge accounting	22.3	6.5
Cash and bank balances – amortised cost	35.5	43.1
Trade receivables – amortised cost	480.6	508.5
Other receivables – amortised cost	3.2	3.1
	546.0	561.5
Financial liabilities		
Derivatives – at fair value through profit and loss	0.1	0.1
Derivatives – at fair value and subject to hedge accounting	–	0.3
Bank loans and overdraft – amortised cost	332.9	302.5
Trade and other payables – amortised cost	43.8	58.5
	376.8	361.4

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 which was entered into during the prior year 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 £3.5m (2022: £0.6m).

Following reform and replacement of benchmark interest rates in the prior year GBP LIBOR and other interbank offered rates ('IBORs'), LIBOR fixings are no longer representative after 31 December 2021. The Group's most significant risk exposure affected by these changes related to its secured borrowings which was refinanced in November 2021, with an economically equivalent rate linked to SONIA taking its place.

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 53 weeks ended 4 March 2023 would have increased by £0.4m (2022: £2.1m). 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.

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.

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 0.95 million (2022: 0.97 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 FY23 has returned back to pre-Covid levels, with arrears having increased during the year due to affordability being stretched as inflation hit 40 year highs. Macro-economic and cost-of-living pressures continue to impact on the customer base – but this is yet to be fully reflected in default data. Therefore, £2.5m of post model adjustments are held at the end of FY23 to cover further expected impacts from these macro-economic pressures (FY22 £5.8m). The combination of higher arrears observed in year and further expected impacts yet to feed through from macro-economic pressures has led to an increase in the non-default expected credit loss provisions, particularly in Stage 1 year-on-year.

NOTES TO THE GROUP ACCOUNTS CONTINUED

19 FINANCIAL INSTRUMENTS CONTINUED

CREDIT QUALITY ANALYSIS

The following table sets out information about the overdue status of trade receivables in Stages 1, 2 and 3.

				2023
	Stage 1	Stage 2	Stage 3	Total
Ageing of trade receivable				
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)
				2022
Ageing of trade receivable				Total
Current – not past due	411.3	81.1	16.5	508.9
28 days – past due	9.7	8.1	1.8	19.6
56 days – past due	–	11.6	2.3	13.9
84 days – past due	–	–	11.7	11.7
112 days – past due	–	–	8.7	8.7
Over 112 days – past due	–	–	14.4	14.4
Gross trade receivables	421.0	100.8	55.4	577.2
Allowance for expected credit losses	(8.4)	(24.1)	(36.2)	(68.7)

As at 4 March 2023 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 £48.6m which is significantly higher than the prior year (FY22 £13.9m). This increase is due to a change in our debt sale strategy and accounts for the increase in the Stage 3 trade receivables from Stages 1 and 2 year on year.

The maximum exposure to credit risk at the reporting date for trade receivables is the gross carrying value of £555.2m as these receivables are not collateralised.

	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	(58.0)	24.2	33.8	–	1.8	(0.6)	(1.2)	–
Transfers out from Stage 2	42.1	(59.2)	17.1	–	(6.7)	10.4	(3.7)	–
Transfers out from Stage 3	3.1	0.9	(4.0)	–	(1.4)	(0.4)	1.8	–
Remeasurement of ECL	–	–	–	–	(39.5)	(13.9)	(9.5)	(62.9)
Financial assets originated net of repayments ¹	59.9	33.5	15.8	109.2	(3.0)	(9.6)	(6.6)	(19.2)
Write-offs and derecognised ²	(64.7)	(31.5)	(35.0)	(131.2)	37.2	18.6	20.4	76.2
Balances as at 4 March 2023	403.4	68.7	83.1	555.2	(20.0)	(19.6)	(35.0)	(74.6)

	Gross trade receivables				Expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as at 27 February 2021	441.0	107.9	56.9	605.8	(16.3)	(31.1)	(37.8)	(85.2)
Transfers out from Stage 1	(69.8)	45.4	24.4	–	3.3	(2.0)	(1.3)	–
Transfers out from Stage 2	73.7	(77.8)	4.1	–	(5.2)	6.1	(0.9)	–
Transfers out from Stage 3	4.9	1.4	(6.3)	–	(2.9)	(0.9)	3.8	–
Remeasurement of ECL	–	–	–	–	(32.0)	4.2	(12.3)	(40.1)
Financial assets originated net of repayments ¹	55.2	47.7	13.4	116.3	(2.1)	(13.7)	(8.4)	(24.2)
Write-offs and derecognised ²	(84.0)	(23.8)	(37.1)	(144.9)	46.8	13.3	20.7	80.8
Balances as at 26 February 2022	421.0	100.8	55.4	577.2	(8.4)	(24.1)	(36.2)	(68.7)

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.

² Derecognition and write-offs are based on the staging at the start of the year, or the staging at the point the assets was originated in year i.e. Stage 1.

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 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.

The IFRS 9 model was enhanced reducing the need for a number of PMAs as these are now reflected in the model. The allowance for ECL includes the following post model adjustments:

2023 £m	Inflation/macro-economics	Other	Total	
Modelled ECL	–	68.9	68.9	
PMAs:				
1. Inflation/macro-economic pressures	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.
Total PMAs	2.5	3.2	5.7	
Total ECL	2.5	72.1	74.6	

2022 £m	Inflation/macro-economics	Other	Total	
Modelled ECL	–	54.3	54.3	
PMAs:				
1. Macro-economic pressures – inflation	5.8	–	5.8	Historical data used in the model reflects recent performance only. Inflation is expected to put additional pressure on household budgets, and so book performance is expected to deteriorate. In recognition of this risk additional inflationary PMAs of £5.8m have been made, which assume CPI reaches 8.4% in FY23.
2. Legacy accounts not in model	–	6.2	6.2	Legacy accounts which are not included in the IFRS 9 model. Provided for at 100%.
3. Other	–	2.4	2.4	Predominantly timing adjustments and provisions on interest yet to be stated.
Total PMAs	5.8	8.6	14.4	
Total ECL	5.8	62.9	68.7	

INCORPORATION OF FORWARD-LOOKING INFORMATION

The economic scenarios used as at 4 March 2023 included the following key variables for the UK for the calendar years 2023 to 2027 (figures are at the end of each calendar year):

		2023	2024	2025	2026	2027
Unemployment rate (%)	Base	4.4	4.9	4.9	4.7	4.6
	Upside	4.3	4.7	4.6	4.3	4.1
	Downside	6.9	8.3	7.8	7.4	7.0
Weekly earnings growth (%)	Base	4.8	2.8	3.4	3.3	3.4
	Upside	5.3	3.2	3.7	3.7	4.0
	Downside	4.2	2.3	2.9	2.8	3.1
Bank of England base rate (%)	Base	4.5	4.0	3.5	3.3	3.3
	Upside	4.1	3.6	3.1	2.6	2.4
	Downside	5.3	5.0	4.5	4.1	3.9

The scenarios above have been applied to all customers within the Group's ECL provision.

NOTES TO THE GROUP ACCOUNTS CONTINUED

19 FINANCIAL INSTRUMENTS CONTINUED

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:

	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
2023						
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 creditors	(3.6)	(3.6)	(3.6)	–	–	–
Accruals and deferred income	(28.7)	(28.7)	(28.7)	–	–	–
	(405.9)	(381.6)	84.9	(296.7)	–	–
Derivatives: net settled						
Cash inflows	26.7	26.7	19.1	7.6	–	–
Cash outflows	(0.1)	(0.1)	(0.1)	–	–	–
	(378.9)	(355.0)	(65.9)	(289.1)	–	–
	2022 Carrying amount £m	2022 Contractual cash flows £m	2022 1 year or less £m	2022 1 to <2 years £m	2022 2 to <5 years £m	2022 5 years and over £m
2022						
Non-derivative financial liabilities						
Secured bank loans	(302.5)	(303.6)	(7.2)	(7.2)	(289.2)	–
Trade payables	(47.5)	(47.5)	(47.5)	–	–	–
Lease liabilities	(1.3)	(1.3)	(0.9)	(0.4)	–	–
Other creditors	(11.0)	(11.0)	(11.0)	–	–	–
Accruals and deferred income	(36.2)	(36.2)	(36.2)	–	–	–
	(398.5)	(399.6)	(102.8)	(7.6)	(289.2)	–
Derivatives: net settled						
Cash inflows	6.8	6.8	1.7	5.1	–	–
Cash outflows	(0.4)	(0.4)	(0.4)	–	–	–
	(392.1)	(393.2)	(101.5)	(2.5)	(289.2)	–

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.

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	Cash flow 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 27 February 2021	0.1	(4.3)	(8.9)	–	9.0	1.9	2.5	–	0.3
(Charge)/credit to income	–	(1.7)	(0.3)	–	(1.3)	0.9	(1.6)	–	(4.0)
Charge to equity	–	–	(3.7)	(1.8)	–	–	–	–	(5.5)
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

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2023 £m	2022 £m
Deferred tax assets	29.2	11.5
Deferred tax liabilities	(13.2)	(20.7)
As at 4 March 2023	16.0	(9.2)

At the balance sheet date, the Group has unused tax losses of £80.9m (2022: £11.2m) and capital losses of £3.2m (2022: £3.2m) available for offset against future profits. As at 4 March 2023, it is management's expectation that sufficient trading profits will arise in future trading periods to support the tax losses and, therefore, that they will be utilised in full. 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.

21 TRADE AND OTHER PAYABLES

	2023 £m	2022 £m
Trade payables	40.2	47.5
Other payables	3.6	11.0
Accruals and deferred income	28.7	36.2
Trade and other payables	72.5	94.7

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases, based on invoice date is 50 days (2022: 53 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 4 March 2023 was £15m (2023: £15m). At 4 March 2023, total of £7.9m (2022: £6.7m) 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 has 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.

NOTES TO THE GROUP ACCOUNTS CONTINUED

22 PROVISIONS

	Other litigation £m	Strategic change £m	Allianz litigation £m	Other £m	Total £m
Balance as at 26 February 2022	1.8	0.8	28.0	0.3	30.9
Provisions made during the period	5.5	2.1	26.1	0.4	34.1
Provisions used during the period	(0.4)	(0.7)	(53.8)	–	(54.9)
Balance as at 4 March 2023	6.9	2.2	0.3	0.7	10.1
Non-current	–	–	–	–	–
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 current year, the Group has reached full and final settlement in respect of the legal dispute with Allianz Insurance plc. Under the settlement, which is a negotiated settlement and made without admission of liability, the Group has paid the sum of £49.5m. Further detail provided in note 6. The provision outstanding at 4 March 2023 of £0.3m, relates to the outstanding legal costs and amounts payable to Allianz following closure of the joint redress account.

OTHER LITIGATION

During the year the Group made a provision of £5.5m, as an estimate of the litigation costs. This is principally committed external legal costs associated with legacy customer claims. This is not a new exposure and in prior years the Group has handled such claims on a case by case basis. The costs incurred have not been material. 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. The provision outstanding at 4 March 2023 of £6.9m also includes a provision recognised in prior periods in relation to certain PPI related customer redress complaints which are expected to be paid in the next 12 months.

SENSITIVITY OF ESTIMATION UNCERTAINTY

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

Key assumptions underpinning the provision include estimates as to the proportion of threatened claims that will actually result in court proceedings, the process that the court adopts for determining the cases, the proportion of cases which will be abandoned by claimants before trial, the Group's win rate at trial and the court's likely assessment of quantum where the Group is required to pay redress;

A 10% combined stress in these assumptions would lead to an increase in the provision of £1.3m;

A 10% combined improvement in these assumptions would lead to a reduction in the provision of £1.2m;

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

STRATEGIC CHANGE

During the current year, the Group performed a restructuring exercise to 'right size' its headcount and payroll overhead, following the contraction in revenues and profitability during the Covid-19 pandemic and the more recent downturn in retail market performance as a result of the cost-of-living crisis. Total redundancy costs of £2.4m were incurred in the year. The provision outstanding at 4 March 2023 amounted to £1.9m which was fully paid in the months following the year end. The remaining £0.3m provision at 4 March 2023 relates to property dilapidation costs expected to be repaid within the next 12 months.

OTHER

The provision held at 26 February 2022 of £0.3m relates to costs and interest in relation to matters under discussion with HMRC relating to FY19 and prior years. Agreement on this matter is still pending with HMRC as of the date of this financial report. The additional provision of £0.4m booked in the current year relates to management's best estimate of the cash flows expected to be incurred in relation to a legal claim made against the Company.

23 SHARE CAPITAL

	2023 Number	2022 Number	2023 £m	2022 £m
Allotted, called-up and fully paid ordinary shares of 11 1/19p each				
Opening as at 26 February 2022 (27 February 2021)	460,483,231	460,483,231	50.9	50.9
Issued in the year	–	–	–	–
At 4 March 2023 (26 February 2022)	460,483,231	460,483,231	50.9	50.9

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

24 OWN SHARES

	2023 £m	2022 £m
Balance at 26 February 2022	0.2	0.3
Issue of own shares	(0.3)	(0.1)
Historic adjustment in respect of share payments	0.3	–
Balance at 4 March 2023	0.2	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 4 March 2023 the employee trusts held 894,160 shares in the Company (2022: 1,373,589).

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 (2022: £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 £3.1m (2022: £2.6m) in respect of the Group's securitisation reserve account. This cash is available to access by the Group for restricted purposes. In addition £10.7m (2022: £2.8m) 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:

	2023 £m	2022 £m
Sterling	24.9	31.3
Euro	2.9	5.1
US dollar	7.7	6.7
Net cash and cash equivalents and bank overdrafts	35.5	43.1
Made up of:		
Cash and cash equivalents	35.5	43.1
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 4 March 2023 (2022: undrawn). The parent Company bank account, which at 4 March 2023 was in £nil overdraft (2022: £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 (2022: undrawn) at 4 March 2023. Both the net overdraft and RCF facilities are guaranteed by certain subsidiary undertakings.

BANK GUARANTEE

As at 4 March 2023, the Group had a total of £1.2m (2022: £1.2m) of bank guarantee offered to certain suppliers and third-parties.

NOTES TO THE GROUP ACCOUNTS CONTINUED

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 IN THE BALANCE SHEET

The consolidated balance sheet as at 4 March 2023 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
Depreciation	(0.1)	(0.7)	(0.8)
Additions	–	0.2	0.2
4 March 2023	0.4	0.1	0.5
		2023	2022
Lease liabilities		£m	£m
Current		0.3	0.9
Non-current		0.2	0.4
Total liability		0.5	1.3

AMOUNTS RECOGNISED IN THE INCOME STATEMENT

The consolidated income statement shows the following amount relating to leases:

	2023 £m	2022 £m
Depreciation charge of right-of-use buildings	0.1	0.7
Depreciation charge of right-of-use equipment and vehicles	0.7	0.5
Interest expense (included in finance costs)	–	0.1
Expense relating to leases of low-value assets (included in operating expenses)	0.6	1.1
Expense relating to short-term leases (included in operating expenses)	–	0.1

The total cash outflow for leases during the year was £0.8m (2022: £1.9 m). 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 a 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 p79 to p93 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. Details of all share awards outstanding during the period are as follows:

Option scheme	Option price in pence	Exercise period	Number of shares 2023	Number of shares 2022
Option scheme				
SAYE savings-related scheme	44 – 167	May 2010 – February 2025	2,695,223	4,701,898
2010 Executive scheme	238 – 444	May 2010 – August 2024	–	89,049
Unapproved Executive scheme	238 – 444	May 2010 – August 2024	–	60,450
Long-term incentive plan awards (LTIPs)				
September 2019	–	September 2022 – September 2029	–	2,083,424
November 2020	–	November 2023 – November 2030	1,593,346	2,338,081
August 2021	–	August 2024 – August 2031	2,475,709	3,734,802
August 2022	–	August 2025 – August 2032	6,827,388	–
Restricted share award (RSAs)				
June 2019	–	September 2022 – August 2029	–	120,440
November 2020	–	August 2021 – November 2030	525,268	1,345,173
August 2021	–	August 2022 – August 2031	1,504,414	2,473,513
August 2022	–	August 2023 – August 2032	4,986,917	–
Deferred annual bonus scheme awards (DABs) June 2019	–	June 2021 – June 2029	–	–
Deferred share bonus plan (DSBP) June 2019	–	June 2022 – June 2029	–	35,410

NOTES TO THE GROUP ACCOUNTS CONTINUED

28 EQUITY-SETTLED SHARE-BASED PAYMENTS CONTINUED

Movements in share options are summarised as follows:

	2023	2022
	Number of share options	Weighted average exercise price £
Outstanding at the beginning of the period	4,851,397	0.54
Granted during the period	–	–
Forfeited during the period	(2,156,174)	0.66
Exercised during the period	–	–
Outstanding at the end of the period	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 28p (2022: 53p).

The options outstanding at 4 March 2023 had a weighted average remaining contractual life of 1.92 years (2022: 2.76 years). The aggregate estimated fair values of options granted in the period is £nil (2022: £1.4m). Movements in management share awards (LTIPs, RSAs and DABs) are summarised as follows:

	2023	2022
	Number of share awards	Number of share awards
Outstanding at the beginning of the period	12,130,843	9,150,832
Granted during the period	15,242,030	6,670,324
Forfeited during the period	(7,822,342)	(2,845,607)
Exercised during the period	(1,637,489)	(844,706)
Outstanding at the end of the period	17,913,042	12,130,843
Exercisable at the end of the period	–	–

The awards outstanding at 4 March 2023 had a weighted average remaining contractual life of 9.00 years (2022: 8.86 years). The aggregate estimated fair values of options granted in the period is £4.0m (2022: £2.8m).

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:

	2023	2022
Weighted average share price at date of grant (pence)	26	50
Expected volatility (%)	–	84.5
Expected life (years)	3.0	3.0
Risk-free rate (%)	–	1.0
Dividend yield (%)	–	–

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 (2022: £0.8m) 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 £6.4m (2022: £5.7m) represents contributions payable to the schemes by the Group at rates specified in the rules of the plans. As at 4 March 2023, contributions of £0.5m (2022: £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:

	2023	2022
Discount rate	4.95%	2.55%
Pension increases – Benefits accrued post 2005	1.80%	2.30%
Inflation – Retail Price Index	3.15%	3.55%
Inflation – Consumer Price Index	2.55%	2.95%
Life expectancy at age 65 (years)		
Pensioner aged 65 – male	21.9	22.0
Pensioner aged 65 – female	23.8	23.9
Non-pensioner aged 45 – male	23.2	23.3
Non-pensioner aged 45 – female	25.6	25.7

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_2021, users can choose to place more or less weight on data for individual years, and the Group has adopted the CMI_2021 model with a 2020 and 2021 weighting parameter of 10% to represent a possible future trend as a best estimate. This leads to a slight reduction in life expectancies than if no allowance had been made for observed mortality experience in these years, which we estimate would increase the value of the liabilities by around 0.6%. 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:

	2023 £m	2022 £m
Past service cost	–	–
Net interest credit	(1.0)	(0.5)
Administrative expenses paid from plan assets	0.4	0.4
Profit recognised in the income statement	(0.6)	(0.1)

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:

	2023 £m	2022 £m
Present value of defined benefit obligations	(76.9)	(118.8)
Fair value of scheme assets	96.9	156.2
Surplus in the scheme and asset recognised in the balance sheet	20.0	37.4

The amount included in the statement of comprehensive income is as follows:

	2023 £m	2022 £m
Remeasurement gain	40.6	7.3
(Loss)/return on scheme assets	(60.0)	3.2
(Loss)/gain recognised in the statement of comprehensive income	(19.4)	10.5

NOTES TO THE GROUP ACCOUNTS CONTINUED

29 RETIREMENT BENEFIT SCHEMES CONTINUED

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:

	2023 £m	2022 £m
At 26 February 2022	118.8	127.0
Past service cost	–	–
Interest cost	2.9	2.7
Effect of changes in financial assumptions	(43.5)	(6.3)
Effect of changes demographic assumptions	(0.7)	(0.4)
Effect of changes in experience adjustment	3.6	(0.6)
Benefits paid	(4.2)	(3.6)
At 4 March 2023	76.9	118.8

Movements in the fair value of the scheme assets were as follows:

	2023 £m	2022 £m
At 26 February 2022	156.2	152.5
Interest income	3.9	3.2
(Loss)/return on scheme assets excluding interest income	(60.0)	3.2
Contributions from sponsoring companies	1.4	1.3
Benefits paid	(4.2)	(3.6)
Admin expenses	(0.4)	(0.4)
At 4 March 2023	96.9	156.2

The analysis of the scheme assets at the balance sheet date as follows:

	2023		2022	
	£m	%	£m	%
Equities	9.0	9.3	16.2	10.4
Fixed-interest government bonds	10.7	11.0	40.1	25.6
Index-linked government bonds	23.9	24.7	32.2	20.6
Corporate bonds	41.7	42.9	52.1	33.3
Property	1.2	1.2	1.9	1.2
Growth fixed income	9.0	9.4	11.8	7.6
Alternatives	1.1	1.2	1.5	1.0
Cash and cash equivalents	0.3	0.3	0.4	0.3
	96.9	100.0	156.2	100.0

All assets had an observable market price (2022: 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 £6.3m (2022: £12.7m). An increase of 0.50% in the inflation assumption would increase the defined benefit obligation by £3.5m (2022: £7.7m).

An increase of one year in the life expectancy assumption would increase the defined benefit obligation by £2.1m (2022: £5.0m).

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, we have however, increased the sensitivities for the financial assumptions from 0.25% p.a. to reflect more significant changes in financial market conditions over the accounting period. The reduction in the quantum of the sensitivities compared to last year reflects the reduction in the total value of the liabilities during the year due largely to the significant increase in the discount rate assumption.

The Group has 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 4 March 2023 reflecting an allowance for additional market distortions caused by the RPI reform proposals (consistent with the approach in 2022). 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 £1.4m (2022 actual contributions: £1.3m) to the defined benefit scheme in the next financial year.

The weighted average duration of the defined benefit obligation at 4 March 2023 is approximately 17 years (2022: 20 years). The defined benefit obligation at 4 March 2023 can be approximately attributed to the scheme members as follows:

Active members: 0% (2022: 0%)

Deferred members: 60% (2022: 62%)

Pensioner members: 40% (2022: 38%)

All benefits are vested at 4 March 2023 (unchanged from 26 February 2022).

30 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 £4.0m (2022: £4.1m). This was split as follows: employment benefits of £3.4m (2022: £3.8m), other benefits of £0.4m (2022: £0.1m) and exercise of share-based options of £0.2m (2022: £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.

31 POST BALANCE SHEET EVENTS

On 14 April 2023, the Group completed the refinancing of its unsecured 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.

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)¹, over Adjusted EBITDA¹ after the deduction of Securitisation interest; and

Interest cover greater than 4.0 – representing the ratio of Adjusted EBITDA¹ over finance costs after excluding Securitisation interest and adding back pension interest credit.

¹ A full glossary of Alternative Performance Measures and their definitions is included on page 29. A reconciliation of statutory measures to adjusted measures is included on page 23.

COMPANY ACCOUNTS

COMPANY BALANCE SHEET

	Note	As at 4 March 2023 £m	As at 26 February 2022 £m
Fixed assets			
Investments		369.1	367.6
Debtors		95.9	94.6
Cash and cash equivalents		0.2	1.6
Current assets		96.1	96.2
Creditors: Amounts falling due within one year		(221.1)	(211.9)
Current liabilities		(221.1)	(211.9)
Net current liabilities		(125.0)	(115.7)
Total assets less current liabilities		244.1	251.9
Non-current liabilities		–	–
Net assets		244.1	251.9
Capital and reserves			
Called-up share capital		50.9	50.9
Share premium account		85.7	85.0
Own shares		(0.2)	(0.2)
Profit and loss account		107.7	116.2
Shareholders' funds		244.1	251.9

N Brown Group plc reported a loss after tax for the financial period ended 4 March 2023 of £9.6m (2022: loss of £5.0m) which includes dividends received of £1.0m (2022: £2.0m). The financial statements of N Brown Group plc (Registered Number 814103) were approved by the Board of Directors and authorised for issue on 6 June 2023.

They were signed on its behalf by:



Rachel Izzard
CFO and Executive Director

NOTES TO THE COMPANY ACCOUNTS

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Own shares £m	Retained earnings £m	Total £m
Changes in equity for the 52 weeks ended 26 February 2022					
Balance at 27 February 2021	50.9	85.0	(0.3)	120.4	256.0
Comprehensive income for the period					
Loss for the period	–	–	–	(5.0)	(5.0)
Total comprehensive loss for income for the period	–	–	–	(5.0)	(5.0)
Transactions with owners recorded directly in equity					
Equity dividends	–	–	–	–	–
Issue of own shares by ESOT	–	–	0.1	–	0.1
Share-based payment charge	–	–	–	0.8	0.8
Total contributions by and distributions to owners	–	–	0.1	0.8	0.9
Balance at 26 February 2022	50.9	85.0	(0.2)	116.2	251.9
Changes in equity for the 53 weeks ended 4 March 2023					
Loss for the period	–	–	–	(9.6)	(9.6)
Total comprehensive loss for the period	–	–	–	(9.6)	(9.6)
Transactions with owners recorded directly in equity					
Issue of own shares by ESOT	–	–	0.3	–	0.3
Historic adjustment to equity for share payments	–	0.7	(0.3)	(0.4)	–
Share-based payment charge	–	–	–	1.5	1.5
Total contributions by and distributions to owners	–	0.7	–	1.1	1.8
Balance at 4 March 2023	50.9	85.7	(0.2)	107.7	244.1

32 SIGNIFICANT 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 international accounting standards and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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 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.

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.

NOTES TO THE COMPANY ACCOUNTS CONTINUED

32 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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 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 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.

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 employees. Equity-settled share-based payments are measured as the Company 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 Company'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 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. Whilst the Company has no employees of its own, it settles all share incentive schemes granted to employees of its subsidiaries. As subsidiaries are not recharged for the share-based payment charge, the amount is debited to cost of investment.

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:

NOTES TO THE COMPANY ACCOUNTS CONTINUED

32 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

CARRYING VALUE OF INVESTMENTS

CRITICAL JUDGEMENT

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 4 March 2023 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.

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 notwithstanding the impairment charge recorded in the year. The Board has assessed the carrying value of the parent company's investments and amounts owed by subsidiaries as at 4 March 2023 by reference to these value in use calculations and no impairment was required.

33 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.

N Brown Group plc reported a loss after tax for the financial period ended 4 March 2023 of £9.6m (2022: loss after tax of £5.0m) which includes dividends received of £1.0m (2022: £2.0m). The Company's distributable reserves at 04 March 2023 was £83.7m (2022: £93.0m).

The Non-Executive Directors' remuneration was £0.7m (2022: £0.7m) and eight Non-Executive Directors were remunerated (2022: ten). The Executive Directors were remunerated by a subsidiary company in both years; the total was £0.9m (2022: £1.1m). Further details are provided on p86 of the Directors' Remuneration Report.

Fees in relation to non-audit-related services include fees were £nil (2022: £nil).

Fees payable to the Company's auditor for the audit of the Company's annual accounts were £20,000 (2022: £20,000).

34 FIXED ASSET INVESTMENT

Company	Registered office address	Country of incorporation	Status	Proportion 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	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 Ltd	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

Company	Registered office address	Country of incorporation	Status	Proportion held by the Group (%)
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	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	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
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
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
House of Stirling (Direct Mail) Ltd	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
J.D. Williams Merchandise Co Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
JDW Finance Ltd*	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	Active	100
JDW Pension Trustees Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Active	100
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	Intermediate Holding Company	100
N Brown Pension Trustees Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Active	100
N Brown Funding Ltd*	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Intermediate Holding Company	100
N Brown Holdings Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Intermediate Holding Company	100
N Brown Property One Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100

NOTES TO THE COMPANY ACCOUNTS CONTINUED

34 FIXED ASSET INVESTMENT CONTINUED

Company	Registered office address	Country of incorporation	Status	Proportion held by the Group (%)
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
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	United Kingdom	Intermediate Holding Company	100
Odhams Leisure Group Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Oxendale & Company Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Oxendale & Co. Ltd (Eire Reg)				100
Reliable Connections Ltd	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*	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
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
Whitfords (Bury) Ltd	Griffin House, 40 Lever Street, Manchester M60 6ES	United Kingdom	Dormant	100
Whitfords (Costred) 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

* Entities exempt from preparing audited statutory financial statements by virtue of s479A of Companies Act 2006.

	2023 £m	2022 £m
Opening cost and net book value	367.6	366.8
Movement in period	1.5	0.8
Closing cost and net book value	369.1	367.6

35 DEBTORS

	2023 £m	2022 £m
Amounts falling due within one year:		
Amounts owed by Group undertakings	95.8	94.5
Prepayments and accrued income	0.1	0.1
	95.9	94.6

The amounts owed by Group undertakings, whilst there is no fixed term of expiry, are expected to be repaid within the next 12 months.

36 CREDITORS

	2023 £m	2022 £m
Amounts falling due within one year:		
Amounts owed to the Group undertakings	221.1	211.9
	221.1	211.9

37 BANK LOANS AND OVERDRAFT

The Company's bank account, which at 4 March 2023 was £nil overdraft (2022: £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 4 March 2023 (2022: £12.5m undrawn).

The Company also had an unsecured bank loan under its medium-term Revolving Credit Facility ('RCF') with maximum limit of £100m at 4 March 2023, of which £nil (2022: £nil) was drawn down at 4 March 2023. The facility was refinanced during the period following the year end as disclosed in note 31.

The weighted average interest rates applicable during the year were as follows:

	2023 %	2022 %
Net overdraft facility	3.5	1.7
Bank loans	0.8	0.8

38 SHARE CAPITAL

	Number	£m
Allotted, called-up and fully paid ordinary shares of 11 1/19p each		
At 26 February 2022	460,483,231	50.9
Issued during the year	–	–
At 4 March 2023	460,483,231	50.9

The Company has one class of ordinary share which carries no right to fixed income.

39 GUARANTEES

The Parent Company bank account, which at 4 March 2023 was £nil (2022: £nil), is part of the Group's net overdraft facility, as described in note 17, and offset by other subsidiary accounts in a debit position. The net overdraft facility of £12.5m was undrawn at 4 March 2023 (2022: £12.5m undrawn). Parent Company loans amounted to £nil (2022: £nil) at 4 March 2023.

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

2023	4 March	Financial year end
	June	Preliminary announcement of annual results
	June	Publication of 2023 Annual Report and Accounts
	July	Annual General Meeting
	October	Interim results
2024	January	Christmas Trading Statement

An updated version of the financial calendar is available at www.nbrown.co.uk

REGISTERED OFFICE

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40 Lever Street
Manchester M60 6ES
Registered No. 814103
Telephone 0161 236 8256

REGISTRARS

Link Asset Services PXS
134 Beckenham Road
Beckenham, Kent BR3 4ZF
Telephone 0871 664 0300
(Calls cost 10p per minute plus
network extras)

AUDITOR

KPMG LLP
1 St Peter's Square
Manchester M2 3AE

NOMINATED ADVISER

Shore Capital and Corporate Limited

BANKERS

HSBC Bank plc
The Royal Bank of Scotland plc

SOLICITORS

Pinsent Masons LLP
Eversheds LLP
Addleshaw Goddard LLP
Herbert Smith Freehills 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

THANK YOU

We would like to thank everyone who has helped to produce this report:

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Liam Hibbitt

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