



MULBERRY GROUP PLC – RESULTS FOR THE TWENTY-SIX WEEKS ENDED 25 SEPTEMBER 2021

Mulberry

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Highlights

FINANCIAL HIGHLIGHTS

- Group revenue increased 34% to £65.7m (2020: £48.9m)
- Profit before tax of £10.2m (2020: loss before tax £2.4m) includes a one-off profit on disposal of Paris lease of £5.7m
- Gross margin of 69% (2020: 59%) due to a strategic focus on full-price sales and increased volume efficiencies
- UK retail sales increased 36% to £38.0m (2020: £28.0m)
- China retail sales increased 38%, which contributed to the 23% increase in Asia Pacific retail sales to £11.8m (2020: £9.5m), reflecting ongoing investment in the region
- US retail sales increased 57% to £3.3m (2020: £2.1m)
- International retail sales represented 40% of Group revenue (2020: 41%)
- Franchise and wholesale sales increased 67% to £10.1m (2020: £6.0m)
- Strong period end net cash of £30.3m (2020: £8.6m) and deferred liabilities of £5.0m (2020: £4.6m)

OPERATING HIGHLIGHTS

- Business and infrastructure responded well to increased demand following easing of COVID-19 restrictions
- Digital sales 29% of Group revenue in the period, lower than last year when stores were closed but up from 20% (H1 2019), reflecting the ongoing strength of this channel

SUSTAINABILITY HIGHLIGHTS

- Launched on 22 November 2021, “The Lowest Carbon collection”, crafted from the world’s lowest carbon leather and using a local and transparent supply chain. This is Mulberry’s first capsule collection of regenerative “farm to finished product”, further supporting our Made to Last manifesto
- Continue to focus on embedding sustainability and circularity across the entire business, following the launch of the Made to Last manifesto in April 2021
- Successful launch of our resale programme “Preloved Bags”, across all channels
- Further investment in the Lifetime Service Centre at The Rookery which is now restoring more than 10,000 bags a year
- Committed to set Science Based Targets aligned with our 2035 Net Zero emissions target
- 86% of the collection now uses leather and suede sourced from environmentally accredited tanneries; on track to increase to 100% by Autumn/Winter 2022. All other non-leather materials are fully sustainable
- Collaborations with contemporary British Designers emphasising sustainable techniques and materials

Current Trading

- Retail revenue in the 8 weeks to 20 November 2021 increased 35% compared to the same period last year
- Gross margin in the second half is expected to be similar to, or slightly higher than, the 67% achieved in the second half of last year
- The Group is expected to continue generating cash from operations in the second half and, with its deferred liabilities expected to unwind, the Group will maintain a strong cash position at the year end



Financial Review



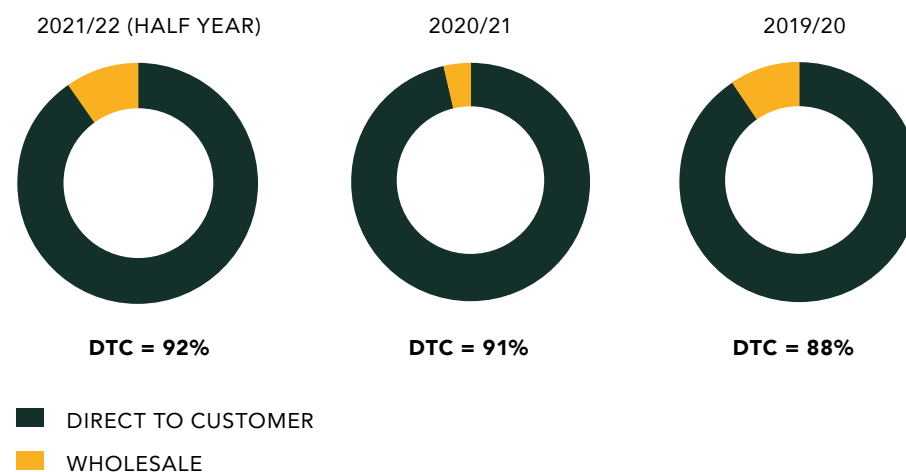
Revenue

£ MILLION	2021	2020	% CHANGE
DIGITAL	19.1	23.4	(19%)
STORES	36.5	19.5	87%
RETAIL (OMNI-CHANNEL)	55.6	42.9	30%
FRANCHISE AND WHOLESALE	10.1	6.0	67%
GROUP REVENUE	65.7	48.9	34%

£ MILLION	2021	2020	% CHANGE
DIGITAL	14.2	18.0	(21%)
STORES	23.8	10.0	139%
OMNI-CHANNEL - UK	38.0	28.0	36%
DIGITAL	2.2	1.7	30%
STORES	9.6	7.9	22%
OMNI-CHANNEL - ASIA PACIFIC	11.8	9.5	23%
DIGITAL	2.7	3.7	(28%)
STORES	3.1	1.7	82%
OMNI-CHANNEL - REST OF WORLD	5.8	5.4	7%
RETAIL (OMNI-CHANNEL)	55.6	42.9	30%

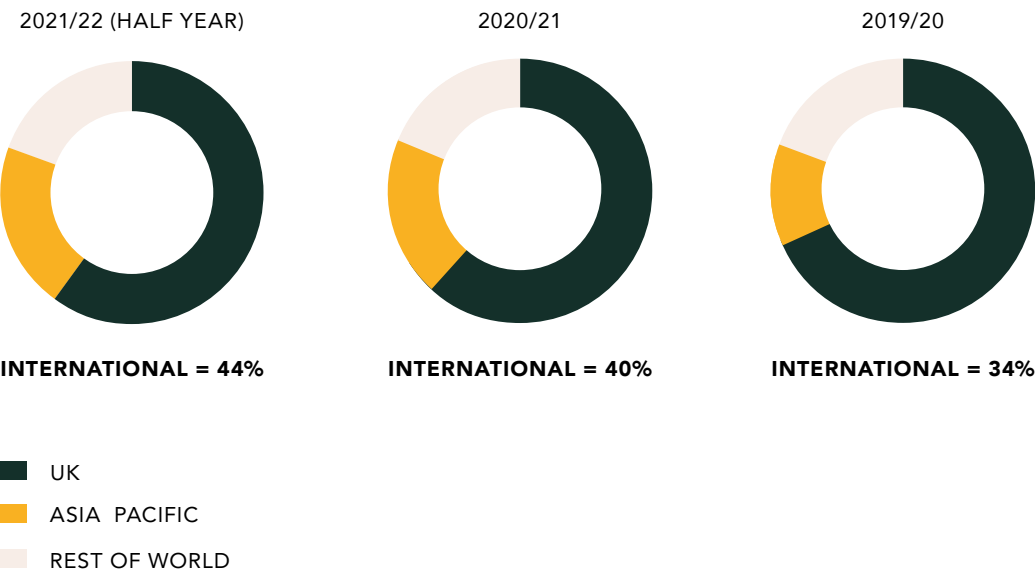
- Group revenue increased by 34% and was 3% above the same period in 2019 (pre COVID-19) on a comparable basis (adjusting for store openings and closures). In the UK, total retail sales recovered strongly and were 7% above the same period in 2019 on a comparable basis. UK digital sales declined by 21% as stores re-opened, but represented 37% of UK retail sales, compared to 26% in 2019, reflecting the accelerated shift to digital and omni-channel shopping
- China sales increased 38%, which contributed to the 23% increase in Asia Pacific, driven by ongoing investment in the region. China digital sales represented 43% of China retail sales
- Franchise and wholesale sales increased by 67% as our Franchise partners benefited from the post COVID-19 recovery and increased demand following the easing of restrictions

DIRECT TO CUSTOMER



International Revenue

INTERNATIONAL MIX (AS A PROPORTION OF GROUP REVENUE)



- International retail sales increased 18% to £17.6m (2020: £14.9m) representing 32% of retail revenue (2020: 35%)
- Asia Pacific retail sales increased 23%, driven by ongoing investment in this region, with China retail sales up 38%
- Rest of world retail sales up 7% to £5.8m (2020: £5.4m)

Digital Revenue

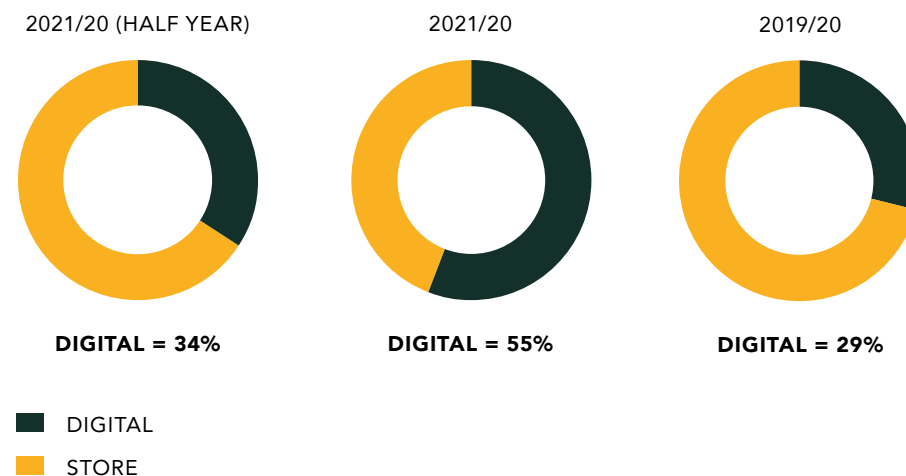
£ MILLION	2021	2020	% CHANGE
UK	14.2	18.0	(21%)
ASIA PACIFIC	2.2	1.7	30%
REST OF WORLD	2.7	3.7	(28%)
TOTAL DIGITAL	19.1	23.4	(19%)

UK	23.8	10.0	139%
ASIA PACIFIC	9.6	7.9	22%
REST OF WORLD	3.1	1.7	83%
TOTAL STORES	36.5	19.5	87%

TOTAL RETAIL (OMNI-CHANNEL)	55.6	42.9	30%
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- Along with a strong recovery in stores in the UK, digital sales have also remained above pre-COVID sales levels at 34% (2020: 29%), reflecting the ever-increasing importance of this channel in the current environment
- As outlet stores have now reopened, we have significantly reduced our digital off-price site which we opened in April 2020 to replace lost sales in stores
- In Asia Pacific, digital sales grew by 30% to £2.2m (2020: £1.7m), supported by local fulfilment in Japan and development of strategic partnerships, including T-Mall in China

DIGITAL MIX (AS A PROPORTION OF RETAIL REVENUE)



Group Income Statement

£ MILLION	UNAUDITED 26 WEEKS ENDED 25TH SEPTEMBER	UNAUDITED 26 WEEKS ENDED 26 SEPTEMBER 2020	AUDITED 52 WEEKS ENDED 27 MARCH 2021
REVENUE	65.7	48.9	115.0
COST OF SALES	(20.3)	(20.0)	(41.9)
GROSS PROFIT	45.4	28.9	73.1
IMPAIRMENT CHARGE RELATED TO PROPERTY, PLANT AND EQUIPMENT	-	-	(0.6)
IMPAIRMENT CHARGE RELATED TO RIGHT-OF- USE ASSETS	-	-	(5.7)
STORE CLOSURE CREDIT	5.7	2.0	3.7
LEASE MODIFICATION	-	-	3.9
OTHER OPERATING EXPENSES	(40.0)	(35.8)	(71.6)
OTHER OPERATING INCOME	0.8	4.7	6.0
OPERATING PROFIT/(LOSS)	11.9	(0.2)	8.8
SHARE OF RESULTS OF ASSOCIATES	0.1	-	(0.1)
FINANCE INCOME	-	-	-
FINANCE EXPENSE	(1.8)	(2.2)	(4.2)
PROFIT/(LOSS) BEFORE TAX	10.2	(2.4)	4.5
TAX (CHARGE)/CREDIT	(2.9)	0.3	0.1
PROFIT/(LOSS) FOR THE PERIOD	7.3	(2.0)	4.6

- The Group's reported profit before tax for the period was £10.2m (2020: loss before tax of £2.3m), which included a one-off profit of £5.7m on the early termination and the exit of a lease in Paris. The Group's underlying profit before tax was £4.5m (2020: loss before tax of £1.9m)

Group Balance Sheet

£ MILLION	UNAUDITED 25 SEPTEMBER 2021	UNAUDITED 26 SEPTEMBER 2020	AUDITED 27 MARCH 2021 £'000
NON-CURRENT ASSETS	55.4	75.0	63.5
INVENTORIES	32.0	33.6	31.5
TRADE AND OTHER RECEIVABLES	13.2	11.5	12.6
NET CASH	30.3	8.6	11.8
CURRENT TAX	(1.9)	0.4	0.5
CURRENT LIABILITIES	(42.5)	(45.0)	(37.5)
NON-CURRENT LIABILITIES	(60.8)	(71.9)	(63.7)
NET ASSETS	25.7	12.2	18.7

- There has been a slight increase in inventories since 27 March 2021 with increased inventories of raw materials to protect the Group from supply chain delays, balanced by reduced finished goods as the agile supply chain systems continue to deliver results

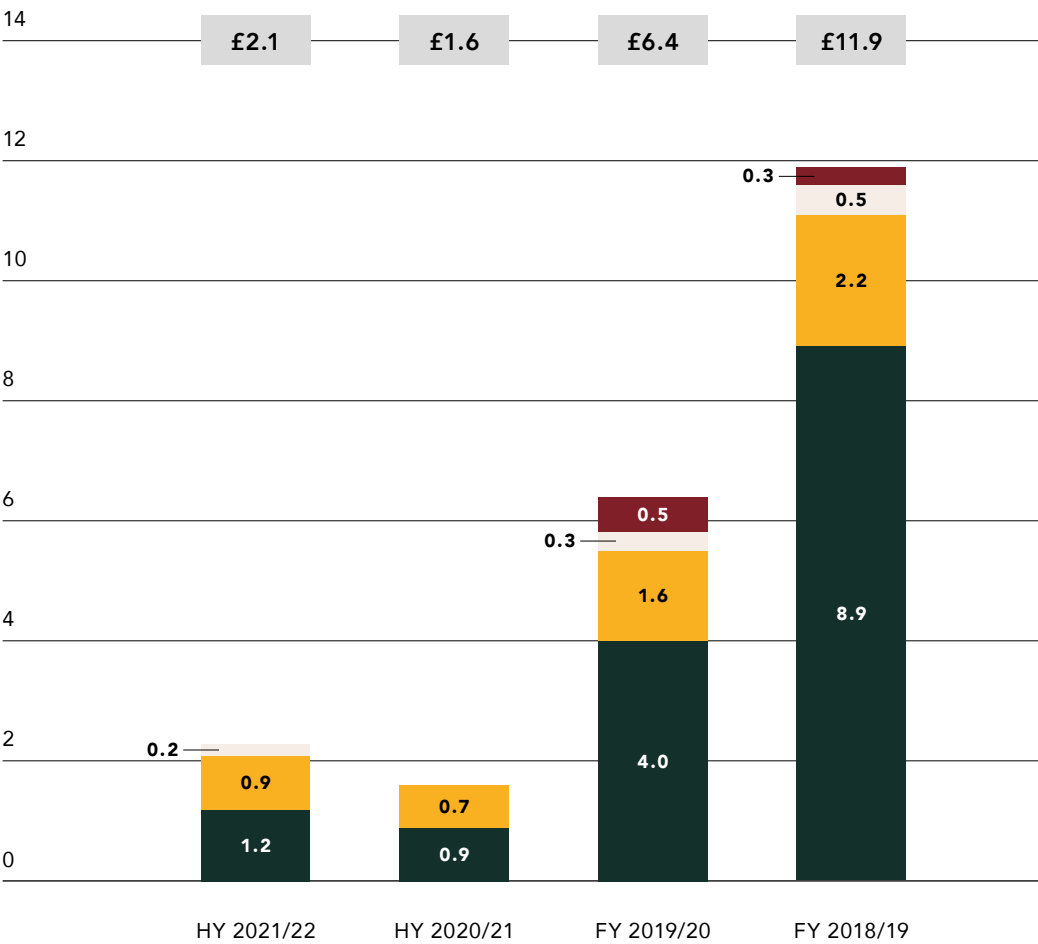
Group Cash Flow

£ MILLION	UNAUDITED 26 WEEKS ENDED 25 SEPTEMBER 2021	UNAUDITED 26 WEEKS ENDED 26 SEPTEMBER 2020	AUDITED 52 WEEKS ENDED 27 MARCH 2021
OPERATING LOSS FOR THE PERIOD	11.9	(0.2)	8.8
ADJUSTMENTS FOR:			
DEPRECIATION AND AMORTISATION	6.0	4.3	19.5
LEASE MODIFICATIONS AND DISPOSALS	(0.5)	0.0	(10.3)
DISPOSAL OF INTANGIBLE ASSET	(5.3)	0.0	0.0
WORKING CAPITAL	1.7	2.5	2.3
CASH GENERATED FROM OPERATIONS	13.8	6.6	20.3
TAX	0.1	0.3	0.2
INTEREST RECEIVED	(1.8)	(0.9)	(4.0)
CAPEX NET OF PROCEEDS	(2.1)	(1.3)	(4.1)
PROCEEDS FROM INTANGIBLE ASSET	13.3	0.0	0.0
PAYMENT OF LEASE LIABILITIES	(5.0)	(3.3)	(7.7)
OTHER FINANCING ACTIVITIES	0.2	(0.8)	(0.6)
NET DECREASE IN CASH AND CASH EQUIVALENTS	18.5	0.6	4.1

- The net increase in cash and cash equivalents per the cash flow statement of £18.5m (2020: £0.6m) mainly reflected the strong financial performance in the period and the net proceeds from the early termination of the Paris lease, slightly offset by higher capital expenditure in Asia Pacific
- The profit and proceeds from the disposal of intangibles of £5.4m and £13.3m respectively relate to the early termination of the Paris lease

Capital Expenditure

£ MILLION



— Capital expenditure during the period related to opening and refurbishments of stores and further investment in digital. A larger proportion of the £2.1m expenditure is within the international markets

- STORE + DIGITAL
- SYSTEMS DEVELOPMENT
- FACTORIES
- OTHER
- PROJECTED

Strategy Overview



Strategy

— Our 4 Strategic Pillars

OUR AIM IS TO BUILD MULBERRY AS A SUSTAINABLE GLOBAL LUXURY BRAND THROUGH FOUR STRATEGIC PILLARS



Strategic Pillar 1 — Omni-channel Distribution

STRATEGY:

Through our omni-channel distribution model, we aim to enhance our customers' experience and drive engagement. This includes developing our store network through selective store openings and closures, the continued roll-out of the new Mulberry store concept and further enhancements to our omni-channel approach, which allow customers to research, buy and return product anywhere across our stores and digital platforms.

IN 2021, WE:

- UK retail sales benefited from the development of our omni-channel distribution, providing the customer with a single view of inventory, which helped to drive a stronger full price sales mix
- Virtual and store appointments continue to play an important part in the customer journey, even after the store reopened, representing 8% of all UK store sales and resulting in an increased average transaction value (compared to store walk-ins)
- Digital sales represented 29% of group revenue, which demonstrates the accelerated shift to digital and omni-channel shopping across all regions
- We have continued to refine the retail network. Our store network closed the period with 113 points of sale inclusive of retail and franchise. This included the opening of 7 doors internationally 6 in our new store concept. There were 7 closures in the same period, including the early exit of our Paris store

Strategic Pillar 2 — International Development

STRATEGY:

We are optimising our digital channels and global store network with a particular focus on Asia Pacific, which continues to offer a significant growth opportunity.

IN 2021, WE:

- Asia Pacific retail sales increased by 23%, driven by ongoing investment in the region, with China retail sales up 38%, South Korea retail sales up 7% and Japan retail sales up 54%. Retail sales in South Korea and Japan were disrupted to some extent by regional and local lockdowns in the period. In Asia Pacific we operated 38 retail stores at the period end (2020: 34). During the period we opened 4 retail stores in China in Beijing, Chengdu and Wuhan and 2 retail stores in South Korea, which included our new store concept
- Our global pricing strategy, which sets retail prices in all markets and currencies at the same level, is a competitive difference giving our customers the confidence to shop the brand in their home markets
- During the period it was agreed to terminate the lease of our Paris store which closed on 24 July 2021. We plan to open a new store in Paris once international tourism returns in a location which supports the Company's omni-channel approach and optimises its customer centric retail experience

Strategic Pillar 3 — Constant Innovation

STRATEGY:

We continue to innovate with new services, new materials and methods of creation and production to adapt to changing customer tastes and meet demand. At the same time, we are transforming our agile supply chain, enhancing market reactivity and reducing lead time to match the increase in digital demand.

IN 2021, WE:

- In September we launched the Sadie family, a timeless satchel with the new Typography lock, and the Billie family, a youthful, slouchy crossbody silhouette. Both families are crafted from leather sourced from our partner tanneries with positive environmental credentials and Leather Working Group ratings
- We have continued our 50th anniversary celebrations through a series of joyful collaborations with three of the most visionary designers of their generation – Priya Ahluwalia, Richard Malone and Nicholas Daley. Each designer has created a capsule collection as part of Mulberry Editions
- The collaborations mentioned above highlight our use of sustainable materials. The Ahluwalia range was crafted entirely from surplus fabrics and leather, and developed the Portobello Tote silhouette, which was our first 100% sustainable leather bag. The Malone collaboration was crafted with our sustainable Eco-Scotchgrain made from recombined bio-plastic materials

Strategic Pillar 4 — Sustainable Lifecycle

STRATEGY:

Mulberry products have been Made to Last from the outset and we are committed to lifetime service for a Mulberry item. In April 2021 we launched our Made to Last manifesto, which sets us apart from our competition. We are committed to transform our business to be a regenerative and circular model that will encompass the entire supply chain, from field to wardrobe by 2030.

IN 2021, WE:

- We launched Mulberry Exchange in February 2020, our circular buy-back and re-sale programme. This was further extended in April 2021 through the digital launch of the Mulberry Exchange programme on Mulberry.com
- In July, Mulberry committed to setting Science Based Targets, and joined a group of over 650 global businesses working to hold temperature rise to 1.5°C above pre-industrial levels. Mulberry's listing as "committed" is just the first step on our journey towards our aim of achieving Net Zero emissions by 2035
- 86% of the collection now uses leather and suede sourced from environmentally accredited tanneries; expected to increase to 100% by Autumn/Winter 2022. All other non-leather materials are fully sustainable

Our aim is to build Mulberry as a sustainable global luxury brand through four strategic pillars.

- Omni-channel distribution
- International development
- Constant innovation
- Sustainable lifecycle

Trading since the start of the current financial period is ahead of our early expectations.

The Group expects sales will continue to grow and we will continue to trade profitably in the year ahead.



Appendix



Store Detail

		FREE STANDING	DEPARTMENT SHOP-IN-SHOP	TOTAL 25 SEPT 2021	CHANGES FROM 31 MARCH 2021	TOTAL 31 MARCH 2021
OWN STORES	UK	16	29	45	0	45
	EUROPE	4	0	4	-1	5
	NORTH AMERICA	4	1	5	0	5
	ASIA PACIFIC	16	22	38	4	34
	TOTAL OWN STORES	40	52	92	3	89
FRANCHISE PARTNER STORES	EUROPE	6	3	9	0	9
	OTHER ASIA PACIFIC	9	2	11	0	11
	MIDDLE EAST	1	0	1	0	1
	TOTAL FRANCHISE PARTNER STORE	16	5	21	0	21
TOTAL RETAIL FOOTPRINT		56	57	113	3	110



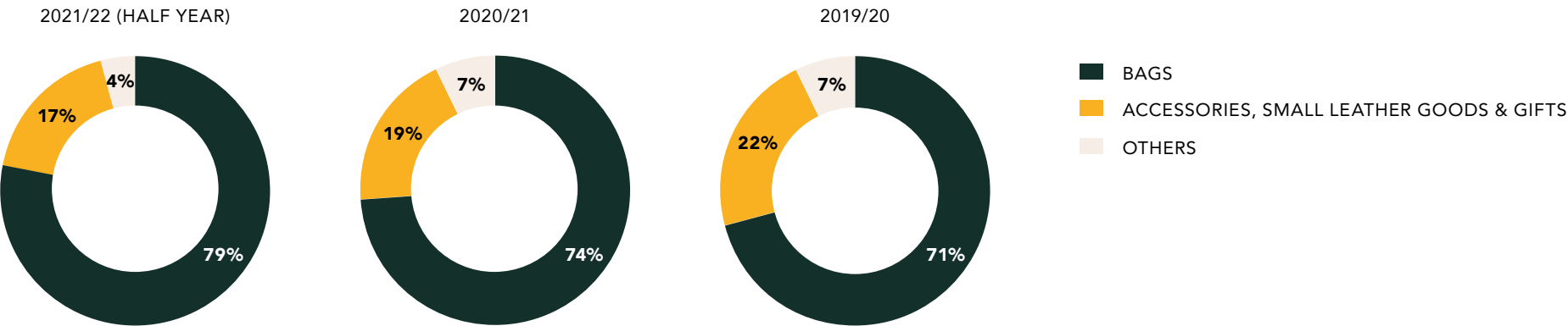
Korea – Shinsegae Gyeonggi Store



China – Wuhan Store

Revenue by Product

INTERNATIONAL MIX (AS A PROPORTION OF GROUP REVENUE)



Alexa in Chestnut



Penelope Bio Acetate Sunglasses
in Mulberry Green



Small Check Lambswool Scarf
in Summer Khaki & Apricot

