

Mulberry

Interim Report and Accounts

FOR THE TWENTY SIX WEEKS ENDED 26 SEPTEMBER 2020

Mulberry Interim Report and Accounts

26 weeks ended 26 September 2020

FINANCIAL HIGHLIGHTS

- Group revenue down 29% to £48.9m (2019: £68.9m) primarily reflecting impact of COVID-19 and closure of majority of stores from the start of the period
- Digital sales up 68% to £23.4m (2019: £13.9m)
- Asia Pacific retail sales increased 28%, driven by ongoing investment in region
- Adjusted loss before tax of £1.9m (2019: £10.1m) before adjusting items of £0.5m (2019: £nil), reflecting actions taken in response to COVID-19, strong growth in Asian markets and strength of digital business
- Period end Group net cash increased to £8.6m (2019: £6.4m), maintained through rigorous cost and cash control
- Inventory reduced by 13% to £33.6m, reflecting the benefit of our agile supply chain and actions taken to manage inventory levels in line with anticipated demand as a result of COVID-19

OPERATING HIGHLIGHTS

- Sales trajectory improving: down 39% in Q1, and down 18% in Q2
- Digital sales represented 67% of Group revenue in Q1 (2019: 23%), and 32% in Q2 (2019: 17%)
- Created a successful digital off-price site in April 2020 to replace lost sales from outlet stores
- New global pricing strategy implemented in April 2020 to apply the same retail price globally for Mulberry goods
- Optimised store network – now comprises 111 retail and franchise partner stores; a net reduction of eight stores since the start of the period
- Accelerated relationships with new and existing digital media partners to reach younger audiences and drive new customer growth on digital platforms

SUSTAINABILITY HIGHLIGHTS

- Released the most sustainable iterations of the Bayswater and Lily silhouettes in environmentally certified leathers
- Manufactured PPE gowns in response to COVID-19 producing 17,000 reusable gowns for the NHS

CURRENT TRADING

- Sales trends experienced in Q2 continued into October, with improving stores sales, a strong digital performance and continuing growth in Asia
- Trading in the eight weeks to 21 November 2020 was down 19% relative to the same period last year
- Double digit growth in Asia Pacific retail revenue
- Double digit growth in digital revenue
- Relunched our most iconic bag, the Alexa, in sustainable leathers, reflecting Mulberry's commitment to responsible innovation
- Net cash balances of £5.8m at 21 November 2020, and RCF remains undrawn, as at the date of this report

Chief Executive's report

26 weeks ended 26 September 2020

OVERVIEW

The performance of the Group during the period, like many other consumer-facing businesses, was materially influenced by the effects of the global COVID-19 pandemic. Despite this, the Group has delivered a materially improved financial performance.

We reacted swiftly to the impact of COVID-19, using our market-leading global digital network to replace retail sales with digital wherever possible and implementing a far-reaching cost reduction and optimisation programme to ensure that the Group's cost base was appropriate for the current trading conditions.

The period started with the majority of our stores and both UK factories closed due to the lockdown restrictions imposed by the UK and other governments and with many of our store and direct production teams furloughed pursuant to the UK Coronavirus Job Retention Scheme (CJRS). Whilst our stores in China and South Korea re-opened in April 2020, followed by stores in Japan and Europe, our UK stores and factories were only able to recommence trading in June 2020.

Trading during the first three months of the period (Q1) was more severely affected than that during the second three months (Q2). Overall Group sales in the period were down 29% to £48.9m (2019: £68.9m), with sales in Q1 down 39% but sales in Q2 down 18%.

Throughout the period, we were able to operate our market-leading digital platforms. Our distribution centre is large enough for proper safety standards to have been put in place from the outset, and the team has done an outstanding job of dealing with the surge in digital demand. Strong digital trading and an acceleration in the shift to online sales offset some of the lost store revenues, as did strong sales growth of 28% in our Asian markets, driven by our ongoing investment in that region. Asia Pacific accounted for 22% of Group Retail sales in the period (2019: 13%).

The Group's adjusted loss before tax of £1.9m (2019: £10.1m) before adjusting items of £0.5m (2019: £nil) reflected the actions taken in response to COVID-19, strong growth in our Asian markets and the strength of our omni-channel business (see note 2 for further details of Alternative Performance Measures). We maintained rigorous cost and cash control, ending the period with net cash of £8.6m (2019: £6.4m). To manage the anticipated drop in demand brought about by COVID-19, we were able to reduce our inventory by 13% to £33.6m, as we continue to reap the benefit from the implementation of our agile supply chain programme.

IMPACT OF COVID-19

Mulberry's international stores started to close in response to the pandemic in mid-January 2020 and by the end of March 2020, we had closed 70% of our stores worldwide and our UK factories. Globally, there were no tourist customers in our stores throughout the period. Our stores in China and South Korea re-opened in April 2020, followed by stores in Japan and Europe. In line with UK Government advice, we commenced a phased re-opening of our UK stores and factories in June 2020. Detailed additional safety standards and procedures for our staff and customers are in place to allow all of our locations to operate safely.

Our distribution centre in Somerset has remained open, enabling the digital business to continue to operate, and the team has done an outstanding job of dealing with the surge in digital demand. Our distribution centre is large enough for proper safety standards to have been put in place from the outset and we are fortunate that cases of COVID-19 in our part of Somerset have been extremely low.

The Group reacted swiftly to minimise the impact of COVID-19 and we continue to execute a well-developed plan to manage capital, reduce and optimise costs, and maintain a robust liquidity position. However, the absence of shoppers on the high street in the short term, and the absence of tourists in the UK and Europe in the longer term, required a major restructuring of our business. The CJRS enabled us to take a measured look at the changes required. Sadly, we concluded that it was necessary to reduce our global headcount by approximately 25%, which we announced on 8 June 2020. Without the time afforded by the CJRS, we would have been forced to act earlier and make deeper cuts. The redundancy process was completed at the end of July 2020.

FINANCIAL REVIEW

Our results for the 26 weeks to 26 September 2020 were materially affected by the impact of COVID-19 on the Group and wider economy and the consequential effect on sales. The impact was mitigated to an extent by strong growth in our Asian markets, the strength of our omni-channel business, cost actions taken in response to COVID-19 and government support programmes.

Group revenue and gross profit

At the start of the period, 70% of our worldwide stores were closed due to COVID-19, including all of our stores in the UK, Europe and North America. Our stores in China and South Korea re-opened in April 2020, followed by stores in Japan and Europe, and from June 2020, a phased re-opening in the UK.

The strength of our omni-channel business and growth in Asia Pacific helped to offset the impact of the shut down in the UK, Europe and North America, with Q1 retail sales down 31%. We saw an improving trend as stores re-opened, with Q2 retail sales down 18%. Sales in our capital city stores such as Central London continue to be depressed, reflecting a lower level of tourists and office workers, while sales in regional cities have recovered more strongly, albeit trading below the comparative period. Overall, the 25% decrease in retail sales and 49% decrease in wholesale and franchise sales led to a 29% reduction in Group revenue to £48.9m (2019: £68.9m) for the 26 weeks to 26 September 2020.

Chief Executive's report (continued)

26 weeks ended 26 September 2020

Sales analysis for the 26 weeks to 26 September 2020 compared to the same period last year:

	2020 £'m	2019 £'m	% change
Digital	23.4	13.9	+68%
Stores	19.5	43.2	-55%
Retail (omni-channel)	42.9	57.1	-25%
Wholesale and franchise	6.0	11.8	-49%
Group revenue	48.9	68.9	-29%

Digital	18.0	10.5	+71%
Stores	10.0	31.1	-68%
UK	28.0	41.6	-33%

Digital	1.7	0.9	+89%
Stores	7.9	6.6	+20%
Asia Pacific	9.6	7.5	+28%

Digital	3.7	2.5	+48%
Stores	1.6	5.5	-71%
Rest of world	5.3	8.0	-34%
Retail (omni-channel)	42.9	57.1	-25%

	2020 £'m	2019 £'m	% change
UK	1.1	3.1	-65%
Asia Pacific	0.7	2.1	-67%
Rest of world	4.2	6.6	-36%
Wholesale and franchise	6.0	11.8	-49%

	Q1		Q2		2020	
	Sales £'m	% change	Sales £'m	% change	Sales £'m	% change
Digital	14.6	+76%	8.8	+57%	23.4	+68%
Stores	5.5	-74%	14.0	-37%	19.5	-55%
Retail (omni-channel)	20.1	-31%	22.8	-18%	42.9	-25%
Wholesale and franchise	1.7	-74%	4.3	-17%	6.0	-49%
Group revenue	21.8	-39%	27.1	-18%	48.9	-29%

Asia Pacific retail sales increased 28%, driven by ongoing investment in this region, offset by a 34% decrease in rest of world sales. As a result, international retail sales decreased 4% to £14.9m (2019: £15.5m), representing 35% of retail revenue (2019: 27%).

Direct-to-customer sales accounted for 92% of revenue (2019: 89%) and included sales generated through Mulberry stores (including franchise partner stores), department stores and digital channels.

Wholesale and franchise sales decreased 49%, in part due to the continuing focus on our direct-to-customer model, but mainly due to the impact of COVID-19 on our partners.

Gross margin for the period was maintained at 59% (2019: 59%).

Other operating expenses

The Group implemented a number of cost saving measures during the period. COVID-19 has had a dramatic impact on our business and we expect the recovery in our sales levels over the medium term to be gradual. Our objective was to ensure that our cost base is in line with anticipated trading levels. The cost saving actions included a significant reduction in discretionary costs, the freezing of pay and recruitment, and a temporary 20% pay cut for plc Directors. A reduction in employee numbers by approximately 25% across the Group and the renegotiation or termination of leases where possible. The Group also accessed relevant UK Government support programmes, such as business rates relief and benefited from lower retail depreciation resulting from the prior period impairment charge.

These actions achieved a 34% reduction in operating expenses on a full-year basis.

Other operating income

Included within other operating income is £4.5m (52 weeks ended 28 March 2020: £0.2m) of grants receivable under HM Revenue & Customs CJRS and equivalent schemes offered in other non-UK territories.

Loss before tax

The Group's adjusted loss before tax for the period was £1.9m (2019: £10.1m). The reported loss before tax for the period was £2.4m (2019: £10.1m). See note 2 for further details of Alternative Performance Measures.

Adjusting items in the period amounted to £0.5m (2019: £nil) largely reflecting business restructuring costs, offset by a credit in respect of the closure of our two stores in Canada.

Taxation

The Group reported a tax credit for the period of £0.3m (2019: £1.1m), an effective tax rate of 14% (2019: 11%). The effective tax rate is lower than the UK tax rate for the period of 19%, primarily due to not recognising deferred tax assets on all current period losses.

Cash flow

The net increase in cash and cash equivalents per the cash flow statement of £0.6m (2019: decrease of £0.8m) reflected the cost actions taken to offset the decline in revenue, further working capital benefits, including a 13% reduction in inventory to £33.6m and lower capital expenditure. The reduction in lease payments and interest paid was in part due to the negotiation of extended payment terms with landlords, but also the renegotiation and termination of leases where possible.

Chief Executive's report (continued)

26 weeks ended 26 September 2020

Borrowing facilities

The Group's net cash balance (cash and cash equivalents less overdrafts) at 26 September 2020 was £8.6m (2019: £6.4m). Net cash comprises cash balances of £8.6m (2019: £11.7m) less bank borrowings of £nil (2019: £5.3m), which excludes loans from related parties and controlling interests of £4.9m (2019: £4.3m).

During the period, the Group extended its secured £15.0m revolving credit facility (RCF) with HSBC until March 2022 and renegotiated the covenants. The RCF covenants are tested quarterly using a 'frozen GAAP' basis, which exclude the impact of IFRS 16 and include a minimum 12-month rolling EBITDA target and a maximum net debt target.

In addition, the Group has a £4.0m overdraft facility with HSBC in the UK and a US\$1.9m overdraft facility in China, both of which are renewed annually.

Going concern

The Group has continued to trade significantly ahead of our original base case with a cash position materially ahead of assumptions. As a result, the Directors remain confident that, despite the current uncertainties, the Group has the financial resources to take opportunities as they arise and is in a strong financial position.

UPDATE ON STRATEGIC PROGRESS

Our aim is to build Mulberry as a sustainable global luxury brand, creating value for all our stakeholders, whilst not forgetting to stick to our roots – that Mulberry will make a positive difference to its people, the environment and the communities in which we work.

With our rich heritage in leather craftsmanship and reputation for innovation, we strive to grow the Group through our four strategic pillars, which focus on omni-channel distribution, international development, constant innovation and a sustainable lifecycle.

We believe that being leaders in these areas is the basis of our future success and has enabled the Group to mitigate the impact of COVID-19 and improve upon our base case sales projections during the period. Progress in each area is discussed below:

Strategic pillar 1 – Omni-channel distribution

We aim to create a luxury experience for our customers, regardless of which channel they choose to shop with us. Our omni-channel approach allows customers to research, buy and return products anywhere across our stores and online. Our digital platform is at the core of this approach, seamlessly integrated with our stores and managed by a multi-disciplinary team with a single global approach to customers and inventory.

The strength of our digital business helped to offset the impact of the store closures at the beginning of the period and to achieve overall sales for the period ahead of our initial expectations. Even after our stores re-opened, digital sales continued to grow and represented 32% of Group sales in Q2 (Q1: 67%), reflecting the ever-increasing importance of this channel in the current environment. We also created a digital off-price site in April 2020 to replace lost sales from our outlet stores, which has been successful.

Our new Mulberry store concept includes innovative customer-facing technology, which supports our omni-channel proposition. This has enabled our stores to offer virtual appointments and support our digital business, despite the impact of less footfall.

We have rationalised our store network. At the period end, the store network comprised 111 retail and franchise partner stores, a net reduction of eight stores since the start of the period. Following a review of anticipated trading levels, we took the decision to close four stores and one concession in the UK, two stores in Canada, and a franchise partner closed one store in Europe.

Strategic pillar 2 – International development

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.

Asia Pacific retail sales increased 28%, driven by ongoing investment in this region, with China retail sales up 75% and South Korea retail sales up 35%, offset by a 26% decrease in Japan sales. The growth in Asia Pacific was offset by a 34% decrease in rest of world sales. The investment in the Group's subsidiaries in China, Korea and Japan is making good progress and after two years of substantial cost and investment, these businesses are approaching break-even.

The launch of a new global pricing strategy was implemented in April 2020. The new pricing applies the same retail price globally. Previously, in common with other luxury brands, prices outside Europe were higher. This appears to be contributing to the strong growth in Asian markets and is relevant for the luxury digital consumer.

As we continue to grow brand awareness in Asia, we expect international revenue as a proportion of Group revenue to increase.

Chief Executive's report (continued)

26 weeks ended 26 September 2020

Strategic pillar 3 – Constant innovation

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.

The Spring Summer collection focus was on continuing to create a sustainable legacy through our commitment to responsible innovation, timeless quality and beautiful design for contemporary lives. We revisited our most iconic and best-loved silhouettes, in line with our Mulberry Green responsibility targets on both materials and manufacturing. The Bayswater, Amberley, Darley, Lily, Millie and Iris are manufactured at our carbon-neutral UK factories, were reinvigorated with updates ranging from gold standard leather from environmentally accredited tanneries to sustainably sourced bag linings, and Better Cotton Initiative (BCI) accredited organic cotton care bags.

Strategic pillar 4 – Sustainable lifecycle

We are focused on developing Mulberry "families" that are made-to-last, while delivering best-in-class customer service, including lifetime repair and aftercare. We are building on Mulberry's class-leading quality, focusing on sustainability in supply, craftsmanship, packaging and distribution, which is also emerging as a key focus for all our customers.

In April 2020, we began manufacturing PPE gowns in response to COVID-19, crafted to government-issued guidelines with a specially sourced material that is fluid-resistant and washable to ensure they can be used safely multiple times. We worked quickly to transform our Somerset factories from leathers goods to PPE, and more than 17,000 gowns were manufactured and sourced by NHS Trusts, dental practices and other frontline workers. We also raised over £75,000 for the National Emergency Trust via our Coronavirus Appeal.

In September 2020, we released the most sustainable iterations of the Bayswater and Lily silhouettes in environmentally certified leathers. These feature on our digital site as "Sustainable Icons" on Mulberry.com, where we have enhanced the product information to provide more information on the sustainability credentials for each item.

Marketing and brand

We were quick to pivot our marketing strategy to respond to COVID-19 with a continued focus on international growth and a digital first strategy. In early April, we launched our "Take Root, Branch Out" campaign with global musicians, poets and chefs taking over our social channels to engage with our community during lock down.

September's launch of the Mini Iris handbag saw our continued investment in Asia as we launched this new design on Tmall. Using an influencer campaign and live stream, an example of strong localised brand marketing, which is in line with territory preferences.

Given the importance of digital trading during COVID-19, we accelerated our relationships with new and existing digital media partners to reach younger audiences and drive new customer growth on our digital platforms.

CURRENT TRADING AND OUTLOOK

The sales trends experienced in Q2 continued into October 2020, with improving stores sales, a strong digital performance and continuing growth in Asia.

However, our stores in England are currently closed following the commencement of a second national lockdown on 5 November 2020, which is expected to run until 2 December 2020. As with the initial lockdown period, the negative impact on store sales is being mitigated to an extent by the strength of our omni-channel business and growth in our Asian markets. Group sales in the eight weeks to 21 November 2020 were down 19% relative to the same period last year. November is normally the low point in the Group's annual cash cycle. The Group had net cash balances of £5.8m at 21 November 2020 and has not utilised its RCF, as at the date of this report.

In the week commencing 9 November 2020, we relaunched the Alexa bag, one of our most desirable silhouettes. The Alexa has been relaunched in sustainable leather reflecting Mulberry's commitment to responsible innovation. The range is made with leather from gold standard, environmentally accredited tanneries and has been crafted at our carbon-neutral UK factories in Somerset. We have been very pleased by the strong reaction to this relaunch.

Despite the recent positive news about vaccine progress, COVID-19 is likely to continue to impact our trading for at least the remainder of the current financial year. As previously stated in the Company's announcement of preliminary results for the 52 weeks ended 28 March 2020, released on 5 October 2020, sales are expected to be lower than the period ended 28 March 2020, but the Group expects losses to be reduced¹. Our expectations will undoubtedly be negatively affected by any further countrywide lock downs or a "second wave" of COVID-19. We remain confident in the strength of the Mulberry brand and our strategy over the longer term.

¹ In accordance with Rule 28.1 (c) of the Takeover Code (the "Code"), which applies as the Company is currently in an "offer period", our Directors must provide a "Directors' confirmation" in respect of this statement since it constitutes a profit forecast for the purposes of the Code. Accordingly, our Directors confirm that the statement remains valid, that it was properly compiled on the basis of the assumptions set out in note 8 and that the basis of accounting used is consistent with the Company's accounting policies.

Consolidated income statement

26 weeks ended 26 September 2020

	Unaudited 26 weeks ended 26 September 2020 £'000	Restated* unaudited 26 weeks ended 28 September 2019 £'000	Audited 52 weeks ended 28 March 2020 £'000
Note			
Revenue	48,919	68,871	149,321
Cost of sales	(20,019)	(27,959)	(58,203)
Gross profit	28,900	40,912	91,118
Impairment charge related to property, plant and equipment	–	–	(7,143)
Impairment charge related to right-of-use assets	–	–	(24,947)
Other operating expenses	(33,793)	(49,177)	(103,141)
Other operating income ⁽¹⁾	4,691	422	1,093
Operating loss	(202)	(7,843)	(43,020)
Share of results of associates	(32)	(9)	49
Finance income	3	35	83
Finance expense	(2,121)	(2,275)	(4,978)
Loss before tax	(2,352)	(10,092)	(47,866)
Tax credit	4 330	1,115	998
Loss for the period	(2,022)	(8,977)	(46,868)
Attributable to:			
Equity holders of the parent	(1,713)	(8,517)	(44,136)
Non-controlling interests	(309)	(460)	(2,732)
Loss for the period	(2,022)	(8,977)	(46,868)
Basic loss per share	6 (3.4p)	(15.1p)	(78.9p)
Diluted loss per share	6 (3.4p)	(15.1p)	(78.9p)

All activities arise from continuing operations.

⁽¹⁾ Included within other operating income is £4,537,000 (52 weeks ended 28 March 2020: £184,000) of grants receivable under HM Revenue & Customs Coronavirus Job Retention Scheme, and equivalent schemes offered in other non-UK territories.

* Please refer to note 2 for further details of the restatement of the prior period. Subsequent to reporting interim results for the 26 weeks to 28 September 2019, the Group reassessed the approach to determine the initial right-of-use asset impairment under IFRS 16. Impairment charges arising from the new impairment methodology under IFRS 16 have been treated as a transition adjustment and charged to retained earnings. The prior period interim accounts have been restated to reflect the impact of this assessment.

Consolidated statement of comprehensive income

26 weeks ended 26 September 2020

	Unaudited 26 weeks ended 26 September 2020 £'000	Restated* unaudited 26 weeks ended 28 September 2019 £'000	Audited 52 weeks ended 28 March 2020 £'000
Loss for the period	(2,022)	(8,977)	(46,868)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	411	467	608
Profit on cash flow hedges	–	122	123
Income tax relating to items that may be reclassified subsequently to profit or loss	–	(84)	(129)
Total comprehensive expense for the period	<u>(1,611)</u>	<u>(8,472)</u>	<u>(46,266)</u>
Attributable to:			
Equity holders of the parent	(1,507)	(8,037)	(43,291)
Non-controlling interests	(104)	(435)	(2,975)
Total comprehensive expense for the period	<u>(1,611)</u>	<u>(8,472)</u>	<u>(46,266)</u>

* Please refer to note 2 for further details of the restatement of the prior period. Subsequent to reporting interim results for the 26 weeks to 28 September 2019, the Group reassessed the approach to determine the initial right-of-use asset impairment under IFRS 16. Impairment charges arising from the new impairment methodology under IFRS 16 have been treated as a transition adjustment and charged to retained earnings. The prior period interim accounts have been restated to reflect the impact of this assessment.

Consolidated balance sheet

26 weeks ended 26 September 2020

	Unaudited 26 September 2020 £'000	Restated* unaudited 28 September 2019 £'000	Audited 28 March 2020 £'000
Non-current assets			
Intangible assets	15,032	14,227	14,701
Property, plant and equipment	15,436	25,816	16,953
Right-of-use assets	42,936	88,322	45,920
Interests in associates	128	268	187
Deferred tax asset	1,487	1,968	1,488
	75,019	130,601	79,249
Current assets			
Inventories	33,580	38,691	34,853
Trade and other receivables	11,453	13,561	11,075
Current tax asset	432	662	420
Cash and cash equivalents	8,595	11,713	7,998
	54,060	64,627	54,346
Total assets	129,079	195,228	133,595
Current liabilities			
Trade and other payables	(23,739)	(21,950)	(21,955)
Lease liabilities	(17,849)	(17,477)	(15,329)
Borrowings	(3,431)	(7,142)	(3,424)
	(45,019)	(46,569)	(40,708)
Net current assets	9,041	18,058	13,638
Non-current liabilities			
Lease liabilities	(70,400)	(91,755)	(76,775)
Borrowings	(1,491)	(2,438)	(2,591)
	(71,891)	(94,193)	(79,366)
Total liabilities	(116,910)	(140,762)	(120,074)
Net assets	12,169	54,466	13,521
Equity			
Share capital	3,004	3,004	3,004
Share premium account	12,160	12,160	12,160
Own share reserve	(906)	(1,378)	(1,061)
Capital redemption reserve	154	154	154
Foreign exchange reserve	1,735	1,226	1,323
Retained earnings	(54)	41,154	1,761
	16,093	56,320	17,341
Equity attributable to holders of the parent	16,093	56,320	17,341
Non-controlling interests	(3,924)	(1,854)	(3,820)
Total equity	12,169	54,466	13,521

* Please refer to note 2 for further details of the restatement of the prior period. Subsequent to reporting interim results for the 26 weeks to 28 September 2019, the Group reassessed the approach to determine the initial right-of-use asset impairment under IFRS 16. Impairment charges arising from the new impairment methodology under IFRS 16 have been treated as a transition adjustment and charged to retained earnings. The prior period interim accounts have been restated to reflect the impact of this assessment.

Consolidated statement of changes in equity

26 weeks ended 26 September 2020

	Share capital £'000	Share premium account £'000	Own share reserve £'000	Capital redemption reserve £'000	Cashflow hedge reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000	Non- controlling interest £'000	Total equity £'000
As at 30 March 2019	3,002	12,072	(1,378)	154	(100)	821	67,555	82,126	(1,419)	80,707
Impairment on IFRS 16 transition (note 2)*	-	-	-	-	-	-	(17,770)	(17,770)	-	(17,770)
Loss for the period	-	-	-	-	-	-	(8,517)	(8,517)	(460)	(8,977)
Other comprehensive income for the period	-	-	-	-	100	380	-	480	25	505
Total comprehensive income/(expense) for the period	-	-	-	-	100	380	(8,517)	(8,037)	(435)	(8,472)
Issue of share capital	2	88	-	-	-	-	-	90	-	90
Credit for employee share-based payments	-	-	-	-	-	-	(114)	(114)	-	(114)
Non-controlling interest foreign exchange	-	-	-	-	-	25	-	25	-	25
As at 28 September 2019 restated*	3,004	12,160	(1,378)	154	-	1,226	41,154	56,320	(1,854)	54,466
Loss for the period	-	-	-	-	-	-	(35,619)	(35,619)	(2,272)	(37,891)
Other comprehensive income/(expense) for the period	-	-	-	-	-	366	-	366	(268)	98
Total comprehensive income/(expense) for the period	-	-	-	-	-	366	(35,619)	(35,253)	(2,540)	(37,793)
Charge for employee share-based payments	-	-	-	-	-	-	90	90	-	90
Impairment of shares in trust	-	-	317	-	-	-	(317)	-	-	-
Non-controlling interest foreign exchange	-	-	-	-	-	(268)	-	(268)	-	(268)
Adjustments arising from movement in non-controlling interest	-	-	-	-	-	-	(574)	(574)	574	-
Dividends paid	-	-	-	-	-	-	(2,973)	(2,973)	-	(2,973)
As at 28 March 2020	3,004	12,160	(1,061)	154	-	1,324	1,761	17,342	(3,820)	13,522
Loss for the period	-	-	-	-	-	-	(1,713)	(1,713)	(309)	(2,022)
Other comprehensive income for the period	-	-	-	-	-	206	-	206	205	411
Total comprehensive income/(expense) for the period	-	-	-	-	-	206	(1,713)	(1,507)	(104)	(1,611)
Charge for employee share-based payments	-	-	-	-	-	-	53	53	-	53
Impairment of shares in trust	-	-	155	-	-	-	(155)	-	-	-
Non-controlling interest foreign exchange	-	-	-	-	-	205	-	205	-	205
As at 26 September 2020	3,004	12,160	(906)	154	-	1,735	(54)	16,093	(3,924)	12,169

* Please refer to note 2 for further details of the restatement of the prior period. Subsequent to reporting interim results for the 26 weeks to 28 September 2019, the Group reassessed the approach to determine the initial right-of-use asset impairment under IFRS 16. Impairment charges arising from the new impairment methodology under IFRS 16 have been treated as a transition adjustment and charged to retained earnings. The prior period interim accounts have been restated to reflect the impact of this assessment.

Consolidated cash flow statement

26 weeks ended 26 September 2020

	Unaudited 26 weeks ended 26 September 2020 £'000	Restated* unaudited 26 weeks ended 28 September 2019 £'000	Audited 52 weeks ended 28 March 2020 £'000
Operating loss for the period	(202)	(7,843)	(43,020)
Adjustments for:			
Depreciation and impairment of property, plant and equipment	2,311	2,291	13,627
Depreciation and impairment of right-of-use assets	3,654	9,100	41,551
Amortisation of intangible assets	542	523	1,165
(Profit)/loss on sale of property, plant and equipment	(2,215)	113	(16)
Share-based payments charge/(credit)	53	(114)	(24)
Operating cash flows before movements in working capital	4,143	4,070	13,283
Decrease in inventories	1,335	1,516	5,006
(Increase)/decrease in receivables	(378)	(339)	1,560
Increase in payables	1,532	1,636	1,848
Cash generated by operations	6,632	6,883	21,697
Income taxes received	332	1,297	1,847
Interest paid ⁽¹⁾	(943)	(2,275)	(4,978)
Net cash inflow from operating activities	6,021	5,905	18,566
Investing activities:			
Interest received and gains on foreign exchange contracts	3	35	83
Purchases of property, plant and equipment	(657)	(2,821)	(5,121)
Proceeds from disposal of property, plant and equipment	–	–	39
Acquisition of intangible fixed assets	(633)	(822)	(1,728)
Net cash used in investing activities	(1,287)	(3,608)	(6,727)
Financing activities:			
Dividends paid	–	–	(2,973)
Proceeds on issue of shares	–	2	2
Increase in loans from non-controlling interests	–	1,996	783
Increase in loans from related parties	–	–	1,707
New borrowings	–	5,000	–
Repayment of loans from non-controlling interests	–	(1,090)	(1,090)
Repayment of borrowings	(750)	(952)	(566)
Principle elements of lease payments ⁽¹⁾	(3,343)	(8,011)	(14,257)
Net cash used in financing activities	(4,093)	(3,055)	(16,394)
Net increase/(decrease) in cash and cash equivalents	641	(758)	(4,555)
Cash and cash equivalents at beginning of period	7,998	12,377	12,377
Effect of foreign exchange rate changes	(44)	94	176
Cash and cash equivalents at end of period	8,595	11,713	7,998

⁽¹⁾ For the 26 weeks ended 28 September 2019 £2,145,000 of interest on lease payments was previously included in principal element of lease payments and is now included in interest paid.

* Please refer to note 2 for further details of the restatement of the prior period. Subsequent to reporting interim results for the 26 weeks to 28 September 2019, the Group reassessed the approach to determine the initial right-of-use asset impairment under IFRS 16. Impairment charges arising from the new impairment methodology under IFRS 16 have been treated as a transition adjustment and charged to retained earnings. The prior period interim accounts have been restated to reflect the impact of this assessment.

Notes to the condensed financial statements

26 weeks ended 26 September 2020

1. GENERAL INFORMATION

Mulberry Group plc is a company incorporated in the United Kingdom under the Companies Act 2006. The half-year results and condensed consolidated financial statements for the 26 weeks ended 26 September 2020 (the interim financial statements) comprise the results for the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. The interim financial statements for the 26 weeks ended 26 September 2020 have not been reviewed or audited.

The information for the 52 weeks ended 28 March 2020 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The statutory accounts for that period were approved by the Board of Directors on 5 October 2020 and have been filed with the Registrar of Companies. The Auditor's Report on those statutory accounts was not qualified, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) (3) of the Companies Act 2006.

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The accounting policies and methods of computation followed in the interim financial statements are consistent with those as published in the Group's Annual Report and Financial Statements for the 52 weeks ended 28 March 2020.

These condensed consolidated interim financial statements for the 26 weeks ended 26 September 2020 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. This report should be read in conjunction with the Group's financial statements for the 52 weeks ended 28 March 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

The Annual Report and Financial Statements are available from the Group's website (www.mulberry.com) or from the Company Secretary at the Company's registered office: The Rookery, Chilcompton, Bath, England, BA3 4EH.

IFRS 16 'Leases' – COVID-19 related rent concessions

THE COVID-19 Related Rent Concessions amendment to IFRS 16 'Leases' was adopted by the IASB on 28 May 2020 and endorsed by the European Union on 12 October 2020. The amendment applies to accounting periods from 1 June 2020 but early application is permitted and the Group has elected to apply the amendment in the current period. The amendment allows for a simplified approach to accounting for rent concessions that occur as a direct result of COVID-19, and for which all of the following criteria are met:

- The change in lease payments results in revised consideration that is substantially the same, or less than, the consideration immediately prior to the change;
- The concession affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

In the event that a simplified approach can be adopted, a lessee can account for the concession as if it were not a lease modification.

Notes to the condensed financial statements (continued)

26 weeks ended 26 September 2020

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

During the period, the Group has agreed one COVID-19 related rent concession that meets the above criteria in the form of a legally binding agreement, which provides a temporary change from base to turnover related rent. The reduction in rent has been accounted for as a negative variable lease payment within net operating expenses.

Two other rent concessions were also agreed during the period that do not meet the above criteria, and which have therefore been accounted for as lease modifications under IFRS 16.

Restatement of prior period

During the 52 weeks ended 28 March 2020, but subsequent to reporting interim results for the 26 weeks to 28 September 2019, the Group reassessed the approach to determine the initial right-of-use asset impairment on adoption of IFRS 16 'Leases' for stores that had impairment indicators at 30 March 2019. This included Bond St, Cabazon, Yorkdale PC Hooftstraat and Paris. As a result, impairment charges of £17,770,000 arising from the new impairment methodology were treated as a transition adjustment and charged to opening retained earnings, and the prior period interim accounts have been restated to reflect the impact of this assessment.

The impact of the reassessment not only resulted in a change to the initial right-of-use asset calculation and reserves as outlined above, but also to the loss for the period ended 28 September 2019 as a result of the corresponding impact on impairment and depreciation charges, as summarised below.

	Reported 26 weeks ended 26 September 2020 £'000	Restated 26 weeks ended 28 September 2019 £'000
Right-of-use assets	105,259	88,322
Reserves	58,136	41,154
Loss for the period	<u>(9,765)</u>	<u>(8,977)</u>

Critical accounting judgements and key sources of estimation uncertainty

Preparation of the condensed consolidated interim financial statements requires the Directors to make certain estimates and judgements that affect the measurement of reported revenues, expenses, assets and liabilities.

The significant accounting judgements and key sources of estimation uncertainty applied in the preparation of the condensed consolidated interim financial statements are consistent with those described on pages 75–77 of the Group's Annual Report and Financial Statements for the 52 weeks ended 28 March 2020.

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Principal risks and uncertainties

The management of the business and the execution of the Group's growth strategies are subject to a number of risks and uncertainties that could adversely affect the Group's future development. The principal risks and uncertainties for the Group, and the key mitigating actions used to address them, are consistent with those outlined on pages 23–31 of the Group's Annual Report and Financial Statements for the 52 weeks ended 28 March 2020.

As at 26 September 2020, the UK Government's recent announcement that it intends to abolish the VAT Retail Export Scheme ("VAT RES") on 31 December 2020 represents a new external risk. VAT RES, often referred to as 'tax-free shopping' currently permits overseas visitors from outside the European Union ("EU") to recover VAT on purchases made in the UK, when those purchases are subsequently exported.

The business has already been negatively impacted by the effect of COVID-19 on global tourism, and as a result, sales to overseas visitors have declined significantly. In the event that the VAT RES scheme is abolished, this would potentially result in further loss of sales to overseas visitors, as well as preventing a recovery of these sales when global tourism is able to resume in future. Further deterioration in revenue would impact the Group's return to profitability and jobs across all sectors of the business. Mulberry, together with several other UK retail and tourism businesses, has issued an open letter to the UK Government calling for a reversal of this plan.

Alternative Performance Measures

In reporting financial information, the Group presents an Alternative Performance Measure ("APM"), which is not defined or specified under the requirements of IFRS. The APM used by the Group is adjusted profit/(loss) before tax.

The Group believes that this APM, which is not considered to be a substitute for, or superior to, IFRS measures, provides stakeholders with additional helpful information on the performance of the business. This APM is consistent with how the business performance is planned and reported within the internal management reporting to the Board of Directors. This measure is also used for the purpose of setting remuneration targets. The Group makes certain adjustments to the statutory profit or loss measures in order to derive the APM. Adjusting items are those items which, in the opinion of the Directors, should be excluded in order to provide a consistent and comparable view of the performance of the Group's ongoing business. Generally, this will include those items that are largely one-off and material in nature as well as income or expenses relating to acquisitions or disposals of businesses or other transactions of a similar nature. Treatment as an adjusting item provides stakeholders with additional useful information to assess the year-on-year trading performance of the Group.

Notes to the condensed financial statements (continued)

26 weeks ended 26 September 2020

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

A reconciliation of reported loss before tax to adjusted loss before tax is set out below.

	Unaudited 26 weeks ended 26 September 2020 £'000	Unaudited 26 weeks ended 28 September 2019 £'000	Audited 52 weeks ended 28 March 2020 £'000
Reconciliation to adjusted loss before tax			
Loss before tax	(2,352)	(10,092)	(47,866)
Restructuring costs	2,151	–	676
Store closure (credit)/costs	(1,992)	–	886
Licence agreement exit costs	300	–	–
Impairment charge related to property, plant and equipment	–	–	7,143
Impairment charge related to right-of-use assets	–	–	24,947
Adjusted loss before tax – non-GAAP measure	(1,893)	(10,092)	(14,214)
Adjusted basic loss per share (note 6)	(3.4p)	(15.1p)	(22.4p)
Adjusted diluted loss per share (note 6)	(3.4p)	(15.1p)	(22.4p)

Restructuring costs

During the period, one-off charges of £2,151,000 (2019: £nil) were incurred relating to people restructuring costs.

Store closure (credit)/costs

During the period, international stores were closed, which had not been trading in line with expectations. Closure costs relate to lease exit and redundancy costs and are net of a profit on disposal of right of use assets.

Licence agreement exit costs

During the period the Group incurred charges of £300,000 (2019: £nil) from its ready-to-wear and footwear licence partner relating to final samples and materials on non-renewal of the licence and distribution agreement for these lifestyle products.

3. GOING CONCERN

In determining whether the Group's accounts can be prepared on a going concern basis, the Directors considered the Group's business activities and cash requirements, together with factors likely to affect its performance and financial position, including the current and future anticipated impact of COVID-19. The going concern period reviews the 12-month period from the date of this announcement to December 2021.

3. GOING CONCERN (CONTINUED)

The key judgements in relation to the going concern assessment are in respect of the ongoing impact of COVID-19 on the Group. They include the current lockdowns in Europe and the timing of the Group's recovery to pre-COVID-19 trading levels and the likelihood and impact of further lockdowns, including their duration and the impact on consumer demand in the markets in which the Group operates. When making these judgements, the Directors considered trading levels seen during the first wave of lockdowns and performance of the stores during the first re-openings and the outlook for the Group against the detailed base case scenario. The Directors have also considered a further downside scenario and a reverse stress test scenario. These are described in further detail below.

The Group had net cash of £8.6 million (2019: £6.4 million) at 26 September 2020 and had not drawn down on its revolving credit facility.

Borrowing facilities

The Group has a committed £15.0m revolving credit facility with security granted in favour of HSBC banking. In addition, the Group has a £4.0m overdraft facility and a further US\$1.9m overdraft facility in China, which are not committed facilities and therefore not considered by the Directors as part of the going concern assessment. Further details regarding the borrowing facilities and covenants is included within the Financial Review.

The revolving credit facility was not drawn down at the period end and remains undrawn at the date of this report. The Group had net cash of £5.8m at 21 November 2020.

Base case scenario

The Directors' base case scenario assumes that revenues do not recover to levels recorded in the period to 28 March 2020 in the short term. It includes the impact of the current second wave lockdowns in Europe, with the majority of our European stores closed including all our England stores, for a period of four weeks from 5 November 2020 to 2 December 2020. The impact of COVID-19 on the wider economy, particularly the UK, will also have a consequential effect on demand. The Directors assume the trading experienced through the Group's digital channels will continue, although not at sufficient levels to fully offset the expected slower growth in the stores once re-opened. The base case scenario assumes a 27% reduction in revenue for financial period ended 27 March 2021 against the prior period.

The scenario includes the cost saving actions taken in the first half of the period as detailed in the 2020 Annual Report, and access to the UK's Coronavirus Job Retention Scheme during the four weeks of store closures in England.

Under this scenario, banking covenants will be met and borrowing levels remain within the Group's committed borrowing facilities over the 12-month going concern period.

Downside scenario

The Directors' downside scenario extends the England store closures for a further two months to the end of January 2021. The impact of this would result in a 15% reduction in Group revenue between December and March against the base case.

The scenario includes cost mitigation from accessing the UK's Coronavirus Job Retention Scheme during the 12-week lockdown period from 5 November 2020 to 27 January 2021.

Notes to the condensed financial statements (continued)

26 weeks ended 26 September 2020

3. GOING CONCERN (CONTINUED)

Under this scenario, banking covenants will be met and borrowing levels remain within the Group's committed borrowing facilities over the 12-month going concern period.

Reverse stress test scenario

The Directors have reviewed a reverse stress test scenario that models the decline in sales that the Group would be able to absorb before triggering a breach of banking covenants. As outlined in the 2020 Annual Report, the Directors believe that this scenario is remote.

The reverse stress test assumes a further 13% reduction on revenue against the downside scenario, offset by working capital optimisation and a further 20% reduction in payroll for UK office and production staff, and discretionary costs (marketing, consumables, travel and other goods not for resale). Inventory production and purchases have been reduced in line with the anticipated demand under this scenario. Additional costs arising from Brexit have been assumed under this scenario, effective from 1 January 2021.

Under this scenario, borrowing levels remain within the Group's committed borrowing facilities with 67% facility utilisation at peak borrowing; however, the minimum EBITDA target would be breached in September 2021. Whilst the Directors believe that this scenario is remote, it would allow time for further actions to be taken, including a possible further relaxation of banking covenants. Whilst there is no guarantee that this would be agreed, the Group currently maintains a good relationship with its lender.

Going concern basis

Based on the assessment outlined above, the Directors have a reasonable expectation that the Group has access to adequate resources to enable it to continue to operate as a going concern for the foreseeable future. For these reasons, the Directors consider it appropriate for the Group to continue to adopt the going concern basis of accounting in preparing the Interim Report and financial statements.

4. TAXATION

The tax credit is calculated by applying the forecast full year effective tax rate to the interim loss and calculating the deferred tax balance for the period.

5. DIVIDEND

	Unaudited 26 weeks ended 26 September 2020 £'000	Unaudited 26 weeks ended 28 September 2019 £'000	Audited 52 weeks ended 28 March 2020 £'000
Dividend of 5p per ordinary share paid during the period	–	–	2,973

The final dividend for the 53 weeks ended 30 March 2019 was paid to shareholders on 21 November 2019.

6. EARNINGS PER SHARE ("EPS")

	Unaudited 26 weeks ended 26 September 2020	Restated unaudited 26 weeks ended 28 September 2019	Audited 52 weeks ended 28 March 2020
Basic loss per share	(3.4p)	(15.1p)	(78.9p)
Diluted loss per share	(3.4p)	(15.1p)	(78.9p)
Adjusted basic loss per share	(3.4p)	(15.1p)	(22.4p)
Adjusted diluted loss per share	(3.4p)	(15.1p)	(22.4p)

Earnings per share is calculated based on the following data:

	Unaudited 26 weeks ended 26 September 2020 £'000	Restated unaudited 26 weeks ended 28 September 2019 £'000	Audited 52 weeks ended 28 March 2020 £'000
Loss for the period for basic and diluted earnings per share	(2,022)	(8,977)	(46,868)
Adjustments to exclude exceptional items:			
Restructuring costs	1,757	–	584
Store closure (credit)/costs	(1,992)	–	886
Licence agreement exit costs*	243	–	–
Impairment relating to retail assets	–	–	7,143
Impairment relating to right-of-use assets	–	–	24,947
Adjusted loss for the period for basic and diluted earnings per share	(2,014)	(8,977)	(13,308)

* These items are included net of tax

	Unaudited 26 weeks ended 26 September 2020 Million	Unaudited 26 weeks ended 28 September 2019 Million	Audited 52 weeks ended 28 March 2020 Million
Weighted average number of ordinary shares for the purpose of basic EPS	59.5	59.4	59.4
Effect of dilutive potential ordinary shares: share options	–	–	–
Weighted average number of ordinary shares for the purpose of diluted EPS	59.5	59.4	59.4

The weighted average number of ordinary shares in issue during the period excludes those held by the Employee Share Trust.

Notes to the condensed financial statements (continued)

26 weeks ended 26 September 2020

7. BUSINESS AND GEOGRAPHICAL SEGMENTS

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM"), defined as the Board of Directors, to allocate resources to the segments and to assess their performance. Inter-segment pricing is determined on an arm's length basis. The Group also presents analysis by geographical destination and production.

(a) Business segment

The Group has identified one reportable segment, which designs, manufactures and manages the Mulberry brand. Therefore, the finance income and expense are attributable to this segment.

The accounting policies of the reportable segment are the same as described in the Group's financial statements. Information regarding the results of the reportable segment is included below. The distribution of product globally is monitored and optimised at a Group level and effected via the Group's distribution centres in the UK, North America and Asia. Performance for the segment is assessed based on operating (loss)/profit.

Group income statement

26 weeks ended 26 September 2020

	Unaudited 26 weeks ended 26 September 2020 £'000	Restated* unaudited 26 weeks ended 28 September 2019 £'000	Audited 52 weeks ended 28 March 2020 £'000
Note			
Retail	19,539	43,142	89,167
Digital	23,364	13,893	36,242
Wholesale	6,016	11,836	23,912
Total revenue	48,919	68,871	149,321
Cost of sales	(20,019)	(27,959)	(58,203)
Gross profit	28,900	40,912	91,118
Impairment charge related to property, plant and equipment	–	–	(7,143)
Impairment charge related to right-of-use assets	–	–	(24,947)
Other operating expenses	(33,793)	(49,177)	(103,141)
Other operating income	4,691	422	1,093
Operating loss	(202)	(7,843)	(43,020)
Share of results of associates	(32)	(9)	49
Finance income	3	35	83
Finance expense	(2,121)	(2,275)	(4,978)
Loss before tax	(2,352)	(10,092)	(47,866)
Tax credit	4 330	1,115	998
Loss for the period	(2,022)	(8,977)	(46,868)
Segment capital expenditure	1,592	3,222	6,401
Segment depreciation and amortisation	6,507	11,914	56,1343
Segment assets	128,631	195,228	133,595
Segment liabilities	116,912	140,762	120,074

For the purposes of monitoring segment performance and allocating resources between segments, the Chief Operating Decision Maker, which is deemed to be the Board of Directors, monitors the tangible intangible and financial assets attributable to each segment. All assets are allocated to the reportable segment.

* Please refer to note 2 for further details of the restatement of the prior period. Subsequent to reporting interim results for the 26 weeks to 28 September 2019, the Group reassessed the approach to determine the initial right-of-use asset impairment under IFRS 16. Impairment charges arising from the new impairment methodology under IFRS 16 have been treated as a transition adjustment and charged to retained earnings. The prior period interim accounts have been restated to reflect the impact of this assessment.

Notes to the condensed financial statements (continued)

26 weeks ended 26 September 2020

7. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

(b) Geographical markets

	Sales revenue by geographical market ⁽¹⁾			Non-current assets by geographical market		
	Unaudited 26 weeks ended 26 September 2020 £'000	Unaudited 26 weeks ended 28 September 2019 £'000	Audited 52 weeks ended 28 March 2020 £'000	Unaudited 26 weeks ended 26 September 2020 £'000	Unaudited 26 weeks ended 28 September 2019 £'000	Audited 52 weeks ended 28 March 2020 £'000
UK	29,038	44,660	98,813	61,037	89,451	65,449
Rest of Europe	7,132	9,817	19,584	9,564	17,996	9,749
Asia	10,199	9,595	21,407	3,274	8,312	3,259
North America	2,368	4,620	9,038	1,144	14,842	792
Rest of world	182	179	479	–	–	–
Total revenue	48,919	68,871	149,321	75,019	130,601	79,249

⁽¹⁾ Revenue by geographical market includes wholesale sales based on the location of the customer.

(c) Product categories

Leather accessories account for over 90% of the Group's revenues, of which bags represent over 70% of revenues. Other important product categories include small leather goods, shoes, soft accessories and women's ready-to-wear. Net asset information is not allocated by product category.

8. FORECAST ASSUMPTIONS

The forecast included in the "Current Trading and Outlook" section is based on the Directors' base case going concern scenario for the 52 weeks ending 27 March 2021 as set out in note 3 above. The forecast is also based on the following assumptions:

Factors within the influence and control of the Directors:

- There is no material change in the operational strategy of the Group from the date of this document.
- There will be no acquisitions or disposals that will have a material impact on the Group's results.
- There are no material investments over and above those currently planned.

Factors outside the influence and control of the Directors:

- There will be no additional material adverse events that will have a significant impact on the Group's financial results including any further material disruption due to COVID-19.
- There will be no changes in interest rates, bases of taxation, regulatory environment or legislation that have a material impact on the Group, including in relation to operations or accounting policies.
- There will be no significant and sustained weakening or strengthening of the pound sterling against the currencies of the major territories in which the Group operates.



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