



MULBERRY GROUP PLC – PRELIMINARY RESULTS FOR THE 52 WEEKS ENDED 27 MARCH 2021

Mulberry

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Highlights

FINANCIAL HIGHLIGHTS

- Group revenue down 23% to £115.0m (2020: £149.3m) primarily reflecting impact of COVID-19 and closure of majority of physical stores during the period.
- Digital sales up 55% to £56.4m (2020: £36.3m).
- International retail sales increased 4% to £33.8m (2020: £32.4m).
 - Asia Pacific growth of 36% driven by ongoing development in the region, China retail sales up 81% and South Korea retail sales up by 36%, Rest of World retail sales down 27%.
- Underlying profit before tax of £5.9m (2020: loss before tax £14.2m).

OPERATING HIGHLIGHTS

- Digital sales represented 49% of total revenue (2020: 24%), as customers migrated to digital channels.
- Improved margins due to lower markdown sales.
- Established a European distribution facility to support online sales post-Brexit.
- Relaunched best-selling Alexa family as part of 50th anniversary celebrations.

SUSTAINABILITY HIGHLIGHTS

- Made To Last Manifesto was launched, with a commitment to transform the business to a regenerative and circular model encompassing the entire supply chain, from field to wardrobe by 2030.
- 80% of the collection now using leather sourced from environmentally accredited tanneries; this will increase to 100% by AW22.
- Repairs Centre at The Rookery restores more than 10,000 bags a year.
- Became an accredited Living Wage Employer.
- Supported the community and the response to the COVID-19 pandemic:
 - Produced over 15,000 reusable PPE gowns for frontline NHS workers.
 - Worked with the Felix Project to provide over 177k meals for those in need.
 - Partnered with National Emergencies Trust to help deliver vital aid to those most affected by the coronavirus outbreak.

Current Trading

CURRENT TRADING FOR THE 16 WEEKS FROM 28 MARCH 2021

- Group revenue in the year to date is 45% ahead of last year, with retail revenue 30% ahead due to a strong recovery in the UK, and continuing growth in Asia, with China retail sales up 46%.



Financial Review



Revenue

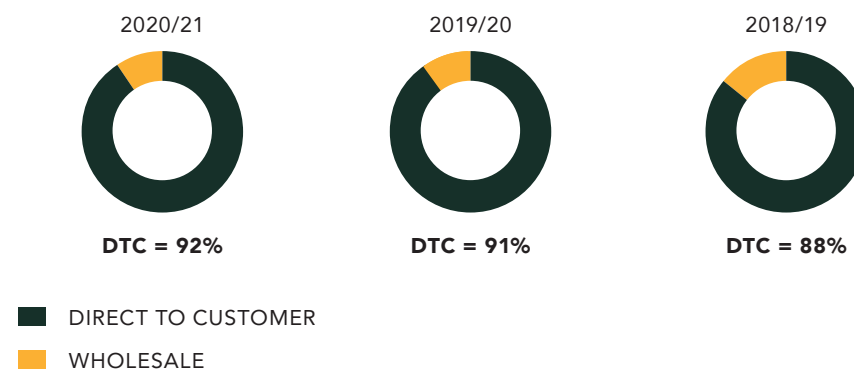
£ MILLION	2020/21	2019/20	% CHANGE
DIGITAL	56.4	36.3	55%
STORES	43.6	89.1	-51%
RETAIL (OMNI-CHANNEL)	100.0	125.4	-20%
WHOLESALE AND FRANCHISE	15.0	23.9	-37%
GROUP REVENUE	115.0	149.3	-23%

£ MILLION	2020/21	2019/20	% CHANGE
DIGITAL	44.6	27.8	61%
STORES	21.6	65.2	-67%
UK	66.2	93.0	-29%
DIGITAL	3.8	2.4	58%
STORES	18.0	13.6	33%
ASIA PACIFIC	21.8	16.0	36%
DIGITAL	8.0	6.1	31%
STORES	3.9	10.3	-62%
REST OF WORLD	11.9	16.4	-27%
RETAIL (OMNI-CHANNEL)	100.0	125.4	-20%

£ MILLION	2020/21	2019/20	% CHANGE
UK	2.4	5.7	-58%
ASIA PACIFIC	2.8	5.4	-47%
REST OF WORLD	9.8	12.8	-23%
WHOLESALE AND FRANCHISE	15.0	23.9	-37%

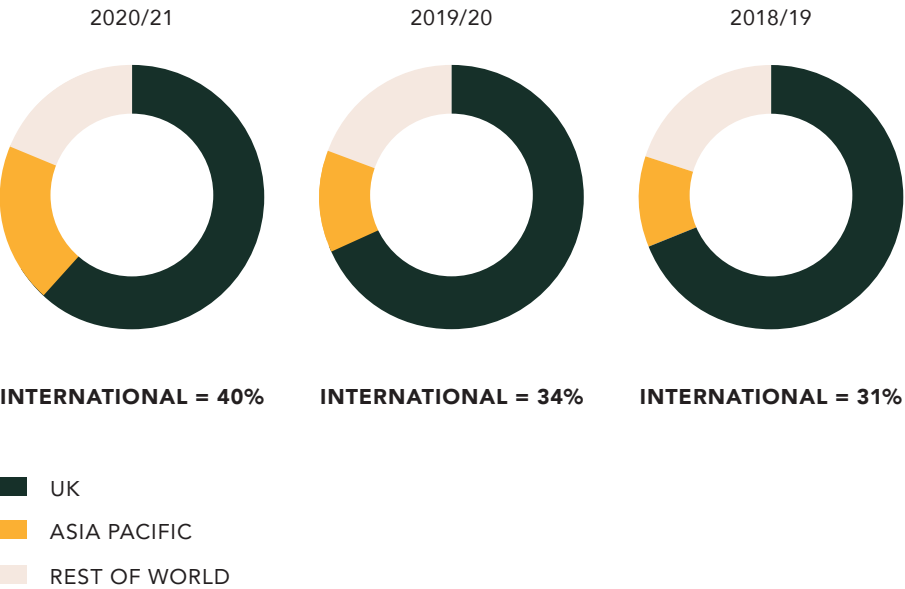
- During the 52 weeks to 27 March 2021 our stores were subject to a number of national lockdowns. This materially affected our ability to trade.
- The strength of our omni-channel business and ongoing development in Asia Pacific helped to offset the impact of these lockdowns with Group revenue down 23% to £115.0m (2020: £149.3m).
- China retail sales increased by 81% and South Korea retail sales increased by 36%, which helped to drive the 36% increase in Asia Pacific retail sales.
- Digital sales increased by 55%, as our market leading global digital network enabled us to respond with agility, replacing retail sales with digital wherever possible. Digital sales as a proportion of Group revenue were 49% (2020: 24%).
- Wholesale and franchise sales decreased by 37%, 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.

DIRECT TO CUSTOMER



International Revenue

INTERNATIONAL MIX (AS A PROPORTION OF GROUP REVENUE)



In line with strategy, international revenue continues to grow as a proportion of overall Group revenue.

- International retail sales increased 4% to £33.8m (2020: £32.4m) representing 34% of retail revenue (2020: 35%).
- Asia Pacific growth of 36% driven by ongoing development in the region, China retail sales up 81% and South Korea retail sales up by 36%, Rest of World retail sales down 27%.

Digital Revenue

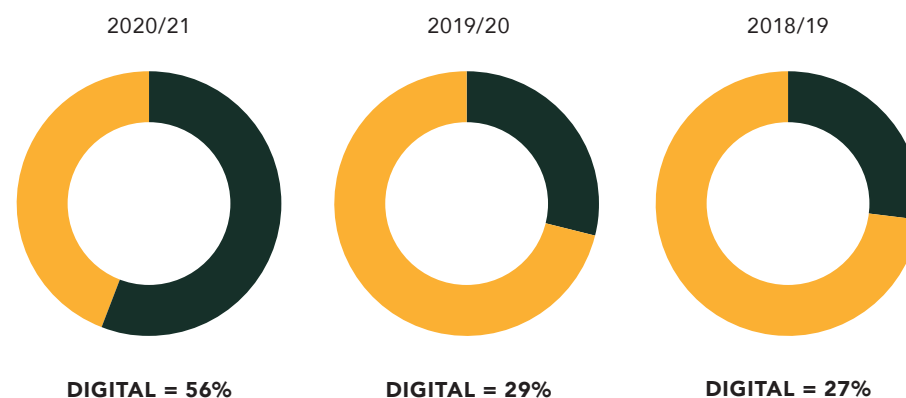
£ MILLION	2020/21	2019/20	% CHANGE
UK	44.6	27.8	61%
ASIA PACIFIC	3.8	2.4	58%
REST OF WORLD	8.0	6.1	31%
TOTAL DIGITAL	56.4	36.3	55%

UK	21.6	65.2	-67%
ASIA PACIFIC	18.0	13.6	33%
REST OF WORLD	3.9	10.3	-62%
TOTAL STORE	43.6	89.1	-51%

TOTAL RETAIL (OMNI-CHANNEL)	100.0	125.4	-20%
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- The strength of our digital business helped to offset the impact of the store closures throughout the period and to achieve overall sales for the period ahead of our initial expectations.
- Digital sales represented 49% of Group sales (2020: 24%) driven by our customers switching to digital channels while stores were closed during lockdown periods.
- There is also an element of continued growth due to further enhancements in our market-leading digital platforms including better functionality, localisation and local fulfilment.

DIGITAL MIX (AS A PROPORTION OF RETAIL REVENUE)



■ DIGITAL
■ STORE

Group Income Statement

	AUDITED 52 WEEKS ENDED 27 MARCH 2021 £'000			AUDITED 52 WEEKS ENDED 28 MARCH 2020 £'000		
£ MILLION	UNDERLYING	ADJUSTING ITEMS	REPORTED	UNDERLYING	ADJUSTING ITEMS	REPORTED
REVENUE	115.0	-	115.0	149.3	-	149.3
GROSS PROFIT	73.1	-	73.1	91.1	-	91.1
IMPAIRMENT CHARGE RELATED TO PROPERTY, PLANT AND EQUIPMENT	-	(0.6)	(0.6)	-	(7.1)	(7.1)
IMPAIRMENT CHARGE RELATED TO RIGHT OF USE ASSETS	-	(5.7)	(5.7)	-	(24.9)	(24.9)
LEASE MODIFICATION	-	4.0	4.0	-	-	-
RESTRUCTURING COSTS	-	(2.4)	(2.4)	-	(0.7)	(0.7)
STORE CLOSURE CREDIT/(COSTS)	-	3.7	3.7	-	(0.9)	(0.9)
OTHER OPERATING EXPENSES	(68.9)	(0.3)	(69.2)	(101.5)	(0.1)	(101.6)
OTHER OPERATING INCOME	6.0	-	6.0	1.1	-	1.1
OPERATING PROFIT/(LOSS)	10.2	(1.3)	8.9	(9.3)	(33.7)	(43.0)
SHARE OF RESULTS OF ASSOCIATES	(0.1)	-	(0.1)	-	-	-
FINANCE INCOME	-	-	-	0.1	-	0.1
FINANCE EXPENSE	(4.2)	-	(4.2)	(5.0)	-	(5.0)
PROFIT/(LOSS) BEFORE TAX	5.9	(1.3)	4.6	(14.2)	(33.7)	(47.9)

Group Balance Sheet

£ MILLION	AUDITED 27 MARCH 2021 £'000	AUDITED 28 MARCH 2020 £'000
NON-CURRENT ASSETS	63.5	79.2
INVENTORIES	31.5	34.9
TRADE AND OTHER RECEIVABLES	12.6	11.1
NET CASH	11.8	7.2
CURRENT TAX	0.5	0.4
CURRENT LIABILITIES	(37.5)	(39.9)
NON-CURRENT LIABILITIES	(63.7)	(79.4)
NET ASSETS	18.7	13.5

- Period end Group net cash increased to £11.8m (2020: £7.2m) and deferred liabilities of £4.7m (2020: £3.0m).
- Since the period end the Group has extended its revolving credit facility with HSBC until March 2023, and renegotiated banking covenants to reflect the ongoing COVID-19 environment.
- Inventory reduced by 10% to £31.5m (2020: £34.9m) as we continue to ensure an agile supply chain and manage inventory levels in line with anticipated demand.

Group Cash Flow

£ MILLION	AUDITED 52 WEEKS ENDED 27 MARCH 2021	AUDITED 52 WEEKS ENDED 28 MARCH 2020
OPERATING PROFIT/(LOSS) FOR THE PERIOD	8.8	(43.0)
ADJUSTMENTS FOR:		
DEPRECIATION AND AMORTISATION	19.5	56.3
LEASE MODIFICATIONS AND DISPOSALS	(10.3)	0.0
WORKING CAPITAL	2.3	8.4
CASH GENERATED FROM OPERATIONS	20.3	21.7
TAX	0.2	1.8
INTEREST PAID	(4.0)	(4.9)
DIVIDENDS PAID	-	(3.0)
CAPEX NET OF PROCEEDS	(4.1)	(6.8)
PAYMENT OF LEASE LIABILITIES	(7.7)	(14.3)
OTHER FINANCING ACTIVITIES	(0.5)	0.9
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4.2	(4.6)

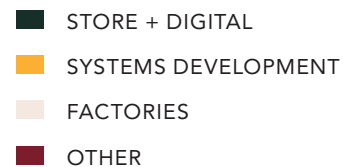
- The net increase in cash and cash equivalents per the cashflow statement of £4.2m (2020: decrease of £4.6m) reflected the cost actions taken to offset the decline in revenue, further working capital benefits, including a reduction in inventory and lower capital expenditure.
- The reduction in lease 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.

Capital Expenditure

£ MILLION



- Total capital expenditure in the period was £4.1m (2020: £6.4m) decreased most notably due to the reduction in store development during the COVID-19 pandemic.
- Continued investment in our systems and development as we continue to enhance our digital platforms and omni-channel distribution.



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:

We aim to enhance our customers' experience and drive engagement with them. Our omni-channel approach allows customers to research, buy and return product anywhere across our stores and digital platforms. Our digital platform is at the core of this approach, seamlessly integrated with our stores and managed by a single multi-disciplinary team with a single global approach to inventory. We continue to invest in further enhancements to our omni-channel approach, which includes developing our store network through selective store openings and the continued roll-out of the new Mulberry store concept.

IN THE PERIOD:

- Created a digital off-price site in April 2020 to replace lost sales from our outlet stores, which has been successful.
- We continue to manage the business proactively and focus on optimising our store network. At the period end the store network comprised 110 (2020: 119) retail and franchise partner stores.
- The new store concept has been implemented in 11 stores in the UK and 19 in international markets and we will continue our roll-out over the coming years.
- In the UK we extended our omni-channel proposition with the launch of same-day delivery in our standalone retail stores, along with the standalone stores now having the ability to fulfil digital orders.

Strategic Pillar 2 — International Development

STRATEGY:

We are extending our digital channels and global store network, with a particular focus on Asia. We continue to build global awareness of the Mulberry brand and drive momentum including localised, on-the-ground and virtual events in key areas, using data-driven insights to generate in-depth awareness of our global customers and their buying habits.

IN THE PERIOD:

- Asia Pacific retail sales increased by 36%, driven by ongoing investment in this region, with China retail sales up 81% and South Korea retail sales up 36%. Japan, which was more widely impacted by local lockdowns and restrictions saw a 9% increase in retail sales.
- The investment in the Group's subsidiaries in China, South Korea and Japan is making good progress and after several years of heavy investment, these businesses moved into profit.
- Our global pricing strategy which now applies the same retail price globally, was implemented in April 2020 and has helped to drive growth.
- We appointed a new General Manager for the North Asia region towards the end of the period and are re-locating our team to Shanghai (previously Hong Kong) to support growth in this key market.
- In the Rest of World we closed three locations, with the full exit of Canada. Digital sales grew strongly in this region over the period and in the US, we furthered our partnership with Nordstrom, via their drop-ship model.
- In Europe, we opened a distribution facility to support this business post Brexit.

Strategic Pillar 3

— Constant Innovation

STRATEGY:

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 THE PERIOD:

- We reintroduced our best-selling Alexa family as part of our 50th anniversary celebrations, with new sustainable credentials this much-loved icon has been performing particularly well following its global launch in November 2020.
- We continued to evolve on our key families with new introductions made across Bayswater (Mini Bayswater), Lily (Top-Handled Lily) and Iris (Iris Hobo).
- The Typography Collection, a new collection constructed with using our newly introduced Eco-Scotchgrain made from recombined Bio-Plastic materials launched in March 2021.
- Our collaborations with brands and celebrities continue. The V&A X Mulberry collaboration was launched in October 2020, this collaboration celebrated our sponsorship of the V&A exhibition Bags: Inside Out.

Strategic Pillar 4

— Sustainable Lifecycle

STRATEGY:

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, focussing on sustainability in supply, craftsmanship, packaging and distribution, which is also emerging as a key focus for all our customers.

IN THE PERIOD:

- Made To Last Manifesto was launched, with a commitment to transform the business to a regenerative and circular model encompassing the entire supply chain, from field to wardrobe by 2030.
- We are proud to continue working with Zero Waste to Landfill partners in 2021 in the UK.
- In December 2020, we joined the Sustainable Leather Foundation.
- We continue to be a Brand/Retailer member of the Better Cotton Initiative.
- In March 2021, we expanded our offering of The Mulberry Exchange to Vestiaire Collective, as one of the first brands to partner with their new "Brand Approved" programme.

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.

Despite some remaining uncertainties due to COVID-19, the Board expects the positive momentum to continue.



Appendix



Store Detail

		OWN STORES	CONCESSIONS	TOTAL 26 MARCH 2021	CHANGES FROM 28 MARCH 2020	TOTAL 28 MARCH 2020
OWN STORES	UK	17	28	45	-9	54
	EUROPE	5	0	5	-1	6
	NORTH AMERICA	5	0	5	-2	7
	ASIA PACIFIC	15	19	34	2	32
	TOTAL OWN STORES	42	47	89	-10	99
FRANCHISE PARTNER STORES	EUROPE	6	3	9	0	9
	OTHER ASIA PACIFIC	9	2	11	1	10
	MIDDLE EAST	0	1	1	0	1
	TOTAL FRANCHISE PARTNER STORE	15	6	21	1	20
TOTAL RETAIL FOOTPRINT		57	53	110	-9	119

Revenue by Product

INTERNATIONAL MIX (AS A PROPORTION OF GROUP REVENUE)

