



MULBERRY GROUP PLC – RESULTS FOR THE TWENTY-SIX WEEKS ENDING 1 OCTOBER 2022

Mulberry

Contents

Highlights	3	STRATEGY OVERVIEW	13
Current Trading	4	Strategy — Our 4 Strategic Pillars	14
FINANCIAL REVIEW	5	Strategic Pillar 1 — Omni-Channel Distribution	15
Revenue	6	Strategic Pillar 2 — International Development	15
International Revenue	7	Strategic Pillar 3 — Constant Innovation	16
Omni-Channel Revenue	8	Strategic Pillar 4 — Sustainable Lifecycle	17-18
Group Income Statement	9	APPENDIX	20
Group Balance sheet	10	Store Detail	21
Group Cash Flow	11	Revenue by Product	22
Capital Expenditure	12		

Highlights

FINANCIAL HIGHLIGHTS

- Group revenue during the period down 1% to £64.9m (2021: £65.7m)
 - UK retail sales were impacted by the broader economic environment, down 10% to £34.1m (2021: £38.0m)
 - China retail sales increased 6%, despite COVID-19 restrictions, which contributed to the 1% increase in Asia Pacific retail sales to £11.9m (2021: £11.8m)
 - International retail sales remained in line with the same period last year at £17.5m (2021: £17.6m)
- Gross margin of 71% (2021: 69%) achieved due to a continued strategic focus on full-price sales and increased volume efficiencies
- Loss before tax excluding adjusting items for the period of £2.8m (2021: profit before tax excluding adjusting items £4.5m) reflecting additional investment in the Group
- Reported loss before tax of £3.8m (2021: profit before tax £10.2m which included business rates relief of £2.0m and a one-off profit on disposal of Paris lease of £5.7m)

OPERATING HIGHLIGHTS

- In September 2022, launched Mulberry Sweden with the acquisition of three stores previously operated by our Swedish franchisee
- Digital sales accounted for 25% of total Group revenue in the period (2021: 29%), as UK customers continued to return to a physical shopping experience
- International growth supported by new stores in China and a store and the launch of digital platforms in South Korea

- Product innovation continued in the period with the launch of the Softie bag family in new colours and shapes continuing to attract a broad range of customers
- Established a transformation function to support the delivery of our strategy, including projects and systems that will underpin our wider business omni-channel growth in the longer term

SUSTAINABILITY HIGHLIGHTS

- Recognised as the “Sustainable Luxury Brand of The Year” at the Walpole British Luxury Awards in November 2022 for the progress we have made towards our Made to Last manifesto, showcasing our ongoing commitment to transform the business to a regenerative and circular model, encompassing the entire supply chain by 2030, and to become Net Zero by 2035
- Proud to announce that 100% of leather (including suede and nappa linings) for Bags, Mini Bags and Small Leather Goods is sourced from tanneries with an environmental accreditation. We also maintain our commitment to offsetting the carbon emissions related to leather purchases
- The Mulberry Exchange, our buy back and resale programme, generated retail sales 35% above last year
- Lifetime Service Centre at The Rookery continues to restore more than 10,000 bags a year
- Re-launched our ready-to-wear category with Softie inspired outerwear, using recycled nylon outer and recycled silk padding
- Continued to focus on embedding sustainability and circularity across the entire business, which now includes a partnership with Hurr from June 2022, a circular rental marketplace

Current Trading

- An improved trend in retail revenue for the eight weeks to 26 November 2022 compared to the same period last year, however there remains ongoing uncertainty in the economic and geopolitical environment
- Gross margin in the second half is expected to be maintained at first half levels
- Further development in the UK, and on 14 October 2022 opened a new store at the iconic Battersea Power Station development
- Continued focus on building our direct-to-customer model with the acquisition of five stores in Australia
- Well prepared for the important festive trading season and the usual second half weighting to trading
- Mulberry has a clear customer proposition and plan for growth, and we are confident in our ability to execute this strategy to the benefit of all our stakeholders



Financial Review



Revenue

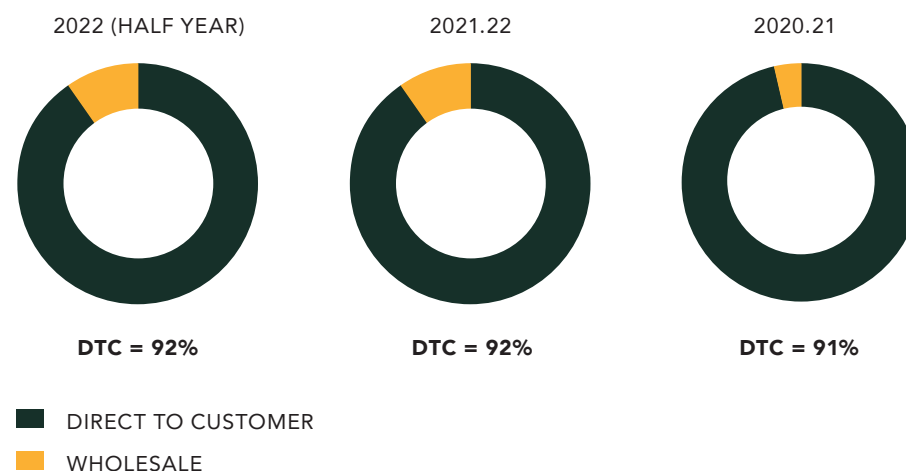
£ MILLION	2022	2021	% CHANGE
DIGITAL	16.3	19.1	(15%)
STORES	35.3	36.5	(3%)
RETAIL (OMNI-CHANNEL)	51.6	55.6	(7%)
FRANCHISE AND WHOLESALE	13.3	10.1	32%
GROUP REVENUE	64.9	65.7	(1%)

£ MILLION	2022	2021	% CHANGE
DIGITAL	10.8	14.2	(24%)
STORES	23.3	23.8	(2%)
OMNI-CHANNEL - UK	34.1	38.0	(10%)
DIGITAL	2.7	2.2	23%
STORES	9.2	9.6	(4%)
OMNI-CHANNEL - ASIA PACIFIC	11.9	11.8	1%
DIGITAL	2.8	2.6	8%
STORES	2.8	3.2	(13%)
OMNI-CHANNEL - REST OF WORLD	5.6	5.8	(3%)
RETAIL (OMNI-CHANNEL)	51.6	55.6	(7%)

£ MILLION	2022	2021	% CHANGE
UK	1.8	1.4	24%
ASIA PACIFIC	2.6	1.6	71%
REST OF WORLD	8.9	7.1	26%
FRANCHISE AND WHOLESALE	13.3	10.1	32%

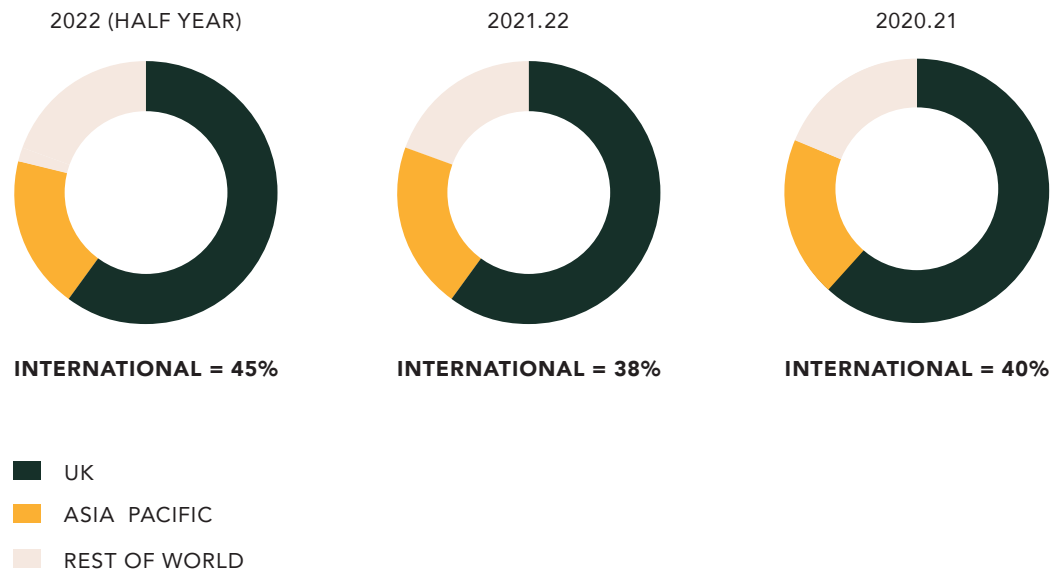
- Group revenue decreased by 1% in the period, with Q1 growth (+7%), being offset by a decline in retail sales in Q2, impacted by the more challenging macro-economic environment, with UK total retail sales declining 10%. UK digital sales were down 24% on the prior period as customers returned to our stores, and represented 32% of total retail sales (2021: 37%). However, full price sales in the UK increased by 32% to £16.0m (2021: £13.0m) due to the continued strategic focus on full price sales
- Asia Pacific retail revenue increased 1% despite a number of COVID-19 restrictions early in the period, particularly within mainland China in the first quarter. China sales increased 6% in the period, with digital sales increasing by 23%
- Franchise and wholesale sales increased by 32%, with growth across a number of regions, particularly within the EU and Asia Pacific
- Gross margin increased to 71% (2021: 69%) supported by our strategic focus on full-price sales and increased volume efficiencies

DIRECT TO CUSTOMER



International Revenue

INTERNATIONAL MIX (AS A PROPORTION OF GROUP REVENUE)



- International sales increased to 45% of total group sales (2021.22: 38%) driving revenue of £29.1m (2021.22: £26.3m)
- Asia Pacific digital sales increased by 23%, driven by China and ongoing investment in strategic partnerships, including Tmall & JD. Store revenue decrease by 4% due to COVID-19 restrictions in mainland China
- Rest of world sales lower by 3% to £5.6m (2020.21 £5.8m) due to Paris, Roermond & Zurich store closures in 2021 offset by digital sales improving by 8%



Netherlands - Amsterdam, PC Hooftstraat

Omni-Channel Revenue

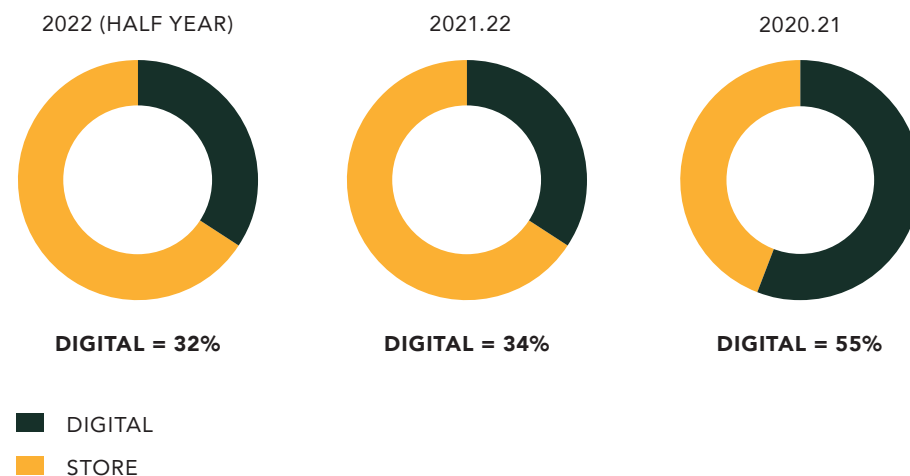
£ MILLION	2022	2021	% CHANGE
UK	10.8	14.2	(24%)
ASIA PACIFIC	2.7	2.2	23%
REST OF WORLD	2.8	2.6	8%
TOTAL DIGITAL	16.3	19.1	(15%)

UK	23.3	23.8	(2%)
ASIA PACIFIC	9.2	9.6	(4%)
REST OF WORLD	2.8	3.2	(13%)
TOTAL STORES	35.3	36.5	(3%)

TOTAL RETAIL (OMNI-CHANNEL)	51.6	55.6	(7%)
------------------------------------	-------------	-------------	-------------

- Despite global digital sales being 15% lower than 2021, they have remained above pre-COVID sales levels at 32% (2019: 24%) reflecting the permanent shift to this channel post COVID-19
- In Asia Pacific, digital sales grew by 23% to £2.7m (2021 £2.2m), supported by local fulfilment in Japan and development of strategic partnerships, including Tmall in China
- ROW digital sales have increased by 8% driven by the US

DIGITAL MIX (AS A PROPORTION OF RETAIL REVENUE)



Group Income Statement

£ MILLION	UNAUDITED 26 WEEKS ENDED 1 OCTOBER 2022	UNAUDITED 26 WEEKS ENDED 25 SEPTEMBER 2021	AUDITED 53 WEEKS ENDED 2 APRIL 2022
REVENUE	64.9	65.7	152.4
COST OF SALES	(18.9)	(20.3)	(43.1)
GROSS PROFIT	46.0	45.4	109.3
OTHER OPERATING EXPENSES	(48.6)	(34.3)	(85.8)
OTHER OPERATING INCOME	0.4	0.8	1.2
OPERATING (LOSS)/PROFIT	(2.2)	11.9	24.7
SHARE OF RESULTS OF ASSOCIATES	0.0	0.1	0.1
FINANCE EXPENSE	(1.6)	(1.8)	(3.5)
(LOSS)/PROFIT BEFORE TAX	(3.8)	10.2	21.3
TAX (CHARGE)/CREDIT	(0.2)	(2.9)	(2.1)
(LOSS)/PROFIT FOR THE PERIOD	(4.0)	7.3	19.2

- Other operating expenses increased by 42% to £48.6m (2021: £34.3m) with a view to supporting the ongoing growth of the Group. The prior year period benefitted from business rates relief of £2.0m and a one-off profit of £5.7m on the early termination and the exit of a lease in Paris
- The Group's reported loss before tax for the period was £3.8m (2021: profit before tax of £10.2m, which included a one-off profit of £5.7m on the early termination and the exit of a lease in Paris and business rates relief of £2.0m)
- The Group's underlying loss before tax was £2.8m (2021: underlying profit before tax of £4.5m) reflecting the additional investments made in marketing, technology spend and the acquisition and support of our former franchises in Sweden and Australia

Group Balance Sheet

£ MILLION	UNAUDITED 1 OCTOBER 2022	UNAUDITED 25 SEPTEMBER 2021	AUDITED 53 WEEKS ENDED 2 APRIL 2022
NON-CURRENT ASSETS	55.9	55.4	55.4
INVENTORIES	48.7	32.0	36.8
TRADE AND OTHER RECEIVABLES	18.0	13.2	15.9
CASH & CASH EQUIVALENTS	6.5	30.3	25.7
CURRENT TAX	0.4	-	-
CURRENT LIABILITIES	(38.0)	(44.4)	(41.8)
NON-CURRENT LIABILITIES	(57.8)	(60.8)	(54.3)
NET ASSETS	33.7	25.7	37.7

- Net working capital, which comprises inventories, trade and other receivables and trade and other payables increased by £24.3m to £43.7m at the period end (2021: £19.4m)
- This increase was predominantly driven by increased inventories of £16.7m, to support our strategy to focus on a direct-to-customer model, to mitigate cost increases, and to prepare for the important festive trading season. We are managing stock levels in light of the ongoing macro-economic uncertainty and cost increases
- At the period end, other trade receivables had increased by £4.8m, principally due to the treatment of Software as a Service (SaaS) prepayments, and pre-acquisition costs for the five stores in Australia
- The reduction in other trade payables of £2.9m is due to the timing of the quarterly VAT payment which has been paid at this period end date
- Lease liabilities (current and non-current) reduced by £12.5m to £60.2m (2021: £72.7m) due to regular lease payments made in the period

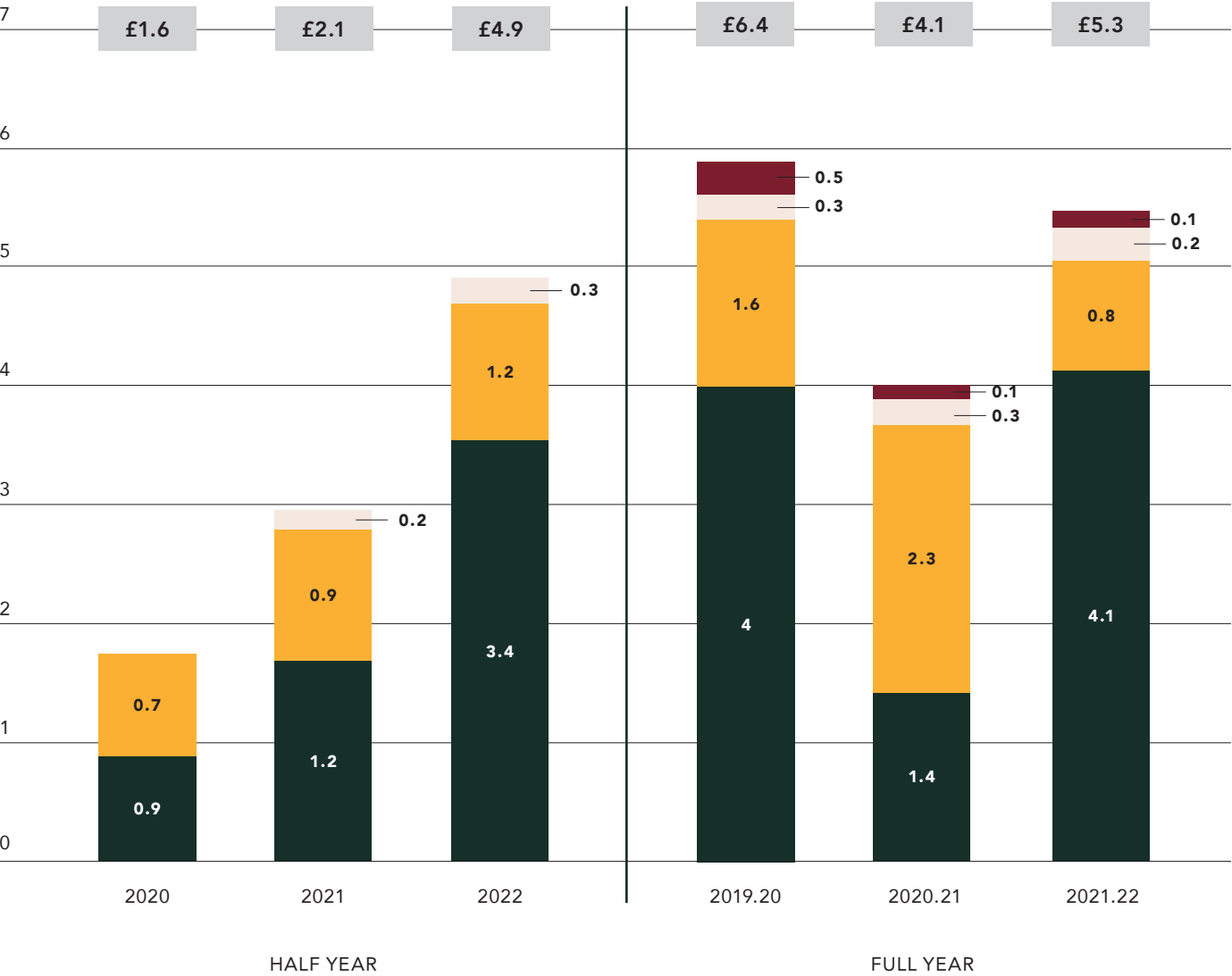
Group Cash Flow

£ MILLION	UNAUDITED 26 WEEKS ENDED 1 OCTOBER 2022	UNAUDITED 26 WEEKS ENDED 25 SEPTEMBER 2021	AUDITED 52 WEEKS ENDED 27 MARCH 2021
OPERATING (LOSS)/PROFIT FOR THE PERIOD	(2.2)	11.9	24.6
ADJUSTMENTS FOR:			
DEPRECIATION AND AMORTISATION	6.3	6.0	12.2
LEASE MODIFICATIONS AND DISPOSALS	(0.2)	(0.5)	(2.2)
DISPOSAL OF INTANGIBLE ASSET	-	(5.3)	(5.3)
WORKING CAPITAL	(15.1)	1.7	(6.5)
CASH (USED)/GENERATED FROM OPERATIONS	(11.2)	13.8	22.8
TAX	(2.8)	0.1	(0.2)
INTEREST RECEIVED	(1.6)	(1.8)	(3.5)
CAPEX NET OF PROCEEDS	(5.2)	(2.1)	(5.3)
PROCEEDS FROM INTANGIBLE ASSET	0.0	13.3	13.3
PAYMENT OF LEASE LIABILITIES	(5.8)	(5.0)	(13.7)
OTHER FINANCING ACTIVITIES	0.1	0.2	0.3
NEW BORROWING	7.0	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(19.5)	18.5	13.9

- The net decrease in cash and cash equivalents of £19.5m (2021: increase of £18.5m) included a £7.0m draw down of the Group's revolving credit facility (RCF). In the prior period the Group benefitted from the profit and proceeds from the early termination of the Paris lease, of £5.3m and £13.3m respectively
- During the period we continued to invest in capital expenditure of £5.2m (2021: £2.1m) to support longer term growth and increased inventories of £11.1m to support business growth initiatives
- Additional corporation tax was incurred in the period of £2.4m, in relation to the profit on disposal of our Paris lease in July 2021. Financial support was given to ensure the continuity of five stores in Australia, which resulted in cash advances of £1.7m in the period. Since the period end these stores have been acquired and are now trading as Mulberry Australia

Capital Expenditure

£ MILLION



- Capital expenditure in stores and digital during the period related to £1.4m refurbishments of UK stores which were delayed during the COVID-19 period, implementing the new store concept, also the opening of Battersea Power Station. The remaining £2.0m expenditure is within the international markets with the opening of our new flagship store Wooster St, New York, a refit of PC Hoofstraat in Amsterdam and new stores in Asia Pacific
- Systems development capital expenditure has increased due to investment in our core foundations systems to support future growth

- STORE + DIGITAL
- SYSTEMS DEVELOPMENT
- FACTORIES
- OTHER

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:

With a rich heritage in leather craftsmanship and a reputation for innovation, we aim to build Mulberry as a sustainable global luxury brand through four strategic growth pillars. Aiming to enhance our customers' experience, our single global approach to inventory allows shoppers to use mulberry.com and our entire store network to research, buy and return our products in the way that suits them. Our central digital platform integrates seamlessly with our stores to offer this convenient way of choosing our products.

IN 2022:

- Virtual and in-store appointments continue to play a vital role in the customer journey, representing 10% of all UK store sales and resulting in an increased average transaction value higher than the walk-in equivalent
- Digital sales represented 25% (2021: 29%) of Group revenue. In Asia Pacific, digital sales grew to 23% (2021: 19%) of the region's sales, supported by developing strategic partnerships, including Tmall in China and Naver in Korea
- We had a store network of 103 points of sale across retail and franchise at the period end. In the UK we operated 39 retail stores at the period end (2021: 45), which included 15 John Lewis and 6 House of Fraser concessions. We continue to manage the business proactively and focus on optimising the store network
- As part of our wider strategic growth plans and omni-channel approach, we are moving to full ownership model and reducing our franchised operations. This allows us to increase our focus on the customer experience and grow the percentage of our omni-channel business. During the period we acquired three stores previously operated by our Swedish franchisee including a stand-alone store in Malmo and concessions in NK department stores in Stockholm and Gothenburg. Mulberry Sweden is now wholly owned and operated by the Group

Strategic Pillar 2 — International Development

STRATEGY:

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

IN 2022:

- We saw a positive recovery in Asia Pacific, despite a number of COVID-19 restrictions still applying early in the period, with overall sales marginally up on the same period last year. We also opened stores in the region at Nanjing Deji, China, in April 2022, and a pop-up in Gwang Ju, Korea, in May 2022. On the digital side, we have launched on new platforms in Korea, Naver.com and GS.com
- Further international developments include the relocation of our flagship store in New York in April 2022, and the refurbishment of our Amsterdam store in June

Strategic Pillar 3

— Constant Innovation

STRATEGY:

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

IN 2022:

- The half year under review was the first full period for our new Softie family, which launched in February 2022, with new colours and shapes being added throughout the period, targeting a much younger luxury customer. In September 2022, we then diversified across categories with the launch of Softie ready-to-wear products – eight outerwear garments with recycled nylon and recycled silk padding, echoing the launch of the new Softie bag family. We continued the expansion of the Softie line with a versatile clutch bag
- Following the strong trend for mini bags, particularly in Asia, another strategic move this season was to reposition iconic families of bags through the launch of micro bags. These bridge the gap between our small leather goods and bags, and make our icons more affordable and potentially appealing to a broad range of customers, while increasing brand awareness



Strategic Pillar 4 — Sustainable Lifecycle

STRATEGY:

Our Made to Last manifesto sets us apart, and we extend the life of all our products through our Lifetime Service Centre, buy back offer, and The Mulberry Exchange. We aim for our business to be regenerative and circular across the entire supply chain by 2030, with sustainability in supply, craftsmanship, packaging and distribution – themes important to our customers.

IN 2022:

- We were very proud to be awarded the “Sustainable Luxury Brand of The Year” award at the Walpole British Luxury Awards on 21 November 2022. Chosen by an independent panel of experts, we were recognised for the significant progress we have made towards our Made to Last manifesto. Walpole commended us for applying sustainability best practice to all parts of the business, from our longstanding commitment to UK manufacturing in our two carbon neutral Somerset factories, to our game-changing investment in environmentally accredited tanneries and carbon neutral leather, as well as our pioneering circular economy programme, The Mulberry Exchange
- We are carbon neutral across all of our UK operations and 100% of the leather we use comes from environmentally accredited tanneries. We are offsetting the carbon emissions related to all leather purchases and currently waiting for Zero Waste to Landfill certification
- During COVID-19 restrictions in 2020, our UK manufacturing facilities were transformed to craft thousands of PPE gowns, and quickly distributed to local NHS trusts



Strategic Pillar 4

— Sustainable Lifecycle

- Sustainable materials in the Mulberry range include ECONYL, Better Cotton, Eco-Scotchgrain, Bio-Acetate, recycled polyester/nylon, and responsibly sourced down and feathers. All Mulberry green paper packaging is cup cycled, with more than 2.8m cups upcycled to date, and since 2011 all cardboard and paper is Forest Stewardship Council (FSC) certified
- In May 2022, we launched the Carbon Neutral Lily. We also launched a partnership with circular rental marketplace, Hurr from June 2022, further developing the circularity of Mulberry bags
- We are adding digital identities to products, starting with pre-loved bags from our resale programme, The Mulberry Exchange
- We have been a certified Living Wage employer since 2021, and a hybrid working policy is in place reducing emissions and costs associated with commuting. We are also offsetting all carbon emissions associated with business travel
- We have a long history of donating to local charities and organisations, and as the business grows, we are committed to continuing to support our charity partners. We categorise our charitable activity into three streams: Strategic Corporate Partnerships; Tactical Local Partnerships; and Other/Reactive Partnerships. To help support this strategy we have a dedicated Charity and Community Committee, made up of a team of Mulberry employees from various business areas who assist in increasing awareness of our charitable activities, arranging fundraising and liaising with our partners. During the period we have donated seventeen pallets of write off leather, fabric, RTW and offcuts to universities, and we continually donate bags and offcuts to scrap stores, craft groups and schools
- During the period we commenced the recalculation of our submission to SBTi for science-based targets, to align with new forestry, land-use and agriculture guidance. We aim to have targets ready for approval by the end of 2022



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

Since the period ended, we have opened a new store at the iconic Battersea Power Station in London on 14 October and launched a duty free store in Hainan, Greater China.

We have also finalised the acquisition of the assets previously owned and run by our Australian franchisee, having provided financial support to the business during the period. We will now operate directly as Mulberry Australia through five Mulberry stores there.

The wider macro-economic environment continues to present some uncertainty, in particular with regards to inflationary pressures. As a business, we are managing inflationary challenges through various measures. We fixed our energy price in October 2021 for a three-year period, which has helped mitigate the impact of much of the current energy-price increase. We also introduced price increases in March 2022 and September 2022 – as part of our global strategy – to ensure we make no compromises on the quality of our product and our Made to Last manifesto, and to help protect our margins.

We are focused on investing for our future growth despite the challenging economic and geopolitical backdrop. We are confident in our ability to execute our strategy and are well prepared for the important festive trading period.



Appendix



Store Detail

		FREE STANDING	DEPARTMENT SHOP-IN-SHOP	TOTAL 1 OCTOBER 2022	CHANGES FROM 2 APRIL 2022	TOTAL 2 APRIL 2022
OWN STORES	UK	15	24	39	40	-1
	EUROPE	3	2	5	2	3
	NORTH AMERICA	5	1	6	6	0
	ASIA PACIFIC	20	18	38	37	1
	TOTAL OWN STORES	43	45	88	85	3
FRANCHISE PARTNER STORES	EUROPE	3	1	4	9	-5
	OTHER ASIA PACIFIC	9	2	11	12	-1
	MIDDLE EAST	0	0	0	1	-1
	TOTAL FRANCHISE PARTNER STORE	12	3	15	22	-7
TOTAL RETAIL FOOTPRINT		55	48	103	107	-4

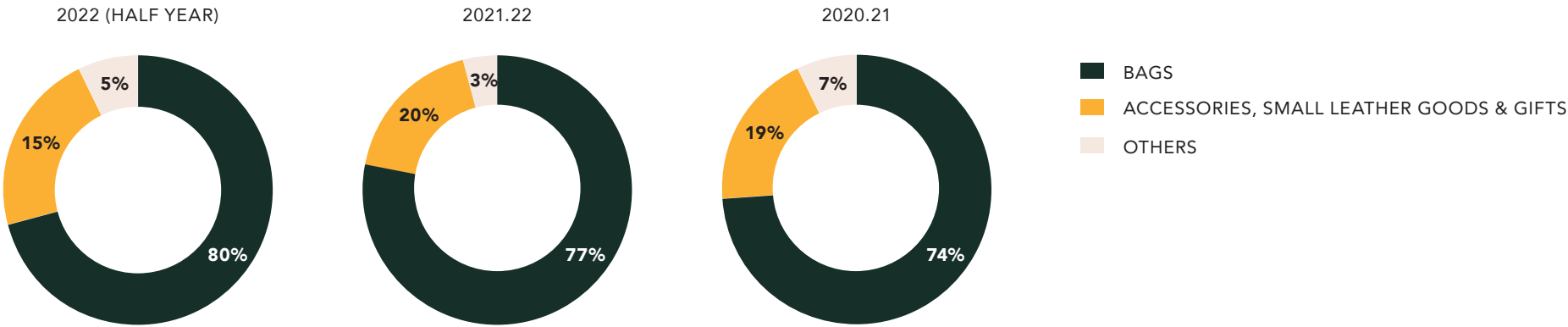


US - Wooster Street, New York



China - Deji Plaza, Nanjing

Revenue by Product



Softie Quilted Bomber
Khaki
Recycled Nylon



Micro Bayswater
Portobello Blue
Crinkled Metallic Leather



Sadie Sunglasses
Maple Havana & Teak
Bio-Acetate

