

# Mulberry Group plc

## Results for the twenty-six weeks ended 30 September 2023

### *Investments will power future growth*

Mulberry Group plc (the "Group" or "Mulberry"), the British sustainable luxury brand, announces unaudited results for the twenty-six weeks ended 30 September 2023 (the "period").

#### **THIERRY ANDRETTA, CHIEF EXECUTIVE OFFICER, COMMENTED:**

*"Against a challenging macro-economic backdrop, which is impacting the entire luxury landscape, we have continued to invest in our long-term future.*

*"Our strategy to transform our international businesses to a direct-to-consumer model has enabled us to control the entire customer experience in Sweden, Australia, New Zealand and Japan. Our investments in the period in our digital systems, stores and product will power future growth.*

*"As one of the most iconic British luxury brands, product innovation remains at the heart of Mulberry. Our recent product launches, the Islington, Pimlico and Lana have been well received by customers, which is testament to our heritage, fresh designs and modern craftsmanship.*

*"Looking ahead, we are well placed to capitalise on the important festive trading period and expect the usual second half weighting to trading.*

*"There is no doubt, however, that the macro-economic environment has deteriorated, and this has had a knock-on effect on consumer sentiment. At Mulberry we have ensured that we are prepared to navigate this tricky environment, and we are confident in our ability to continue to execute our strategy. I continue to believe that offering VAT-free shopping in the UK would be one of the most effective ways to encourage business growth in this country. The fact this has not been reinstated is creating challenges for all sectors; impacting not only the luxury players, but also hospitality, travel and tourism. As we look ahead to the New Year, I urge policy makers to collaborate with all industries campaigning on this issue and reconsider implementing this to support businesses across the UK."*

#### **FINANCIAL HIGHLIGHTS**

- Group revenue up 7% (8% CER<sup>1</sup>) to £69.7m (2022: £64.9m)
  - UK retail sales although impacted by the broader economic environment, increased 6% to £36.2m (2022: £34.1m)
  - International retail sales increased 34% (35% CER) to £23.5m (2022: £17.5m), supported by our strategy to bring in-house ownership of overseas stores including Sweden and Australia
  - Revenue in the US increased by 38% (42% CER) due to increased brand awareness
  - Asia Pacific retail sales (including the first full period of ownership of our Australian stores) increased by 13% (18% CER) to £13.5m (2022: £11.9m). Underlying retail sales decreased by 7% (3% CER) due to the challenging China macro-economic climate and reduced footfall across the region
- Gross margin of 69% (2022: 71%) was slightly below the prior period
- Underlying loss before tax of £12.3m (2022: underlying loss before tax £2.8m)<sup>2</sup> included £3.3m (2022: £0.8m) of Software as a Service (SaaS) costs, the additional operational costs of our new stores in Sweden and Australia, and additional important investments for future growth in the Group
- Reported loss before tax of £12.8m (2022: loss before tax £3.8m)

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<sup>1</sup> Constant Exchange Rates

<sup>2</sup> See note 2 on pages 16 and 17 for more details of alternative performance measures and one off costs

## **OPERATING HIGHLIGHTS**

- Digital sales represented 29% of total Group revenue in the period (2022: 25%), demonstrating the continuing trend towards omni-channel shopping in all regions
- Our collaborations with Paul Smith, Axel Arigato and Stefan Cooke drove further global awareness of the Mulberry brand
- New stores opened in Italy, China and South Korea
- Product innovation continued in the period with the launch of new bag families including the Islington and the Retwist
- Ongoing investment in projects to update the Group's legacy systems and build on our omni-channel capabilities

## **SUSTAINABILITY HIGHLIGHTS**

- Continued focus on embedding sustainability and circularity across the entire business
- Mulberry Pre-Loved, our buy back and resale programme, generated sales above the same period last year
- 100% of leather (including all suede and nappa linings) for Bags, Mini Bags and Small Leather Goods is sourced from tanneries with an environmental accreditation. We continue to offset the carbon emissions related to leather purchases
- Lifetime Service Centre at The Rookery continues to restore more than 10,000 bags a year

## **CURRENT TRADING**

- The wider macro-economic environment and geo-political climate continues to present some uncertainty, but we are well positioned to navigate this given our beautifully crafted product, made in our Somerset factories and sold at the best value price point in the luxury market
- Mulberry has a clear customer proposition and plan for growth and we remain confident in our ability to navigate this uncertainty and execute this strategy for the benefit of all our stakeholders
- Since period end, we launched two new bag families globally, the Lana and the Pimlico which are performing well
- Well prepared for the second half of the financial year, which is weighted in trading given the important festive trading period and further emphasised by our move from wholesale to retail

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## OVERVIEW

Despite the current uncertain global economic climate, which continues to dampen consumer confidence, Mulberry continues to invest in its long-term future. Our strategic goals are clearly set out in our strategic pillars - omni-channel distribution, international development, constant innovation and sustainable lifecycle – and will make us more efficient, more customer focused and enable growth. Over the six months to 30 September 2023, we made good progress towards all of them.

We invested in new lines, collaborations and extended ranges. For example, collaborations with Swedish lifestyle label Axel Arigato in April and Stefan Cooke in September introduced us to a new generation of customers; and working with UK heritage brand Paul Smith drove new customer sales. Further innovation came with new bag ranges – the Islington and the Retwist. With two more launched since period end – the Pimlico and the Lana.

Pop ups continue to allow us efficiently to reach new audiences, with Leccio giving us invaluable insights into the Italian market.

International sales represented 39% of total retail revenues, supported by our strategy to bring in-house ownership of overseas stores. This is the first full six-month period during which our stores in Sweden and Australia have been fully owned; our stores in New Zealand and Japan have been fully owned since June 2023. We experienced strong growth in retail sales in the United States, up 38% (42% CER) as we continued to build brand awareness in this market. In Asia Pacific overall retail sales increased by 13% (18% CER) to £13.5m (2022: £11.9m), this period includes six months of our newly acquired stores in Australia. Underlying retail sales in Asia Pacific decreased by 7% principally due to the challenging macro-economic climate in China and reduced footfall across the region. We continue to develop our lifestyle range for the second half of the financial year and expect lifestyle sales to continue to grow throughout the remainder of the financial year.

Central to Mulberry's business model is sustainability and circularity. Projects incorporating and promoting pre-loved performed well, and we have made progress in lowering further our already below-industry-average carbon footprint through our hyper-local, hyper-transparent farm-to-finished-product model. We expect validation of our science-based greenhouse gas emissions reduction targets by the end of this financial year.

Group revenue increased by 7% (9% CER) over the period, with a slight decline in the gross margin to 69% (2022: 71%). An underlying loss before tax for the period of £12.3m (2022: loss before tax of £2.8m) reflects the additional investments and costs to support business growth, including SaaS costs and the additional operational costs of our stores in Sweden and Australia. We ended the period with net borrowings of £13.6m<sup>1</sup> (2022: net borrowings £0.5m).

Much of this progress is thanks to the hard work and commitment of our many colleagues around the world and I recognise and thank them for their enduring efforts.

## BOARD CHANGES

### **Appointment of additional Independent Non-Executive Director**

On 7 September 2023, the Group appointed Ms Leslie Serrero as an additional Independent Non-Executive Director. Ms Serrero will also sit on the Audit Committee of the Board.

Ms Serrero has extensive experience of luxury brand leadership. She has been International Managing Director of US luxury group Casa Komos Brands Group since October 2022, having previously held senior executive roles at Fendi France (2019-2022), Christian Dior Couture (2012-2019) and Lacoste SA (2009-2012). Prior to this, Ms Serrero was a project leader at Boston Consulting Group for six years, advising companies in the retail, consumer and fashion sectors on transformation and growth strategies.

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<sup>1</sup> Net borrowings comprises cash balances of £5.9m (2022: £6.5m) less bank borrowings of £19.5m (2022: £7.0m), which excludes related parties and non-controlling interest of £4.5m (2022: £5.6m)

## **CURRENT TRADING AND OUTLOOK**

Since the period end, we have launched two new bag families globally, the Lana and the Pimlico, which have both performed well.

The wider macro-economic environment, including inflationary pressures, continues to present some uncertainty, but we are well positioned as the best value price point in the luxury market and prepared for the second half of the financial year, which is weighted in trading given the important festive trading period and further emphasised by our move from wholesale to retail.

Mulberry has a clear customer proposition and plan for growth and we remain confident in our ability to navigate this uncertainty and execute this strategy for the benefit of all our stakeholders.

## **PROGRESS AGAINST OUR STRATEGY**

With a rich heritage in leather craftsmanship and a reputation for innovation, we aim to build Mulberry as the British sustainable global luxury brand through four strategic growth pillars.

### **Strategic pillar 1 – Omni-channel distribution**

The period saw us invest in our ongoing digital transformation to enhance our omni-channel distribution. Our new omni-hubs in Glasgow, Bath and London's Regent Street take the majority of omni-orders. They also optimise store space and are already making order management more efficient. The payback is clear: digital sales as a proportion of the Group revenue continued to rise – up 4% to 29% in the period. We launched the Mulberry Mindset strategy in June to help staff provide memorable interactions for customers and build authentic relationships.

Refurbishments and pop ups in London, Europe and Asia also rewarded investment, helping us reach new audiences and lift sales.

### **Strategic pillar 2 – International development**

We continued to optimise our digital channels and global store network, focusing on the US and Asia Pacific with their strong growth opportunities, bringing more stores and concessions in-house to better control pricing and distribution.

In the US, increasing brand awareness, helped to drive sales up 38% (42% CER). Asia Pacific retail sales, including the first full period of ownership of our Australian stores, increased by 13% (18% CER). Underlying retail sales decreased by 7% (3% CER) due to the challenging China macro-economic climate and reduced footfall across the region. Of note was our Chinese Valentine's Day event at newly opened Nanjing Deji store with actress Zhu Zhu. This boosted sales and brand awareness, with the Bayswater bag performing particularly well.

In addition to Australia, the period saw the first full six-month contribution of stores and concessions in Sweden; the New Zealand store and stores and concessions in Japan became wholly owned in May and June respectively.

In Europe, our six-month pop up in the luxury outlet Mall Firenze, Leccio, is giving us valuable insight into the Italian market and performing well.

### **Strategic pillar 3 – Constant innovation**

Mulberry has a long tradition of innovation and collaboration as it adapts to changing customer tastes and reaching new markets. Further innovation came from new bag ranges – the Islington and the Retwist – as well as new silhouettes for the Bayswater, Mini Lily and North South Tote. Stand out performances came from Bayswater Powder Rose and Pale Grey. With the Pimlico and the Lana ranges launched since the period end, we expect bag sales to make up 79% of our total by the end of the current financial year.

Collaborations in the period included Swedish minimalist Axel Arigato, the heritage British designer Paul Smith and the award-winning Stefan Cooke. The Stefan Cooke collaboration included a pop-up during September's London Fashion Week and along with the April Axel Arigato collaboration, successfully drove greater awareness of Mulberry among younger generations. The Paul Smith collaboration also introduced us to new customers. All led to increased sales.

While bags and leather goods remain Mulberry's mainstay, we continue to explore opportunities in lifestyle categories. During the period we launched our lifestyle range and made further investments to extend this range in the second half of the year.

### **Strategic pillar 4 – Sustainable lifecycle**

Our Made to Last manifesto with its Lifetime Service Centre and the Mulberry Exchange for pre-loved bags set us apart and are central in our strategy to be regenerative and circular across our entire supply chain by 2030. This strategy feeds into everything we do.

In April, our collaboration with Axel Arigato highlighted our wear-forever ethos while in September, our capsule collaboration with Stefan Cooke, focusing on pre-loved, was heralded by Vogue as "a strong case for the coolest bag collaboration of the year". Both brilliantly showcased our Mulberry Exchange platform, which ensures every Mulberry bag can have multiple lives. The Stefan Cooke collaboration contributed to the best-ever week for pre-loved on Mulberry.com. We saw significant growth on the previous financial year.

We remain carbon neutral across our UK operations and source 100% of our leather from environmentally accredited tanneries. Ongoing efforts to establish a hyper-local, hyper-transparent farm-to-finished-product model are further reducing our already lower-than-industry average carbon footprint. Meanwhile, we offset carbon emissions related to our leather purchases and business flights and we expect validation of our science-based greenhouse gas reduction targets by the end of this financial year.

Sustainable materials continue to play an important role in our drive for Net Zero and this extends to our paper and packaging. Since 2020, more than 3.2 million coffee cups have been turned into Mulberry Green paper packaging and since 2011 all our cardboard and paper are Forest Stewardship Council certified.

Respect for people as well as the planet is embedded in all we do and we are proud to be a certified Living Wage employer and our hybrid working policy helps cut emissions and costs associated with commuting.

During the period we launched our Diversity, Equity and Inclusion (DE&I) committee to drive progress across all DE&I topics. To date, this includes partnering with Mentoring Matters, Flourish in Diversity and The Outsiders Perspective.

In recognition of all our efforts, in May, we won Brand of the Year at the Drapers Sustainable Fashion Awards, with the judges citing our Made to Last Manifesto, our thriving apprenticeship programme and our longstanding commitment to British manufacturing.

## FINANCIAL REVIEW

### Group revenue and gross profit

Revenue analysis for the 26 weeks to 30 September 2023 compared to the same period last year is as follows:

	2023 £'m	2022 £'m	% change
Digital	20.3	16.3	+25%
Stores	39.4	35.3	+12%
<b>Retail (omni-channel)</b>	<b>59.7</b>	<b>51.6</b>	<b>+16%</b>
Franchise and Wholesale	10.0	13.3	-25%
<b>Group Revenue</b>	<b>69.7</b>	<b>64.9</b>	<b>+7%</b>

Digital	12.8	10.8	+19%
Stores	23.4	23.3	0%
<b>Omni-channel – UK</b>	<b>36.2</b>	<b>34.1</b>	<b>+6%</b>
Digital	2.9	2.7	+7%
Stores	10.6	9.2	+15%
<b>Omni-channel – Asia Pacific</b>	<b>13.5</b>	<b>11.9</b>	<b>+13%</b>
Digital	4.6	2.8	+64%
Stores	5.4	2.8	+93%
<b>Omni-channel – Rest of World</b>	<b>10.0</b>	<b>5.6</b>	<b>+79%</b>
<b>Retail (omni-channel)</b>	<b>59.7</b>	<b>51.6</b>	<b>+16%</b>

	Q1		Q2		H1 2023	
	Revenue £'m	% change	Revenue £'m	% change	Revenue £'m	% change
Digital	10.1	+19%	10.2	+31%	20.3	+25%
Stores	20.1	+15%	19.3	+8%	39.4	+12%
<b>Retail (omni-channel)</b>	<b>30.2</b>	<b>+16%</b>	<b>29.5</b>	<b>+15%</b>	<b>59.7</b>	<b>+16%</b>
Franchise and Wholesale	7.0	-18%	3.0	-38%	10.0	-25%
<b>Group revenue</b>	<b>37.2</b>	<b>+8%</b>	<b>32.5</b>	<b>+7%</b>	<b>69.7</b>	<b>+7%</b>

Group revenue increased by 7% (8% CER) in the period, with growth in both Q1 (+8%) and Q2 (+7%) on the prior period. Retail omni-channel sales grew +16% in the period driven by our strategy to transition some wholesale partners to full ownership or concession agreements. UK total retail sales increased by 6%. Full price sales in the UK increased by 4% to £27.9m (2022: £26.8m) with the full price mix reducing slightly to 77% (2022: 79%). UK store sales remained in line with prior period, however UK digital sales were up 19% on the prior period, with average transaction value increasing by 9% compared to the prior period and represented 35% of total UK retail sales (2022: 32%).

Asia Pacific retail revenue increased 13% (18% CER), which includes the first full six-month period from the Australia retail stores which were acquired in the second half of last year. Excluding Australia, Asia Pacific retail revenue would have been down 7% due to the challenging China macro-economic climate and reduced footfall across all the markets.

Rest of World retail revenue, which includes Europe and the US, increased 79% (73% CER) with £1.7m relating to the business in Sweden which was acquired in September 2022. Revenue in the US also increased by 38% (42% CER) due to increased brand awareness in the market.

Franchise and wholesale sales decreased by 25%, with wholesale arrangements in Sweden and Australia converted to retail following the purchase of the business in the prior year.

### Other operating expenses

Other operating expenses increased by 21% to £58.9m (2022: £48.6m) and underlying operating expenses increased by 9%. A breakdown is given below:

	<b>2023</b>	<b>2022</b>	
	<b>£'m</b>	<b>£'m</b>	<b>% change</b>
<b>Underlying operating expenses</b>	<b>51.6</b>	<b>47.2</b>	<b>+9%</b>
SaaS Costs	3.3	0.8	+313%
Store Closure Charge/(Credit)	0.5	(0.2)	-350%
New initiatives – Sweden & Australia	3.5	0.8	+338%
<b>Operating expenses</b>	<b>58.9</b>	<b>48.6</b>	<b>+21%</b>

The underlying operating cost increase has been driven by inflationary and real-living wage pay increases and we also increased technology spend to £4.2m (2022: £3.3m) to support the underlying costs associated with projects and systems investments.

In light of the March 2021 IFRIC agenda decision to clarify the treatment of Software as a Service (SaaS) costs, during the period we expensed £3.3m (2022: £0.8m) of SaaS costs which would previously have been capitalised, in line with the accounting for configuration and customisation cost arrangements. We expect to incur further SaaS costs in the second half.

The acquisition of our stores in Sweden and Australia have increased costs during the period by £2.7m. The full year impact of these new initiatives will be included in the current period.

### Loss before tax

The Group's underlying loss before tax was £12.3m (2022: underlying loss before tax of £2.8m), included £3.3m (2022: £0.8m) of SaaS costs and the additional operational costs of our new stores in Sweden and Australia.

Reported loss before tax for the period was £12.8m (2022: loss before tax of £3.8m) and includes a store closure charge of £0.5m (2022: credit of £0.2m). The prior period included £1.2m acquisition costs relating to the business in Australia and Sweden.



	<b>2023</b>	<b>2022</b>
	<b>£'m</b>	<b>£'m</b>
<b>Underlying loss before tax pre-SaaS costs</b>	<b>(9.0)</b>	<b>(2.0)</b>
SaaS Costs	(3.3)	(0.8)
<b>Underlying loss before tax</b>	<b>(12.3)</b>	<b>(2.8)</b>
Store Closure (Charge)/Credit	(0.5)	0.2
Australia and Sweden acquisition costs	-	(1.2)
<b>Reported loss before tax</b>	<b>(12.8)</b>	<b>(3.8)</b>

See note 2 below for further details of Alternative Performance Measures.

#### **Taxation**

The Group reported a tax charge for the period of £0.6m (2022: £0.3m.) The tax charge in the period is made up of £0.4m for deferred tax, which is calculated by applying the forecast full year effective tax rate to the Group results and £0.2m relating to prior and current period current tax charges.

#### **Balance Sheet**

Net working capital, which comprises inventories, trade and other receivables and trade and other payables decreased by £9.1m to £34.6m at the period end (2022: £43.7m). This decrease was driven by a reduction in inventories of £3.4m, as a result of optimisation of inventory levels. We are managing stock levels in light of the ongoing macro-economic uncertainty and cost increases.

At the period end, other trade receivables had decreased by £2.7m, principally due to wholesale customers being converted to direct-to-customer models. The increase in other trade payables of £3.0m is due to the timing of payments at the period end date and recognising a liability for contributions towards the new lessee rentals for the re-assigned Bond Street store.

Lease liabilities (current and non-current) reduced by £7.2m to £53.0m (2022: £60.2m) due to the release of the lease liability relating to the Bond Street store, which was re-assigned at the beginning of the period and regular lease payments made in the period.

#### **Cash flow**

The net decrease in cash and cash equivalents of £0.9m (2022: decrease of £19.5m) included a £6.0m draw down of the Group's revolving credit facility (RCF). Operating cash outflow for the period was £3.9m (2022: £15.6m) driven by increased operating expenses but partially offset by the improvement in working capital.

During the period we continued to invest in capital expenditure of £5.3m (2022: £5.2m) of which £2.9m (2022: £2.0m) related to transformation projects and IT systems to support growth. £0.8m (2022: £3.2m) has been spent in the period on new and existing retail stores.

#### **Borrowing facilities**

The Group had bank borrowings relating to drawdowns under its RCF of £13.0m at 30 September 2023 (2022: £7.0m). The borrowings shown in the balance sheet also include loans from minority shareholders in the Chinese and Japanese subsidiaries of £4.5m (2022: £5.6m) and an overdraft of £6.5m (2022: £nil).

The Group's net cash balance (cash and cash equivalents including overdrafts) at 30 September 2023 was -£0.6m (2022: £6.5m).

During the period the Group extended its secured RCF with HSBC until September 2027, with unchanged banking covenants. The covenants are tested quarterly on a "frozen GAAP" basis (excluding the impact of IFRS 16 and SaaS costs) and contain a 12-month rolling EBITDA target ratio and a maximum net debt target.

In addition, the Group has a £4.0m multi-currency overdraft facility which is renewed annually.

## **Significant transactions in the period**

### **Bond Street lease reassignment**

On 3 April 2023 the Group assigned the lease on its Bond Street store which closed in February 2023 and as a result disposed of the right-of-use asset and released the remaining lease liabilities. Additionally, the Group has incurred a charge for both the contribution towards lease rentals of the new lessee and for a financial guarantee covering the remaining period of the lease. The net charge of £517,000 is included in the Income Statement (see note 2).

### **Investment in Mulberry Japan Co. Limited**

On 27 June 2023 the Group, via its subsidiary Mulberry Trading Holding Company Limited acquired the 50% share capital owned by its Joint Venture partner Onward Holding Co Limited, in Mulberry Japan Co. Limited for 1 Yen. Following the acquisition, the Group now owns 100% of Mulberry Japan Co. Limited (see note 7).

CONSOLIDATED INCOME STATEMENT  
26 WEEKS ENDED 30 SEPTEMBER 2023

	Note	Unaudited 26 weeks ended 30 September 2023 £'000	Unaudited 26 weeks ended 1 October 2022 £'000	Audited 52 weeks ended 1 April 2023 £'000
Revenue		69,743	64,920	159,129
Cost of sales		(21,694)	(18,954)	(45,879)
<b>Gross profit</b>		<b>48,049</b>	<b>45,966</b>	<b>113,250</b>
Impairment charge relating to intangibles		-	-	(2,366)
Impairment credit relating to property, plant and equipment		-	-	850
Impairment credit relating to right-of-use assets		-	-	12,949
Other operating expenses		(58,884)	(48,599)	(108,485)
Other operating income		390	416	776
<b>Operating (loss)/profit</b>		<b>(10,445)</b>	<b>(2,217)</b>	<b>16,974</b>
Share of results of associates		19	36	52
Finance income		1	5	11
Finance expense		(2,334)	(1,574)	(3,887)
<b>(Loss)/profit before tax</b>		<b>(12,759)</b>	<b>(3,750)</b>	<b>13,150</b>
Tax charge	4	(639)	(279)	(1,753)
<b>(Loss)/profit for the period</b>		<b>(13,398)</b>	<b>(4,029)</b>	<b>11,397</b>
Attributable to:				
Equity holders of the parent		(12,279)	(2,715)	13,243
Non-controlling interests		(1,119)	(1,314)	(1,846)
<b>(Loss)/profit for the period</b>		<b>(13,398)</b>	<b>(4,029)</b>	<b>11,397</b>
Basic (loss)/profit per share	5	(22.5p)	(6.8p)	19.1p
Diluted (loss)/profit per share	5	(22.5p)	(6.8p)	19.1p

All activities arise from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
26 WEEKS ENDED 30 SEPTEMBER 2023

	Unaudited 26 weeks ended 30 September 2023 £'000	Unaudited 26 weeks ended 1 October 2022 £'000	Audited 52 weeks ended 1 April 2023 £'000
(Loss)/profit for the period	(13,398)	(4,029)	11,397
Items that may be reclassified subsequently to profit or loss;			
Exchange differences on translation of foreign operations	(845)	408	(483)
<b>Total comprehensive (expense)/income for the period</b>	<b>(14,243)</b>	<b>(3,621)</b>	<b>10,914</b>
Attributable to:			
Equity holders of the parent	(13,166)	(1,882)	12,888
Non-controlling interests	(1,077)	(1,739)	(1,974)
<b>Total comprehensive (expense)/income for the period</b>	<b>(14,243)</b>	<b>(3,621)</b>	<b>10,914</b>

CONSOLIDATED BALANCE SHEET  
AT 30 SEPTEMBER 2023

	Unaudited 30 September 2023 £'000	Unaudited 1 October 2022 £'000	Audited 1 April 2023 £'000
<b>Non-current assets</b>			
Intangible assets	7,832	6,390	6,015
Property, plant and equipment	20,274	16,765	19,817
Right-of-use assets	43,649	30,453	57,520
Interests in associates	168	375	254
Deferred tax asset	212	1,871	622
	<b>72,135</b>	<b>55,854</b>	<b>84,228</b>
<b>Current assets</b>			
Inventories	45,320	48,726	48,250
Trade and other receivables	15,266	17,984	19,901
Current tax asset	-	409	-
Cash and cash equivalents	5,852	6,544	6,872
	<b>66,438</b>	<b>73,663</b>	<b>75,023</b>
<b>Total assets</b>	<b>138,573</b>	<b>129,517</b>	<b>159,251</b>
<b>Current liabilities</b>			
Trade and other payables	(25,971)	(22,962)	(28,143)
Current tax liabilities	(331)	-	(182)
Lease liabilities	(9,971)	(11,199)	(10,932)
Borrowings	(23,883)	(3,798)	(11,562)
	<b>(60,156)</b>	<b>(37,959)</b>	<b>(50,819)</b>
<b>Net current assets</b>	<b>6,282</b>	<b>35,704</b>	<b>24,204</b>
<b>Non-current liabilities</b>			
Trade and other payables	(2,191)	-	-
Lease liabilities	(43,043)	(49,021)	(61,666)
Borrowings	-	(8,814)	-
	<b>(45,234)</b>	<b>(57,835)</b>	<b>(61,666)</b>
<b>Total liabilities</b>	<b>(105,390)</b>	<b>(95,794)</b>	<b>(112,485)</b>
<b>Net assets</b>	<b>33,183</b>	<b>33,723</b>	<b>46,766</b>
<b>Equity</b>			
Share capital	3,004	3,004	3,004
Share premium account	12,160	12,160	12,160
Own share reserve	(854)	(923)	(896)
Capital redemption reserve	154	154	154
Foreign exchange reserve	(170)	1,566	675
Retained earnings	25,176	23,968	38,110
<b>Equity attributable to holders of the parent</b>	<b>39,470</b>	<b>39,929</b>	<b>53,207</b>
Non-controlling interests	(6,287)	(6,206)	(6,441)
<b>Total equity</b>	<b>33,183</b>	<b>33,723</b>	<b>46,766</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
26 WEEKS ENDED 30 SEPTEMBER 2023

	Share capital £'000	Share premium account £'000	Own share reserve £'000	Capital re-emption reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
As at 2 April 2022	3,004	12,160	(1,269)	154	1,158	27,006	42,213	(4,467)	37,746
Loss for the period	-	-	-	-	-	(2,715)	(2,715)	(1,314)	(4,029)
Other comprehensive income for the period	-	-	-	-	408	-	408	-	408
<b>Total comprehensive income/(expense) for the period</b>	-	-	-	-	408	(2,715)	(2,307)	(1,314)	(3,621)
Charge for employee share-based payments	-	-	-	-	-	23	23	-	23
Own shares	-	-	346	-	-	-	346	-	346
Exercise of share options	-	-	-	-	-	(346)	(346)	-	(346)
Non-controlling interest foreign exchange	-	-	-	-	-	-	-	(425)	(425)
As at 1 October 2022	3,004	12,160	(923)	154	1,566	23,968	39,929	(6,206)	33,723
Profit/(loss) for the period	-	-	-	-	-	15,958	15,958	(532)	15,426
Other comprehensive expense for the period	-	-	-	-	(891)	-	(891)	-	(891)
<b>Total comprehensive (expense)/income for the period</b>	-	-	-	-	(891)	15,958	15,067	(532)	14,535
Impairment of shares in trust	-	-	27	-	-	(27)	-	-	-
Dividends paid	-	-	-	-	-	(1,789)	(1,789)	-	(1,789)
Non-controlling interest foreign exchange	-	-	-	-	-	-	-	297	297
As at 1 April 2023	3,004	12,160	(896)	154	675	38,110	53,207	(6,441)	46,766
Loss for the period	-	-	-	-	-	(12,279)	(12,279)	(1,119)	(13,398)
Other comprehensive expense for the period	-	-	-	-	(845)	-	(845)	-	(845)
<b>Total comprehensive expense for the period</b>	-	-	-	-	(845)	(12,279)	(13,124)	(1,119)	(14,243)
Charge for employee share-based payments	-	-	-	-	-	7	7	-	7
Impairment of shares in trust	-	-	42	-	-	(42)	-	-	-
Adjustment arising from investment by non-controlling interests (see note 7)	-	-	-	-	-	-	-	611	611
Adjustment arising from acquisition of non-controlling interests (see note 7)	-	-	-	-	-	(620)	(620)	620	-
Non-controlling interest foreign exchange	-	-	-	-	-	-	-	42	42
As at 30 September 2023	3,004	12,160	(854)	154	(170)	25,176	39,470	(6,287)	33,183

CONSOLIDATED CASH FLOW STATEMENT  
26 WEEKS ENDED 30 SEPTEMBER 2023

	Unaudited 26 weeks ended 30 September 2023 £'000	Unaudited 26 weeks ended 1 October 2022 £'000	Audited 52 weeks ended 1 April 2023 £'000
Operating (loss)/profit for the period	(10,445)	(2,217)	16,974
Adjustments for:			
Depreciation and impairment of property, plant and equipment	2,451	1,922	3,487
Depreciation and impairment of right-of-use assets	4,517	3,577	(5,021)
Amortisation and impairment of intangible assets	921	835	4,041
Gain on lease modifications and lease disposals	(5,484)	(243)	(441)
(Profit)/loss on sale of property, plant and equipment	-	(2)	96
Business combination gain	-	-	(304)
Share-based payments expense	7	23	23
Operating cash (outflows)/inflows before movements in working capital	(8,033)	3,895	18,855
Decrease/(increase) in inventories	3,063	(11,960)	(9,722)
Decrease/(increase) in receivables	4,673	(2,057)	(3,974)
(Decrease)/increase in payables	(1,229)	(1,073)	2,001
Cash (used)/generated by operations	(1,526)	(11,195)	7,160
Income taxes paid	(71)	(2,790)	(2,427)
Interest paid	(2,334)	(1,582)	(3,899)
Net cash(outflow)/inflow from operating activities	(3,931)	(15,567)	834
Investing activities:			
Interest received	1	5	15
Acquisition of businesses (see note 8)	(238)	-	(3,182)
Purchases of property, plant and equipment	(3,057)	(4,030)	(7,129)
Proceeds from disposal of property, plant and equipment	-	2	2
Acquisition of intangible fixed assets	(2,219)	(1,179)	(3,919)
Dividend received from associate	-	-	40
Net cash used in investing activities	(5,513)	(5,202)	(14,173)
Financing activities:			
(Repayment)/increase in loans from non-controlling interests	(744)	94	246
Investment from non-controlling interest (see note 7)	611	-	-
New borrowings	13,309	7,000	6,100
Dividends paid	-	-	(1,789)
Principal elements of lease payments	(4,629)	(5,840)	(10,261)
Net cash generated/(used) in financing activities	8,547	1,254	(5,704)
Net decrease in cash and cash equivalents	(897)	(19,515)	(19,043)
Cash and cash equivalents at beginning of period	6,872	25,669	25,669
Effect of foreign exchange rate changes	(123)	390	246
Cash and cash equivalents at end of period	5,852	6,544	6,872

NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
26 WEEKS ENDED 30 SEPTEMBER 2023

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 30 September 2023 (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 30 September 2023 have not been reviewed or audited.

The information for the 52 weeks ended 1 April 2023 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 27 June 2023 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 published in the Group's Annual Report and Financial Statements for the 52 weeks ended 1 April 2023.

These condensed consolidated interim financial statements for the 26 weeks ended 30 September 2023 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 1 April 2023, which have been prepared in accordance with UK-adopted International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006.

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

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 critical 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 91-92 of the Group's Annual Report and Financial Statements for the 52 weeks ended 1 April 2023.

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 42-47 of the Group's Annual Report and Financial Statements for the 52 weeks ended 1 April 2023.



## ALTERNATIVE PERFORMANCE MEASURES

In reporting financial information, the Group presents an APMs, which is not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board of Directors. Some of these measures are 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 APMs. 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.

A reconciliation of reported (loss)/profit before tax to underlying (loss)/profit before tax is set out below:

	Unaudited 26 weeks ended 30 September 2023 £'000	Unaudited 26 weeks ended 1 October 2022 £'000	Audited 52 weeks ended 1 April 2023 £'000
<b>Reconciliation to underlying (loss)/profit before tax</b>			
<b>(Loss)/profit before tax</b>	<b>(12,759)</b>	<b>(3,750)</b>	<b>13,150</b>
Store closure charge/(credit)	517	(210)	(205)
Impairment credit related to property, plant and equipment	-	-	(850)
Impairment credit related to right-of-use assets	-	-	(12,949)
Impairment charge for intangible assets	-	-	2,366
Australia acquisition costs	-	933	806
Sweden acquisition costs	-	193	193
<b>Underlying (loss)/profit before tax – non-GAAP measure</b>	<b>(12,242)</b>	<b>(2,834)</b>	<b>2,511</b>
Underlying basic (loss)/profit per share	(21.8p)	(5.3p)	5.8p
Underlying diluted (loss)/profit per share	(21.8p)	(5.3p)	5.8p

### Store closure charge

During the period no stores (2022: 2 stores) were closed although the lease on a store that had been closed in February 2023 was assigned on 3 April 2023. The charge on disposal comprises the release to the income statement of lease and other liabilities of £17,735,000 (2022: £210,000), the write-off of right-of-use assets of £11,777,000 (2022: £nil), a charge of lease exit costs of £150,000 (2022: £nil), a contribution of £5,205,000 (2022 : £nil) towards the new lessee rentals and a charge of £1,120,000 (2022 : £nil) being the financial guarantee for the remaining lease rentals.

### Australian acquisition costs

During the previous period the Group took over the running of five stores in Australia and incurred a write-off of debtors of £933,000.

### Sweden acquisition costs

During the previous period the Group took over the running of three stores in Sweden previously owned by the Swedish franchisee and incurred costs of £193,000.

### 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. The Group had cash and cash equivalents (net of overdrafts) of -£0.6 million (2022: £6.5 million) at 30 September 2023 and had drawn down £13.0 million (2022: £7.0 million) on its revolving credit facility. The Directors have also reviewed the 12-month forecasts including their resilience in the face of possible downside scenarios.

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 charge relates to deferred tax which is calculated by applying the forecast full year effective tax rate to the interim (loss)/profit and calculating the deferred tax balance for the period.

### 5. EARNINGS PER SHARE ('EPS')

	Unaudited 26 weeks ended 30 September 2023 £'000	Unaudited 26 weeks ended 1 October 2022 £'000	Audited 52 weeks ended 1 April 2023 £'000
Basic (loss)/profit per share	(22.5p)	(6.8p)	19.1p
Diluted (loss)/profit per share	(22.5p)	(6.8p)	19.1p
Underlying basic (loss)/profit per share	(21.8p)	(5.3p)	5.8p
Underlying diluted (loss)/profit per share	(21.8p)	(5.3p)	5.8p

Earnings per share is calculated based on the following data:

	Unaudited 26 weeks ended 30 September 2023 £'000	Unaudited 26 weeks ended 1 October 2022 £'000	Audited 52 weeks ended 1 April 2023 £'000
(Loss)/profit for the period for basic and diluted earnings per share	(13,398)	(4,029)	11,397
<b>Adjusting items:</b>			
Store closure charge/(credit)*	388	(206)	(203)
Reversal of impairment charge related to property, plant and equipment*	-	-	(650)
Reversal of impairment charge related to right-of-use assets*	-	-	(10,342)
Impairment charge for intangible assets	-	-	2,366
Australia acquisition costs*	-	193	728
Sweden acquisition costs	-	855	193
<b>Underlying (loss)/profit for the period for basic and diluted earnings per share</b>	<b>(13,010)</b>	<b>(3,187)</b>	<b>3,489</b>

\*These items are included net of tax

	Unaudited 26 weeks ended 30 September 2023 £'000	Unaudited 26 weeks ended 1 October 2022 £'000	Audited 52 weeks ended 1 April 2023 £'000
Weighted average number of ordinary shares for the purpose of basic EPS	59.7	59.6	59.6
Effect of dilutive potential ordinary shares: share options	-	-	-
<b>Weighted average number of ordinary shares for the purpose of diluted EPS</b>	<b>59.7</b>	<b>59.6</b>	<b>59.6</b>

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

## 6. 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 product categories.

### a) Business segment

The Group continues to extend its omni-channel network in order to support the Group’s global growth ambitions. Mulberry has thus become increasingly reliant on individual market-level profitability metrics to enable them to make timely market-centric decisions that are operational and investment in nature. It is therefore appropriate for the segmental analysis disclosures to be a regional view of segments (being UK, Asia Pacific and Other International) to reflect the current business operations and the way the business internally reports and the information that the CODM reviews and makes strategic decisions based on its financial results.

The principal activities are as follows:

- 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. Performance for the segment is assessed based on operating profit/(loss).
- The Group designs, manufactures and manages the Mulberry brand for the segment and therefore the finance income and expense are not attributable to the reportable segments.

## GROUP INCOME STATEMENT

26 WEEKS ENDED 30 SEPTEMBER 2023

	UK £'000	Asia Pacific £'000	Other International £'000	Eliminations £'000	Total £'000
Revenue					
Omni-channel	56,616	13,474	10,006	(20,402)	59,694
Wholesale	1,026	2,077	6,946		10,049
<b>Total revenue</b>	<b>57,642</b>	<b>15,551</b>	<b>16,952</b>	<b>(20,402)</b>	<b>69,743</b>
<b>Segment (loss)/profit</b>	<b>(6,454)</b>	<b>(4,591)</b>	<b>2,395</b>		<b>(8,650)</b>
Central costs					(1,278)
Store closure charge					(517)
<b>Operating loss</b>					<b>(10,445)</b>
Share of results of associates					19
Finance income					1
Finance expense					(2,334)
<b>Loss before tax</b>					<b>(12,759)</b>

	UK £'000	Asia Pacific £'000	Other International £'000	Central £'000	Total £'000
Segment capital expenditure	4,572	956	116	-	5,644
Segment depreciation and amortisation	4,431	1,918	708	832	7,889
Segment assets	94,392	23,657	13,226	7,086	138,361
Segment liabilities	68,232	15,135	12,693	9,330	105,390

26 WEEKS ENDED 1 OCTOBER 2022

	UK £'000	Asia Pacific £'000	Other International £'000	Eliminations £'000	Total £'000
Revenue					
Omni-channel	72,280	11,826	5,120	(37,665)	51,561
Wholesale	2,182	3,141	8,036		13,359
<b>Total revenue</b>	<b>74,462</b>	<b>14,967</b>	<b>13,156</b>	<b>(37,665)</b>	<b>64,920</b>
<b>Segment profit/(loss)</b>	<b>665</b>	<b>(1,969)</b>	<b>1,703</b>		<b>399</b>
Central costs					(1,700)
Store closure credit					210
Australia acquisition costs					(933)
Sweden acquisition costs					(193)
<b>Operating loss</b>					<b>(2,217)</b>
Share of results of associates					36
Finance income					5
Finance expense					(1,574)
<b>Profit before tax</b>					<b>(3,750)</b>

	UK £'000	Asia Pacific £'000	Other International £'000	Central £'000	Total £'000
Segment capital expenditure	2,786	614	1,429	29	4,858
Segment depreciation and amortisation	3,955	926	457	996	6,334
Segment assets	84,413	20,994	14,132	8,107	127,646
Segment liabilities	62,229	8,617	14,341	10,607	95,794

## 52 WEEKS ENDED 1 APRIL 2023

	UK £'000	Asia Pacific £'000	Other International £'000	Eliminations £'000	Total £'000
Revenue					
Omni-channel	171,615	27,234	13,073	(77,677)	134,245
Wholesale	4,918	4,254	15,712		24,884
<b>Total revenue</b>	<b>176,533</b>	<b>31,488</b>	<b>28,785</b>	<b>(77,677)</b>	<b>159,129</b>
<b>Segment profit/(loss)</b>	<b>533</b>	<b>(1,222)</b>	<b>12,398</b>		<b>11,709</b>
<b>Central costs</b>					<b>(5,374)</b>
Store closure credit					205
Impairment credit related to property, plant and equipment					850
Impairment credit related to right-of-use assets					12,949
Impairment charge related to intangible asset					(2,366)
Australia acquisition costs					(806)
Sweden acquisition costs					(193)
<b>Operating profit</b>					<b>16,974</b>
Share of results of associates					52
Finance income					11
Finance expense					(3,887)
<b>Profit before tax</b>					<b>13,150</b>
	UK £'000	Asia Pacific £'000	Other International £'000	Central £'000	Total £'000
Segment capital expenditure	7,866	1,101	1,731	138	10,836
Segment depreciation and amortisation net of impairment	(6,142)	4,942	1,747	1,960	2,507
Segment assets	108,065	27,812	14,539	8,213	158,629
Segment liabilities	72,006	16,312	13,877	10,290	112,485

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

## (b) Product categories

Leather accessories account for around 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.

#### 7. INVESTMENT IN MULBERRY JAPAN CO. LIMITED

During the period the Group, via its subsidiary Mulberry Trading Holding Company Limited and its Joint Venture partner Onward Holding Co Limited, invested additional share capital of £661,000 each into Mulberry Japan Co. Limited the proceeds of which were used to repay trading loans to both parties. Following this investment on 27 June 2023 the Group acquired the 50% share capital owned by Onward Holding Co Limited for a purchase price of 1 Yen and, following the acquisition, the Group now owns 100% of Mulberry Japan Co. Limited.

#### 8. ACQUISITION OF NEW ZEALAND STORE

On 12 May 2023 the Group acquired one store previously operated by our New Zealand franchisee. The Group paid £238,000 to purchase the assets from the franchisee. The store is being operated by a branch of Mulberry Company (Australia) Pty Limited.

#### 9. EVENTS AFTER THE REPORTING PERIOD

There are no events to report after the reporting period.