



# Mulberry

Interim Report and Accounts  
For the twenty six weeks ended 1 October 2022



# Progressive British Heritage

Mulberry is the largest designer and manufacturer of luxury leather goods in the United Kingdom. We started in 1971 in Somerset as a family business and the idea of a family, a community, is still central to our identity. Today, Mulberry is more than 1,500 people, two factories in Somerset, over 100 stores and a digital flagship. We are a truly modern, truly global company. But through our heritage, our craftspeople, our inspirations and our designs, Mulberry's soul will always be British.

## Contents

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### OVERVIEW

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2	Highlights
4	Chief Executive's report
6	Progress against our strategy
10	Financial review

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### FINANCIAL STATEMENTS

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12	Consolidated income statement
13	Consolidated statement of comprehensive income
14	Consolidated balance sheet
15	Consolidated statement of changes in equity
16	Consolidated cash flow statement
17	Notes to the consolidated financial statements

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EST. 1971  
ENGLAND

# Highlights

## Financial highlights

Group revenue during the period

**£64.9m**

(2021: £65.7m)

-1%

Reported loss before tax

**£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.)

Gross margin

**71%**

(2021: 69%)

+2%

Achieved due to a continued strategic focus on full-price sales and increased volume efficiencies.

Loss before tax — Excluding adjusting items for the period, reflecting additional investment in the Group.

**£2.8m**

(2021: profit before tax excluding adjusting items £4.5m)<sup>1</sup>

<sup>1</sup> See note 2 on pages 17 and 18 for more details of alternative performance measures and one off costs

## 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.

**100%**

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.

**10,000**

Lifetime Service Centre at The Rookery continues to restore more than 10,000 bags a year.

UK retail sales -10%

£34.1m

(2021: £38.0m)

UK retail sales were impacted by the broader economic environment.

International retail sales

£17.4m

(2021: £17.6m)

Remained in line with the same period last year.

Asia Pacific retail sales +1%

£11.9m

(2021: £11.8m)

China retail sales increased 6%, despite COVID-19 restrictions, which contributed to the increase in Asia Pacific retail sales.

Mulberry Pre-Loved, our buy back and resale programme, generated retail sales 35% above last 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.

## Operating highlights

In September 2022, launched Mulberry Sweden with the acquisition of three stores previously operated by our Swedish franchisee.

25%

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.

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.

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.

## 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.

# Chief Executive's Report



**THIERRY ANDRETTA**  
CHIEF EXECUTIVE OFFICER

## OVERVIEW

Despite a backdrop of macro-economic uncertainty during the period, we continued to build Mulberry as a sustainable global luxury brand, making good progress across each of our four strategic pillars: omni-channel distribution; international development; constant innovation; and sustainable lifecycle. I would like to thank all of my colleagues for their continuing focus, hard work and commitment.

We continue to optimise our digital channels and global store network, and build brand awareness, with a particular focus on Asia Pacific. As previously flagged, we progressively increased our marketing expenditure during the period and invested in projects to improve the Group's legacy systems and develop the next generation of digital and omni-channel platforms, including cloud-based Software as a Solution (SaaS) implementation costs of £0.8m (2021: nil). This investment will continue in the current year and beyond and will underpin our wider business omni-channel growth for the longer term.

We opened stores in the region at Nanjing Deji, China, in April 2022, and a pop-up in Gwang Ju, Korea, in May 2022. We also launched on new digital platforms in Korea; Naver.com and GS.com. Further international developments included the relocation of our flagship store in New York in April 2022, and the refurbishment of our Amsterdam store in June 2022.

In line with our direct-to-customer model, we launched Mulberry Sweden in September 2022, following the acquisition of three stores previously operated by our Swedish franchisee, focusing on an omni-channel customer centric model. Similarly, during the period we incurred £0.9m of costs in financially supporting our Australian franchisee in preparation for acquiring these Australian assets post the period end.

Our Made to Last manifesto continues to set us apart, and we are progressing in our aim to reach zero carbon emissions by 2035. We continue to innovate in materials and product, including our new Softie family, which launched in February 2022. All the leather we source now comes from environmentally accredited tanneries, and we are offsetting 100% of the carbon emissions related to all leather purchases.

Group revenue decreased by 1% over the period but overall gross margin increased to 71% (2021: 69%) supported by our strategic focus on full-price sales and increased volume efficiencies. An underlying loss before tax for the period of £2.8m (2021: profit before tax of £4.5m) reflects the additional investments and costs highlighted above, as well as normalised business rates, with COVID-19 related reliefs benefitting the prior period by £2.0m.

We ended the period with net cash of £6.5m (2021: £30.3m) and deferred liabilities of nil (2021: £5.0m) and remain in a strong financial position with which to continue to progress our strategic goals.

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<sup>1</sup> This excludes loans from related parties and controlling interests of £5.6m (2021: £4.8m)

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“Mulberry has a distinct brand identity, combining British heritage with innovative products and modern craft. What helps set us apart is our commitment to sustainability, as articulated in our ambitious Made to Last manifesto, in which we announced our intention to become Net Zero by 2035. This manifesto frames many of the strategic and operational decisions we make – from our commitment to source 100% of our leather from environmentally accredited tanneries, to the focus we give to circularity for our Pre-Loved bags programme. Most important is our Lifetime Service Centre in our Somerset factory where customers can get their beautiful bags and leather goods repaired and rejuvenated alongside the new designs and new collections.”

#### **BOARD CHANGES**

After 35 years with Mulberry, Godfrey Davis stepped down as Chairman of the Board on 30 September 2022. Godfrey remains part of the Mulberry family having taken up a new honorary, non-Board position. I would like to take this opportunity to thank Godfrey for the outstanding contribution he has made to the Group over 35 years as director, chief executive, and chairman.

Chris Roberts, a non-executive director of the Group for the past 20 years, was appointed as Chairman of the Board with effect from 30 September 2022. A search for an additional independent non-executive director is underway.

#### **CURRENT TRADING AND OUTLOOK**

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 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.

“We have delivered a resilient performance across the Group, supported by strong international demand and continued investment in the UK.

Looking ahead, we are confident in our ability to execute our strategy and to continue to invest across the Group for our future growth, in spite of the challenging economic and geopolitical backdrop. We are well placed for the festive trading period and will continue to drive the business forward to the benefit of all stakeholders.”

A woman with short black hair, wearing a vibrant red, short-sleeved dress with a cutout at the waist, is the central figure. She is holding a large, textured red leather Mulberry handbag with a silver-tone metal clasp and a small red tag. The background is dark and moody, with a blurred image of a car's interior. The overall aesthetic is sophisticated and modern.

# Our strategy - Progress -



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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.

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## STRATEGIC PILLAR

# 01

## Omni-channel distribution

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.

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.

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## STRATEGIC PILLAR

# 02

## International development

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.

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.



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Above: Netherlands - Amsterdam, PC Hooftstraat

## Progress against our strategy

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### STRATEGIC PILLAR

# 03

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## Constant innovation

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.

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.

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### STRATEGIC PILLAR

# 04

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## Sustainable lifecycle

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 for pre-loved bags. 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.

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.



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.

# Financial review

## Group revenue and gross profit

Sales analysis for the 26 weeks to 1 October 2022 compared to the same period last year is as follows:

	2022 £m	2021 £m	% change
Digital	16.3	19.1	-15%
Stores	35.3	36.5	-3%
<b>Retail (omni-channel)</b>	<b>51.6</b>	<b>55.6</b>	<b>-7%</b>
<b>Franchise and Wholesale</b>	<b>13.3</b>	<b>10.1</b>	<b>+32%</b>
<b>Group Revenue</b>	<b>64.9</b>	<b>65.7</b>	<b>-1%</b>
Digital	10.8	14.2	-24%
Stores	23.3	23.8	-2%
<b>Omni-channel – UK</b>	<b>34.1</b>	<b>38.0</b>	<b>-10%</b>
Digital	2.7	2.2	+23%
Stores	9.2	9.6	-4%
<b>Omni-channel – Asia Pacific</b>	<b>11.9</b>	<b>11.8</b>	<b>+1%</b>
Digital	2.8	2.6	+8%
Stores	2.8	3.2	-13%
<b>Omni-channel – Rest of World</b>	<b>5.6</b>	<b>5.8</b>	<b>-3%</b>
<b>Retail (omni-channel)</b>	<b>51.6</b>	<b>55.6</b>	<b>-7%</b>

	Q1		Q2		H1 2022	
	Sales £m	Change %	Sales £m	Change %	Sales £m	Change %
Digital	8.5	-9%	7.8	-20%	16.3	-15%
Stores	17.5	+5%	17.8	-11%	35.3	-3%
<b>Retail (omni-channel)</b>	<b>26.0</b>	<b>+0%</b>	<b>25.6</b>	<b>-14%</b>	<b>51.6</b>	<b>-7%</b>
<b>Franchise and Wholesale</b>	<b>8.5</b>	<b>+33%</b>	<b>4.8</b>	<b>+30%</b>	<b>13.3</b>	<b>+32%</b>
<b>Group revenue</b>	<b>34.5</b>	<b>+7%</b>	<b>30.4</b>	<b>-9%</b>	<b>64.9</b>	<b>-1%</b>

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.

### Other operating expenses

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.

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In the period we increased marketing expenditure to £8.2m (2021: £5.5m) to support international projects and build global brand awareness.

In light of the March 2021 IFRIC agenda decision to determine the treatment of Software as a Service (SaaS) costs, we incurred £0.8m of SaaS implementation costs (2021: nil) which would previously have been capitalised. We also increased technology spend to £3.3m (2021: £2.3m) to support ongoing technological investment.

Other operating expenses also includes £0.2m of costs in relation to the acquisition of the three stores in Mulberry Sweden, and £0.9m of costs relating to the financial support and acquisition of assets in Australia.

### **Loss before tax**

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 as set out in "other operating expenses" above.

See note 2 for further details of Alternative Performance Measures.

### **Taxation**

The Group reported a tax charge for the period of £0.3m (2021: £2.9m, including a £2.4m charge on the profit on the disposal of an intangible lease asset). The tax charge in the period relates to deferred tax which is calculated by applying the forecast full year effective tax rate to the interim result. There is no current tax charge due to the use of brought forward tax losses.

### **Balance Sheet**

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 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.

### **Cash flow**

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.

The period end cash position was also impacted by the lower revenue and increased operating expenses incurred during the period.

### **Borrowing facilities**

The Group had bank borrowings relating to drawdowns under its RCF of £7.0m at 1 October 2022 (2021: £nil). The borrowings shown in the balance sheet also include loans from minority shareholders in the Chinese and Japanese subsidiaries of £5.6m (2021: £4.8m).

The Group's net cash balance (cash and cash equivalents less overdrafts) at 1 October 2022 was £6.5m (2021: £30.3m).

During the period the Group extended its secured RCF with HSBC until March 2024, with unchanged banking covenants. The covenants are tested quarterly on a "frozen GAAP" basis (excluding the impact of IFRS 16) and contain a 12-month rolling EBITDA target ratio and a maximum net debt target.

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

## Consolidated income statement

26 weeks ended 1 October 2022

Note	Unaudited 26 weeks ended 1 October 2022 £'000	Unaudited 26 weeks ended 25 September 2021 £'000	Audited 53 weeks ended 2 April 2022 £'000
<b>Revenue</b>	<b>64,920</b>	65,719	152,411
Cost of sales	<b>(18,954)</b>	(20,326)	(43,106)
<b>Gross profit</b>	<b>45,966</b>	45,393	109,305
Other operating expenses	<b>(48,599)</b>	(34,260)	(85,878)
Other operating income	<b>416</b>	779	1,220
<b>Operating (loss)/profit</b>	<b>(2,217)</b>	11,912	24,647
Share of results of associates	<b>36</b>	61	127
Finance income	<b>5</b>	8	19
Finance expense	<b>(1,574)</b>	(1,769)	(3,467)
<b>(Loss)/profit before tax</b>	<b>(3,750)</b>	10,212	21,326
Tax charge	4 <b>(279)</b>	(2,929)	(2,157)
<b>(Loss)/profit for the period</b>	<b>(4,029)</b>	7,283	19,169
<b>Attributable to:</b>			
Equity holders of the parent	<b>(2,715)</b>	7,568	19,985
Non-controlling interests	<b>(1,314)</b>	(285)	(816)
<b>(Loss)/profit for the period</b>	<b>(4,029)</b>	7,283	19,169
Basic (loss)/profit per share	5 <b>(6.8p)</b>	12.2p	32.2p
Diluted (loss)/profit per share	5 <b>(6.8p)</b>	12.2p	32.2p

All activities arise from continuing operations.

## Consolidated statement of comprehensive income

26 weeks ended 1 October 2022

	Unaudited 26 weeks ended 1 October 2022 £'000	Unaudited 26 weeks ended 25 September 2021 £'000	Audited 53 weeks ended 2 April 2022 £'000
(Loss)/profit for the period	(4,029)	7,283	19,169
Items that may be reclassified subsequently to profit or loss;			
Exchange differences on translation of foreign operations	408	(295)	(116)
<b>Total comprehensive (expense)/income for the period</b>	<b>(3,621)</b>	6,988	19,053
<b>Attributable to:</b>			
Equity holders of the parent	(1,882)	7,287	19,954
Non-controlling interests	(1,739)	(299)	(901)
<b>Total comprehensive (expense)/income for the period</b>	<b>(3,621)</b>	6,988	19,053

## Consolidated balance sheet

At 1 October 2022

	Unaudited 1 October 2022 £'000	Unaudited 25 September 2021 £'000	Audited 2 April 2022 £'000
<b>Non-current assets</b>			
Intangible assets	6,390	6,412	6,056
Property, plant and equipment	16,765	13,521	14,618
Right of use assets	30,453	34,592	32,221
Interests in associates	375	253	335
Deferred tax asset	1,871	635	2,148
	<b>55,854</b>	55,413	55,378
<b>Current assets</b>			
Inventories	48,726	32,041	36,783
Trade and other receivables	17,984	13,204	15,927
Current tax asset	409	–	–
Cash and cash equivalents	6,544	30,328	25,669
	<b>73,663</b>	75,573	78,379
<b>Total assets</b>	<b>129,517</b>	130,986	133,757
<b>Current liabilities</b>			
Trade and other payables	(22,962)	(25,845)	(24,975)
Current tax liabilities	–	(1,912)	(2,382)
Lease liabilities	(11,199)	(15,356)	(11,108)
Borrowings	(3,798)	(1,321)	(3,278)
	<b>(37,959)</b>	(44,434)	(41,743)
<b>Net current assets</b>	<b>35,704</b>	31,139	36,636
<b>Non-current liabilities</b>			
Lease liabilities	(49,021)	(57,342)	(52,547)
Borrowings	(8,814)	(3,504)	(1,721)
	<b>(57,835)</b>	(60,846)	(54,268)
<b>Total liabilities</b>	<b>(95,794)</b>	(105,280)	(96,011)
<b>Net assets</b>	<b>33,723</b>	25,706	37,746
<b>Equity</b>			
Share capital	3,004	3,004	3,004
Share premium account	12,160	12,160	12,160
Own share reserve	(923)	(1,272)	(1,269)
Capital redemption reserve	154	154	154
Foreign exchange reserve	1,566	979	1,158
Retained earnings	23,968	14,546	27,006
Equity attributable to holders of the parent	<b>39,929</b>	29,571	42,213
Non-controlling interests	(6,206)	(3,865)	(4,467)
<b>Total equity</b>	<b>33,723</b>	25,706	37,746



## Consolidated statement of changes in equity

26 weeks ended 1 October 2022

	Share capital £'000	Share premium account £'000	Own share reserve £'000	Capital re-emp- tion reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000	Non- con- trolling interest £'000	Total equity £'000
<b>As at 27 March 2021</b>	3,004	12,160	(1,277)	154	1,274	6,957	22,272	(3,566)	18,706
Profit/(loss) for the period	-	-	-	-	-	7,568	7,568	(285)	7,283
Other comprehensive expense for the period	-	-	-	-	(295)	-	(295)	-	(295)
Total comprehensive (expense)/income for the period	-	-	-	-	(295)	7,568	7,273	(285)	6,988
Charge for employee share-based payments	-	-	-	-	-	24	24	-	24
Own shares	-	-	5	-	-	-	5	-	5
Exercise of share options	-	-	-	-	-	(3)	(3)	-	(3)
Non-controlling interest foreign exchange	-	-	-	-	-	-	-	(14)	(14)
<b>As at 25 September 2021</b>	3,004	12,160	(1,272)	154	979	14,546	29,571	(3,865)	25,706
Profit/(loss) for the period	-	-	-	-	-	12,417	12,417	(531)	11,886
Other comprehensive income for the period	-	-	-	-	179	-	179	-	179
Total comprehensive income/ (expense) for the period	-	-	-	-	179	12,417	12,596	(531)	12,065
Charge for employee share-based payments	-	-	-	-	-	45	45	-	45
Own shares	-	-	3	-	-	-	3	-	3
Exercise of share options	-	-	-	-	-	(2)	(2)	-	(2)
Non-controlling interest foreign exchange	-	-	-	-	-	-	-	(71)	(71)
<b>As at 27 March 2021</b>	3,004	12,160	(1,269)	154	1,158	27,006	42,213	(4,467)	37,746
(Loss)/profit for the period	-	-	-	-	-	(2,715)	(2,715)	(1,314)	(4,029)
Other comprehensive income for the period	-	-	-	-	408	-	408	-	408
Total comprehensive income/ (expense) for the period	-	-	-	-	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)
<b>As at 1 October 2022</b>	<b>3,004</b>	<b>12,160</b>	<b>(923)</b>	<b>154</b>	<b>1,566</b>	<b>23,968</b>	<b>39,929</b>	<b>(6,206)</b>	<b>33,723</b>

## Consolidated cash flow statement

26 weeks ended 1 October 2022

	Unaudited 26 weeks ended 1 October 2022 £'000	Unaudited 26 weeks ended 25 September 2021 £'000	Audited 53 weeks ended 2 April 2022 £'000
<b>Operating (loss)/profit for the period</b>	<b>(2,217)</b>	11,912	24,647
<b>Adjustments for:</b>			
Depreciation and impairment of property, plant and equipment	1,922	1,850	3,702
Depreciation and impairment of right-of-use assets	3,577	3,257	6,682
Amortisation of intangible assets	835	914	1,778
Gain on lease modifications and lease disposals	(243)	(548)	(2,160)
(Profit)/loss on sale of property, plant and equipment	(2)	(8)	38
Profit on sale of intangible assets	–	(5,343)	(5,343)
Own shares transferred from trust	–	5	8
Share-based payments charge	23	24	69
<b>Operating cash flows before movements in working capital</b>	<b>3,895</b>	12,063	29,421
Increase in inventories	(11,960)	(604)	(5,400)
Increase in receivables	(2,057)	(595)	(3,318)
(Decrease)/increase in payables	(1,073)	2,966	2,136
<b>Cash (used)/generated by operations</b>	<b>(11,195)</b>	13,830	22,839
Income taxes (paid)/received	(2,790)	101	(154)
Interest paid	(1,582)	(1,772)	(3,470)
<b>Net cash(outflow)/inflow from operating activities</b>	<b>(15,567)</b>	12,159	19,215
<b>Investing activities:</b>			
Interest received	5	8	19
Purchases of property, plant and equipment	(4,030)	(1,260)	(4,419)
Proceeds from disposal of property, plant and equipment	2	8	59
Acquisition of intangible fixed assets	(1,179)	(868)	(897)
Proceeds from disposal of intangible assets	–	13,316	13,316
<b>Net cash (used)/generated in investing activities</b>	<b>(5,202)</b>	11,204	8,078
<b>Financing activities:</b>			
Increase in loans from non-controlling interests	94	165	313
New borrowing	7,000	–	–
Principle elements of lease payments	(5,840)	(4,989)	(13,736)
Settlement of share awards	–	–	(5)
<b>Net cash generated/(used) in financing activities</b>	<b>1,254</b>	(4,824)	(13,428)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(19,515)</b>	18,539	13,865
Cash and cash equivalents at beginning of period	25,669	11,820	11,820
Effect of foreign exchange rate changes	390	(31)	(16)
<b>Cash and cash equivalents at end of period</b>	<b>6,544</b>	30,328	25,669

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# Notes to the consolidated financial statements

26 weeks ended 1 October 2022

## 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 1 October 2022 (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 1 October 2022 have not been reviewed or audited.

The information for the 53 weeks ended 2 April 2022 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 28 June 2022 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 53 weeks ended 2 April 2022.

These condensed consolidated interim financial statements for the 26 weeks ended 1 October 2022 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 53 weeks ended 2 April 2022, 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](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 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 83-84 of the Group's Annual Report and Financial Statements for the 53 weeks ended 2 April 2022.

### **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 34-39 of the Group's Annual Report and Financial Statements for the 53 weeks ended 2 April 2022.

### **Alternative performance measures**

The alternative performance measure ("APM") used by the Group is underlying profit/(loss) before tax.

In reporting financial information, the Group presents an APM, which is not defined or specified under the requirements of IFRS. The Group believes that this APM, which is not considered to be a substitute for, or superior to, IFRS measures, provide 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.

## Notes to the consolidated financial statements continued

### 2. ACCOUNTING POLICIES AND BASIS OF PREPARATION CONTINUED

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.

Adjusting items are identified and presented on a consistent basis each period and a reconciliation of reported (loss)/profit before tax to underlying (loss)/profit before tax is set out below

	Unaudited 26 weeks ended 1 October 2022 £'000	Unaudited 26 weeks ended 25 September 2021 £'000	Audited 53 weeks ended 2 April 2022 £'000
<b>Reconciliation to underlying (loss)/profit before tax</b>			
<b>(Loss)/profit before tax</b>	<b>(3,750)</b>	10,212	21,326
Store closure credit	(210)	(5,700)	(6,757)
Sweden acquisition costs	193	–	–
Australia debtor write off	933	–	–
<b>Underlying (loss)/profit before tax – non-GAAP measure</b>	<b>(2,834)</b>	4,512	14,569
<b>Underlying basic (loss)/profit per share (note 5)</b>	<b>(5.3p)</b>	6.8p	24.8p
<b>Underlying diluted (loss)/profit per share (note 5)</b>	<b>(5.3p)</b>	6.8p	24.8p

#### Store closure credit

During the period, 2 stores (2021: 2 stores) were closed. The credit on disposal relates to the release to the income statement of lease liabilities of £210,000 (2021: £423,000), a profit on disposal of an intangible asset £nil (2021: £5,343,000) and a credit for the release of lease exit and redundancy costs £nil (2021: £66,000).

#### Sweden acquisition costs

During the period the Group took over the running of three stores in Sweden previously owned by the Swedish franchisee. The Group incurred costs of £193,000 (2021: £nil).

#### Australian debtor write off

During the period the Group took over the running of five stores in Australia and incurred a write-off of debtors of £933,000 (2021: £nil).

### 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 net cash of £6.5 million (2021: £30.3 million) and deferred liabilities of £nil (2021: £5.0m) at 1 October 2022 and had drawn down £7.0million (2021: £nil) 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 1 October 2022 £'000	Unaudited 26 weeks ended 25 September 2021 £'000	Audited 53 weeks ended 2 April 2022 £'000
Basic (loss)/profit per share	<b>(6.8p)</b>	12.2p	32.2p
Diluted (loss)/profit per share	<b>(6.8p)</b>	12.2p	32.2p
Underlying basic (loss)/profit per share	<b>(5.3p)</b>	6.8p	24.8p
Underlying diluted (loss)/profit per share	<b>(5.3p)</b>	6.8p	24.8p

Earnings per share is calculated based on the following data:

	Unaudited 26 weeks ended 1 October 2022 £'000	Unaudited 26 weeks ended 25 September 2021 £'000	Audited 53 weeks ended 2 April 2022 £'000
(Loss)/profit for the period for basic and diluted earnings per share	<b>(4,029)</b>	7,283	19,169
Adjustments to exclude exceptional items:			
Store closure credit*	<b>(206)</b>	(3,242)	(4,411)
Sweden acquisition costs	<b>193</b>	–	–
Australia debtor write off*	<b>855</b>	–	–
<b>Underlying (loss)/profit for the period for basic and diluted earnings per share</b>	<b>(3,187)</b>	4,041	14,758

\*These items are included net of tax

	Unaudited 26 weeks ended 1 October 2022 £'000	Unaudited 26 weeks ended 25 September 2021 £'000	Audited 53 weeks ended 2 April 2022 £'000
Weighted average number of ordinary shares for the purpose of basic EPS	<b>59.6</b>	59.5	59.5
Effect of dilutive potential ordinary shares: share options	–	–	–
<b>Weighted average number of ordinary shares for the purpose of diluted EPS</b>	<b>59.6</b>	59.5	59.5

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

For the financial years to March 2020 and March 2021, the Group changed its segmental reporting to show a consolidated view of the Group’s performance as one operating (and reporting) segment, reflecting the level of information the CODM considered the most appropriate to monitor business performance and allocate resources to support the growth of the Mulberry brand as a whole.

In the past financial year, the Group has extended 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. For the 53 week period ending 2 April 2022, the Group updated the segmental analysis disclosures away from a consolidated view of segments and moved towards a more 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. As a result of this change in approach the prior year numbers for the 26 weeks ended 25 September 2021 have been restated.

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).

**Group income statement**  
26 weeks ended 1 October 2022

	UK £'000	Asia Pacific £'000	Other International £'000	Eliminations £'000	Total £'000
<b>Revenue</b>					
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
Sweden acquisition costs					(193)
Australia debtor write off					(933)
<b>Operating loss</b>					<b>(2,217)</b>
Share of results of associates					36
Finance income					5
Finance expense					(1,574)
<b>Loss 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

**Group income statement** continued  
26 weeks ended 25 September 2021

	UK £'000	Asia Pacific £'000	Other International £'000	Eliminations £'000	Total £'000
<b>Revenue</b>					
Omni-channel	71,057	11,550	5,550	(32,507)	55,650
Wholesale	7,508	589	1,972		10,069
<b>Total revenue</b>	<b>78,565</b>	<b>12,139</b>	<b>7,522</b>	<b>(32,507)</b>	<b>65,719</b>
<b>Segment profit/(loss)</b>	<b>7,269</b>	<b>(152)</b>	<b>848</b>		<b>7,965</b>
Central costs					(1,753)
Store closure credit					5,700
<b>Operating profit</b>					<b>11,912</b>
Share of results of associates					61
Finance income					8
Finance expense					(1,769)
<b>Profit before tax</b>					<b>10,212</b>
	UK £'000	Asia Pacific £'000	Other International £'000	Central £'000	Total £'000
Segment capital expenditure	1,028	1,126	–	16	2,170
Segment depreciation and amortisation	4,429	295	291	1,006	6,021
Segment assets	89,018	17,124	10,967	13,342	130,351
Segment liabilities	65,371	8,130	15,291	16,488	105,280



**Group income statement** continued  
53 weeks ended 2 April 2022

	UK £'000	Asia Pacific £'000	Other International £'000	Eliminations £'000	Total £'000
<b>Revenue</b>					
Omni-channel	163,727	27,551	11,849	(72,960)	130,167
Wholesale	3,968	3,862	14,414		22,244
<b>Total revenue</b>	<b>167,695</b>	<b>31,413</b>	<b>26,263</b>	<b>(72,960)</b>	<b>152,411</b>
<b>Segment profit/(loss)</b>	<b>10,297</b>	<b>(232)</b>	<b>7,356</b>		<b>17,421</b>
Central costs					469
Store closure credit					6,757
<b>Operating profit</b>					<b>24,647</b>
Share of results of associates					127
Finance income					19
Finance expense					(3,467)
<b>Profit before tax</b>					<b>21,326</b>

	UK £'000	Asia Pacific £'000	Other International £'000	Central £'000	Total £'000
Segment capital expenditure	2,216	2,321	1,000	71	5,608
Segment depreciation and amortisation	8,639	954	565	2,004	12,162
Segment assets	89,026	20,707	11,701	10,175	131,609
Segment liabilities	61,682	8,221	13,597	12,511	96,011

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. EVENTS AFTER THE REPORTING PERIOD**

On 11 November 2022 the Group acquired the assets of five stores in Australia that had been previously operated by a franchisee. The stores will now be managed by our subsidiary Mulberry Company (Australia) Pty Limited.

The Group acquired fixed assets of £1.8m and inventories of £0.6m and will settle employee liabilities of £0.2m. In addition, the Group has written off debtors of £0.9m (see note 3).







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