Mulberry

Mulberry Group plc
Preliminary results for the 53 weeks ended 30 March 2019

International business developed; Direct to customer strategy progressed; UK market challenging

Mulberry Group plc ("the Group" or "Mulberry"), the British luxury brand, announces its results for the 53 weeks ended 30 March 2019.

FINANCIAL HIGHLIGHTS

- Revenue of £166.3 million (2018: £169.7 million) with International up 7% and UK down 6%
- Adjusted profit before tax of £1.0 million (2018: £8.0 million)
- Reported loss before tax of £5.0 million (2018: profit before tax of £6.9 million)
- Adjusting items* of £6.0 million (2018: £1.1 million)
- Inventory reduced by 11% to £39.7 million (2018: £44.6 million)
- Dividend 5.0p per share (2018: 5.0p)

OPERATING HIGHLIGHTS

- New subsidiaries established in Japan and South Korea
- Digital sales increased by 27%, representing 22% of Group revenue (2018: 17%)
- Direct to customer strategy progressed through successful conversion of John Lewis from Wholesale to Retail with approximately 90% of Group revenue now generated through Mulberry channels
- Disruption from House of Fraser administration materially affected the Group's UK performance
- Lifestyle offering enhanced with successful launch of eyewear collection under license during February 2019

CURRENT TRADING

- New global concession launched on Farfetch.com during April 2019
- New stores opened in New York City and Dubai featuring the new store concept
- Retail total sales up 13% for the 11 weeks to 15 June 2019 with International up 31% and UK up 7%

THIERRY ANDRETTA, CHIEF EXECUTIVE OFFICER, COMMENTED:

"The Group has delivered results in line with expectations and is making good progress in advancing its International strategy and direct to customer model whilst managing a challenging UK market.

We have established new subsidiaries in Japan and South Korea and introduced important digital partnerships in China. International and omni-channel sales, driven by our customer centric focus, are increasing as a result.

Looking ahead, we anticipate that International and Digital sales will continue to grow whilst UK retail trading conditions are expected to remain uncertain. The Group plans to invest further in its new Asian entities during this development phase, enhance its global digital platform and optimise the UK network."

* adjusted profit before tax is stated before South Korea launch costs (£1.8 million), a profit write back on the conversion of John Lewis from a wholesale to concession business model (£1.3 million), House of Fraser administration write-offs (£2.1 million) and fixed asset impairment costs of (£0.8 million).

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1. BUSINESS REVIEW

Mulberry, founded in Somerset in 1971, is a British luxury brand with a rich heritage in leather craftsmanship. With a strong following in the UK, the Group is pursuing a strategy to become a global luxury brand through international expansion and extension of its lifestyle ranges. Mulberry operates a direct to customer model with 103 owned stores and 22 franchise partner stores across 25 countries, with a focus on developing its Digital business and its leading omni channel capability.

During the period, the Group continued to progress its International and direct to customer strategy, establishing new business entities in Japan and South Korea, and held a significant consumer focused event in Seoul during September 2018 to launch the new business.

With the digital network and subsidiary company development phase largely complete, the Group operates directly in all major markets and generates approximately 90% of revenue through Mulberry owned and franchise partner channels. Looking ahead, investment in International markets will be focused on brand development and leveraging the Group's Digital and omni-channel network and recently established Digital partnerships.

The new businesses in Asia have supported the growth in International revenue which increased by 7% and represented 31% of Group revenue for the period (2018: 28%).

In the UK, the Group's performance was materially affected by House of Fraser entering into administration during August 2018 and general weakness in the wider UK retail environment resulting in a 6% decline in revenue. During the second half of the financial period, the Group's business with John Lewis was converted from Wholesale to retail concession, allowing the Group to recover a significant proportion of lost revenue associated with the House of Fraser disruption whilst progressing the Group's direct to customer model.

Global Digital revenue continued to grow strongly, increasing by 27% to £36.9 million (2018: £29.0 million), helped further by the contribution of the strategic partnerships established during the second half of the period, including johnlewis.com, Tmall and Secoo.

As the Group advances its international and direct to customer strategy, it continues to take back ownership of distribution in target markets and launch new businesses. As these new ventures are undertaken, the Group plans investment to fund working capital and meet business launch requirements, including the repurchase of inventory previously sold to former distributors. During the period, several transactions were completed and non-trading financial effects resulted. In addition to these effects, the Group has also incurred debt write-off relating to House of Fraser's entry into administration and fixed asset impairment charges. The Group has isolated these effects to report an adjusted profit in order to provide clarity on underlying business performance.

Adjusted profit before tax for the period was £1.0 million (2018: £8.0 million).

The reported loss before tax for the period was £5.0 million (2018: profit before tax of £6.9 million).

The implementation of agile supply chain processes contributed to a reduction in inventory of 11% to £39.7 million at 30 March 2019 (24 March 2018: £44.6 million). Net cash balances at 30 March 2019 were £11.1 million (24 March 2018: £25.1 million).

Revenue

Total Group revenue for the period was £166.3 million (2018: £169.7 million) with Retail revenue up 2%, including Digital revenue up 27%, and Wholesale revenue down 16%.

	52 weeks to 24-Mar 2018 (£ million)	53 weeks to 30-Mar 2019 (£ million)**	Total change (this period vs last period)
International Retail Revenue*	25.7	31.3	+22%
International Wholesale Revenue	22.4	20.4	-9%
Total International Revenue	48.1	51.7	+7%
UK Retail Revenue*	106.3	103.5	-3%
UK Wholesale Revenue	15.3	11.1	-27%
Total UK Revenue	121.6	114.6	-6%
Total Retail Revenue*	132.0	134.8	+2%
Total Wholesale Revenue	37.7	31.5	-16%
Total Group Revenue	**169.7**	**166.3**	**-2%**

* Regional splits include Digital revenue; Global Digital revenue increased by 27% during the period to 30 March 2019

** Excluding the 53rd week, Total Group revenue decreased by 3% during the comparable 52 week period

Product

The Group's core focus on leather goods is complemented by a lifestyle range, with design and product development based in London and Somerset.

In leather goods, the Amberley family has cemented its status as a bestselling handbag and further animations were introduced to enhance the range during the period. Other newly launched handbag styles which gained momentum during the period include the Seaton, Leighton and Hampstead bag families. The category of mini-bags was further enhanced and developed, appealing to the modern customer's needs.

The Artisan studio, which is based in the Somerset factories, provided several unique and limited edition collections including products to support the Korea business launch and the opening of the Regent Street store.

During the period, the Group successfully launched its first eyewear collection which includes iconic and fashionable sunglasses as well as optical frames. These ranges are distributed across the Mulberry store network as well as selected opticians in the UK. Other lifestyle categories saw further newness with a rotation of technology, soft accessories and jewellery as well as a new direction introduced for the men's leather accessories range.

Brand and Marketing

Mulberry proudly celebrates its British heritage with a unique fusion of tradition and innovation while aspiring to offer the highest craft standards and value in its products. With a customer-centric focus, social and digital media play an increasingly important role in the Group's marketing strategy.

SeoulxMulberry was held during September 2018 to coincide with the establishment of the new business entity, Mulberry Korea, with a pop-up shop offering a limited edition bag collection and other interactive features.

In London, #MulberryLights (November 2018) featured a series of illuminating interactive experiences to coincide with the festive season whilst #MulberryReflections marked the official launch of the first Mulberry sunglass collection which was introduced during London Fashion Week (February 2019).

Digital and Omni-channel Platform

The Group continued to develop its own global Digital and Omni-channel business model whilst also establishing a network of strategic digital partnerships in key territories to provide high quality revenue and marketing reach.

In addition to its continued geographic expansion, several enhancements were introduced to the mulberry.com platform including improved search functionality, brand and product stories, live chat, the launch of a local currency and language site in Japan and local fulfilment services in Japan and Australia.

Strategic digital concessions have been established to complement the mulberry.com platform, build brand awareness and enhance the customer experience, particularly in strategic markets across Asia. As part of this initiative, new digital concessions were initiated with Tmall (Alibaba) and Secoo in China during the period. In the UK and as part of the transition of John Lewis stores to a concession arrangement, johnlewis.com converted to a new digital concession during November 2018.

Retail Store Network

The directly operated store network was further expanded and enhanced during the period.

The focus of the expansion was in Asia, where the Group increased its retail estate from 6 to 34 stores, acquiring 23 new stores as part of the new subsidiaries created in Japan (5) and South Korea (18) with 7 new stores opened in China (3), Japan (2) and South Korea (2). The Group closed its pop up location in Hong Kong and its store in Sydney as the Australia business transitioned to a franchise partner arrangement with Luxury Retail Group ("LRG").

In North America and Europe, the Group continued to refine and rotate the portfolio with a net decrease of 3 stores to 14 stores at the end of the period.

The UK network increased by 9 to 55 retail points of sale, reflecting the conversion of 15 John Lewis concessions and a new store on Regent Street whilst 2 non-strategic locations in York and London Stratford were closed and 4 House of Fraser concessions were closed as a result of the department store entering into administration.

During the period, the Group continued to operate 17 stores at House of Fraser under a concession arrangement following its acquisition by Sports Direct plc.

The new store concept was introduced with the opening of the store on Regent Street during September 2018. The concept is a collaboration between British architect Faye Toogood and Johnny Coca, the Group's Creative Director, and features design elements that represent the brand's distinctive British heritage. The concept has introduced advanced technology features, including an innovative customer-facing mobile point of sale which has enabled traditional EPOS tills to be completely removed and created an enhanced customer experience in store.

At 30 March 2019 there were 103 directly operated stores (2018: 69 stores), of which 48 stores were in International markets (24 March 2018: 23 stores) with 6 stores fitted out in the new concept.

Selective Wholesale and Franchise

As part of the Group's strategy to improve customer experience, further Wholesale and Franchise business converted to Retail during the period. This included the formation of subsidiaries in Japan and South Korea, which were previously run by franchise partners, as well as the conversion of the Group's business with John Lewis in the UK which was previously operated as a Wholesale partner.

As noted above and as a result of these changes, 23 stores from the franchise network transferred to own retail during the period and Wholesale revenue reduced.

Whilst the Group has transitioned several markets and the John Lewis business to Retail, highly valued multi-brand wholesale and Mulberry franchise partner businesses remain in place in the USA, Scandinavia, Australia, Southeast Asia, the UK and Europe.

Elsewhere in the network, 2 new franchise partner stores have been opened in Australia with LRG and 1 franchise partner store was opened in Dubai.

The franchise partner store network at the period end totaled 22 stores in Asia Pacific, Europe and the Middle East (2018: 45 stores), of which 3 stores are in the new concept.

Financial

During the period, the Group made progress in developing its international business and growing Digital whilst managing a challenging UK environment.

International revenue continued to grow as a result of expansion into Asia and the establishment of new subsidiaries in Japan, South Korea, China, Hong Kong and Taiwan, over the past three years. In addition to the scaling up benefit of converting revenue from Wholesale to Retail, growth is attributed to a greater focus on merchandising, development of the Group's digital sales and selective store openings. At the same time, the Group has closed a number of stores in non-strategic locations across Europe and North America.

The expansion into Asia has required significant investment over the past three years to repurchase previously sold stock, acquire assets and to provide funds for working capital. During the period under review, £1.8 million was expensed relating to the set up and launch of Mulberry Korea. Future investment in Asia will be focused on further developing the brand through marketing and the expansion of the digital and omni-channel platform.

In the UK, the retail market was challenging. In particular, House of Fraser's entry into administration has materially affected revenue in addition to the bad debt and fixed asset write off of £2.1 million. Although the Group entered into an agreement with Sports Direct plc upon its acquisition of House of Fraser, the business continued to trade below previous levels.

The conversion of John Lewis from Wholesale to Retail during November 2018 has been a significant step in recovering UK revenue and improving profitability. Transitional costs of £1.3 million were incurred as part of the transaction relating to the write back of profit on inventories previously sold to John Lewis whilst it was a wholesale account.

Gross margin for the period to 30 March 2019 decreased to 61.5% (2018: 63.5%), primarily due to the write back of profit on the repurchase of previously sold inventory from John Lewis and the South Korean distributor when converting these businesses from Wholesale to Retail.

As described above, due to the expansion phase of the business and challenging UK conditions, the Group incurred a significant level of adjusting items during the period which totaled £6.0 million (2018: £1.1 million). The

Group has isolated these effects to report an adjusted profit before tax in order to provide clarity on underlying business performance.

The adjusted profit before tax was £1.0 million (2018: £8.0 million).

The reported loss before tax was £5.0 million (2018: profit before tax of £6.9 million).

A tax credit of £0.2 million arose during the period (2018 tax expense: £2.0 million) and relates to an adjustment of £1.6 million in the treatment of foreign currency in previous tax submissions. This is not anticipated to be a recurring item.

Adjusted EBITDA was £8.4 million (2018: £15.4 million) and although reduced, conversion of EBITDA to cash has remained consistent with previous years.

Capital expenditure during the period increased to £11.9 million (2018: £5.4 million), highlighting the Group's current investment phase. This included £9.3 million related to stores (including Digital), £1.8 million in IT systems and £0.5 million in the Group's factories.

Inventory reduced by 11% to £39.7 million at the end of the period (2018: £44.6 million) despite the Group's expansion into Asia and the John Lewis transition to a concession model, and reflects management's focus on agile supply chain processes and inventory control.

The Group's net cash balances at the period end were £11.1 million (2018: £25.1 million).

The Board of Mulberry seeks to balance paying dividends to shareholders with investing in the business. The Board remains confident of the medium term outlook and is recommending the payment of a dividend of 5.0p per ordinary share (2018: 5.0p) which will be paid on 21 November 2019 to shareholders on the register at 25 October 2019.

2. CURRENT TRADING AND OUTLOOK

Retail Sales

Total Retail sales (including Digital) were up 13% for the 11 weeks to 15 June 2019 with International Retail up 31% and UK Retail up 7%. During the same period, Digital sales increased 53%.

	Retail Total Sales	
This period vs. last period(%)	53 weeks to 30-Mar-2019	11 weeks to 15-Jun-2019
UK Retail Revenue*	-3%	+7%
International Retail Revenue*	+22%	+31%
Total Group Retail Revenue	+2%	+13%

* Regional analysis include Digital sales

UK Retail

As has been widely reported, the UK retail environment has remained challenging with lower domestic footfall and reduced tourist spending.

However, the newly created John Lewis concession has performed ahead of expectations and a further 4 concessions have been opened since 30 March 2019, bringing the total number of physical locations with John Lewis to 19 as at 18 June 2019.

Looking ahead, the Group remains focused on maximising profitability in its home market whilst continuing to meet the demands of its customers through enhancing and developing Mulberry Retail stores and the Group's Digital and omni-channel offering.

International Retail

International Retail revenue has grown due to the expansion of space over the last year and growth in Digital revenue where the Group's own platform growth has been complemented with sales from new concession agreements with leading fashion sites including Tmall and since the end of the period, from Farfetch.

Looking ahead, International development will continue to be a key strategic priority. Investment will be focused on marketing, with a customer event planned for Japan during August 2019, and continued fast rotation of seasonal inventory.

Since the end of the period, the store network continues to be enhanced and extended across key markets. In North America, a store was opened in Rockefeller Center, New York on 5th Avenue during April 2019, a location with high visibility for both domestic customers and tourists.

The Group anticipates that International revenue will continue to increase as a proportion of Group revenue.

Digital and Omni-channel

Further enhancements to the mulberry.com platform are planned including the roll out of omni-channel services in strategic Asian and Middle Eastern markets as well as local fulfilment in South Korea. There are also plans for additional languages and currencies to be offered on mulberry.com.

In addition, the complementary network of strategic digital concessions is also being developed further. During April 2019, the Mulberry global digital store was launched on Farfetch, the leading global technology platform for the luxury fashion industry. The partnership is expected to further enhance Mulberry's direct to customer model and advance the Group's international growth strategy. The partnership with Farfetch follows other digital concessions which have been established over the last year in China including Tmall (Alibaba) and Secoo.

Selective Wholesale and Franchise

The Group continues to partner with selective, high quality wholesale and franchise partners.

Wholesale and Franchise revenue for the current financial year will reflect the transfer of revenue to Retail resulting from the conversion of South Korea during August 2018 and John Lewis during November 2018.

During the period, LRG plans to open a number of stores in Australia and these will feature the new store concept.

The recently opened store at Dubai Mall also features the new store concept.

Capital expenditure

The selective roll out of the new store concept will continue during the year to March 2020 and will continue during the next few years.

Capital expenditure for the period ending 31 March 2020 is expected to be in the region of £6.0 million (2019: £11.9 million), of which the majority will be on stores.

Brexit

The ongoing delay in agreeing the nature of the UK's potential exit from the European Union continues to create uncertainty that could impact the performance of the business.

The Group operates an internal Brexit Committee which meets regularly to assess the primary impacts which are considered to be a potential deterioration in UK consumer sentiment, foreign currency risk, import and export duty rate changes and supply chain disruption.

The Committee reports to the Board on a regular basis and continues to monitor the ongoing negotiations between the UK and the EU to assess the potential impact and any transitional arrangements that may be agreed.

IFRS 16

The Group intends to implement IFRS 16, Leases, for the financial year to 31 March 2020 on a modified retrospective basis.

The application of IFRS 16 will result in the recognition of a lease liability and a corresponding right of use asset on the Group's balance sheet which the Board estimates to be between £118.0 million and £123.0 million. The adoption of the Standard is anticipated to result in a non-cash impact on the income statement of between £1.0 million and £2.0 million due to the reclassification of rental cost to depreciation and interest charge.

Changes to Board of Directors

As previously announced, Neil Ritchie, Chief Financial Officer, will step down from his role on 30 June 2019. The Board would like to express its thanks to Neil for his valuable contribution to the Group over the past three years and wish him every success in his future endeavours.

The Board is well advanced in identifying a successor and a further announcement will be made in due course.

Going Concern

The Group had net cash of £11.1 million (2018: £25.1 million) at 30 March 2019. In September 2018, it signed a new £10.0 million revolving credit facility with HSBC until October 2021. This facility was increased to £15.0 million in May 2019. It also has a £4.0 million overdraft facility until May 2020, which is renewed annually. The Group meets its day to day working capital requirements through operating cash flows and free cash balances, and occasionally its revolving credit facility and overdraft. Capital expenditure and financing for its overseas operations is financed through a combination of these facilities and cash.

The Directors have reviewed the Group's budgets and cash flow forecasts for the period to December 2020 and in doing so considered reasonable possible changes over the forecast period. The review considered the forecast operating cash flows generated, cash flow implications of the Group's plans including funding requirements of its international joint ventures, capital expenditures, committed debt facilities at both the year end and post year end and compared these with the Group's cash requirements. The Directors also considered its forecast covenant compliance.

The review showed that when reasonably possible changes were modelled, including a decline in revenue due to challenges in the economic environment and lower demand, the Directors would need to carefully manage cash through detailed cost control in the short to medium term, although the Group was able to operate within its committed banking facilities during the period under review.

After reviewing the Group's cashflow forecasts to December 2020, including a downside case and potential mitigating actions, the Directors have a reasonable expectation that the Group has adequate resources to continue to meet its liabilities as they fall due, taking into account reasonably possible changes in trading conditions.

3. STRATEGY

The Board's long term objective is to create shareholder value by growing Mulberry as a global luxury brand through International expansion and a direct to customer strategy, remaining focused on leather accessories as the core commercial focus and centered on innovation, British craftsmanship and design with an accessible luxury positioning. The Group considers that revenue growth is the key performance indicator with which this goal can be measured.

To achieve this objective, the Group remains focused on four core strategic pillars:

1. British luxury brand with global aspirations

Mulberry's Somerset manufacturing base and distinctive British heritage in leather craftsmanship will remain a key focus and a point of distinction for the brand. Innovation and creativity are central to the Group's customer-led product strategy which focuses on anticipating the evolving needs of its existing and aspirational customers.

The Group will continue to focus on creating distinctive leather goods with an accessible luxury positioning for women and men whilst further enhancing and developing its complementary lifestyle ranges. This is supported by the Group's integrated marketing approach which aims to drive engagement and relevance with its customers.

The successful launch of eyewear represents a major step in enhancing the brand's lifestyle offering with plans to add further depth to other ranges including trainers, men's leather accessories and luggage.

With a focus on its unique British positioning, international marketing investment is increasing as part of the focus on acquiring international customers and raising brand awareness in key markets. The recently adopted customer event format for new collection launches will continue to be part of a 360 degree approach using experiences, partnerships and storytelling.

2. British Manufacturing

The Group will continue to maintain its distinctive "Made in England" positioning through further enhancement of its two UK factories in Somerset. Investment in the most advanced technology will continue to ensure high productivity levels are maintained.

In addition, the Group will continue to run an extensive apprentice programme to develop the next generation of craftspeople.

The Group expects its UK factories to continue to manufacture approximately 50% of bags.

3. International development with focus on Asia Pacific

Over the past three years, the Group has made significant progress in International development by creating a directly operated presence in strategic markets in Asia Pacific through newly established subsidiaries.

With this direct to customer framework now in place in key markets in Asia, the Digital and omni-channel network will be further developed and enhanced with select store openings in high visibility and high traffic locations, the roll out of omni-channel services and the expansion of the newly introduced Digital concession model. Investment will also be focused on marketing, with a customer event planned for Japan during August 2019.

In North America and Europe, selective rotation of stores will continue to improve profitability and provide a base for long term growth.

International represented 31% of Group revenue during the period under review (2018: 28%) and is expected to continue to increase as a proportion of total Group revenue.

4. Direct to customer model

The Group plans to continue to invest in Digital and Omni-channel and its global store network to further develop its direct to customer model. On a global basis, approximately 90% of revenue is generated through Retail, Digital and partner stores.

The global store network will continue to be developed and expanded on a selective basis. The new store concept has been established and represents a different experience for our customer with distinctive decoration and fit-out of the space and introduces innovative, customer-facing technology features.

The mulberry.com platform trades in nine currencies, five languages, ships to over 190 countries and offers integrated omni-channel services. Following the recent launch of local fulfilment in Japan and Australia, mulberry.com sites with enhanced and localised customer experiences are due to launch in China. These services will continue to be expanded and enhanced.

The recently established Digital concession model offers a fully integrated and complementary network to the mulberry.com platform, aiming to increase brand reach and awareness, particularly in high growth, strategic markets. Under the new agreement, 19 John Lewis concessions have been opened since November 2018. The global store on Farfetch was launched during April 2019.

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GROUP INCOME STATEMENT
PERIOD ENDED 30 MARCH 2019

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Revenue	166,268	169,718
Cost of sales	(63,984)	(62,000)
Gross profit	102,284	107,718
Operating expenses	(107,702)	(101,464)
Other operating income	438	482
Operating (loss)/profit	(4,980)	6,736
Share of results of associates	90	114
Finance income	140	96
Finance expense	(258)	(29)
(Loss)/Profit before tax	(5,008)	6,917
Tax	157	(2,011)
(Loss)/Profit for the period	(4,851)	4,906
Attributable to:		
Equity holders of the parent	(2,479)	6,391
Non-controlling interests	(2,372)	(1,485)
(Loss)/Profit for the period	(4,851)	4,906
Basic (loss)/earnings per share	(8.2)p	8.3p
Diluted (loss)/earnings per share	(8.1)p	8.2p

All activities arise from continuing operations.

Reconciliation to adjusted profit before tax:

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
(Loss)/Profit before tax	(5,008)	6,917
Impairment charge related to retail property, plant and equipment	795	378
Bad debt and other expenses from House of Fraser administration	2,073	-
Write back of profit on reacquired stock and set up costs relating to conversion of John Lewis to concession	1,323	-
Launch costs relating to Mulberry Korea	1,821	-
Store closure costs	-	675
Adjusted Profit before tax – non-GAAP measure	1,004	7,970
Adjusted basic earnings per share	0.9p	10.0p
Adjusted diluted earnings per share	0.9p	10.0p

GROUP STATEMENT OF COMPREHENSIVE INCOME
PERIOD ENDED 30 MARCH 2019

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
(Loss)/Profit for the period	(4,851)	4,906
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	151	(447)
Losses on cash flow hedges	(3)	(115)
Income tax relating to items that may be reclassified subsequently to profit or loss	(30)	107
Total comprehensive (expense)/income for the period	(4,733)	4,451
Attributable to:		
Equity holders of the parent	(2,394)	6,031
Non-controlling interests	(2,339)	(1,580)
Total comprehensive (expense)/income for the period	(4,733)	4,451

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GROUP BALANCE SHEET
AT 30 MARCH 2019

	30 March 2019 £'000	24 March 2018 £'000
Non-current assets		
Intangible assets	13,970	10,362
Property, plant and equipment	26,171	21,971
Interests in associates	337	306
Deferred tax asset	1,102	1,782
	41,580	34,421
Current assets		
Inventories	39,740	44,647
Trade and other receivables	13,688	15,196
Current tax asset	1,785	-
Cash and cash equivalents	12,377	25,071
	67,590	84,914
Total assets	109,170	119,335
Current liabilities		
Trade and other payables	(23,984)	(28,814)
Current tax liabilities	-	(893)
Borrowings	(2,709)	-
Total liabilities	(26,693)	(29,707)
Net current assets	40,897	55,207
Non-current liabilities		
Borrowings	(1,770)	(1,385)
Total liabilities	(28,463)	(31,092)
Net assets	80,707	88,243
Equity		
Share capital	3,002	3,001
Share premium account	12,072	11,961
Own share reserve	(1,378)	(1,388)
Capital redemption reserve	154	154
Hedging reserve	(100)	(98)
Foreign exchange reserve	821	701
Retained earnings	67,555	73,165
Equity attributable to holders of the parent	82,126	87,496
Non-controlling interests	(1,419)	747
Total equity	80,707	88,243

GROUP STATEMENT OF CHANGES IN EQUITY
PERIOD ENDED 30 MARCH 2019

	Share capital £'000	Share premium account £'000	Own share reserve £'000	Capital re-demption reserve £'000	Cashflow hedge reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 26 March 2017	3,000	11,961	(1,461)	154	(5)	1,063	69,957	84,669	975	85,644
Profit for the period	-	-	-	-	-	-	6,391	6,391	-	6,391
Other comprehensive income for the period	-	-	-	-	(93)	(267)	-	(360)	(95)	(455)
Total comprehensive income for the period	-	-	-	-	(93)	(267)	6,391	6,031	(1,580)	4,451
Issue of share capital	1	-	-	-	-	-	-	1	-	1
Charge for employee share-based payments	-	-	-	-	-	-	291	291	-	291
Exercise of share options	-	-	-	-	-	-	(505)	(505)	-	(505)
Own shares	-	-	73	-	-	-	-	73	-	73
Adjustment arising from movement in non-controlling interest	-	-	-	-	-	(95)	-	(95)	1,352	1,257
Dividends paid	-	-	-	-	-	-	(2,969)	(2,969)	-	(2,969)
Balance at 24 March 2018	3,001	11,961	(1,388)	154	(98)	701	73,165	87,496	747	88,243
Loss for the period	-	-	-	-	-	-	(2,479)	(2,479)	(2,372)	(4,851)
Other comprehensive (expense)/income for the period	-	-	-	-	(2)	87	-	85	33	118
Total comprehensive (expense)/income for the period	-	-	-	-	(2)	87	(2,479)	(2,394)	(2,339)	(4,733)
Issue of share capital	1	111	-	-	-	-	-	112	-	112
Charge for employee share-based payments	-	-	-	-	-	-	(138)	(138)	-	(138)
Exercise of share options	-	-	-	-	-	-	(23)	(23)	-	(23)
Own shares	-	-	10	-	-	-	-	10	-	10
Adjustment arising from movement in non-controlling interest	-	-	-	-	-	33	-	33	173	206
Dividends paid	-	-	-	-	-	-	(2,970)	(2,970)	-	(2,970)
Balance at 30 March 2019	3,002	12,072	(1,378)	154	(100)	821	67,555	82,126	(1,416)	80,707

GROUP CASH FLOW STATEMENT
PERIOD ENDED 30 MARCH 2019

	53 weeks ended 30 March 2019 £'000	Restated* 52 weeks ended 24 March 2018 £'000
Operating (loss)/profit for the period	(4,980)	6,736
Adjustments for:		
Depreciation and impairment of property, plant and equipment	6,999	6,124
Amortisation of intangible assets	1,082	1,796
Loss on sale of property, plant and equipment	395	13
Share-based payments charge	(138)	291
Operating cash flows before movements in working capital	3,358	14,960
Decrease/(Increase) in inventories	7,714	(464)
Decrease/(Increase) in receivables	1,541	(2,059)
(Decrease)/Increase in payables	(6,682)	1,571
Cash generated from operations	5,931	14,008
Income taxes paid	(1,730)	(2,553)
Interest paid	(258)	(29)
Net cash inflow from operating activities	3,943	11,426
Investing activities:		
Interest received and gains on foreign exchange contracts	140	96
Purchases of property, plant and equipment	(9,455)	(4,689)
Proceeds from disposal of property, plant and equipment	60	53
Acquisition of intangible fixed assets	(2,234)	(1,605)
Acquisition of subsidiary	(5,741)	(1,629)
Net cash used in investing activities	(17,230)	(7,774)
Financing activities:		
Dividends paid	(2,970)	(2,969)
Proceeds on issue of shares	1	1
Increase in loans from non-controlling interests	1,771	-
Increase in related party loan	-	1,385
Investment from non-controlling interests	173	2,675
New borrowings	1,231	-
Settlement of share awards	(23)	(505)
Net cash used in financing activities	183	587
Net (decrease)/increase in cash and cash equivalents	(13,104)	4,239
Cash and cash equivalents at beginning of period	25,071	21,093
Effect of foreign exchange rate changes	410	(261)
Cash and cash equivalents at end of period	12,377	25,071

Cash and cash equivalents comprise cash and short term bank deposits with an original maturity of three months or less. The carrying amount of these assets at the end of the reporting period as shown in the Consolidated

Statement of Cash Flows can be reconciled to the related items in the Consolidated Balance Sheet position as shown above.

* The cash flow in relation to investment from non-controlling interest has been restated to reflect that the nature of the cash flow is in relation to financing activities, rather than investing activities where it was previously disclosed.

NOTES

1.BASIS OF PREPARATION

The financial information in this announcement, which was approved by the Board of Directors on 18 June 2019, does not constitute the Company's statutory accounts for the 53 weeks ended 30 March 2019 or for the 52 weeks ended 24 March 2018, but is derived from those accounts.

Statutory accounts for the 52 weeks ended 24 March 2018 have been delivered to the Registrar of Companies and those for the 53 weeks ended 30 March 2019 have been approved and will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors have reported on those accounts, their reports were unqualified and did not draw attention to any matters by way of emphasis without qualifying their reports and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

Whilst the financial information included in this preliminary announcement has been completed in accordance with International Financial Reporting Standards (IFRS), this announcement itself does not contain sufficient information to comply with IFRS.

2. ACCOUNTING POLICIES

In the current period the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New accounting Standards adopted by the Group:

There have been significant changes to accounting under IFRS which have affected the Group's financial statements. New Standards and Interpretations effective as of 1 January 2018 and therefore applicable to the Group's financial statements for the 53 weeks ended 30 March 2019 are listed below:

- IFRS 9 Financial Instruments.
- IFRS 15 Revenue from Contracts with Customers.

The adoption of IFRS 9 and IFRS 15 has not had a material impact on either the Consolidated Income Statement or the Consolidated Statement of Financial Position.

3. DIVIDENDS

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Dividend for the period ended 24 March 2018 of 5p (2017: 5p) per share paid on 22 November 2018	2,969	2,969
Proposed dividend for the period ended 30 March 2019 of 5p per share (2018: 5p)	2,970	2,968

THIS PROPOSED DIVIDEND IS SUBJECT TO APPROVAL BY SHAREHOLDERS AT THE ANNUAL GENERAL MEETING AND HAS NOT BEEN INCLUDED AS A LIABILITY IN THESE FINANCIAL STATEMENTS.

4. EARNINGS PER SHARE ('EPS')

	53 weeks ended 30 March 2019 pence	52 weeks ended 24 March 2018 pence
Basic (loss)/earnings per share	(8.2)	8.3
Diluted (loss)/earnings per share	(8.1)	8.2
Adjusted basic earnings per share	0.9	10.0
Adjusted diluted earnings per share	0.9	10.0

EARNINGS PER SHARE IS CALCULATED BASED ON THE FOLLOWING DATA:

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
(Loss)/Profit for the period for basic and diluted earnings per share	(4,851)	4,906
Adjustments to include exceptional items:		
Impairment relating to retail assets	795	378
Bad debt and other expenses from House of Fraser administration*	1,679	-
Write back of profit on reacquired stock and set up costs relating to conversion of John Lewis to concession*	1,072	-
Korea launch costs	1,821	-
Loss on disposal of retail stores	-	675
Adjusted profit for the year for basic and diluted earnings per share	516	5,959

*THESE ITEMS ARE INCLUDED NET OF TAX

	53 weeks ended 30 March 2019 Million	52 weeks ended 24 March 2018 Million
Weighted average number of ordinary shares for the purpose of basic EPS	59.4	59.4
Effect of dilutive potential ordinary shares: share options	0.3	0.2
Weighted average number of ordinary shares for the purpose of diluted EPS	59.7	59.6

THE WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES IN ISSUE DURING THE PERIOD EXCLUDES THOSE HELD BY THE MULBERRY GROUP PLC EMPLOYEE SHARE TRUST.