Mulberry Group plc

Preliminary results for the 52 weeks ended 27 March 2021

Strong growth in Asian markets and robust digital performance

Mulberry Group plc ("the Group" or "Mulberry"), the British luxury brand, announces results for the 52 weeks ended 27 March 2021 (the "period").

FINANCIAL RESULTS

The income statement set out below is included to show the underlying performance of the Group. It does not form part of the consolidated financial statements for the 52 weeks ended 27 March 2021 and 52 weeks ended 28 March 2020.

	52 weeks ended 27 March 2021			52 weeks ended 28 March 2020		
£'million	Underlying	Adjusting items	Reported	Underlying	Adjusting items	Reported
Revenue	115.0		115.0	149.3	-	149.3
Gross profit	73.1		73.1	91.1	-	91.1
Impairment charge related to property, plant and equipment	-	(0.6)	(0.6)	-	(7.1)	(7.1)
Impairment charge related to right of use assets	-	(5.7)	(5.7)	-	(24.9)	(24.9)
Lease modification	-	4.0	4.0	-	-	-
Restructuring costs	-	(2.4)	(2.4)	-	(0.7)	(0.7)
Store closure credit/(costs)		3.7	3.7	-	(0.9)	(0.9)
Other operating expenses	(68.9)	(0.3)	(69.2)	(101.5)	(0.1)	(101.6)
Other operating income	6.0		6.0	1.1	-	1.1
Operating profit/(loss)	10.2	(1.3)	8.9	(9.3)	(33.7)	(43.0)
Share of results of associates	(0.1)		(0.1)	-	-	-
Finance income	-		-	0.1	-	0.1
Finance expense	(4.2)	-	(4.2)	(5.0)	-	(5.0)
Profit/(loss) before tax	5.9	(1.3)	4.6	(14.2)	(33.7)	(47.9)

FINANCIAL HIGHLIGHTS

- Group revenue down 23% to £115.0m (2020: £149.3m) primarily reflecting impact of COVID-19 and closure of majority of physical stores during the period
- Digital sales up 55% to £56.4m (2020: £36.3m)
- International retail sales increased 4% to £33.8m (2020: £32.4m)

    - Asia Pacific growth of 36% driven by ongoing development in the region, China retail sales up 81% and South Korea retail sales up by 36%, Rest of World retail sales down 27%
- Underlying profit before tax of £5.9m (2020: loss before tax £14.2m)

OPERATING HIGHLIGHTS

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

SUSTAINABILITY HIGHLIGHTS

- Made To Last Manifesto was launched, with a commitment to transform the business to a regenerative and circular model encompassing the entire supply chain, from field to wardrobe by 2030
- 80% of the collection now using leather sourced from environmentally accredited tanneries; this will increase to 100% by Autumn/Winter 2022
- Repairs Centre at The Rookery restores more than 10,000 bags a year
- Became an accredited Living Wage Employer
- Supported the community and the response to the COVID-19 pandemic:
    - Produced over 15,000 reusable PPE gowns for frontline NHS workers
    - Worked with the Felix Project to provide over 177k meals for those in need
    - Partnered with National Emergencies Trust to help deliver vital aid to those most affected by the coronavirus outbreak

CURRENT TRADING

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

THIERRY ANDRETTA, CHIEF EXECUTIVE OFFICER, COMMENTED:

"I have been immensely proud to lead Mulberry this year. In the last 12 months our teams have faced enormous challenges posed by the global health crisis and have responded with resilience, resolve and passion.
"We have been able to leverage our leading omni-channel position, achieving very strong growth in Asia, and have served the communities in which we operate, including repurposing our factories to produce over 15,000 reusable PPE gowns for frontline NHS workers.

We have delivered a robust financial performance and have made good strategic progress in our journey to build Mulberry as a leading sustainable global luxury brand."

FOR FURTHER DETAILS PLEASE CONTACT:

MULBERRY

CHARLES ANDERSON TEL: +44 (0) 20 7605 6793

HEADLAND (PUBLIC RELATIONS)

LUCY LEGH / KIRSTY CARRUTHERS TEL: +44 (0) 20 3805 4822

mulberry@headlandconsultancy.com

GCA ALTIUM LIMITED (NOMAD)

TIM RICHARDSON TEL: +44 (0) 20 7484 4040

Chairman's Letter

Dear Shareholder,

This has been a year like no other, with the COVID-19 pandemic affecting all our lives in ways that we could scarcely imagine prior to the outbreak. Whilst our performance over the past year has undoubtedly been affected, I am incredibly proud of Mulberry's response; reacting swiftly to adapt to the new circumstances, protecting our people, leveraging our global digital network to replace retail sales with digital wherever possible, ensuring the Group was the correct size and structure to reflect market conditions and conserving our capital. it is because of this response, combined with the growing contribution from our Asian business, that we have been able to rebuild our capital reserves and can now look ahead with optimism.

Looking ahead, our mission is to be the leading responsible British luxury lifestyle brand and a pioneer in sustainability. We are making huge steps towards achieving this: in April, on World Earth Day, we launched our Made to Last Manifesto outlining our vision and sustainability targets.

As we celebrate 50 years of Mulberry this year, we look back at our values that have shaped us as a business, namely a Made to Last ethos, combined with responsible innovation. This year we reaffirm our commitment to keeping these values at the heart of our brand, to ensure we are building a sustainable legacy for the next 50 years and beyond.

In the coming months, we will be expanding our circular economy programme, via Mulberry Exchange, Mulberry.com and Vestiaire Collective, giving our customers access to vintage pieces, designed to be handed down from generation to generation. We will also launch our first, locally made, "farm to finished product" bags, using the world's lowest carbon leather. The collection further underpins our commitment to reaching zero carbon emissions by 2035.

I am extremely proud of the achievements we have made to date, and the progress we are making towards our targets. Further actions for change, and how we are building a future regenerative and circular model encompassing the entire supply chain, are detailed later in this report.

I would like to take this opportunity to thank all the team for their hard work and ongoing commitment as we continue to navigate these times of uncertainty. Together with our strategy, which Thierry will outline in more detail on the following pages, we are in a strong position for a prosperous future.

Godfrey Davis

Chairman

21 July 2021

Strategic Report

Chief Executive's Statement

Overview

I have been immensely proud to lead Mulberry this year. In the last 12 months our teams have faced enormous challenges posed by the global health crisis and have responded with resilience, resolve and passion. We have been able to leverage our leading omni-channel position, and have served the communities in which we operate, including repurposing our factories to produce over 15,000 reusable PPE gowns for frontline NHS workers. We have not only delivered a robust financial performance, but we have made good strategic progress in our journey to build Mulberry as a leading sustainable global luxury brand.

Robust Financial Performance

Our results demonstrated our resilience and adaptability in responding to the COVID-19 pandemic:

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

The Group's underlying profit before tax was £5.9m (2020: loss before tax £14.2m), reflecting the strength of our omni-channel business, cost actions taken in response to COVID-19 and government support programmes, combined with a significantly improved contribution from our Asian businesses, which moved into profit after a number of years of heavy investment. We ended the period with net cash of £11.8m (2020: £7.2m) and deferred liabilities of £4.7m (2020: £3.0m).

We are grateful for the government support, including the UK Coronavirus Job Retention Scheme ("CJRS"), which enabled us to take a measured look at the changes required to our business as a result of COVID-19. Without the time afforded by the CJRS[1], we would have been forced to act earlier and make deeper cuts.

The success of our direct to customer model means that we continue to enhance the customer experience, drive customer engagement, and build brand loyalty. In April 2020, we implemented a new global pricing strategy, which now applies the same retail price globally, which has helped to drive growth.

Sustainability

The Made to Last manifesto sets Mulberry apart from our competition. This ambitious commitment, made in our 50th year, to transform the business to a regenerative and circular model encompassing the entire supply chain, from field to wardrobe by 2030 demonstrates our desire to be a brand that makes a difference and does the right thing. We are proud to be a real living wage employer and are committed to working with our suppliers to ensure that workers not directly employed by Mulberry will also receive the same.

Today, 82% of our collection uses leather sourced from environmentally accredited tanneries, which will increase to 100% by AW22. In April 2021 we also relaunched our signature Scotchgrain in a new Eco fabrication, made from recombined Bio Plastic materials. I'm also very proud that our Repairs Centre at The Rookery, one of our Somerset factories, restores more than 10,000 bags a year, further demonstrating that our products are truly Made to Last.

We launched Mulberry Exchange in February 2020, our circular re-sell and buyback programme. This was further extended in March 2021 as we launched on Vestiaire Collective's Brand Approved program, and also through the digital launch of Mulberry Exchange program on mulberry.com in April 2021.

The past 12 months have demonstrated more than ever the need to play an active role in supporting the communities of which we are a part. At the height of the pandemic, we repurposed our UK factories, producing over 15,000 reusable PPE gowns for frontline NHS workers. We were very proud to partner with the National Emergencies Trust to help deliver vital aid to those most affected by the coronavirus outbreak across the UK, donating 15% of our UK digital sales from March 23rd - April 24th to this important cause, raising a total of

---

[1] For the 52 weeks to 27 March 2021 £4.8m of grants were received under the CJRS.

£75,000. In addition, in December 2020, Mulberry partnered with London based charity, The Felix Project, to provide over 177,000 meals for those most in need.

Marketing

A digital first approach has been important for our marketing strategy. The team has continued to impress by finding new and innovative ways to reach our global community and instilling a sense of solidarity among our customer base.

With much of the world in lockdown, April 2020 saw Mulberry reach out to its extensive community with the 'Take Root, Branch Out campaign' that ran throughout the summer. November 2020 saw the highly successful relaunch of a new, sustainable version of its iconic Alexa bag. The 360-degree global campaign engaged VIP customers and focussed on localised influencer seeding, content collaborations and targeted media partnerships. The relaunch was further supported by an impactful partnership and content collaboration with luxury online retail platform, Farfetch. The campaign drove widespread conversation and has ensured the iconic silhouette bag is once again one of Mulberry's best sellers.

Mulberry took an agile and responsive approach to its festive campaign in December, with joy and community at its core. The creative campaign put product at the forefront and highlighted Mulberry's exceptional services offering through a series of animations. The content was brought to life through a digitally led campaign that tested new and innovative media formats, and a community-focused partnership with food redistribution charity, The Felix Project.

Welcoming in the brand's 50th anniversary, February 2021 saw Mulberry launch the Icon Editions collection, a hand-picked offering of Mulberry's most era-defining silhouettes – recreated in miniature sizes. The impactful, digital first approach was supported with global influencer seeding and a series of content collaborations. Additionally, we were delighted to sponsor the V&A exhibition Bags: Inside out, which celebrates the unique status of bags and the skill involved in their creation.

Current Trading and Outlook

Group revenue in the year to date is 45% ahead of last year, with retail revenue 30% ahead due to a strong recovery in the UK, as our stores re-opened after the third UK lockdown, and continuing growth in Asia.

The Group started the new year with net cash of £11.8m and deferred liabilities of £4.7m, which will unwind in the current year. We have renewed our banking facilities with HSBC until March 2023. The cash position has been further enhanced by the sale of the lease of our Paris store, announced on 6 July 2021, which will add approximately £10.8 million to our resources.

Despite some remaining uncertainties, with the Group's ongoing recovery from COVID-19 the Board expects the positive momentum to continue, although sales in the current year may remain below their pre-COVID-19 levels, in part due to the rationalisation of the store network.

As part of the brand's 50th anniversary celebrations, our series of product collaborations continued with the Priya Ahluwalia capsule collection and the recent launch of the Mulberry x Alexa Chung collaboration. This is an exciting update from our long-time friend and the person who inspired one of our most iconic bags, the Alexa.

Mulberry is an exceptional, powerful brand, with a rich heritage in UK manufacturing, and internationally acclaimed for quality and design. Underpinning this is a genuine desire to do the right thing for our people, our customers, our partners and our communities, as illustrated by the Made to Last manifesto. This year has tested us, as it has the world, but because of our relentless focus on delivering against our strategic goals, our agility in responding to the situation, our market leading digital offer, our resilience and our passion for quality that is made to last, I am delighted and proud that we have emerged stronger, and we look to the future with confidence.

Thierry Andretta

Chief Executive Officer

21 July 2021

Progress against our strategy

With our rich heritage in leather craftmanship and reputation for innovation, we strive to grow the Group through our four strategic pillars which focus on omni-channel distribution, international development, constant innovation and a sustainable lifecycle.

Strategic Pillar 1

Omni-channel distribution

Through our omni-channel distribution model, we aim to enhance our customers' experience and drive engagement. This includes developing our store network through selective store openings and closures, the continued roll-out of the new Mulberry store concept and further enhancements to our omni-channel approach, which allow customers to research, buy and return product anywhere across our stores and digital platforms. Our aim is to expand this across our global network over the coming year.

Our new Mulberry store concept features design elements that represent our distinctive British heritage and enables us to better display and promote our collections. The concept includes innovative customer-facing technology, creates more space and supports our omni-channel proposition. It has helped to elevate our brand position with the new concept stores outperforming more traditional outlets. As at the period end, the new store concept had been implemented in 11 stores in the UK and 19 stores in international markets and we will continue our roll-out over the coming years. In addition in the UK we extended our omni-channel proposition with the launch of same-day delivery in our standalone retail stores, along with the standalone stores now having the ability to fulfil digital orders. Over the coming year our plan is to expand our omni-channel offer to our concession network.

In the UK we operated 45 retail stores at the period end, which included 15 John Lewis, and 10 House of Fraser concessions.[2] We will continue to manage the business proactively and focus on optimising the UK store network.

Digital sales represented 49% of Group revenue (2020: 24%). This growth was largely driven by our customers switching to digital channels while stores were closed during lockdown periods, along with overall lower sales in the period, all of which were as a result of the COVID-19 pandemic. There is also an element of continued growth due to further enhancements in our market-leading digital platforms including better functionality, localisation and local fulfilment. For the coming period we expect the digital mix to drop back to a rate of c.36% as stores reopen, however we do expect an accelerated shift to digital/omni-channel shopping across all regions.

Strategic Pillar 2

International Development

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

Asia Pacific retail sales increased by 36%, driven by ongoing investment in this region, with China retail sales up 81% and South Korea retail sales up 36%. Japan, which was more widely impacted by local lockdowns and restrictions saw a 9% increase in retail sales. The investment in the Group's subsidiaries in China, South Korea and Japan is making good progress and after several years of heavy investment, these businesses moved into profit.

Our global pricing strategy which now applies the same retail price globally, was implemented in April 2020 and has helped to drive growth. We appointed a new General Manager for the North Asia region towards the end of the period and are re-locating our team to Shanghai (previously Hong Kong) to support growth in this key market.

In the Rest of World we closed three locations, with the full exit of Canada. Digital sales grew strongly in this region over the period and in the US, we furthered our partnership with Nordstrom, via their drop-ship model. In Europe, we opened a distribution centre to support this business post Brexit.

[2] Store numbers include own stores and concessions operated by Mulberry employees.

Strategic Pillar 3

Constant Innovation

During the period, we re-launched the Alexa bag, one of our most desirable silhouettes. With new sustainable credentials, this much-loved icon has been performing particularly well following its global launch in November 2020. We continued to evolve our other key families with new introductions made across Bayswater (Mini Bayswater), Lily (Top-Handled Lily) and Iris (Iris Hobo). In March 2021, we launched the Typography Collection, a new collection constructed using our newly introduced Eco-Scotchgrain made from recombined Bio-Plastic materials.

Our Mini Bags range has performed particularly well, driven by the Mini Alexa and Small Darley Satchel. Across our lifestyle categories, eyewear and soft accessories also continued to have strong sales.

The V&A X Mulberry collaboration was launched in December 2020, which celebrated our sponsorship of the V&A exhibition Bags: Inside Out. The collection saw a signature print inspired by a beautiful 20th century floral furnishing fabric held in the museum's archive animate some of Mulberry's most iconic bag silhouettes, creating timeless accessories steeped in design history.

Strategic Pillar 4

Sustainable Lifecycle

Mulberry products have been 'Made to Last' from the outset and we are committed to lifetime service for a Mulberry item. Our world-class Repair Centre in the Rookery, one of our Somerset factories, is a key feature in our journey towards a fully sustainable product and service offer. Our responsible approach is followed throughout our manufacturing processes and standards to ensure we uphold and protect our heritage in leather craftsmanship. We use innovative technology such as the latest digital cutting machines, which ensure improved utilisation and reduced waste on leather cutting.

We are proud to continue working with Zero Waste to Landfill partners. Mulberry's contribution, made via the Carbon Balanced fund will be invested in the long-term protection and restoration of threatened tropical forests in Guatemala.

We aim to manufacture 50% of our bags in the UK (other manufacturing areas include Europe and Asia) and during the period 82% of our range used leather and suede that is sourced from environmentally accredited tanneries. Our goal is to achieve 100% by 2022. In December 2020, we joined the Sustainable Leather Foundation, a not-for-profit, community interest company with a vision is to enable collective improvement and education globally, for more sustainable practices in leather manufacturer and production.

We continue to be a member of the Better Cotton Initiative (the largest cotton sustainability programme in the world). Our target is for all cotton to be sustainably sourced by 2025 – recycled, organic or BCI. We also joined Textile Exchange's Sustainable Cotton Challenge.

We launched Mulberry Exchange in February 2020, our circular buyback and re-sell programme. This was further extended in March 2021 as we launched on Vestiaire Collective's Brand Approved program, and also in April 2021 through the digital launch of Mulberry Exchange program on mulberry.com. Items available through Vestiaire Collective or directly through The Mulberry Exchange, are fully authenticated and refurbished in-house by Mulberry at our Repairs Centre in Somerset. The Mulberry Exchange offers customers the chance to purchase pre-loved and coveted Mulberry archive pieces, or trade in their own Mulberry bags for credit towards a new purchase. Each bag that is returned will be given a second lease of life: restored carefully by expert craftspeople and resold through selected Mulberry stores and mulberry.com.

Financial review

Our results for the 52 weeks ended 27 March 2021 were materially affected by the impact of COVID-19 on the Group and the wider economy and the consequential effect on revenues. The impact was mitigated to an extent by strong growth in our Asian markets, the strength of our omni-channel business, cost actions taken in response to COVID-19 and government support programmes.

Group revenue and gross profit

£ Million	2020/21	2019/20	% Change
Digital	56.4	36.3	55%
Stores	43.6	89.1	-51%
Retail (omni-channel)	100.0	125.4	-20%
Wholesale and Franchise	15.0	23.9	-37%
Group Revenue	**115.0**	**149.3**	**-23%**
Digital	44.6	27.8	61%
Stores	21.6	65.2	-67%
UK	**66.2**	**93.0**	**-29%**
Digital	3.8	2.4	58%
Stores	18.0	13.6	33%
Asia Pacific	**21.8**	**16.0**	**36%**
Digital	8.0	6.1	31%
Stores	3.9	10.3	-62%
Rest of World	**11.9**	**16.4**	**-27%**
Retail (omni-channel)	**100.0**	**125.4**	**-20%**
UK	2.4	5.7	-58%
Asia Pacific	2.8	5.4	-48%
Rest of World	9.8	12.8	-23%
Wholesale and Franchise	**15.0**	**23.9**	**-37%**

At the start of the period 70% of our worldwide stores were closed due to COVID-19, including all of our stores in the UK, Europe and North America. Our stores in China and South Korea re-opened in April 2020, followed by stores in Japan and Europe and from 15 June 2020 a phased re-opening in the UK.

England entered its second lockdown on 5 November, which ended on 2 December, but was replaced by a 3-tier system, which was designed to keep restrictions in place for the most affected parts of the country. This was amended on 20 December to create a four-tier system, where non-essentials retail was forced to close in tier 4 areas. On 5 January 2021, a third UK lockdown was imposed across England, which resulted in the closure of all our stores in England. These stores remained closed until 12 April 2021, which was at the start of the new financial year.

The strength of our omni-channel business and growth in Asia Pacific helped to offset the impact of the shutdowns in the UK, Europe and North America. In Q1 retail sales were down 31%. We saw an improving trend as stores re-opened with Q2 retail sales down 18%. This continued as we moved into Q3 with retail sales down 15% in the quarter. However a number of our stores were closed again in the final quarter of the period, which meant for Q4 our retail stores were below prior year by 19%.

Asia Pacific sales increased by 36%, driven by ongoing investment in this region, offset by a 27% decrease in rest of world sales.

Wholesale and franchise sales decreased by 37%, in part due to the continuing focus on our direct-to-customer model, but mainly due to the impact of COVID-19 on our partners.

Gross margin for the period was 63.6% (2020: 61.0%).

Other Operating Expenses

The Group implemented a number of cost saving measures during the period. COVID-19 has had a dramatic impact on our business and we expect the recovery in our sales levels over the medium term to be gradual. Our objective was to ensure that our cost base is in line with anticipated trading levels. The cost saving actions included a significant reduction in discretionary costs, the freezing of pay and recruitment and a temporary 20% pay cut for PLC directors. A reduction in employee numbers by approximately 25% across the Group and the renegotiation or termination of leases where possible. The Group also accessed relevant UK Government support programmes, such as business rates relief and benefited from lower retail depreciation resulting from the prior period impairment charge.

These actions achieved a 32% reduction in operating expenses on a full-year basis.

Other Operating Income

Included within other operating income is £4.8m (2020: £0.2m) of grants receivable under HM Revenue & Customs Coronavirus Job Retention Scheme (CJRS) and £0.5m from equivalent schemes offered in other non-UK territories. As a result of the progress that has been made, the Group has taken the decision not to claim our entitlement to CJRS in the current period.

Profit before tax

The Group’s underlying profit before tax for the period was £5.9m (2020: loss before tax £14.2m). Adjusting items of £1.3m (2020: £33.7m) include restructuring costs, store closure costs (2020: credit) lease modifications and impairment charge related to right of use assets, and property, plant and equipment.

Taxation

The Group reported a tax credit of £43k (2020: £0.9m), an effective rate of tax of (1%) (2020: 2%). The effective tax rate is lower than the UK tax rate of 19%, primarily due to the use of prior year tax losses, which were not recognised as a deferred tax asset.

Dividends

The Board has taken the decision that no dividend will be declared for the 52 weeks ended 27 March 2021 (2020: nil) and that the Group’s resources will be focussed on continuing the successful investment in our international business, particularly in Asia.

Cashflow

The net increase in cash and cash equivalents per the cashflow statement of £4.2m (2020: decrease of £4.6m) reflected the cost actions taken to offset the decline in revenue, further working capital benefits, including a reduction in inventory and lower capital expenditure. The reduction in lease payments and interest paid was in part due to the negotiation of extended payment terms with landlords but also the renegotiation and termination of leases where possible.

Borrowing Facilities

The Group’s net cash balance (comprising cash and cash equivalents, less overdrafts) at 27 March 2021 was £11.8m (2020: £7.2m), with deferred liabilities of £4.7m (2020: £3.0m). Net cash comprises cash balances of £11.8m (2020: £7.2m) less bank borrowings of £nil (2020: £nil), which excludes loans from related parties and non-controlling interests of £4.7m (2020: £5.3m). Since the period end the Group has extended its revolving credit facility with HSBC until March 2023, and renegotiated banking covenants to reflect the ongoing COVID-19 environment. The £15.0m revolving cash facility is secured, and covenants are tested on quarterly basis and contain a net debt to EBITDA ratio, and a fixed charge cover ratio. Covenants are tested on a “frozen GAAP” basis and exclude the impact of IFRS16. In addition, the Group has a £4.0m overdraft facility and a further USD 1.9m overdraft facility in China, which are renewed annually.

Corporate Social Responsibility – Made To Last

"Made To Last" is the philosophy that goes to the very heart of our business. It defines the quality standards we demand at every stage of the sourcing and manufacturing of our products, and our relationships with the communities around us.

Mulberry will transform our business to be a regenerative and circular model that will encompass the entire supply chain, from field to wardrobe, by 2030. We believe a future regenerative and circular model will be based on six key actions for change;

1. **Regenerative Agriculture & Sourcing Transparency**; Pioneer a hyper-local, hyper-transparent "farm to finished product" supply chain model.

   We are building a network of regenerative and organic farms to supply the hides to create our leather across the UK and Europe. On a regenerative and rotational farm livestock play an essential role in maintaining soil health and healthy soil draws down and stores carbon from the atmosphere.

   By 2030 our entire leather supply chain will adhere to transformative sourcing and production model. We will launch our first "farm to finished product" British bags in 2021.

   By 2022 all leather in Mulberry collections will be sourced from Leather Working Group (LWG) accredited tanneries, and leather from environmentally accredited tanneries is today available across 80% of our collections.

2. **Low Carbon Leather**; Develop the world's lowest carbon leather sourced from a network of environmentally conscious farms.

   Leather goods are the foundation of our business and comprise approximately 90% of our collection. We are committed to transparency, regeneration and circularity across our leather supply chain from farm to finished product.

   We are working with farmers who are investing in regenerative agriculture to source the hides that will product our leather and we are also working with tanneries that are pioneers in ow impact manufacturing and zero waste leather production.

   Partners such as Scottish Leather Group source 98.6% of their raw hides within the UK and Ireland, meaning transportation miles are much lower, and they have their own water filtration and recycling plant which enables them to re-use up to 40% of their wastewater in leather production.

   Across Europe, our tannery partners work with farms locally within the EU to source hides for their leather production. We are working with these pioneering tanneries to map and measure their supply chains and follow traceability mechanisms from farm to tannery.

   Working with partners who source locally enables the level of transparency required in building a future network of farms that are invested in environmental stewardship.

3. **Net Zero**; Achieve net zero carbon emissions by 2035.

   This commitment encompasses both the GHGs we emit directly and those associated with our business activities, referred to as Scope 1, 2, and 3 emissions.

   We are signatories of the UN Fashion Charter for Climate Action and we are adopting a Science Based Target approach, working to set an ambitious reduction strategy based on a 1.5 degree pathway across Scope 1, 2, and 3.

   We will continue to invest in renewable energy and nature-based carbon offsetting solutions such as forest restoration through the Woodland Trust and World Land Trust.

4. **Repairs & Restoration**; Continue to extend the life of Mulberry products through repair and restoration.

We are passionate about extending the life of every Mulberry product through repair, renewal, and repurposing. This commitment is at the heart of our circular proposition, influencing the way we design and manufacture, and the services we offer our customers.

The Repairs Team at The Rookery, one of our Somerset factories where we still make 50% of our bags, are masters in restoration, breathing new life into more thank 10,000 bags every year, with leather and hardware archives going back over 35 years.

5. **Circular Economy**; Buy back, resell or repurpose any Mulberry bag.

   Our circular economy programme, The Mulberry Exchange was launched in store in 2020, and on Mulberry.com in April 2021, alongside a recently launched partnership with Vestiaire Collective. The Mulberry Exchange enables customers to buy pre-loved and vintage bags that have been expertly authenticated and refurbished by the highly skilled artisans of our Somerset repairs centre.

   If the day comes that one of our bags really has reached the end of the line, we will buy it back, and use it to power the production of a new bag through an innovative energy reclaim system unique to our strategic partner Muirhead, a member of the Scottish Leather Group, ensuring that the line never ends, it just becomes a circle.

6. **Community**; Extend our commitment to being a real Living Wage employer by working with our network of suppliers to achieve the same.

   We are nothing without our people. All the actions we take are dependent on their contribution and goodwill. For us, being net positive is as much about the people and communities that we're a part of as it is greenhouse gas emissions.

   The baseline for us is being a real Living Wage employer and we are extending that commitment by working with out suppliers to achieve the goal that every person working within the Mulberry supply chain is also paid a Living Wage, wherever that are in the world.

   We are focused on educating our workforce and building awareness of the challenges facing women and minority groups in the work environment and beyond. We are fostering a culture of open discussion through our Diversity and Inclusion Committee that supports our drive to facilitate positive change for all.

   We also acknowledge that after the challenges of the past year, team wellbeing has never been more important. We are focused increasingly on mental health and wellbeing, and we have trained mental health first aiders to support our employees across the business.

Our Progress So Far;

Responsible innovation is the foundation of our creativity. We design and make for today's lifestyles and better futures. We believe products should be used and loved, repaired not replaced.

Leather;

- All leather will be sourced from environmentally accredited tanneries by Autumn/Winter 2022
- Currently 80% of collection sourced from environmentally accredited tanneries
- Founding partner of the Sustainable Leather Foundation, and members of LWG since 2012.

Link to key action 1, 2

Other Low Impact Materials;

- All nylon sourced as regenerated ECONYL since Spring/Summer 2020
- Launch of Eco Scotchgrain range in April 2021, made from recombined Bio-Plastic materials
- Launch of sunglasses made from biodegradable and recyclable cellulose acetate in SS21

Link to key action 5

Carbon;

- All UK operations carbon neutral since 2019
- Working with charities such as the Woodland Trust to ensure efficient offsetting
- Somerset factories work with Zero Waste to Landfill providers, recovering energy from waste with cannot be reused or recycled
- Signatory of UN Fashion Industry Charter for Climate Action
- In the process of mapping our carbon footprint

Link to key action 3

Product Circularity

- Launched circular resell and buy back programme, The Mulberry Exchange in February 2020
- Launched on Vestiaire Collective's Brand Approved program in March 2021
- Repairs Centre restores over 10,000 bags a year

Link to key action 4, 5

Packaging;

- Cupcycling introduced into customer packaging in January 2020, over 1.5 million coffee cups have been repurposed to make Mulberry Green paper
- All paper and card is FSC certified
- All customer-facing packaging will be curb side recyclable by end of 2021

Link to key action 5

People & Community;

- Produced over 15,000 reusable PPE gowns for frontline NHS healthcare workers in 2020
- Raised £75,000 for the National Emergencies Trust in 2020
- Worked with The Felix Project to provide over 177,000 meals to those in need in December 2020.
- Ongoing partnership with World Land Trust
- Continue to manufacture over 50% of our bags in the UK and invest in thriving apprenticeship program

Link to key action 6

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, including the current and future anticipated impact of COVID-19. The going concern period reviews the 12-month period from the date of this announcement to 31 July 2022.

The key judgements in relation to the going concern assessment are in respect of the potential ongoing impact of COVID-19 on the Group. They include the timing of the Group's recovery to pre-COVID-19 trading levels in the UK, Europe and North America and the likelihood and impact of further lockdowns in these regions, including their duration and the impact on consumer demand in the Group's markets. When making these judgements, the Directors considered trading levels since the majority of the Group's stores have re-opened and the outlook for the Group against their detailed base case scenario. The Directors have also considered a reverse stress test scenario and compared this to a reasonable worse case downside scenario. These are described in further detail below.

The Group had net cash of £11.8m (2020: £7.2 million) and deferred liabilities of £4.7m (2020: £3.0m) at 27 March 2021 and had not drawn down on its revolving credit facility.

Borrowing facilities

The Group has a £15m revolving credit facility with security granted in favour of HSBC banking, which on 15 July 2021 was extended for a further 12-month period to March 2023. Banking covenants have been cautiously set to allow for further lockdowns in the UK, Europe and North America and reduced revenue growth. Covenants are tested on a quarterly basis and contain a net debt to EBITDA ratio and a fixed charge cover ratio. Covenants are tested on a 'frozen GAAP' basis and exclude the impact of IFRS 16. In addition, the Group has a £4.0m overdraft facility and a further USD1.9m overdraft facility in China, which are not committed facilities and therefore not considered by the Directors as part of the going concern assessment. The group overdraft is renewed annually and the overdraft in China is renewed annually in July.

The revolving credit facility was not drawn down at the period end and remains undrawn at the date of this report. The Group had net cash of £14.8m at 16 July 2021.

Base case scenario

The Directors' base case scenario assumes that revenues do not recover to pre COVID-19 levels in the short term and there are no further lockdowns in the Group's markets. The impact of COVID-19 on the wider economy and the removal of the VAT Retail Export Scheme in the UK will also have a consequential effect on demand. The base case scenario assumes a 10% reduction in revenue for the financial period ending 02 April 2022 against the financial period ending 28 March 2020 (pre-COVID-19 pandemic).

The Group is benefitting from further rates relief in the current financial period, but no further relief or Government support has been assumed after that point.

Under this scenario, banking covenants will be met and the revolving credit facility remains undrawn although available to the Group throughout the 12-month going concern period.

Reverse stress test and downside scenario

The Directors have reviewed a reverse stress test scenario that models the decline in sales that the Group would be able to absorb before triggering a breach of banking covenants. It should be noted that the revolving credit facility is not forecast to be drawn down under the reverse stress test, and therefore, despite the potential covenant breach the revolving credit facility would not be required. The Directors believe that this scenario is remote, for the following reasons:

Trading during the first quarter of the period has been ahead of the of the base case scenario. As demonstrated in previous lockdowns, digital revenues are able to offset some of the lost sales while stores are closed;

No further lockdowns are currently envisaged in the UK due to the success of the UK vaccination program;

Revenue in this scenario is comparable with the prior period where the Group was impacted by significant store closures for the majority of the period; and

Further actions, including revenue opportunities, further cost savings and working capital benefits are available.

The reverse stress test assumes a 20% reduction in revenue against the base case scenario, offset by working capital optimisation, capex savings and a 23% reduction in discretionary costs (marketing, consumables, travel and other goods not for resale). Inventory production and purchases have been reduced in line with the anticipated demand under this scenario.

Under this scenario, the revolving credit facility remains undrawn although available to the Group throughout the 12-month going concern period, however, the fixed charge cover covenant would be breached in May 2022. Whilst the Directors believe that this scenario is remote, it would allow time for further actions to be taken, including a possible further relaxation of banking covenants. Whilst there is no guarantee that this will be agreed, the Group currently maintains a good relationship with their lender.

The Directors have considered a plausible but remote downside scenario where the UK, Europe and North America experience a 4-month lockdown between October 2021 and January 2022. This scenario assumes an uplift in digital sales while the stores are closed in line with previous trends. No lockdown is assumed in Asia, as early containment measures have proved effective in curbing the pandemic. The impact of this would result in a 7% reduction in Group revenue between October 2021 and January 2022 against the base case scenario.

Going concern basis

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 Annual Report and financial statements.

Group income statement

52 WEEKS ENDED 27 MARCH 2021

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Revenue	114,951	149,321
Cost of sales	(41,879)	(58,203)
Gross profit	73,072	91,118
Impairment charge related to property, plant and equipment	(590)	(7,143)
Impairment charge related to right of use assets	(5,725)	(24,947)
Store closure credit/(expense)	3,702	(886)
Lease modification	3,951	-
Other operating expenses	(71,638)	(102,255)
Other operating income	6,006	1,093
Operating profit/(loss)	8,778	(43,020)
Share of results of associates	(60)	49
Finance income	12	83
Finance expense	(4,176)	(4,978)
Profit/(loss) before tax	4,554	(47,866)
Tax	43	998
Profit/(loss) for the period	4,597	(46,868)
Attributable to:		
Equity holders of the parent	4,773	(44,136)
Non-controlling interests	(176)	(2,732)
Profit/(loss) for the period	4,597	(46,868)
Basic profit/(loss) per share	7.7p	(78.9p)
Diluted profit/(loss) per share	7.7p	(78.9p)

All activities arise from continuing operations.

Group statement of comprehensive income

52 WEEKS ENDED 27 MARCH 2021

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Profit/(loss) for the period	4,597	(46,868)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(49)	608
Gain on cash flow hedges	-	123
Income tax relating to items that may be classified subsequently to profit or loss	-	(129)
Total comprehensive income/(expense) for the period	4,548	(46,266)
Attributable to:		
Equity holders of the parent	4,294	(43,291)
Non-controlling interests	254	(2,975)
Total comprehensive income/(expense) for the period	4,548	(46,266)

Group balance sheet

AS AT 27 MARCH 2021

	27 March 2021 £'000	28 March 2020 £'000
Non-current assets		
Intangible assets	14,965	14,701
Property, plant and equipment	13,608	16,953
Right of use assets	33,511	45,920
Interests in associates	134	187
Deferred tax asset	1,234	1,488
	63,452	79,249
Current assets		
Inventories	31,476	34,853
Trade and other receivables	12,609	11,075
Current tax asset	525	420
Cash and cash equivalents	11,820	7,998
	56,430	54,346
Total assets	119,882	133,595
Current liabilities		
Trade and other payables	(22,629)	(21,955)
Lease liabilities	(14,820)	(15,329)
Borrowings	-	(3,424)
	(37,449)	(40,708)
Net current assets	18,981	13,638
Non-current liabilities		
Lease liabilities	(59,054)	(76,775)
Borrowings	(4,673)	(2,591)
	(63,727)	(79,366)
Total liabilities	(101,176)	(120,074)
Net assets	18,706	13,521
Equity		
Share capital	3,004	3,004
Share premium account	12,160	12,160
Own share reserve	(1,277)	(1,061)
Capital redemption reserve	154	154
Foreign exchange reserve	1,274	1,323
Retained earnings	6,957	1,761
Equity attributable to holders of the parent	22,272	17,341
Non-controlling interests	(3,566)	(3,820)
Total equity	18,706	13,521

Group statement of changes in equity

52 WEEKS ENDED 27 MARCH 2021

	Share capital £'000	Share premium account £'000	Own share reserve £'000	Capital redemption reserve £'000	Cash flow hedge reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Balance at 30 March 2019	3,002	12,072	(1,378)	154	(100)	821	67,555	82,126	(1,419)	80,707
Impairment on IFRS 16 transition	–	–	–	–	–	–	(17,770)	(17,770)	–	(17,770)
Loss for the period	–	–	–	–	–	–	(44,136)	(44,136)	(2,732)	(46,868)
Other comprehensive income/(expense) for the period	–	–	-	–	100	745	–	845	(243)	602
Total comprehensive income/(expense) for the period	–	–	-	–	100	745	(44,136)	(43,291)	(2,975)	(46,266)
Issue of share capital	2	88	-	-	-	-	-	90	-	90
Credit for employee share-based payments	–	–	–	–	–	–	(24)	(24)	–	(24)
Impairment of shares in trust	–	–	317	–	–	–	(317)	-	–	-
Non-controlling interest foreign exchange	–	–	-	–	–	(243)	–	(243)	–	(243)
Adjustment arising from movement in non-controlling interests	-	-	-	-	-	-	(574)	(574)	574	-
Dividends paid	–	–	–	–	–	–	(2,973)	(2,973)	–	(2,973)
Balance at 28 March 2020	3,004	12,160	(1,061)	154	-	1,323	1,761	17,341	(3,820)	13,521
Profit/(loss) for the period	–	–	–	–	–	–	4,773	4,773	(176)	4,597
Other comprehensive (expense)/income for the period	–	–	-	–	-	(479)	–	(479)	430	(49)
Total comprehensive (expense)/income for the period	–	–	-	–	-	(479)	4,773	4,294	254	4,548
Charge for employee share-based payments	–	–	–	–	–	–	105	105	–	105
Own shares	–	–	101	–	–	–	5	106	–	106
Exercise of share options	–	–	–	–	–	–	(4)	(4)	–	(4)
Release of impairment of shares in trust	–	–	(317)	–	–	–	317	-	–	-

Non-controlling interest foreign exchange	–	–	-	–	–	430	–	430	–	430
Balance at 27 March 2021	3,004	12,160	(1,277)	154	-	1,274	6,957	22,272	(3,566)	18,706

Group cash flow statement

52 WEEKS ENDED 27 MARCH 2021

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Operating profit/(loss) for the period	8,778	(43,020)
Adjustments for:		
Depreciation and impairment of property, plant and equipment	4,777	13,627
Depreciation and impairment of right of use assets	13,245	41,551
Amortisation of intangible assets	1,476	1,165
Gain on lease modifications and disposals	(10,314)	-
Loss/(profit) on sale of property, plant and equipment	188	(16)
Own shares transferred from trust	106	-
Share-based payments (expense)/ credit	105	(24)
Operating cash inflows before movements in working capital	18,361	13,283
Decrease in inventories	3,420	5,006
(Increase)/decrease in receivables	(1,534)	1,560
Increase in payables	75	1,848
Cash generated from operations	20,322	21,697
Income taxes received	201	1,847
Interest paid	(3,960)	(4,978)
Net cash inflow from operating activities	16,563	18,566
Investing activities:		
Interest received and gains on foreign exchange contracts	12	83
Purchases of property, plant and equipment	(1,895)	(5,121)
Proceeds from disposal of property, plant and equipment	26	39
Acquisition of intangible assets	(2,233)	(1,728)
Net cash used in investing activities	(4,090)	(6,727)
Financing activities:		
Dividends paid	-	(2,973)
Proceeds on issue of shares	-	2
Increase in loans from non-controlling interests	167	783
Increase in loans from related parties	-	1,707
Repayment of loans from non-controlling interests	-	(1,090)
Repayment of borrowings	(750)	(566)
Principle elements of lease payments	(7,735)	(14,257)
Settlement of share awards	(4)	-
Net cash used in financing activities	(8,322)	(16,394)
Net increase/(decrease) in cash and cash equivalents	4,151	(4,555)
Cash and cash equivalents at beginning of period	7,998	12,377
Effect of foreign exchange rate changes	(329)	176
Cash and cash equivalents at end of period	11,820	7,998

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. Cash and cash equivalents does not include bank overdrafts that are not integral to the cash management of the group.

SELECTED NOTES TO THE GROUP FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Mulberry Group plc, a Public Limited Company limited by shares listed on AIM ("the Company"), is incorporated and domiciled in England, United Kingdom. The Company acts as the holding company of the Group. The Company's registration number is 01180514.

The financial information set out in this document does not constitute the Group's statutory accounts for the 52 weeks ended 27 March 2021 or for the 52 weeks ended 28 March 2020.

Statutory accounts for the 52 weeks ended 28 March 2020 have been delivered to the Registrar of Companies and those for the 52 weeks ended 27 March 2021 have been approved and will be delivered to the Registrar of Companies following the Company’s 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.

The financial statements and announcement for the period ended 27 March 2021 were approved and authorised for issue by the Board of Directors on 20 July 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

For the period ended 27 March 2021, the financial period runs for the 52 weeks to 27 March 2021 (2020: 52 weeks ended 28 March 2020).

The financial statements are prepared under the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below. The principal accounting policies adopted are set out below.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. As a result, they continue to adopt the going concern basis of accounting in preparing the financial statements.

3. 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, 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 has identified one reportable segment.

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. The distribution of product globally is monitored and optimised at a Group level and effected via the Group’s distribution centres in the UK, Europe, North America and Asia. 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 attributable to this segment.

Group income statement

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Revenue		
Retail	43,586	89,167
Digital	56,365	36,242
Wholesale	15,000	23,912
Total revenue	114,951	149,321
Cost of sales	(41,879)	(58,203)
Gross profit	73,072	91,118
Impairment charge related to property, plant and equipment	(590)	(7,143)
Impairment charge related to right of use assets	(5,725)	(24,947)
Store closure credit/(expense)	3,702	(886)
Lease modification	3,951	-
Operating expenses	(71,638)	(102,255)
Other operating income	6,006	1,093
Operating profit/(loss)	8,778	(43,020)
Share of results of associates	(60)	49
Finance income	12	83
Finance expense	(4,176)	(4,978)
Profit/(loss) before tax	4,554	(47,866)
Tax	43	998
Profit/(loss) for the period	4,597	(46,868)
Segment capital expenditure	3,996	6,401
Segment depreciation and amortisation*	19,498	56,343
Segment assets*	118,648	131,863
Segment liabilities	101,176	120,074

'* The prior year numbers were restated to reflect the correct disclosure presentation.

For the purposes of monitoring the segment performance and allocating resources 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) Geographical markets

	Sales revenue by geographical market[1]		Non-current assets by geographical market	
	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000	27 March 2021 £'000	28 March 2020 £'000
UK	68,573	98,813	50,792	65,449
Rest of Europe	15,014	19,584	8,487	9,749
Asia	24,636	21,407	3,362	3,259
North America	6,261	9,038	811	792
Rest of world	467	479	-	-
Total revenue	114,951	149,321	63,452	79,249

(1) Revenue by geographical market includes wholesale and digital sales based on the location of the customer.

(c) Product categories

Leather accessories account for over 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.

4. ALTERNATIVE PERFORMANCE MEASURES

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

Reconciliation to underlying profit/(loss) before tax:	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Profit/(loss) before tax	4,554	(47,866)
Restructuring costs	2,370	676
Store closure (credit)/costs	(3,702)	886
Impairment charge related to property, plant and equipment	590	7,143
Impairment charge related to right of use assets	5,725	24,947
Lease modification	(3,951)	-
Licence agreement exit costs	300	-
Underlying profit/(loss) before tax – non-GAAP measure	5,886	(14,214)
Adjusted basic earnings/(loss) per share	10.5p	(22.4p)
Adjusted diluted earnings/(loss) per share	10.5p	(22.4p)

In reporting financial information, the Group presents Alternative Performance Measures ("APMs"), which are 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 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.

Restructuring costs

During the period, one-off charges of £2,370,000 (2020: £676,000) were incurred relating to people restructuring costs.

Store closure costs

During the period, two UK and two international stores were closed (2020: one international store) which had not been trading in line with expectations. The stores closure credit relates to the release to the Income Statement of lease liabilities net of lease exit and redundancy costs. The right of use and tangible assets for these stores had been fully impaired in the 52 weeks ended March 2020.

Impairment charge related to property, plant and equipment and right of use assets

The fixed assets and right of use assets of retail stores are subject to impairment based on whether current or future events and conditions suggest that their recoverable amount may be less than their carrying value. The recoverable amount of each store is based on the higher of the value in use and fair value less costs to dispose. Value in use is calculated from expected future cash flows using suitable discount rates, management assumptions and estimates on future performance. The carrying value for each store is considered net of the carrying value of any cash contribution received in relation to that store. For impairment testing purposes, the Group has determined that each store is a separate cash-generating unit (CGU). Each CGU is tested for impairment if any indicators of impairment have been identified. The value in use of each CGU is calculated based on the Group's latest budget and forecast cash flows. Cash flows are discounted using the weighted average cost of capital ("WACC") and are modelled for each store through to their lease expiry or break date. No lease extensions have been assumed when forecasting. As a result of this assessment impairment charges of £590,000 (2020: £7,143,000) and £5,725,000 (2020: £24,947,000) were recognised in the period against the property, plant and equipment and right of use assets respectively for the stores which are impaired.

Lease modification

During the period the Group renegotiated a lease that had 14 years remaining to one where only 9 years remain as at March 2021. The resulting reduction in the lease liability was treated as an IFRS 16 lease modification. The resulting remeasurement of the lease liability was in excess of the right of use asset and resulted in a credit of £3,951,000 (2020: £nil) to the Income Statement.

Licence agreement exit costs

During the period the Group incurred charges of £300,000 (2020: £nil) from the write-off of its ready-to-wear and footwear licence relating to final samples and materials on non-renewal of the licence and distribution agreement for these lifestyle products.

5. OTHER OPERATING EXPENSES

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Other operating expenses have been arrived at after charging/(crediting):		
Net foreign exchange gain/(loss)	388	(796)
Amortisation of intangible assets	1,476	1,165
Depreciation of property, plant and equipment	4,187	6,484
Depreciation of right of use assets	7,520	16,604
Staff costs	36,330	44,418
Restructuring costs	2,370	676
Loss/(profit) on disposal of property, plant and equipment and right of use assets	188	(16)
Bad debt expense/(credit)	(592)	506
Other operating expenses	19,771	33,214
	71,638	102,255

6. DIVIDENDS

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Dividend for the period ended 28 March 2020 of nil (2019: 5p) per share	-	2,973
Proposed dividend for the period ended 27 March 2021 of nil per share (2020: nil)	-	-

7. EARNINGS PER SHARE ('EPS')

	52 weeks ended 27 March 2021 pence	52 weeks ended 28 March 2020 pence
Basic loss per share	7.7	(78.9)
Diluted loss per share	7.7	(78.9)
Underlying basic earnings/(loss) per share	10.5	(22.4)
Underlying diluted earnings/(loss) per share	10.5	(22.4)

Earnings per share is calculated based on the following data:

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Profit/(loss) for the period for basic and diluted earnings per share	4,597	(46,868)
Adjusting items:		
Restructuring costs*	1,931	584
Store closure credit/(costs)*	(3,611)	886
Impairment relating to retail assets	590	7,143
Impairment charge related to right of use assets	5,725	24,947
Lease modification*	(3,200)	-
Licence agreement exit costs*	243	-
Profit/(loss) for the period for underlying basic and diluted earnings per share	6,275	(13,308)

*These items are included net of £346,000 (2020: £92,000 credit) of the corresponding tax expense.

	52 weeks ended 27 March 2021 Million	52 weeks ended 28 March 2020 Million
Weighted average number of ordinary shares for the purpose of basic EPS	59.5	59.4
Effect of dilutive potential ordinary shares: share options	-	-
Weighted average number of ordinary shares for the purpose of diluted EPS	59.5	59.4

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