Mulberry Group plc

Preliminary results for the 53 weeks ended 2 April 2022

Mulberry Group plc ("the Group" or "Mulberry"), the British luxury brand, announces results for the 53 weeks ended 2 April 2022 (the "period").

THIERRY ANDRETTA, CHIEF EXECUTIVE OFFICER, COMMENTED:

"We have made great strides in our mission to be the leading responsible British lifestyle brand, and a pioneer in sustainability. Mulberry continues to delight customers with our beautiful products, made to last with the highest quality, lowest carbon materials in our UK factories.

"The strength of our financial results reflects positive customer response to our product as well as the strategic decisions we have made over the past five years, and I want to take this opportunity to thank my colleagues for their commitment and contribution to the business.

"Whilst the economic and geo-political outlook remains uncertain, we are an iconic international brand with a clear strategy for future profitable, cash-generative growth. We remain well placed to continue to deliver sustainable returns to the benefit of all our stakeholders."

FINANCIAL HIGHLIGHTS

- Group revenue up 32% to £152.4m (2021: £115.0m) reflecting strong recovery post COVID-19
- Gross margin of 71.7% (2021: 63.6%)
- UK retail sales increased 36% to £89.8m (2021: £66.2m)
- China retail sales up 59% and South Korea retail sales up 11%, which contributed to the 28% increase in Asia Pacific retail sales, reflecting ongoing development in the region. International retail sales increased 20% to £40.4m (2021: £33.8m)
- Digital sales £47.5m (2021: £56.4m) down 16% as customers switched back to stores following store re-openings; however up 31% compared to pre-COVID-19 levels (2020: £36.3m)
- Profit before tax £21.3m (2021: profit before tax £4.6m) includes a one-off profit on disposal of Paris lease of £5.7m
- The Board is proposing a final dividend of 3 pence per ordinary share (2021: nil)

OPERATING HIGHLIGHTS

- Improved margins due to strategic focus on full price sales and increased volume efficiencies
- Digital sales represented 31% of total revenue (2021: 49%), as customers migrated to back to stores, however this was up from 24% in 2020, reflecting the ongoing strength of this channel
- During the period five new stores were opened in China, and four in South Korea, further supporting our ongoing growth and development in the Asia Pacific region
- Business and infrastructure responded well to increased demand following the easing of COVID-19 restrictions
- Launch of the new Softie bag family in February 2022

SUSTAINABILITY HIGHLIGHTS

- "The Lowest Carbon collection" was launched in November 2021, crafted from the world's lowest carbon leather and using a local and transparent supply chain. This is Mulberry's first capsule collection of regenerative "farm to finished product", further supporting our Made to Last manifesto
- Successful launch of our resale programme "Pre-loved Bags", across all channels
- 88% of the collection now using leather sourced from environmentally accredited tanneries; this will increase to 100% by end of 2022
- Further investment in the Lifetime Service Centre at The Rookery, which is now restoring more than 10,000 bags a year

CURRENT TRADING AND OUTLOOK

- Group revenue for the first 12 weeks of the new financial year is 5% ahead of last year, supported by our wholesale business up 29%. Omni-channel (retail and digital) revenue is down 1%, largely as a result of COVID-19 restrictions in mainland China, including the closure of the majority of stores and our Shanghai distribution centre

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Chairman’s Letter

Dear Shareholder,
Mulberry has achieved solid growth and significantly increased profits, with strong cash generation. We have been successful in tackling the many challenges confronting our sector and sales returned to pre-COVID-19 levels.

The strategic decisions taken over the last few years are bearing fruit and contributing to our long-term resilience. Investments in omni-channel distribution, and the expansion in Asia-Pacific, where our businesses continue to make good progress, are delivering a growing contribution. The focus on full-priced sales of high-quality, sustainable products continues to increase margins, and enhances our appeal to our global customer base.

The Board is proposing to recommence paying a dividend, and is recommending a final dividend for the 53 weeks ended 2 April 2022 of 3 pence per ordinary share, to be paid (subject to shareholder approval) on 25 November 2022 to shareholders on the register at 28 October 2022.

We have advanced our mission to be the leading responsible British luxury lifestyle brand and a pioneer in sustainability. Indeed, we are making huge steps towards achieving this. In April, on World Earth Day, we launched our Made to Last Manifesto, which outlines our vision and sustainability targets. It is a commitment to responsible innovation, and a philosophy that goes to the very heart of our brand's identity, and our purpose to create value and make a positive difference for all our stakeholders.

Looking forward, the Group is in a strong financial position, with the strategic decisions of the last few years driving profitable cash-generating growth. However, we live in very uncertain times, with burgeoning inflation and the appalling war in Ukraine. Despite these headwinds, we are confident we will continue to build our business and add value for our shareholders in the medium term.

I would like to take this opportunity to thank all the team for their hard work and ongoing commitment as we continue to build our business together.

Godfrey Davis
Chairman
28 June 2022

Strategic Report

Chief Executive's Statement

OVERVIEW

I am pleased to report a strong performance for Mulberry during the past year and want to take this opportunity to thank my colleagues for their hard work and commitment. Despite a range of external challenges and continuing macro-economic uncertainty, we have delivered a robust set of results. The decisions we've taken in developing our long-term strategy – to focus on innovative and sustainable products made in our carbon-neutral Somerset factories, to invest in omni-channel distribution, and to expand into the Asia-Pacific region – are relevant in a post COVID-19 era and support our progress towards becoming a sustainable global luxury brand.

PROGRESS AGAINST OUR STRATEGY

During the period we have continued to focus on growing our international markets particularly the Asia Pacific region, investing in new stores and additional marketing, growing brand awareness and focusing on the younger generation of luxury customers.

The Made to Last Manifesto sets Mulberry apart from our competition. In November 2021 we launched "The Lowest Carbon collection", and our re-sale programme "Pre-Loved Bags" is now available across all channels. Today 88% of our collections now use leather from environmentally accredited tanneries, and this will increase to 100% by the end of 2022.

We continue to focus on our direct-to-customer model, however despite this Wholesale and Franchise sales increased 48% in the period as our remaining partners benefited from increased demand as COVID-19 restrictions eased.

Our brand continues to resonate with our customer base, as a result of the unique combination of British heritage and global outlook. At the core of this are our outstanding products, made sustainably and with the highest quality materials in our UK factories.

We navigated the pandemic well, and the combination of our agile and flexible supply chain, with our market-leading digital offer stood us in good stead as restrictions eased. With our omni-channel approach giving customers choice, convenience and a better all-round experience, we have been able to weather the various challenges our sector has faced. In addition, greater emphasis on our direct-to-consumer operating model and reducing our reliance on wholesale, has enabled us to control our supply chain and bolster our resilience further.

STRONG TRADING PERFORMANCE

Sales in the UK recovered strongly once stores re-opened, and this continued throughout the year. During the peak trading period, sales exceeded last year, as we saw the benefits of our made in the UK production supply chain, the relaunch of the Alexa family of products, and our festive marketing campaign. Our strategic decision to focus on full-price sales, was the key driver behind the increased in gross margin.

China retail sales were up 59%, with digital sales representing 42% of China sales, contributing to Asia Pacific retail sales increasing 28%, driven by ongoing investment in the region.

Franchise and Wholesale increased by 48% as our Franchise partners benefited from the post COVID-19 recovery and increased demand following the easing of restrictions.

OPERATIONAL PERFORMANCE

Our in-depth understanding of our customers – both traditional Mulberry buyers and the new generation of digital shoppers – has enabled us to develop a product range tailored to their varying preferences. The emphasis is on high quality and full-price sales, as we champion beautiful products, made to last, in our carbon-neutral Somerset factories. This focus has ensured our resilient performance in spite of the challenging market conditions of recent years. One particular success from the past year has been our Softie bag family, launched in February 2022.

Internationally, our continuing growth in Asia helped us further diversify our business. Even though extended COVID-19 restrictions in the Asia-Pacific region inhibited Q4 performance, we succeeded in mitigating the impact across our markets, largely through our omni-channel distribution strategy.

By strengthening our UK manufacturing capabilities and controlling our own supply chain, we are less vulnerable to interruptions and delays than many others in the industry.

MADE TO LAST

As outlined in our Made to Last Manifesto, we aim to reach zero carbon emissions by 2035. We will achieve this through product innovation, and by embracing the principles of the circular economy. Our intention is to transform the business to a regenerative and circular model encompassing the entire supply chain, from field to wardrobe by 2030.

Our sustainable-product launches of the past year include our Lowest Carbon Collection. Introduced in November 2021, these products are crafted from low-carbon leather (the lowest available at launch) and use a local supply chain, based on a network of organic farms. In May 2022, Lily Zero became our first range to feature carbon-neutral leather.

Overall, 88% of our products now use leather and suede sourced from environmentally accredited tanneries, and we are on track to increase this to 100% by the end of this year. We're also working with organisations such as the Leather Working Group and the Sustainable Leather Foundation, who support best practice in animal welfare, traceability, and environmental management. All the non-leather materials we use are also fully sustainable.

Supporting circularity, our Lifetime Service Centre – where customers can have their products repaired and renewed – now restores more than 10,000 bags a year. Also, our resale programme, Pre-loved Bags, helps ensure many of our products are used and valued for generations. Our buy-back scheme, The Mulberry Exchange, enables customers to return their Mulberry bag and receive a credit towards a new one.

FINANCIAL PERFORMANCE

Our strategy to increase full-price sales helped improve our financial performance during the year. This combined with our agile supply chain resulted in significantly less end of season inventory and a reduction in discounting in the sale periods and our outlet stores compared to previous years. This strengthened our cash position, enabling us to invest more in the business. We continue to refine our store network and our cash position was materially strengthened by the profit on disposal of our Paris lease in July 2021.

Group revenue increased by 32% over the prior year, slightly ahead of pre-COVID levels, and profit before tax was £21.3m (2021: profit before tax £4.6m), which included a one-off profit on disposal of Paris lease of £5.7m. The financial strength of the Group, reflects the benefits of the mitigating steps we took during the pandemic and the positive consumer reaction to our products.

Our business and infrastructure responded well to the growth in demand following the easing of COVID-19 restrictions. Digital sales were 31% of Group revenue in the period, lower than last year when stores were closed, but up from 24% in 2020, reflecting the ongoing strength of this channel. China retail sales increased by 59% and South Korea retail sales increased by 11%, helping us reach 28% growth in overall Asia-Pacific retail sales.

Gross margin increased to 71.7% (2021: 63.6%) supported by our strategic focus on full-price sales and increased volume efficiencies. We ended the year in a strong cash position, with net cash of £25.7m (2021: £11.8m) and deferred liabilities of £nil (2021: £4.7m).

In view of this encouraging performance, and the Group's substantial cash reserves, we progressively increased marketing expenditure to continue building global brand awareness.

Projects are also in place to move the Group's legacy systems forward, and to develop the next generation of digital and omni-channel platforms. We expect this to require increased capital expenditure in the current year and beyond.

CURRENT TRADING AND OUTLOOK

Group revenue for the first 12 weeks of the new financial year is 5% ahead of last year, supported by our wholesale business up 29%. Omni-channel (retail and digital) revenue is down 1%, largely as a result of COVID-19 restrictions in mainland China, including the closure of the majority of stores and our Shanghai distribution centre. We expect the business to continue to grow, albeit at a slower rate given the severe disruption being caused by the geo-political situation, inflationary pressures, and Brexit-related challenges. Notwithstanding the broader operating environment, we are confident in our strategy, have strong liquidity and continue to invest including further store openings across the network planned later this year. We remain focused on reaching our goal to be the leading sustainable global luxury brand, to the benefit of all our stakeholders.

Thierry Andretta
Chief Executive Officer
28 June 2022

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

We continue to invest in further enhancements to our omni-channel approach. This includes selective store openings, continued roll-out of our new Mulberry store concept, and further enhancements to our digital network. Our new store concept enables us to better display and promote our collections through innovative customer-facing technology. It creates more space and supports our omni-channel proposition, and has helped to elevate our brand position, outperforming more traditional outlets.

Most of our retail stores had reopened not long after the start of the financial year, other than a few localised restrictions. We have continued to refine the retail network, ending the year with 107 points of sale. This included opening ten stores internationally, all in our new store concept. There were fifteen closures during the year, including the early exit of our Paris store.

In the UK, we operated 40 retail stores (own stores and concessions run by our employees) at the year end, which included 15 John Lewis and seven House of Fraser concessions. UK retail sales benefited from providing the customer with a single view of inventory, which has increased the proportion of full-price sales. We continued offering virtual and in-store appointments, and these led to 8% of all UK store sales and resulted in a larger average transaction value than walk-in customers.

During the year, 31% of Group revenue came from digital sales, demonstrating the continuing trend towards digital and omni-channel shopping across all regions. In Asia Pacific, digital sales were 21% of the region's sales, and are now supported by local fulfilment in Japan and Korea, and a concession gift channel with Korean messenger platform Kakao.

In China, we switched e-commerce (Tmall) partner to Baozun, China's largest and most renowned Tmall company, to support our full-price strategy and overall digital marketing. As a consequence, full-price sales through this channel were 75% in March 2022, compared to 20% in the previous March, and overall new customer numbers increased by 58%. China digital sales grew 64%, representing 42% of total China sales. In July 2021, we also launched a WeChat programme in China, capturing 21,500 new accounts and, in the final four months of the year, gained over 5,000 followers from the Red platform, which has 200 million active users, 70% of them female. This is all part of a long-term programme of building brand awareness in the region, with content regularly updated and tailored to relevant campaigns, products and customers.

STRATEGIC PILLAR 2
International Development

In Asia Pacific, we operated 37 retail stores at the year end (2021: 35). Asia Pacific retail sales increased by 28%, thanks to our ongoing investment in the region. China retail sales are up 59%, South Korea 11% and Japan 19%, though retail sales in South Korea and Japan were disrupted to some extent by regional and local lockdowns. Higher sell-throughs and reduced mark-down periods also contributed to this success as well as better positioning for the brand.

Our investment in subsidiaries supported overall growth, with China and South Korea making further progress in the year. During the period, we opened five retail stores in China and four in South Korea. These present our new store concept, which features design elements that represent our distinctive British heritage. The five stores in China were Beijing World Financial Centre, Beijing Shin Kong Place, Wuhan Heartland 66, Shanghai International Finance Centre, and Chengdu International Finance Square. Following a deliberate strategy, almost all are in China top 10 shopping malls, with these flagship stores offering a greater margin than the average across Greater China. The openings further enhance brand awareness, strengthen our luxury positioning, and support our full-price strategy.

The same approach applies to South Korea, where we opened stores in Shinsegae Dae-jun and Shinsegae Gyoung-gi, taking advantage of the major investments Shinsegae has made in its department store network, where we can accompany other key luxury brands in ground-floor positions. During the year, we agreed to terminate the lease of our Paris store, which closed on

24 July 2021. We plan to open a new store in Paris once international tourism returns, in a location that supports our omni-channel approach and customer experience aims.

STRATEGIC PILLAR 3

Constant Innovation

In September 2021, we launched the Sadie family, a timeless satchel with our new 'Typography Lock', and the Billie family, a youthful cross-body slouched bag. Both families are crafted from leather sourced from our environmentally accredited tanneries credentials with Leather Working Group ratings. Then in February 2022, after a year of design work and materials trials of Turkish and Italian leather and feathers, we launched the new Softie quilted bag.

As part of our 50th anniversary celebrations we have collaborated with three of the most visionary designers of their generation - Priya Ahluwalia, Richard Malone and Nicholas Daley. Each has created a collection as part of Mulberry Editions, a new range of limited-edition accessories we offered throughout 2021. Crafted entirely from surplus fabrics and leather, the Mulberry x Ahluwalia collection mirrors the Portobello Tote, our first 100% sustainable leather bag, with a range of 12 versions, featuring embroidery and patchwork. Richard Malone reinvented the iconic Bayswater, updating its timeless detailing in a range of 14, crafted with our sustainable Eco-Scotchgrain, made from recombined bio-plastic materials, and embossed with a distinctive pebble grain finish. Nicholas Daley reworked one of our most recognisable bags, the Antony, with a series of accessories inspired by reggae, jazz and rock 'n' roll, as well as details that reflect his own Jamaican and Scottish heritage.

STRATEGIC PILLAR 4

Sustainable Lifecycle

Since 2019, we have offset 1,982.14 tonnes of carbon (tCO_2e) through World Land Trust's Carbon Balanced project in Guatemala, which supports long-term protection and restoration of threatened tropical forests. This is just a small step towards our aim of becoming net zero by 2035, and we are continuing to investigate generating our own energy by installing additional solar panels at our Somerset factory sites. In July, we agreed to set science-based targets through the SBTi, joining over 650 global businesses working to hold the temperature rise to 1.5°C above pre-industrial levels.

We also take a responsible approach in our manufacturing processes and standards, upholding and protecting our heritage in leather craftsmanship, while using technology such as the latest digital cutting machines to reduce waste from leather cutting. We ensure we divert any unrecyclable waste from landfill. We manufacture over 50% of our bags in the UK, the remainder in Europe and Asia. During the year, 88% of our range used leather and suede sourced from environmentally accredited tanneries, with the aiming of reaching 100% by the end of 2022.

We are members of the Sustainable Leather Foundation, which aims for more sustainable practices in leather manufacture and production, and are represented on their Advisory Board. We also continue to be a member of Better Cotton, the largest cotton sustainability programme in the world. Our target is for all our cotton to be sustainably sourced by 2025 recycled, organic or Better Cotton. We also joined Textile Exchange's Sustainable Cotton Challenge.

Our world-class Lifetime Service Centre in The Rookery, one of our Somerset factories, plays a key role in our aim for a fully circular product and service offer, breathing new life into thousands of pre-loved Mulberry items every year - including more than 10,500 items this year. In addition, in 2020 we launched The Mulberry Exchange, our circular buy-back and resale programme. This aims to restore Mulberry classics for a new owner, giving customers the chance to return their pre-loved bags in any Mulberry store or by sending to us, in exchange for credit towards a new purchase. Each bag returned is given a second lease of life, restored carefully by expert craftspeople at the Lifetime Service Centre, and resold through selected Mulberry stores and mulberry.com. Any bags not fit for repair we send to Scottish Leather Group for energy reclamation, powering the production of new leather to make our next bags.

Financial review

Our results for the 53 weeks ended 2 April 2022 reflect our strong recovery post COVID-19, increased demand following the easing of restrictions and a strategic focus on full price sales.

By 12 April 2021, all our stores worldwide were reopened following a second wave of global lockdowns due to COVID-19, although our stores and distribution centre in China were disrupted from 14 March 2022 as a result of further COVID-19 restrictions.

GROUP REVENUE AND GROSS PROFIT

	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021	
	£m	£m	%
Digital	47.5	56.4	(16%)
Stores	82.7	43.5	90%
Retail (omni-channel)	**130.2**	**100.0**	**30%**
Wholesale and Franchise	**22.2**	**15.0**	**48%**
Group Revenue	**152.4**	**115.0**	**32%**
Digital	35.7	44.6	(20%)
Stores	54.1	21.6	151%
UK	**89.8**	**66.2**	**36%**
Digital	5.8	3.8	54%
Stores	22.2	18.0	23%
Asia Pacific	**28.0**	**21.8**	**28%**
Digital	5.9	8.0	(26%)
Stores	6.4	3.9	62%
Rest of world	**12.3**	**11.9**	**3%**
Total Retail	**130.2**	**100.0**	**30%**
UK	4.2	2.4	75%
Asia Pacific	3.9	2.8	39%
Rest of World	14.1	9.8	44%
Wholesale and Franchise	**22.2**	**15.0**	**48%**

Group revenue for the period increased by 32% over the prior period and was 15% above 2020 (pre COVID-19) on a comparable basis (adjusting for store openings and closures). In the UK, total retail sales recovered strongly and were 14% above 2020 on a comparable basis. UK digital sales declined by 20% year-on-year as stores re-opened, but represented 40% of UK retail sales, compared to 30% in 2020, reflecting the accelerated shift to digital and omni-channel shopping.

China retail sales increased 59%, which contributed to the 28% increase in Asia Pacific, driven by ongoing investment in the region. China digital sales represented 42% of China retail sales.

Franchise and wholesale sales increased by 48% as our Franchise partners benefited from the post COVID-19 recovery and increased demand following the easing of restrictions.

Gross margin for the period increased to 71.7% (2021: 63.6%) driven by a strategic focus on full-price sales and increased stock efficiencies.

KEY PERFORMANCE INDICATORS

Key performance indicators (KPIs) help management measure progress against our strategy. Currently the focus is on financial KPIs which include total revenue, gross margin and profit, all of which are discussed within this financial review.

OTHER OPERATING EXPENSES

Other operating expenses in the period increased by 22% to £85.9m (2021: £70.3m) due to further marketing spend to support international growth and additional revenue related costs.

Following the cost actions taken in response to COVID-19, the Group is managing its cost base in line with anticipated trading levels.

OTHER OPERATING INCOME

Included within other operating income is £nil (2021: £4.8m) of grants receivable under HM Revenue & Customs Coronavirus Job Retention Scheme (CJRS) and £0.5m (2021: £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 profit before tax for the period was £21.3m (2021: profit before tax £4.6m). An adjusting item of £6.8m (2021: £1.3m) for store closure credits (2021: credit) relates to the release of lease liabilities and profit on disposal of the Paris lease net of related costs.

TAXATION

The Group reported a tax charge of £2.2m (2021: credit £43k), an effective rate of tax of 10% (2021: (1%)). This tax charge largely resulted from French taxation on the gain on disposal of the lease in Paris. 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 is proposing a final dividend of 3 pence per ordinary share for the 53 weeks ended 2 April 2022 (2021: nil) to be paid subject to shareholder approval, on 25 November 2022 to shareholders on the register at 28 October 2022.

CASHFLOW

The net increase in cash and cash equivalents of £13.9m (2021: £4.2m) comprises cash received on exit of the Paris lease, and working capital benefits, partially offset by increased inventories, and capital expenditure. During the year the Group paid £13.7m (2021: £7.7m) relating to the principle element of lease liabilities, which included £4.7m of deferred lease liabilities from the prior period.

BORROWING FACILITIES

The Group's net cash balance (comprising cash and cash equivalents, less overdrafts) at 2 April 2022 was £25.7m (2021: £11.8m), with deferred liabilities of £nil (2021: £4.7m). Net cash comprises cash balances of £25.7m (2021: £11.8m) less bank borrowings of £nil (2021: £nil), which excludes loans from related parties and non-controlling interests of £5.0m (2021: £4.7m) Net cash also excludes lease liabilities of £63.7m (2021: £73.9m) as this gives more clarity over the net cash balance and liabilities are not considered to be borrowings.

Since the period end the Group has extended its revolving credit facility with HSBC until March 2024, and banking covenants remain unchanged. 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

In 2021, we celebrated 50 years of Mulberry. As part of the celebrations, we launched our Made to Last Manifesto. It's a commitment to responsible innovation, and a philosophy that goes to the very heart of what we do in every part of the business. From sourcing and manufacturing, to our relationships with the communities around us, we continue to strive for the best sustainable practices.

Our sustainability strategy

Made to Last is also the name given to our business sustainability strategy. It's evolved from our previous policies and practices that aimed for a responsible and sustainable future. It focuses on the following key pillars:

1. Net Zero Future - the very centre of our strategy, aiming for net zero carbon emissions by 2035.
2. Regenerative Sourcing - we will source all materials responsibly, trial and introduce material innovations, and transform to a regenerative business model.
3. Net Zero Manufacturing - we will measure our impact so we can protect the environment and the livelihoods within our supply chain.
4. Product Circularity – we will strengthen our offers that aim for a fully circular product lifecycle, to reduce waste and encourage sustainable consumption.
5. Inclusive Communities - we will positively impact our communities and work for a more diverse, equitable and inclusive future.

A summary follows here, and you can read further detail in our stand-alone Sustainability Report available on the Responsibility pages of Mulberry.com;
https://www.mulberry.com/row/madetolast/responsibility.

1. Net Zero Future

During 2021, we worked with the Carbon Trust to measure our global carbon footprint across Scopes 1, 2 and 3, using FY2019-20 as a baseline. Scope 1 relates to emissions from operations in our direct control, while Scope 2 is indirect emissions from energy purchased. Scope 3 relates to indirect emissions from the value chain not in our control, and not included in Scope 2, such as in raw materials and business travel.

Results showed that just 7% of our emissions related to Scope 1 and 2, and 93% of our emissions occur in Scope 3.

SCOPE 1 AND 2

We have already made some progress addressing these by installing:

- solar panels on the roof of The Willows factory
- LED lighting fixtures with light and motion sensors, in factory, warehouse and office sites
- LED lighting in 33% of our store network
- electric vehicle charging points at The Rookery.

Since 2019, we have offset our UK Scope 1 and 2 carbon footprint through World Land Trust's Carbon Balanced programme. The split of our emissions is as follows:

Stores	33%
Factories	32%
Offices	20%
Warehousing	11%
Vehicles	4%

SCOPE 3

It's more difficult to access data further down the supply chain, making it essential to collaborate with suppliers to reduce our carbon emissions.

To begin with, we are addressing our Scope 3 emissions by:

- surveying our Tier 1 and 2 product suppliers regularly to better understand their environmental practices
- setting targets for our retail stores to increase their recycling rate

- introducing a hybrid-working policy for employees, to reduce commuting emissions
- updating our travel policy to promote more financially and environmentally sustainable travel behaviour.

SCIENCE-BASED TARGETS

We have developed science-based targets with the Carbon Trust, and will submit them during 2022 for approval by the Science-Based Target initiative. The targets show companies how much and how quickly they need to reduce their greenhouse-gas emissions to prevent the worst effects of climate change. They are aligned to the most recent climate science, which currently advises limiting global warming to less than 1.5 °C.

2. Regenerative Sourcing

SUSTAINABLE LEATHER

Leather goods are the foundation of our business and comprise over 90% of our collection. We source finished leather directly from tanneries in the UK, Italy, Germany, Spain and Turkey. In 2020, we joined the Sustainable Leather Foundation (SLF) as a founding partner. As well as assessing a leather manufacturer's environmental credibility, SLF reviews their social performance and governance, offering us a holistic view of sustainability matters. We aim to source all our leather from accredited sources by 2023, by which we mean tanneries with a valid Leather Working Group audit, Sustainable Leather Foundation audit or ISO:14001 accreditation.

In November, we launched our first 'farm to finished product' bags, in collaboration with Scottish tannery, Muirhead, a member of Scottish Leather Group, which make the world's lowest-carbon-intensity leather, at 1.1kg of CO_2 per hide.

We continue to invest in establishing and growing this approach by working with organisations including the Leather Working Group and the Sustainable Leather Foundation, who support best practice in animal welfare, traceability, and environmental management.

MATERIAL INNOVATION

We source a variety of fabrics, materials and other components to create our collections, and look to ensure their credentials align with our low-impact materials strategy. Our approach so far has been to make rolling changes to our conventional materials, such as cotton, as we develop each seasonal range, to improve its sustainability credentials.

SOURCING TRANSPARENCY

Our international supply chain is based on sourcing quality raw materials and finished products which meet our quality and environmental expectations. Alongside our UK manufacturing facilities, we source from a select group of long-standing partners in Italy, Turkey, China, and Vietnam. We work with countries that have established skills and heritage within the leather industry, and that can support our high-quality standards and progressive new-product-development programmes.

All our suppliers have signed up to our Global Sourcing Principles, which set out our minimum requirements for conducting business, including those of international law such as the ILO's four fundamental principles for rights at work: no child labour, no forced labour, no discrimination, and the right to freedom of association and collective bargaining.

For Mulberry products arriving at our warehouses in 2021, 43% were sourced from suppliers we've worked with for more than ten years, and 53% from suppliers we've worked with for more than five years.

3. Net Zero Manufacturing

MADE IN THE UK

Our presence in the south-west of England harks back to our beginnings in 1971. The Rookery opened in Chilcompton in 1989, and is our centre of excellence for product development, and home to our development team, artisan studio and Lifetime Service Centre. Our second UK factory, The Willows, opened in Bridgwater in 2013 and is our main production site in the UK, housing seven production lines. At The Willows and The Rookery, we employ more than 350 people. Craftspeople joining follow a comprehensive training programme that equips them with the skills needed to craft Mulberry bags, whether that's cutting leather, edge inking, stitching or quality inspection.

Both The Rookery and The Willows have been carbon-neutral since 2019 and we generate a portion of the electricity for The Willows from solar panels on the roof. Both sites work with partners who ensure no unrecyclable waste goes to landfill and is recovered as energy instead. The cutting machines we use minimise our cutting waste, and we donate any unusable leather offcuts to local craft groups, schools and scrap stores. We regularly host educational tours for colleges and university classes.

WATER AND CHEMICAL MANAGEMENT

Our manufacturing chain requires tanning agents, adhesives and cleaning products. We ensure our suppliers follow strict chemical-management practices, and also maintain our own restricted-substance list set to the strictest legal limits in the markets where we sell our products.

We used World Wildlife Fund's Water Risk Filter to map our water consumption and risk for both our UK factories. Currently we are classed as low risk. To help us remain at this level, we use a rainwater harvesting tank at The Rookery for toilet flushing.

4. Product Circularity

THE MULBERRY EXCHANGE

We create Mulberry bags to last a lifetime and be handed down to the next generation. However, we also believe a change or exchange can be positive. We launched The Mulberry Exchange in 2020 to restore Mulberry classics authentically for a new owner, while giving customers the chance to return their pre-loved bags in exchange for credit towards a new purchase.

We sell the restored bags in stores and online, and were one of the first brands to use re-sale platform Vestiaire Collective, which showcases and sells second-hand limited-edition and rare pieces.

REPAIRS AND RESTORATION

The team at the Lifetime Service Centre at The Rookery are masters of restoration, breathing new life into thousands of pre-loved Mulberry items every year. If an item is beyond repair, we will offer to buy it back and reclaim the energy through Scottish Leather Group, who have a thermal energy-reclamation plant.

WASTE AND RECYCLING

In the UK, we work with providers such as Biffa and First Mile to process any non-recyclable waste that would traditionally go to landfill, to create electricity for the National Grid. We send our mixed recycling for sorting so it can be reprocessed into new products.

We have a zero-tolerance policy on destroying quality goods. We divert unsold seasonal stock to our global network of outlet stores, and also hold an annual employee sale of samples and stock, with proceeds added to our Somerset Community Fund, or other charitable causes.

We create our green carrier bags from cupcycling, an innovative technology that repurposes coffee cups into paper, while also separating the cups' plastic lining for recycling. Since we started, we have repurposed over 2.8 million coffee cups that would otherwise have been sent to landfill.

All our customer-facing packaging will be recyclable by the end of 2022. We are also working to reduce the amount of cardboard we use for packaging, and to eliminate all plastic from our business-to-business operations. In addition, we are currently in the process of changing our ribbon and handles for our carrier bags to a material that will be compostable and biodegradable.

5. Inclusive Communities

CULTURE AND WELLBEING

All our employees are ambassadors for Mulberry and we encourage them to live our employee values, which we believe help foster a culture of wellbeing and acceptance, where everyone is celebrated for their individuality. In our culture and environment, all employees can thrive, irrespective of their gender identity, sexual orientation, marital and civil partnership status, parental status, race or ethnicity, religion or religious belief, political opinion, physical appearance, age or disability. All our employees can access our intranet - The Tree - where we post company information, updates and employee achievements, and encourage communication.

DIVERSITY, EQUITY, AND INCLUSION

To ensure we are successful in creating this environment for our employees, our Diversity and Inclusion (D&I) Committee meets regularly to discuss our D&I Strategy, as well as current news, personal experiences and those of our colleagues. The committee also works with the marketing department to create a communications calendar, recognising key moments such as International Women's Day, Mental Health awareness, Pride and Black History Month. This helps us reflect on and celebrate the success of our diverse employees.

GENDER EQUALITY

Our most recent Gender Pay Gap report shows our mean hourly rate gap as £7.34 per hour (in favour of men) and our median hourly rate gap represented a difference of £0.25 per hour (in favour of men). Our median hourly pay gap of 2.1% is significantly better than the Office for National Statistics measure for the wholesale and retail industry of 13.6%, and the retail sector benchmark of 7.4%.

Our Management Board is made up of three women and five men. Combined with our broader leadership team, there are 30 women and 15 men at a senior level in our organisation.

Our recently enhanced maternity-pay benefit has increased leave at full pay from 12 weeks to 18 weeks and reduced the length of service to qualify for this benefit to one year. We have also introduced more family-friendly policies, including leave for IVF treatment, and continue to review all people policies to make them more inclusive.

LIVING WAGE EMPLOYER

We are an accredited Living Wage Employer, so all our employees in the UK will earn higher than the government's minimum wage. Living Wage is an independently calculated hourly pay rate based on the actual cost of living, calculated each year by the Living Wage Foundation.

APPRENTICESHIPS

Since 2006, we have operated a leather goods manufacturing apprenticeship programme in conjunction with Bridgwater and Taunton College, which we run at The Willows and The Rookery. In 2017, we were Lead Employer in a national trailblazer group, developing the Level 2 Leather Craftsperson Standard apprenticeship, which has since become industry-recognised, offering graded results for apprentices in the leather goods' industries. All our apprentices who have taken this new standard have achieved distinctions.

Our progress so far

LEATHER

- By the end of 2022, we will source all our leather from environmentally accredited tanneries
- Currently, we source 88% of our leather from environmentally accredited tanneries
- We are a founding partner of the Sustainable Leather Foundation, and members of Leather Working Group since 2012

Link to theme 2

OTHER LOW-IMPACT MATERIALS

- All nylon sourced as 100%-certified recycled nylon or ECONYL since spring 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 spring 2021
- Launch of our Softie bag in spring 2022, using down and feather certified to the Responsible Down Standard

Link to theme 2

CARBON

- All UK operations carbon-neutral since 2019
- Working with charities such as the World Land Trust to ensure efficient offsetting
- Somerset factories work with Zero Waste to Landfill providers, recovering energy from waste that cannot be reused or recycled
- Signatory of UN Fashion Industry Charter for Climate Action
- During 2021, we worked with the Carbon Trust to measure our global carbon footprint across Scopes 1, 2 and 3

Link to theme 1, 3

PRODUCT CIRCULARITY

- Launched circular resell and buy-back programme, The Mulberry Exchange, in February 2020
- Launched on Vestiaire Collective's Brand Approved programme in March 2021
- Lifetime Service Centre restored over 10,000 bags in FY 2021-22

Link to theme 4

PACKAGING

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

Link to theme 4

PEOPLE AND COMMUNITY

- We grant all employees two days of paid volunteering each year.
- We have raised £44,213 so far for The Felix Project, through our customer-facing festive campaigns and employee fundraising. This equates to 269,699 meals.
- Ongoing partnership with World Land Trust
- In September 2021, we began a long-term partnership and set up a charitable fund with Somerset Community Foundation to help people in Somerset through funding local charities, groups and communities, inspiring giving and philanthropy
- We continue to manufacture over half of our bags in the UK, and invest in our thriving apprenticeship programme and Next Generation retail concept.

Link to theme 5

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 29 June 2023.

Whilst the Directors have not identified a material uncertainty in respect of going concern, there was significant judgements applied in reaching this conclusion. The key judgements in relation to the going concern assessment are in respect to the more challenging trading environment due to macroeconomic uncertainty, along with ongoing disruption in key markets, as demonstrated with the recent lockdowns in China. When making these judgements, the Directors considered 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 £25.7m (2021: £11.8 m) and deferred liabilities of £nil (2021: £4.7m) at 2 April 2022 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 27 June 2022 was extended for a further 12-month period to March 2024. 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 is currently capped at USD0.5m, 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 £16.6m at 24 June 2022.

Base case scenario

The Directors' base case scenario assumes that revenue will increase by 10% versus 2021/22 driven primarily by growth in the UK and APAC. The budget for 2022/23 has been built to continue to leverage on the strong UK recovery seen throughout 2021/22. Further opportunities present themselves in Asia as a result of increasing brand awareness and established local teams. There has been some caution in revenue for other macro circumstances, particularly in Europe.

The budget includes cost increases relating to inflationary cost pressure and to support system transformation projects to drive efficiencies and improve conversion, as well as investment behind strategic growth initiatives. These have been phased in the second half of the year to allow for some flexibility to respond to market conditions. Consideration to increasing supply chain, freight and utilities costs has also been given.

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 fully drawn down under the reverse stress test. The Directors believe that this scenario is remote, for the following reasons:

- Trading is currently outperforming the reverse stress test scenarios and is anticipated to continue, which will further strengthen banking covenants;
- Despite the fall in revenue in the scenario, the RCF would not be fully drawn although available to the Group throughout the going concern period;
- If trading was to be challenging over the key trading periods, there is time to react and take further action before the covenant is breached in June 2023, including further discretionary cost savings and an increase in mark-down sales to clear stock. We retain a good working relationship with our bankers, HSBC and would look for a relaxation of bank covenants; and
- The reduction in turnover could be recovered through other initiatives.

The reverse stress test assumes a 15% reduction in revenue against the base case scenario, offset by a 10% reduction in variable costs (marketing, consumables, travel and other goods not for resale). Inventory production and purchases have not been reduced in line with the anticipated demand under this scenario.

Under this scenario, the revolving credit facility is not fully drawn so would still be available to the Group throughout the 12-month going concern period, however, the leverage covenant would be breached in June 2023. 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 our bankers, HSBC.

The Directors have considered a plausible but remote downside scenario where the current downward trend in global revenue versus the budget continues, the deployment of the new digital platform is delayed and revenues in China do not recover to the budgeted levels following the lockdown which ended in June 2022. No further lockdown is assumed in Asia, as early containment measures have proved effective in curbing the pandemic. The impact of this would result in a 6% reduction in Group revenue 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

53 weeks ended 2 April 2022

	53 weeks ended 2 April 2022 £'000	52 weeks ended 27 March 2021 £'000
Revenue	152,411	114,951
Cost of sales	(43,106)	(41,879)
Gross profit	109,305	73,072
Other operating expenses	(85,878)	(70,300)
Other operating income	1,220	6,006
Operating profit	24,647	8,778
Share of results of associates	127	(60)
Finance income	19	12
Finance expense	(3,467)	(4,176)
Profit before tax	21,326	4,554
Tax	(2,157)	43
Profit for the period	19,169	4,597
Attributable to:		
Equity holders of the parent	19,985	4,773
Non-controlling interests	(816)	(176)
Profit for the period	19,169	4,597
Basic profit per share	32.2p	7.7p
Diluted profit per share	32.2p	7.7p

All activities arise from continuing operations.

Group statement of comprehensive income

53 weeks ended 2 April 2022

	53 weeks ended 2 April 2022 £'000	52 weeks ended 27 March 2021 £'000
Profit for the period	19,169	4,597
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(116)	(49)
Total comprehensive income for the period	19,053	4,548
Attributable to:		
Equity holders of the parent	19,954	4,294
Non-controlling interests	(901)	254
Total comprehensive income for the period	19,053	4,548

Group balance sheet

As at 2 April 2022

	2 April 2022 £'000	27 March 2021 £'000
Non-current assets		
Intangible assets	6,056	14,965
Property, plant and equipment	14,618	13,608
Right of use assets	32,221	33,511
Interests in associates	335	134
Deferred tax asset	2,148	1,234
	55,378	63,452
Current assets		
Inventories	36,783	31,476
Trade and other receivables	15,927	12,609
Current tax asset	-	525
Cash and cash equivalents	25,669	11,820
	78,379	56,430
Total assets	133,757	119,882
Current liabilities		
Trade and other payables	(24,975)	(22,629)
Current tax liability	(2,382)	-
Lease liabilities	(11,108)	(14,820)
Borrowings	(3,278)	-
	(41,743)	(37,449)
Net current assets	36,636	18,981
Non-current liabilities		
Lease liabilities	(52,547)	(59,054)
Borrowings	(1,721)	(4,673)
	(54,268)	(63,727)
Total liabilities	(96,011)	(101,176)
Net assets	37,746	18,706
Equity		
Share capital	3,004	3,004
Share premium account	12,160	12,160
Own share reserve	(1,269)	(1,277)
Capital redemption reserve	154	154
Foreign exchange reserve	1,158	1,274
Retained earnings	27,006	6,957
Equity attributable to holders of the parent	42,213	22,272
Non-controlling interests	(4,467)	(3,566)
Total equity	37,746	18,706

The financial statements of Mulberry Group plc (company number 01180514) were approved by the Board of Directors and authorised for issue on 28 June 2022.

They were signed on its behalf by:

Thierry Andretta
Director

Charles Anderson
Director

Group statement of changes in equity

53 weeks ended 2 April 2022

	Share capital £'000	Share premium account £'000	Own share reserve £'000	Capital redemption reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Balance at 29 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 for the period	–	–	–	–	(49)	–	(49)	-	(49)
Total comprehensive (expense)/income for the period	–	–	–	–	(49)	4,773	4,724	(176)	4,548
Charge for employee share-based payments (note 30)	–	–	–	–	–	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
Balance at 27 March 2021	3,004	12,160	(1,277)	154	1,274	6,957	22,272	(3,566)	18,706
Profit/(loss) for the period	–	–	–	–	–	19,985	19,985	(816)	19,169
Other comprehensive expense for the period	–	–	--	–	(116)	–	(116)	-	(116)
Total comprehensive (expense)/income for the period	–	–	--	–	(116)	19,985	19,869	(816)	19,053
Charge for employee share-based payments (note 30)	–	–	–	–	–	69	69	–	69
Own shares	–	–	8	–	–	-	8	–	8
Exercise of share options	–	–	–	–	–	(5)	(5)	–	(5)
Non-controlling interest foreign exchange	–	–	-	–	-	–	-	(85)	(85)
Balance at 2 April 2022	3,004	12,160	(1,269)	154	1,158	27,006	42,213	(4,467)	37,746

Group cash flow statement

53 weeks ended 2 April 2022

	53 weeks ended 2 April 2022 £'000	52 weeks ended 27 March 2021 £'000
Operating profit for the period	24,647	8,778
Adjustments for:		
Depreciation and impairment of property, plant and equipment	3,702	4,777
Depreciation and impairment of right of use assets	6,682	13,245
Amortisation of intangible assets	1,778	1,476
Gain on lease modification, lease disposals and Covid 19 rent concessions	(2,160)	(10,314)
Loss on sale of property, plant and equipment	38	188
Profit on disposal of intangible assets	(5,343)	-
Own shares transferred from trust	8	106
Share-based payments expense	69	105
Operating cash inflows before movements in working capital	29,421	18,361
(Increase)/decrease in inventories	(5,400)	3,420
Increase in receivables	(3,318)	(1,534)
Increase in payables	2,136	75
Cash generated from operations	22,839	20,322
Income taxes (paid)/received	(154)	201
Interest paid	(3,470)	(3,960)
Net cash inflow from operating activities	19,215	16,563
Investing activities:		
Interest received and gains on foreign exchange contracts	19	12
Purchases of property, plant and equipment	(4,419)	(1,895)
Proceeds from disposal of property, plant and equipment	59	26
Acquisition of intangible assets	(897)	(2,233)
Proceeds from disposal of intangible assets	13,316	-
Net cash used in investing activities	8,078	(4,090)
Financing activities:		
Increase in loans from non-controlling interests	313	167
Repayment of borrowings	-	(750)
Principle elements of lease payments	(13,736)	(7,735)
Settlement of share awards	(5)	(4)
Net cash used in financing activities	(13,428)	(8,322)
Net increase in cash and cash equivalents	13,865	4,151
Cash and cash equivalents at beginning of period	11,820	7,998
Effect of foreign exchange rate changes	(16)	(329)
Cash and cash equivalents at end of period	25,669	11,820

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.

1. General information

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 53 weeks ended 2 April 2022 or for the 52 weeks ended 27 March 2021. Statutory accounts for the 52 weeks ended 27 March 2021 have been delivered to the Registrar of Companies and those for the 55 weeks ended 2 April 2022 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 2 April 2022 were approved and authorised for issue by the Board of Directors on 28 June 2022.

2. Adoption of new and revised standards

New and amended standards adopted by the Group
In the current period, the Group has applied a number of amendments to IFRS Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The March 2021 IFRS Interpretation Committee (IFRIC) update included an agenda decision on "Configuration and Customisation costs in a Cloud Computing Arrangement" which was ratified by the IASB in April 2021. Where the Group has implemented Software as a Service (SaaS) solutions during the year, the IFRIC agenda decision has been followed to determine the treatment of these costs.

At the date of approval of these financial statements, the Group has not applied any new and revised IFRS Standards that have been issued but are not yet effective.

The Directors do not expect that the adoption any Standards which have been issued but not yet effective to have a material impact on the financial statements of the Group in future periods.

3. Significant accounting policies

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

For the period ended 2 April 2022, the financial period runs for the 53 weeks to 2 April 2022 (2021: 52 weeks ended 27 March 2021).

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.

4. Business and geographical segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (CODM), defined as the Board of Directors, to allocate resources to the segments and to assess their performance. Inter-segment pricing is determined on an arm's length basis. The Group also presents analysis by geographical destination and product categories.

(a) Business segment

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

In the past financial year, the Group has extended its omni-channel network in order to support the Group's global growth ambitions. Mulberry has thus become increasingly reliant on individual market-level profitability metrics to enable them to make timely market-centric decisions that are operational and investment in nature. For the period ending March 2022, it is therefore appropriate to update the segmental analysis disclosures away from a consolidated view of segments and move towards a more regional view of segments (being UK, Asia Pacific and Other International) to reflect the current business operations and the way the business internally reports, and the information that the CODM reviews and makes strategic decisions based on its financial results. As a result of this change in approach the prior year numbers have been restated.

The principal activities are as follows:

The accounting policies of the reportable segment are the same as described in the Group's financial statements. Information regarding the results of the reportable segment is included below. Performance for the segment is assessed based on operating profit/(loss).

The Group designs, manufactures and manages the Mulberry brand for the segment and therefore the finance income and expense are not attributable to the reportable segments.

Group income statement

			53 weeks ended 2 April 2022		
	UK £'000	Asia Pacific £'000	Other International £'000	Eliminations £'000	Total £'000
Revenue					
Omni Channel	163,727	27,551	11,849	(72,960)	130,167
Wholesale	3,968	3,862	14,414		22,244
Total revenue	167,695	31,413	26,263	(72,960)	152,411
Segment profit/(loss)	10,297	(232)	7,356		17,421
Central costs					469
Store closure credit					6,757
Operating profit					24,647
Share of results of associates					127
Finance income					19
Finance expense					(3,467)
Profit before tax					21,326

	UK	Asia Pacific	Other International	Central	Total
	£'000	£'000	£'000	£'000	£'000
Segment capital expenditure	2,216	2,321	1,000	71	5,608
Segment depreciation and amortisation	8,639	954	565	2,004	12,162
Segment assets	89,026	20,707	11,701	10,175	131,609
Segment liabilities	61,660	8,221	13,597	12,511	95,989

Group income statement

	52 weeks ended 27 March 2021				
	UK	Asia Pacific	Other International	Eliminations	Total
	£'000	£'000	£'000	£'000	£'000
Revenue					
Omni Channel	124,993	21,309	7,579	(53,930)	99,951
Wholesale	2,564	2,803	9,633		15,000
Total revenue	127,557	24,112	17,212	(53,930)	114,951
Segment profit	2,958	1,306	6,172		10,436
Central costs					(2,996)
Impairment charge relating to property plant and equipment					(590)
Impairment charge relating to right of use assets					(5,725)
Store closure credit					3,702
Lease modification					3,951
Operating profit					8,778
Share of results of associates					(60)
Finance income					12
Finance expense					(4,176)
Profit before tax					4,554

	UK	Asia Pacific	Other International	Central	Total
	£'000	£'000	£'000	£'000	£'000
Segment capital expenditure	2,850	924	200	22	3.996
Segment depreciation and amortisation	15,657	518	1,307	2,016	19,498
Segment assets	76,428	15,128	13,755	13,337	118,648
Segment liabilities	67,345	8,432	12,359	13,040	101,176

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) 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.

5. Alternative performance measures

A reconciliation of reported profit before tax to underlying profit before tax is set out below;

Reconciliation to underlying profit before tax:	53 weeks ended 2 April 2022 £'000	52 weeks ended 27 March 2021 £'000
Profit before tax	21,326	4,554
Restructuring costs	-	2,370
Store closure credit	(6,757)	(3,702)
Impairment charge related to property, plant and equipment	-	590
Impairment charge related to right of use assets	-	5,725
Lease modification	-	(3,951)
Licence agreement exit costs	-	300
Underlying profit before tax – non-GAAP measure	14,569	5,886
Adjusted basic earnings per share	24.8p	10.5p
Adjusted diluted earnings per share	24.8p	10.5p

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 £nil (2021: £2,370,000) were incurred relating to people restructuring costs.

Store closure costs

During the period, two UK and two international stores were closed (2021: two international stores) which had not been trading in line with expectations. The stores closure credit relates to the release to the Income Statement of lease liabilities of £1,323,000 (2021: £4,261,000), a profit on disposal of an intangible asset £5,343,000 (2021: £nil) and a credit for the release of lease, exit and redundancy costs £91,000 (2021: charge of £559,000). The disposal of the lease resulted in net cash proceeds of £13,300,000. The right-of-use and tangible assets for these stores had been fully impaired in previous periods.

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 £nil (2021: £590,000) and £nil (2021:

£5,725,000) 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 to 27 March 21 the Group renegotiated a lease that had 14 years remaining to one where only 9 years remain as at 27 March 2021. The resulting reduction in the lease liability was treated as an IFRS 16 lease modification and resulted in a credit of £3,951,000 to the Income Statement. There were no similar modifications in the period to 2 April 22.

Licence agreement exit costs

During the period the Group incurred charges of £nil (2021: £300,000) 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.

6. Other operating expenses

	53 weeks ended 2 April 2022 £'000	52 weeks ended 27 March 2021 £'000
Other operating expenses have been arrived at after charging/(crediting):		
Net foreign exchange (gain)/loss	(57)	388
Amortisation of intangible assets	1,778	1,476
Depreciation of property, plant and equipment	3,702	4,187
Depreciation of right of use assets	6,682	7,520
Impairment of property, plant and equipment	-	590
Impairment of right of use assets	-	5,725
Store closure credit	(6,757)	(3,702)
Lease modification	-	(3,951)
Staff costs	40,731	36,330
Restructuring costs	-	2,370
Loss on disposal of property, plant and equipment and right of use assets	38	188
Other operating expenses	39,761	19,179
	85,878	70,300

7. Earnings per share ('EPS')

	53 weeks ended 2 April 2022 pence	52 weeks ended 27 March 2021 pence
Basic earnings per share	32.2	7.7
Diluted earnings per share	32.2	7.7
Underlying basic earnings per share	24.8	10.5
Underlying diluted earnings per share	24.8	10.5

Earnings per share is calculated based on the following data:

	53 weeks ended 2 April 2022 £'000	53 weeks ended 27 March 2021 £'000
Profit for the period for basic and diluted earnings per share	19,169	4,597
Adjusting items:		
Restructuring costs*	-	1,931
Store closure credit*	(4,411)	(3,611)
Impairment relating to retail assets	-	590
Impairment charge related to right of use assets	-	5,725
Lease modification*	-	(3,200)
Licence agreement exit costs*	-	243
Profit/(loss) for the period for underlying basic and diluted earnings per share	14,758	6,275

*These items are included net of £2,346,000 (2021: £346,000) of the corresponding tax expense.

	53 weeks ended 2 April 2022 Million	52 weeks ended 27 March 2021 Million
Weighted average number of ordinary shares for the purpose of basic EPS	59.5	59.5
Effect of dilutive potential ordinary shares: share options	-	-
Weighted average number of ordinary shares for the purpose of diluted EPS	59.5	59.5

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