Mulberry Group plc

Preliminary results for the 52 weeks ended 1 April 2023

A year of further progress; continuing to deliver on strategic objectives

Mulberry Group plc ("the Group" or "Mulberry"), the British luxury brand, announces results for the 52 weeks ended 1 April 2023 (the "period").

THIERRY ANDRETTA, CHIEF EXECUTIVE OFFICER, COMMENTED:

"We have delivered a positive Group performance this year thanks to our unique brand identity, beautiful innovative products and market-leading omni-channel proposition. Our Made to Last Manifesto also continues to set us apart and ensures that sustainability remains central to our strategy, with our ambition to transform to a regenerative and circular model across our supply chain by 2030 firmly on track. We made further progress during the period, reaching our target of sourcing 100% of our leather-from tanneries with environmental accreditations including Leather Working Group and Sustainable Leather Foundation while all other materials and packaging used remain fully sustainable and recyclable. We continued to expand our circularity programme offering our pre-loved bags in the UK and Europe and restoring over 10,000 bags every year.

We have made significant investments in the Company this year, as well as expanding our direct-to-customer model with the recent acquisitions of businesses in Sweden and Australia. I am also delighted today to announce we now have full ownership of Mulberry Japan Co. Limited. These investments were supported by our transformation function, designed to support the delivery of our strategy, with a particular focus on projects and systems that will underpin our growth in the longer term.

We are well set for the year ahead with the right strategy in place to deliver on our growth plans. Finally, I want to thank colleagues for their continued dedication to Mulberry, bringing their creativity and commitment to our business."

FINANCIAL HIGHLIGHTS

- Group revenue up 4% to £159.1m (2022: £152.4m) as we continued to deliver on strategic objectives, despite macro-economic uncertainty
    - UK retail sales of £87.7m (2022: £88.5m). The first half of the year in particular was impacted by the broader economic environment, however performance improved in the second half
    - Asia Pacific retail sales increased by 3% to £28.9m (2022: £28.0m), despite a number of COVID-19 lockdowns in the region, particularly in China and South Korea
    - International retail sales increased 12% to £46.5m (2022: £41.7m)
    - Digital sales £48.4m (2022: £47.5m) up 2% and representing 30% of total revenue (2022: 31%). This continues to be above pre COVID-19 levels
- Maintained gross margins of 71.2% (2022: 71.7%) with full price retail sales increasing by 6% and representing 78% of total retail sales (2022: 76%)
- Underlying profit before tax of £2.5m (2022: profit before tax £14.6m) included £4.0m (2022: £0.5m) of Software as a Service (SaaS) costs and additional investment in the Group
- Reported profit before tax of £13.2m (2022: profit before tax £21.3m)
- The Group's revolving credit facility of £15.0m has been extended until September 2027

OPERATING HIGHLIGHTS

- Three stores in Sweden and five stores in Australia previously owned by our franchise partners were acquired during the period further developing our direct-to-customer model
- Launch of the new M Zip bag family in November 2022, followed in December 2022 by the Link bag family
- Gross margins maintained with a continued strategic focus on full price sales and increased volume efficiencies
- Digital sales represented 30% of Group revenue (2022: 31%). This was 24% in 2020 and reflects the ongoing strength and importance of this channel
- Established a transformation function to support the delivery of our strategy, including projects and systems that will underpin our growth in the longer term

SUSTAINABILITY HIGHLIGHTS

- 100% of all leather, suede and nappa is sourced from tanneries with environmental accreditations, which include Leather Working Group, Sustainable Leather Foundation and ISO:14001
- In November 2022, awarded the Sustainability Luxury Brand of the Year at the Walpole British Luxury Awards and in February 2023 were recognised by the Great British Brands Awards for Championing the Planet, recognising our accelerated progress towards achieving a truly regenerative and circular business
- Carbon reduction targets submitted to the Science-Based Targets initiative (SBTi) in February 2023
- Lifetime Service Centre at The Rookery, which is now restoring more than 10,000 bags a year
- Within our circular Mulberry Exchange programme, we have expanded the use of our camera technology to give customers a true-to-life view of every preloved bag

CURRENT TRADING AND OUTLOOK

- Group revenue for the first 12 weeks of the new financial year is 6% ahead of last year
- Retail revenue is up 15%, with our newly acquired Sweden and Australia stores continuing to perform well
    - International retail sales are 46% above the same period last year
    - Asia Pacific retail sales 34% above the same period last year, which now includes our newly acquired stores in Australia
    - As anticipated, due to the impact of the broader economic environment, UK retail sales are in line with the same period last year
- Total franchise and wholesale revenue is up 5% against the same period last year, excluding stores now reported within omni-channel revenue
- As part of the Group's strategy to expand the direct-to-consumer model, Mulberry plc now has full ownership of Mulberry Japan Co. Limited, with effect from 27 June 2023

FOR FURTHER DETAILS PLEASE CONTACT:

Mulberry Group plc
Charles Anderson (Group Finance Director) TEL: +44 (0) 20 7605 6793

Headland (Public Relations)
Lucy Legh / Joanna Clark
mulberry@headlandconsultancy.com TEL: +44 (0) 20 3805 4822

Houlihan Lokey UK Limited (Financial and Nominated Adviser)
Tim Richardson TEL: +44 (0) 20 7484 4040

Chairman's Letter

Dear Shareholder,

This is my first set of results as Chairman of Mulberry, following over 20 years in the business as a non-executive Director. In this new position, since my appointment I have continued to see Mulberry deliver against its strategic growth plan as one of the most iconic British luxury brands, with a rich heritage and reputation.

As a Board we are responsible for the long-term success of the Company and as part of that, I remain committed to achieving the best standards of governance. To do this, the Board has a mix of skillsets and experience across the luxury sector and the public markets. We are well advanced in broadening the skills base and experience still further with the appointment of an additional independent non-Executive director, which I expect will be announced shortly.

The Group is in a strong position to continue with strategic growth plans, taking the opportunities to accelerate our direct-to-customer model, maintaining our full price strategy and crucially, continuing to produce beautiful products in our Somerset factories and serving our customers in both our welcoming stores and on our market-leading digital platform.

Whilst we see every opportunity for Mulberry to continue to succeed, we must remain mindful of the external climate and ongoing sector headwinds including high inflation. The Board is recommending a final dividend for the 52-week period to 1 April 2023 of 1 pence per ordinary share (2022: 3 pence per ordinary share) to be paid, (subject to shareholder approval) on 24 November 2023 to shareholders on the register at 27 October 2023.

We have made excellent progress so far and while there is much more to do, we are confident that we have the right strategy in place to continue to deliver for our shareholders and broader stakeholders alike.

I would like to thank our teams again for all their hard work this year.

Christopher Roberts

Chairman

27 June 2023

Strategic Report

Chief Executive's Statement

Overview

We have continued to deliver on our strategic objectives despite a backdrop of macro-economic uncertainty, which demonstrates that the decisions we have taken over the last few years have contributed to our long-term resilience. The work of building Mulberry as a sustainable global luxury brand is making good progress based on each of our four strategic pillars: omni-channel distribution; international development; constant innovation; and sustainable lifecycle. Much of this progress is thanks to the hard work and commitment of our many colleagues around the world and I recognise and thank them for their enduring efforts.

Progress against our strategy

Our investment in omni-channel distribution and international development continued during the period, especially in Asia Pacific where our business continues to make great progress. With the acquisitions made during the period, Australia and Sweden, we are well positioned to deliver on our strategy. We established a transformation function to support its delivery, with a particular focus on systems that will underpin our growth in the longer term. These include further enhancements to our store and digital platforms to build on our omni-channel capabilities and changes to our back-office systems, which will enhance efficiency, streamline our operations and support the continued evolution of the business.

Our omni-channel approach allows our customers to use Mulberry.com and our store network to research, buy and return our products in the way that suits them. With our established digital channel, we are well positioned to adapt to changing customer preferences between different retail channels. In line with our omni-channel distribution strategy, we have launched new digital platforms in Korea - Naver.com and GS.com - and we also have a digital concession at Harrods in the UK.

We continued to develop our business in Asia Pacific, despite the impact of COVID-19 in China, opening new stores in China and Korea. Further international developments included the relocation of our flagship store in New York and the refurbishment of our Amsterdam store.

In October 2022, we opened a new store at the iconic Battersea Power Station development. In February 2023 we made the difficult decision to close our Bond Street store. Much of our business came from its popularity with tourists enjoying the VAT-free shopping environment. However, when this was removed, we saw a dramatic drop in footfall and sales. We have redeployed all Bond Street colleagues across our London store network.

We continued to build our direct-to-customer model which enables us to engage with our customer, progress our pricing strategy and maintain our brand positioning. In September 2022 we launched Mulberry Sweden following the acquisition of three stores previously operated by our Swedish franchisee. We also acquired the assets of five stores in Australia previously owned and run by our Australian franchisee, having provided financial support to the business during the period. We will now operate these stores and online, directly as Mulberry Australia.

Trading Performance

Trading in the first half of the period was challenging, primarily driven by the macro-economic environment in the UK and ongoing COVID-19 lockdowns in China. We saw an improvement in retail revenue over the second half, with Group revenue 9% ahead of the same period last year. This was helped by an improving environment in China over recent months and under-pinned by our direct-to-customer model and increased brand awareness.

Group revenue for the period increased by 4% and our continued strategic focus on full price sales helped to maintain the gross margin at 71%.

Asia Pacific retail revenue grew by 3%, despite the COVID-19 lockdowns, particularly in China and South Korea. This region also now includes our newly acquired stores in Australia and we are pleased with their performance at this early stage.

Franchise and wholesale revenue increased by 12% as our partners continued their recovery post COVID-19 and demand increased. This was despite taking full ownership of stores in Sweden and Australia during the period, which would previously have been classified as franchise and wholesale revenue.

Operational performance

I am proud of our growing product range, which is tailored to the varying preferences of both traditional Mulberry store purchasers and digital shoppers. The emphasis continues to be on high quality and full price sales, as we champion beautiful products, which are made to last, in our carbon-neutral Somerset factories.

Our continuing investment in the Asia Pacific region during the year, despite a number of ongoing COVID-19 restrictions has further helped diversify our network and we have seen an improving environment in China over recent months.

Made to Last

Our Made to Last manifesto continues to set us apart and we are progressing in our aim to reach zero carbon emissions by 2035. We will achieve this through product innovation and continuing our progress to a regenerative and circular business model, whilst striving to implement pertinent practices into our own operations and wider supply chain.

We continue to innovate in materials and product. We source all our leather, suede and nappa from tanneries with environmental accreditations. All of the non-leather materials we use are also fully sustainable. Furthering our partnership with the World Land Trust, we are offsetting the carbon emissions associated with our leather purchasing, another small step on our ambitious path to reduce our overall carbon footprint.

Supporting circularity, our Lifetime Service Centre – where customers can have their products repaired and renewed – now restores more than 10,000 bags a year. 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.

In November 2022, we won the award for Sustainability Luxury Brand of the Year at the Walpole British Luxury Awards and in February 2023 our accelerated progress towards achieving a truly regenerative and circular business was recognised by the Great British Brands Awards for Championing the Planet.

Financial performance

Despite the ongoing challenges and volatility in the period, particularly in the UK and China, Group revenue increased by 4% over the prior year and overall gross margin was maintained at 71.2% (2022: 71.7%) due to our continued focus on full price sales and volume efficiencies. Underlying profit for the period of £2.5m (2022: £14.6m) included £4.0m (2022: £0.5m) of Software as a Service (SaaS) costs, additional investment in the Group and the additional operational costs of our new stores in Sweden and Australia. The prior period also benefitted from £3.5m of COVID-19 related reliefs.

A reported profit before tax of £13.2m (2022: £21.3m), includes impairment reversals for our Bond Street and Regent Street stores of £14.8m, as a result of the closure of Bond Street in February 2023.

Digital sales were 30% (2022: 31%) of Group revenue in the period, reflecting the ongoing strength of this channel and our omni-channel approach. China retail sales increased by 2% despite being impacted by a number of COVID-19 lockdowns throughout the period.

We ended the year with net cash of £0.7m (2022: £25.7m). During the period we continued to invest in projects and systems that will underpin our growth in the longer term and continued to invest in the Group's global brand awareness.

Supported by the new transformation function, projects are being progressed to update the Group's legacy systems and to build on our omni-channel capabilities. We expect this increase in investment to continue in current year and beyond.

As a business we continue to manage inflationary challenges through various measures. We fixed our energy price in October 2021 for a three-year period, which has helped mitigate the impact of much of the current energy-price increases. We introduced price increases in March 2022 and September 2022 – as part of our global strategy – to ensure we make no compromises on the quality of our product and our Made to Last manifesto and to help protect our margins.

Current Trading and Outlook

Group revenue for the first 12 weeks of the new financial year is 6% ahead of last year. Omni-channel (stores and digital) revenue is up 15%, with our newly acquired Sweden and Australia stores continuing to perform well.

Total international retail sales are 46% above the same period last year. Asia Pacific retail sales are up 34% , which now includes our newly acquired stores in Australia. As anticipated, due to the impact of the broader economic environment, UK retail sales are in line with the same period last year.

Total franchise and wholesale revenue is up 5% against the same period last year, excluding stores now reported within omni-channel revenue.

On 25 May 2023 Mulberry was awarded the "Brand of the Year" award at the Drapers Sustainable Fashion Awards. We were recognised for the progress made on our Made to Last manifesto goals, including our ongoing commitment to a Net Zero future. We were also praised for our thriving apprenticeship program which nurtures the next generation of craftspeople and manufacturing leaders and our longstanding commitment to British manufacturing.

We continue to build and optimise our global network and from 27 June 2023 the Group now holds 100% ownership of Mulberry Japan.

Notwithstanding the ongoing uncertainty in the economic and geopolitical environment, we are confident in our strategy and continue to invest, including in 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

27 June 2023

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 look to continually enhance our omni-channel distribution model. This includes through selective store openings, the continued roll-out of the latest Mulberry store concept and further enhancements to our digital platforms. Our latest 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.

Aligned with our strategic growth plans and omni-channel approach to distribution, we also look to continue to build on our direct-to-customer model and reduce our franchised operations. This allows us to increase our focus on customer experience and grow the proportion of our omni-channel business.

We ended the period with 111 points of sale. During the period we acquired our Swedish and Australian stores previously operated by our franchise partners, as well as new agreements with Nordstrom and Selfridges.

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 four House of Fraser concessions. In February 2023 we took the difficult decision to close our Bond Street store in London. The lack of VAT-free shopping in the UK and the decline in tourist shoppers had impacted footfall and sales. All colleagues were re-deployed across our London store network.

Virtual and in-store appointments continued to drive value, accounting for 8% of all UK store sales during the period and resulting in a larger average transaction value than for walk-in customers.

In Asia Pacific, following the conversion of five stores in Australia, we operated 43 retail stores at the year end (2022: 37). China experienced a number of store closures and lockdowns which had a significant impact on revenue and South Korea was also impacted with reduced footfall throughout the period. Full price mix of retail sales in Asia Pacific increased to 76% (2022: 75%) driven by higher sell-throughs and reduced mark-down periods.

During the year, 30% of Group revenue came from digital sales, demonstrating the continuing trend towards omni-channel shopping across all regions. In Asia Pacific, digital sales were 22% 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. During the period we also launched new platforms in Korea, Naver.com and GS.com, as well as Little Red Book in China.

Strategic Pillar 2

International Development

Our continued investment in our international subsidiaries supported the Group's overall growth. During the period, we opened stores in the region at Nanjng Deji, China, in April 2022, a pop-up in Gwang Ju, Korea, in May 2022, Chengdu SKP and Hainan duty free store, both in China in October 2022. We launched on new digital platforms in Korea, Naver.com and GS.com and Little Red Book in China. The openings further enhance brand awareness, strengthen our luxury positioning and support our full-price strategy.

The acquisition of our franchise stores in Sweden and Australia represented further progress in our international development, along with the opening of our first men's concession in NK Stockholm in March 2023.

New agreements are in place with Nordstrom in the US and Selfridges in the UK, further developing our direct-to-customer model. At the period end, we operated three Nordstrom concessions as well as a digital platform, with the view to expand this further in the current financial period.

Further international developments include the relocation of our flagship store in New York in April 2022, the refurbishment of our Amsterdam store in June 2022 and the opening of a standalone store in Dublin in January 2023.

Strategic Pillar 3

Constant Innovation

We continue to work with new materials and methods of creation and production, to adapt to changing customer tastes and to meet demand. At the same time, we are adding new services and transforming our supply chain to be agile to market trends, while reducing lead time to match the increase in digital demand.

We launched the Softie family in February 2022, with new colours and shapes being added throughout the year, targeting a younger luxury customer. In September 2022, we diversified across categories with the launch of Softie ready-to-wear products – eight outerwear garments with recycled nylon and recycled silk padding, echoing the launch of the new Softie bag family. We continued the expansion of the Softie line with a versatile clutch bag.

Following the strong trend for mini bags, particularly in Asia, we launched micro bags for a number of our iconic bag families. This bridged the gap between our small leather goods and our bags and made our icons more affordable and potentially appealing to a broader range of customers.

In November 2022 we launched M Zip, a modern, M-shaped silhouette available in three sizes. This was followed in December 2022 by Link, a re-interpretation of our previous soft shaped Leighton bag, a fresh take on a beloved classic, available in two sizes.

Mulberry x Miffy launched at the end of December 2022, to celebrate the Lunar new year of the Rabbit, featuring Miffy across a series of bags and accessories. This collection further supported the Group's ongoing commitment to sustainable innovation through its Made to Last ethos; sustainable products made with 100% environmentally accredited carbon neutral leather.

The exciting Mulberry x Paul Smith collaboration will launch in Autumn 2023. With a shared approach to heritage style and sustainable innovation, the ten-piece capsule reworks our timeless Antony bag, utilising pops of primary colours alongside Paul Smith's hallmark Signature Stripe.

Strategic Pillar 4

Sustainable Lifecycle

Our Made to Last manifesto sets us apart and we extend the life of all our products through our Lifetime Service Centre, buy-back offer and The Mulberry Exchange for pre-loved bags. We aim for our business to be regenerative and circular across the entire supply chain, by 2030, with sustainability in supply, craftsmanship, packaging and distribution – themes important to our customers.

We are carbon neutral across all of our UK operations and source all the leather, suede and nappa we use from tanneries with environmental accreditations. For over five years, we have worked with our tannery partners to help them improve their environmental standards and achieved certification, stimulating positive changes within the whole leather industry. We have also taken on new tanneries that already have certification. Other sustainable materials in the Mulberry range include ECONYL, Better Cotton, Eco-Scotchgrain, Bio-Acetate, recycled polyester/nylon and responsibly sourced down and feathers. All Mulberry green paper packaging is cup cycled, with more than 2.8m cups upcycled to date and since 2011 all cardboard and paper is Forest Stewardship Council (FSC) certified.

In May 2022, we launched the Carbon Neutral Lily. We also launched a partnership with circular rental marketplace, Hurr from June 2022, further developing the circularity of Mulberry bags.

In February 2023, we submitted our science-based targets for carbon reduction to the Science Based Targets Initiative (SBTi). We expect to have our targets approved and validated by the end of 2023. Furthering our partnership with World Land Trust, we are also offsetting the carbon emissions associated with our leather purchasing through their Carbon Balanced programme. Our project aims to protect approximately 316,000 acres of tropical rainforest and other habitats in Guatemala to prevent the area from being cleared to make way for cropland and pasture. Carbon offsetting is a small step on our ambitious path to reducing our overall business carbon footprint, with an aim of achieving net zero by 2035.

We have been a certified Living Wage employer since 2021 and a hybrid working policy is in place reducing emissions and costs associated with commuting. We are also offsetting all carbon emissions associated with business travel.

We have a long history of donating to local charities and organisations and as the business grows, we will continue to support our charity partners. We categorise our charitable activity into three streams: Strategic Corporate Partnerships; Tactical Local Partnerships; and Other/Reactive Partnerships. To help support this, our Charity and Community Committee, made up of Mulberry employees from various business areas, help increase awareness of our charitable activities, arrange fundraising and liaise with our partners. During the period we have donated seventeen pallets of write-off leather, fabric, ready to wear and offcuts to universities and we regularly donate bags and offcuts to scrap stores, craft groups and schools.

We were very proud to be recognised for several awards during the period:

- Sustainable Luxury Brand of The Year award at the Walpole British Luxury Awards in November 2022, recognising the significant progress we have made towards our Made to Last manifesto.
- Championing the Planet award at the Great British Brands Awards for our outstanding work in getting ahead of our targets to achieve a truly regenerative and circular business.
- On 25 May 2023 Mulberry was awarded the "Brand of the Year" award at the Drapers Sustainable Fashion Awards. We were recognised for the progress made towards our Made to Last manifesto goals, including our ongoing commitment to Net Zero future. We were also praised for our thriving apprenticeship program which nurtures the next generation of craftspeople and manufacturing leaders and our longstanding commitment to British manufacturing.

Financial review

Group revenue and gross profit

	£m	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022	% Change
Group	Digital	48.4	47.5	2%
	Stores	85.8	82.7	4%
	Retail (omni-channel)	**134.2**	**130.2**	**3%**
	Franchise and Wholesale	**24.9**	**22.2**	**12%**
	Group Revenue	**159.1**	**152.4**	**4%**
UK	Digital	33.8	35.7	(5%)
	Stores	53.9	52.8	2%
	Omni-channel - UK	**87.7**	**88.5**	**(1%)**
Asia Pacific	Digital	6.3	5.8	9%
	Stores	22.6	22.2	2%
	Omni-channel - Asia Pacific	**28.9**	**28.0**	**3%**
ROW	Digital	8.3	5.9	41%
	Stores	9.3	7.8	19%
	Omni-channel - Rest of World	**17.6**	**13.7**	**28%**
	Retail (omni-channel)	**134.2**	**130.2**	**3%**
Franchise and Wholesale	UK	3.4	2.8	21%
	Asia Pacific	4.2	3.9	8%
	Rest of world	17.3	15.5	12%
	Franchise and Wholesale	**24.9**	**22.2**	**12%**

Group revenue for the period increased by 4% over the prior period, with the challenges of the first half of the year, being offset by increased revenues across the second half.

£m		H1			H2			FY	
	FY23	FY22	% Change	FY23	FY22	% Change	FY23	FY22	% Change
Digital	16.3	19.1	(15%)	32.1	28.4	13%	48.4	47.5	2%
Stores	35.3	36.5	(3%)	50.5	46.2	9%	85.8	82.7	4%
Retail (omni-channel)	**51.6**	**55.6**	**(7%)**	**82.6**	**74.6**	**11%**	**134.2**	**130.2**	**3%**
Franchise and Wholesale	**13.3**	**10.1**	**32%**	**11.6**	**12.1**	**(4%)**	**24.9**	**22.2**	**12%**
Group Revenue	**64.9**	**65.7**	**(1%)**	**94.2**	**86.7**	**9%**	**159.1**	**152.4**	**4%**

Group

UK retail sales were 1% below the prior period, with growth impacted by the challenging macro-economic environment particularly in the first half of the year. The second half saw an improved performance, with UK retail revenue 6% ahead of the same period last year. UK digital sales declined by 5% year-on-year and represented 39% of UK retail sales (2022: 40%) and still well above pre COVID-19 levels. In line with overall trends UK digital sales in the second half grew 6% above the prior period. Omni-channel full price sales in the UK increased by 3% to £68.9m (2022: £67.1m), representing 79% (2022: 76%) of total omni-channel revenue for the period.

Asia Pacific retail revenue increased by 3%. From November 2022, this region now includes the five stores in Australia now wholly owned by the Group. During the period footfall in the Asia Pacific region was heavily impacted by a number of COVID-19 related restrictions and lockdowns, particularly within China and South Korea.

Franchise and wholesale sales increased by 12%, despite a number of previously franchised stores being recategorised as retail during the period.

Continuing our strategic focus on full-price sales, gross margin during the period was maintained at 71.2% (2022: 71.7%), despite actions taken during the second half to optimise inventory levels.

Key Performance Indicators

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

Other Operating Expenses

Other operating expenses in the period increased by 26% to £108.5m (2022: £85.9m), with underlying operating expenses increasing by 6%. A breakdown of which is given below;

£m	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022	% Change
Operating expenses	36.0	36.7	(2%)
Staff Costs	44.2	40.7	9%
Depreciation and Amortisation	13.9	12.2	14%
Systems & Comms	7.0	5.7	23%
Foreign exchange gain	(0.2)	(0.1)	100%
Underlying operating expenses	**100.9**	**95.2**	**6%**
SaaS Costs	4.0	0.5	700%
Store Closure Credit	(0.2)	(6.8)	(97%)
New initiatives - Sweden & Australia	3.8	-	-
	7.6	**(6.3)**	(221%)
COVID-19 Relief	-	(3.0)	-
	-	**(3.0)**	-
	108.5	**85.9**	**26%**

The prior period benefitted from COVID-19 related business rates and rent relief of £3.0m. These schemes were not available in the period to 1 April 2023.

The prior period also benefited from store closure credits of £6.8m, which largely related to the disposal of the Paris lease.

In light of the March 2021 IFRIC agenda decision to clarify the treatment of Software as a Service (SaaS) costs, during the period we expensed £4.0m (2022: £0.5m) of SaaS costs, in line with the accounting for configuration and customisation cost arrangements. We expect to incur further SaaS costs in the current period. We also increased technology spend to £7.0m (2022: £5.7m) to support the investment in projects and systems investments.

The acquisition of our stores in Sweden and Australia have increased costs during the period by £3.8m. The full year impact of these new initiatives will be included in the current period.

Other Operating Income

Included within other operating income is £nil (2022: £0.5m) of grants receivable in non-UK territories for COVID-19 relief.

Profit before tax

The Group's underlying profit for the period was £2.5m (2022: £14.6m), included £4.0m (2022: £0.5m) of Software as a Service (SaaS) costs, additional investment in the Group and the additional operational costs of our new stores in Sweden and Australia. The prior period also benefitted from £3.5m of COVID-19 related reliefs.

Reported profit before tax for the period was £13.2m (2022: profit before tax £21.3m) and includes impairment reversals of £14.8m in relation to Bond Street and Regent Street, as a result of the closure of the Bond Street store in February 2023, net of an impairment charge of £2.4m in respect of Korea goodwill.

£m	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022
Underlying profit before tax pre SaaS costs	**6.5**	**15.1**
SaaS costs	4.0	0.5
Underlying profit before tax	**2.5**	**14.6**
Store closure credit	0.2	6.7
Net Impairment credit	11.4	-
Australia and Sweden acquisition costs	(1.0)	-
Reported profit before tax	**13.2**	**21.3**

Taxation

The Group reported a tax charge of £1.8m (2022: charge £2.2m), an effective rate of tax of 13% (2022: 10%). 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.

Balance Sheet

Net working capital, which comprises inventories, trade and other receivables and trade and other payables increased by £12.3m to £40.0m at the period end (2022: £27.7m).

This increase was predominantly driven by increased inventories of £11.5m, to support our strategy to focus on a direct-to-customer model. We have taken actions during the second half of the year to optimise inventory levels and continue to closely monitor inventory levels, in light of continued macro-economic uncertainty.

At the period end, other trade receivables were £19.9m (2022: £15.9m), the increase principally due to the treatment of SaaS prepayments, as well as timing of rent and rates prepayments at the period end. Trade and other payables increased by £3.1m to £28.1m (2022: £25.0m) largely driven by timing of payments due.

Dividends

The Board is proposing a final dividend for the 52-week period to 1 April 2023 of 1 pence per ordinary share (2022: 3 pence per ordinary share) to be paid, (subject to shareholder approval) on 24 November 2023 to shareholders on the register at 27 October 2023.

Cashflow

The net decrease in cash and cash equivalents of £19.0m (2022: increase of £13.9m) included a £4.0m drawdown of the Group's revolving credit facility (RCF) and £2.1m of overdraft utilisation. In the prior period the Group benefitted from the proceeds from the early termination of the Paris lease of £13.3m.

During the period we continued to invest including £11.0m (2022: £5.3m) of capital expenditure, £4.0m (2022: £0.5m) of SaaS costs and £3.2m (2022: £nil) of acquisition costs. This spend supports investment in our omni-channel distribution and international development, including the development of a new digital platform and the acquisition of new stores in Sweden and Australia.

Inventories have also increased by £11.5m to support our strategy to focus on our direct-to-customer model as well as mitigate any cost increases.

Additional corporation tax was incurred in the period of £2.4m, in relation to the profit on disposal of our Paris lease in July 2021.

Borrowing Facilities

The Group had bank borrowings related to drawdowns under its revolving credit facility (RCF) of £4.0m at 1 April 2023 (2022: £nil). The borrowings shown in the Balance Sheet also include loans from minority shareholders in the Chinese and Japanese subsidiaries of £5.5m (2022: £5.0m).

The Group's net cash balance (comprising cash and cash equivalents, less overdrafts and borrowings) at 1 April 2023 was £0.7m (2022: £25.7m). Net cash comprises cash balances of £6.8m (2022: £25.7m) less bank borrowings of £6.1m (2022: £nil), excluding loans from related parties and non-controlling interests of £5.5m (2022: £5.0m) Net cash also excludes lease liabilities of £55.3m (2022: £63.7m) which are not considered to be core borrowings.

Since the period end the Group has extended its RCF with HSBC until September 2027, with unchanged banking covenants. The £15.0m RCF is secured and 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 IFRS16 and SaaS costs. 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

Baseline Carbon Footprint: 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. We are now working on an update to our global carbon footprint for 2023, which will serve as an update to our 2020 footprint.

UK Carbon Footprint: in line with SECR requirements we have carried out a UK carbon footprint calculation. We continue to offset the carbon emissions associated with out UK carbon footprint in partnership with World Land Trust, investing in their Carbon Balanced programme.

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 submitted them February 2023 for approval by the Science-Based Target initiative (SBTi). 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. We expect to have our targets assessed by SBTi in October 2023.

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 the period, 40% were sourced from suppliers we've worked with for more than ten years and 60% 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, Equity and Inclusion (DE&I) Committee meets regularly to discuss our DE&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

Since the publication of our last Gender Pay Gap Report, we have seen notable improvement in both our median and mean hourly pay gap. Comparing our gender pay gap results with industry data we see that our median results are significantly better than the Office for National Statistics (ONS) benchmark. Mulberry's median hourly pay gap is in favour of women at -5.2% compared to ONS benchmark at 8.3% in favour of men.

Our Management Board and Senior Leadership Team is weighted towards women.

Living Wage Employer

We are proud to be an accredited Living Wage Employer. This means that all UK employees will earn higher than the Government's minimum or National Living 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. We continue to use available global benchmarks and insights to ensure our global employees earn a living wage comparable with their location.

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.

Our Leather Goods Manufacturing apprenticeship programme continues to support the upskilling of workers into the leather goods industry and in the period saw us employ 4 new apprentices into the scheme. The programme has been reinvigorated to encourage cross functional learning across several departments within Mulberry, expanding the apprentices experience and providing more exposure to the business.

Our progress so far

Leather

- For the Spring Summer 23 season, all of our leather, suede and nappa is sourced from tanneries with environmental accreditations (Autumn Winter 22: 88%)
- Over 5 years, we worked with our tannery partners whilst they improved their environmental standards and achieved certification, stimulating positive change within the leather industry – as well as onboarding new tanneries with existing certificates
- 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 our Softie outerwear capsule in September 2022, using recycled silk padding and recycled nylon outer
- Continue to represent low impact materials throughout our collections, including ECONYL, bio-acetate and Eco-Scotchgrain

Link to theme 2

Carbon

- All UK operations carbon-neutral since 2019. This is achieved by supporting World Land Trust's Carbon Balanced programme which empowers local communities while tackling climate change and biodiversity loss
- Signatory of UN Fashion Industry Charter for Climate Action
- In February 2023 we submitted our carbon reduction targets to the Science Based Targets (SBTi)

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
- Launched on London based rental platform HURR in June 2022
- Lifetime Service Centre restored over 12,000 bags in FY 2022-23

Link to theme 4

Packaging

- Cupcycling introduced into customer packaging in January 2020, repurposing over 3.2 million coffee cups to make Mulberry Green paper
- All our paper and card is FSC certified

Link to theme 4

People and community

- We grant all employees two days of paid volunteering each year
- We have raised £18,906 in the period for The Felix Project and their Empty Plate Emergency Appeal. This equates to 81,432 meals.
- Ongoing partnership with World Land Trust, our environmental charity partner
- 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
- Mulberry donated £50,000 to the Red Cross Ukraine Appeal, as well as match-funding various employee led fundraising activities
- In February 2023 Mulberry made a £20,000 donation to the British Red Cross to assist the earthquake relief efforts in Turkey and Syria
- 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. The going concern period reviews the 12-month period from the date of this announcement to end of June 2024.

Whilst the Directors have not identified a material uncertainty in respect of going concern, there were significant judgements applied in reaching this conclusion. The key judgements made in the going concern assessment are in relation to the more challenging trading environment due to macro-economic uncertainty, along with ongoing disruption in key markets, as demonstrated with the recent lockdowns in China. 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 £0.7m (2022: £25.7m) at 1 April 2023 which included a £4.0m drawdown on its revolving credit facility (RCF).

Borrowing facilities

The Group has a £15.0m RCF with security granted in favour of HSBC banking, which has been extended for a further four-year period to 30 September 2027. 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 and SaaS costs. 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 RCF was drawn down by £4.0m at the period end and this increased to £12.0m at the date of this report. The Group had net debt of £8.8m at 23 June 2023.

Base case scenario

The Directors' base case scenario assumes that revenue will increase by 10.8% versus 2022/23 with growth primarily driven by the full year impact of 2022/23 initiatives of Sweden and Australia. Caution has been applied on the UK and China markets reflecting a level of uncertainty. The Directors compared the base case scenario against external analysis which supported our strategic approach and growth plans, including market opportunities.

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.

Under this scenario, banking covenants will be met however it is anticipated an element of the RCF will continue to be required between April 2023 and June 2023.

Reverse stress test and downside scenario

The Directors have considered a plausible but remote downside scenario, which models out the risk in the UK and South Korea, which are considered the main regions which could impact full-year revenue. The impact of this would result in a 5.5% reduction in Group revenue against the base case scenario and further mitigating actions are available.

The Directors have prepared 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 RCF 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:

- Current trading is outperforming the reverse stress assumptions. This is anticipated to continue;
- Revenue in this scenario would be below the level achieved in 2022/23, with current trading above last year;
- Despite the fall in revenue in this scenario, the RCF would not be fully drawn although available to the Group throughout the going concern period; and
- If trading was to be challenging over the key trading periods, there is time to react and take further mitigating actions before the covenant is breached in June 2024, 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.

The reverse stress test shows that Group revenue could fall by 14.0% versus the base case scenario before the leverage covenant is breached in June 2024. However once mitigating actions are applied this increases to 17.2%.

Under this scenario, the RCF 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 2024. 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.

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 1 APRIL 2023

	52 weeks ended 1 April 2023 £'000	53 weeks ended 2 April 2022 £'000
Revenue	159,129	152,411
Cost of sales	(45,879)	(43,106)
Gross profit	113,250	109,305
Impairment charge relating to intangibles	(2,366)	-
Impairment credit relating to property, plant and equipment	850	-
Impairment credit relating to right-of-use assets	12,949	-
Other operating expenses	(108,485)	(85,878)
Other operating income	776	1,220
Operating profit	16,974	24,647
Share of results of associates	52	127
Finance income	11	19
Finance expense	(3,887)	(3,467)
Profit before tax	13,150	21,326
Tax	(1,753)	(2,157)
Profit for the period	11,397	19,169
Attributable to:		
Equity holders of the parent	13,243	19,985
Non-controlling interests	(1,846)	(816)
Profit for the period	11,397	19,169
Basic profit per share	19.1p	32.2p
Diluted profit per share	19.1p	32.2p

All activities arise from continuing operations.

Group statement of comprehensive income

52 WEEKS ENDED 1 APRIL 2023

	52 weeks ended 1 April 2023 £'000	53 weeks ended 2 April 2022 £'000
Profit for the period	11,397	19,169
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(483)	(116)
Total comprehensive income for the period	10,914	19,053
Attributable to:		
Equity holders of the parent	12,888	19,954
Non-controlling interests	(1,974)	(901)
Total comprehensive income for the period	10,914	19,053

Group balance sheet

AS AT 1 APRIL 2023

	1 April 2023 £'000	2 April 2022 £'000
Non-current assets		
Intangible assets	6,015	6,056
Property, plant and equipment	19,817	14,618
Right-of-use assets	57,520	32,221
Interests in associates	254	335
Deferred tax asset	622	2,148
	84,228	55,378
Current assets		
Inventories	48,250	36,783
Trade and other receivables	19,901	15,927
Cash and cash equivalents	6,872	25,669
	75,023	78,379
Total assets	159,251	133,757
Current liabilities		
Trade and other payables	(28,143)	(24,975)
Current tax liability	(182)	(2,382)
Lease liabilities	(10,932)	(11,108)
Borrowings	(11,562)	(3,278)
	(50,819)	(41,743)
Net current assets	24,204	36,636
Non-current liabilities		
Lease liabilities	(61,666)	(52,547)
Borrowings	-	(1,721)
	(61,666)	(54,268)
Total liabilities	(112,485)	(96,011)
Net assets	46,766	37,746
Equity		
Share capital	3,004	3,004
Share premium account	12,160	12,160
Own share reserve	(896)	(1,269)
Capital redemption reserve	154	154
Foreign exchange reserve	675	1,158
Retained earnings	38,110	27,006
Equity attributable to holders of the parent	53,207	42,213
Non-controlling interests	(6,441)	(4,467)
Total equity	46,766	37,746

The financial statements of Mulberry Group plc (company number 01180514) were approved by the Board of Directors and authorised for issue on 27 June 2023.

They were signed on its behalf by:

Thierry Andretta
Director

Charles Anderson
Director

Group statement of changes in equity

52 WEEKS ENDED 1 APRIL 2023

	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 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	–	–	–	–	–	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
Profit/(loss) for the period	–	–	–	–	–	13,243	13,243	(1,846)	11,397
Other comprehensive expense for the period	–	–	--	–	(483)	–	(483)	-	(483)
Total comprehensive (expense)/income for the period	–	–	--	–	(483)	13,243	12,760	(1,846)	10,914
Charge for employee share-based payments	–	–	–	–	–	23	23	–	23
Own shares	–	–	346	–	–	-	346	–	346
Exercise of share options	–	–	–	–	–	(346)	(346)	–	(346)
Impairment of shares in trust	–	–	27	–	–	(27)	-	–	-
Non-controlling interest foreign exchange	–	–	-	–	-	–	-	(128)	(128)
Dividends paid	-	-	-	-	-	(1,789)	(1,789)	-	(1,789)
Balance at 1 April 2023	3,004	12,160	(896)	154	675	38,110	53,207	(6,441)	46,766

Group cash flow statement

52 WEEKS ENDED 1 APRIL 2023

	52 weeks ended 1 April 2023 £'000	53 weeks ended 2 April 2022 £'000
Operating profit for the period	16,974	24,647
Adjustments for:		
Depreciation and impairment of property, plant and equipment	3,487	3,702
Depreciation and impairment of right-of-use assets	(5,021)	6,682
Amortisation and impairment of intangible assets	4,041	1,778
Gain on lease modification and lease disposals	(441)	(2,160)
Loss on sale of property, plant and equipment	96	38
Business combination gain	(304)	-
Profit on disposal of intangible assets	-	(5,343)
Own shares transferred from trust	-	8
Share-based payments expense	23	69
Operating cash inflows before movements in working capital	18,855	29,421
Increase in inventories	(9,722)	(5,400)
Increase in receivables	(3,974)	(3,318)
Increase in payables	2,001	2,136
Cash generated from operations	7,160	22,839
Income taxes paid	(2,427)	(154)
Interest paid	(3,899)	(3,470)
Net cash inflow from operating activities	834	19,215
Investing activities:		
Interest received	15	19
Acquisition of businesses	(3,182)	-
Purchases of property, plant and equipment	(7,129)	(4,419)
Proceeds from disposal of property, plant and equipment	2	59
Acquisition of intangible assets	(3,919)	(897)
Dividend received from associate	40	
Proceeds from disposal of intangible assets	-	13,316
Net cash (used in)/ generated from investing activities	(14,173)	8,078
Financing activities:		
Increase in loans from non-controlling interests	246	313
New borrowings	6,100	-
Dividends paid	(1,789)	-
Principle elements of lease payments	(10,261)	(13,736)
Settlement of share awards	-	(5)
Net cash used in financing activities	(5,704)	(13,428)
Net (decrease)/increase in cash and cash equivalents	(19,043)	13,865
Cash and cash equivalents at beginning of period	25,669	11,820
Effect of foreign exchange rate changes	246	(16)
Cash and cash equivalents at end of period	6,872	25,669

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 is a public company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

These financial statements are presented in pounds Sterling because that is the currency of the primary economic environment in which the Group operates.

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 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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 1 April 2023, the financial period runs for the 52 weeks to 1 April 2023 (2022: 53 weeks ended 2 April 2022).

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

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

The principal activities are as follows:

The accounting policies of the reportable segments 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

	52 weeks ended 1 April 2023				
	UK	Asia Pacific	Other International	Eliminations	Total
	£'000	£'000	£'000	£'000	£'000
Revenue					
Omni-Channel	171,615	27,234	13,073	(77,677)	134,245
Wholesale	4,918	4,254	15,712		24,884
Total revenue	176,533	31,488	28,785	(77,677)	159,129
Segment profit/(loss)	533	(1,222)	12,398		11,709
Central costs					(5,374)
Store closure credit					205
Impairment of property, plant and equipment					850
Impairment of right-of-use assets					12,949
Impairment of intangible					(2,366)
Australia acquisition costs					(806)
Sweden acquisition costs					(193)
Operating profit					16,974
Share of results of associates					52
Finance income					11
Finance expense					(3,887)
Profit before tax					13,150

	UK	Asia Pacific	Other International	Central	Total
	£'000	£'000	£'000	£'000	£'000
Segment capital expenditure	7,866	1,101	1,731	138	10,836
Segment depreciation and amortisation net of impairment	(6,142)	4,942	1,747	1,960	2,507
Segment assets	108,065	27,812	14,539	8,213	158,629
Segment liabilities	72,006	16,312	13,877	10,290	112,485

Group income statement

	UK	Asia Pacific	Other International	Eliminations	Total
	53 weeks ended 2 April 2022				
	£'000	£'000	£'000	£'000	£'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

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;

	52 weeks ended 1 April 2023 £'000	53 weeks ended 2 April 2022 £'000
Reconciliation to underlying profit before tax:		
Profit before tax	13,150	21,326
Store closure credit	(205)	(6,757)
Impairment credit related to property, plant and equipment	(850)	-
Impairment credit related to right-of-use assets	(12,949)	-
Impairment charge related to intangibles	2,366	-
Australia acquisition costs	806	-
Sweden acquisition costs	193	-
Underlying profit before tax – non-GAAP measure	2,511	14,569
Adjusted basic earnings per share	5.8p	24.8p
Adjusted diluted earnings per share	5.8p	24.8p

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.

Store closure costs

During the period, one UK and one international store were closed (2022: two UK and two international stores). The stores closure credit relates to the following items (released)/charged to the Income Statement :-

	52 weeks ended 1 April 2023 £'000	53 weeks ended 2 April 2022 £'000
Release of lease liabilities	(635)	(1,323)
Profit on disposal of an intangible asset	-	(5,343)
Lease exit and redundancy costs	430	(91)
	(205)	(6,757)

The disposal of the leases resulted in net cash proceeds of £nil (2022:13,300,000).

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. The Group also tests whether there should be any reversal of previously impaired assets. The results of this assessment are shown in the table below :-

	52 weeks ended 1 April 2023 £'000	53 weeks ended 2 April 2022 £'000
Impairment charge related to property, plant and equipment – 1 store (2022: nil)	204	-
Reversal of impairment charge related to property, plant and equipment – 1 store (2022: nil)	(1,054)	-
Net impairment credit related to property, plant and equipment	(850)	-
Impairment charge related to right-of-use assets – 2 stores (2022: nil)	773	-
Reversal of impairment charge related to right-of-use assets – 2 stores (2022: nil) (1)	(13,722)	-
	(12,949)	-

(1) Included within the impairment reversal credit is £7,845,000 for Bond Street which was closed during the period. On 3 April 2023 the lease on this store was assigned to a third party. Based on the future discounted cash flow savings that will benefit the Group over the remaining life of the lease the Directors have determined that the fair value less costs to sell of the store right-of-use asset at 1 April 2023 was higher than its carrying value and therefore it was appropriate to reverse £7,845,000 of previously charged impairment. The balance relates to a reversal of a previous impairment of our Regent Street store. This store has seen improved performance post the Bond Street closure, which we anticipate to continue.

Impairment charge related to intangibles

Goodwill represents the opportunity to grow by utilising an established distribution network in Korea. The recoverable amount of the goodwill is determined based on a value in use calculation which uses cash flow projections based on financial projections approved by the Directors and using a pre-tax discount rate of 22.3% per annum (2022: 18.4%). Acquired goodwill is regarded as having an indefinite life and under IAS36 is not subject to amortisation but is subject to annual tests for impairment. As a result of this assessment the Group incurred an impairment charge during the period of £2,366,000 (2022: £nil).

Australia acquisition costs

During the period the Group incurred costs of £806,000 (net of a business combination gain of £304,000) on the acquisition of 5 stores in Australia.

Sweden acquisition costs

During the period the Group incurred costs of £193,000 on the acquisition of 3 stores in Sweden.

6. OTHER OPERATING EXPENSES

	52 weeks ended 1 April 2023 £'000	53 weeks ended 2 April 2022 £'000
Other operating expenses have been arrived at after charging/(crediting):		
Impairment of intangible assets	2,366	-
Impairment of property, plant and equipment	(850)	-
Impairment of right-of-use assets	(12,949)	-
Amortisation of intangible assets	1,675	1,778
Depreciation of property, plant and equipment	4,337	3,702
Depreciation of right-of-use assets	7,928	6,682
Net foreign exchange gain	(158)	(57)
Store closure credit	(205)	(6,757)
Staff costs	44,991	40,731
Other operating expenses	49,917	39,799
	108,485	85,878

7. EARNINGS PER SHARE ('EPS')

	52 weeks ended 1 April 2023 pence	53 weeks ended 2 April 2022 pence
Basic earnings per share	19.1	32.2
Diluted earnings per share	19.1	32.2
Underlying basic earnings per share	5.8	24.8
Underlying diluted earnings per share	5.8	24.8

Earnings per share is calculated based on the following data:

	52 weeks ended 1 April 2023 £'000	53 weeks ended 2 April 2022 £'000
Profit for the period for basic and diluted earnings per share	11,397	19,169
Adjusting items:		
Store closure credits*	(203)	(4,411)
Reversal of impairment charge related to property, plant and equipment*	(650)	-
Reversal of impairment charge related to right-of-use assets*	(10,342)	-
Impairment charge for intangible assets	2,366	
Australia acquisition costs*	728	-
Sweden acquisition costs	193	-
Profit for the period for underlying basic and diluted earnings per share	3,489	14,758

* These items are included net of £2,731,000 (2022: £2,346,000) of the corresponding tax expense.

	52 weeks ended 1 April 2023 Million	53 weeks ended 2 April 2022 Million
Weighted average number of ordinary shares for the purpose of basic EPS	59.6	59.5
Effect of dilutive potential ordinary shares: share options	-	-
Weighted average number of ordinary shares for the purpose of diluted EPS	59.6	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.