28 January 2021

Joules Group plc
("Joules", the "Group")

Interim Results for the 26 weeks ended 29 November 2020 (the "Period")

Accelerating digital sales support delivery of profits ahead of expectations for the Period

Highlights:

26 weeks ended	29 November 2020	24 November 2019	Change
Group revenue	**£94.5m**	**£111.6m**	**-15.3 %**
PBT before exceptional costs	**£3.7m**	**£8.4m**	**-£4.7m**
Statutory PBT	**£1.3m**	**£1.7m**	**-£0.4m**
Net Cash	**£15.6m**	**£2.1m**	**+£13.5m**

- Group revenue decreased by 15.3% due to enforced closure of non-essential retail with our own stores closed for 10 of the 26 weeks
- PBT before exceptional costs of £3.7 million was ahead of expectations
- E-commerce revenue on our own websites[1] grew by more than 45% in the first half
- Gross Digital Platform sales[2] that include Joules and 'Friends of Joules' sales … increased by 55%
- Active customers[3] increased by nearly 160,000 over the last six months … now nearly 1.6 million
- Brand awareness[4] increased +0.9%pt on the year … achieving record levels
- Statutory PBT after exceptional costs of £2.4m was down by £0.4 million at £1.3 million
- Net cash of £15.6 million (H1 FY20: £2.1m) … ahead of expectations
- Strong e-commerce sales for 7 weeks to 3 January 2021 more than offset impact of store closures through the Christmas trading period with own Retail revenue up by 0.3%
- As announced separately today, Marc Dench, Chief Financial Officer, has decided to leave the company in the coming months, to take up a role in a different sector. Marc joined Joules as Chief Financial Officer ahead of the Group's IPO in 2016. He has played an important role in the Group's development over recent years into the digitally led brand that it is today. A search process to appoint a successor to the role is underway and the Board will make a further announcement in due course.

Nick Jones, Chief Executive Officer, commented:

"We are pleased with the Group's performance during the first half of the FY21 financial year with strong growth in active customers and profits ahead of the Board's expectations. This performance, underpinned by very strong sales growth through our digital channels, was achieved despite challenging trading conditions and extended periods of store closures.

"The Group's progress continues to reflect the strength of our flexible and digital-led model, growing customer base and strong brand as well as the talent and dedication of our teams. I would like to take this opportunity to extend my sincere thanks to all Joules colleagues for their hard work as well as to our customers and partners for their continued support.

"Whilst the retail sector will continue to face near and medium-term challenges as a result of the pandemic, I remain confident that Joules - underpinned by the strength of our brand as well as the Group's flexible and scalable platform - remains well positioned to achieve its strategic objectives to grow as a leading lifestyle brand and digital marketplace."

1. *Owned e-commerce excludes sales of Joules products on third-party platforms*
2. *Gross Digital Platform sales is the total sales value (incl VAT) of products sold through the Joules website – including Joules and 'Friends of Joules' products*
3. *Active customer is a customer that is registered on the Joules database and has transacted in the last 12 months*
4. *Brand Awareness & Brand Health metrics are from the YouGov industry panel survey*

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Joules - a premium lifestyle brand with an authentic British heritage

Joules is a premium lifestyle brand with an authentic heritage. The Joules brand is about family, fun and joy in the countryside. Joules creates and curates exceptional products that brighten the lives of its customers, delivered through a leading digital platform that is supported by enticing experiences and stores that are located in desirable locations relevant to the Joules customer's lifestyle.

The Joules story began in 1989, when Tom Joule started selling clothing on a stand at a country show in Leicestershire. Today, the business designs and sells Joules branded clothing, footwear and accessories for women, men and children … with collections of homeware, toiletries, lifestyle and pet product ranges that are carefully designed and developed through selected licensing partnerships.

Joules' distinctive design-led products are complemented by an increasingly broad customer offer provided through its digital marketplace 'Friends of Joules', enabling third-party brands to offer curated, complementary products to the Joules customer base, enhancing Joules' digital platform with thousands of products from hundreds of creative businesses to give customers everything they could ever need for their lifestyles.

The Joules brand caters to its 1.5 million active customers through its own digital platform, its retail stores in the UK and at country shows and events. Joules extends its brand reach through well-established third-party relationships – concessions, online marketplaces and traditional wholesale in the UK and internationally.

Internationally, the brand has made good progress in its target markets of the US and Germany, where the distinctive Joules brand and products range resonate well with local customers. International markets are served by wholesale partnerships and dedicated Joules websites.

Joules' performance has been recognised through several awards including:

- Mainstream Brand of the Year - Drapers Awards 2019, 2017 and 2016
- Best Licensed Fashion or Talent Brand Award - Brand & Lifestyle Licensing Awards 2019
- Best Licensed Gifting Product Award - Brand & Lifestyle Licensing Award 2019
- The Best Fashion Retailer (Mark of Excellence) - Retail Week Awards 2019 and 2018
- Fashion Retail Business of the Year (between £101m-£500m turnover) - Drapers Awards 2018 and 2017

www.joules.com www.joulesgroup.com

CEO STRATEGY UPDATE

INTRODUCTION

The Group is publishing this set of Interim Results for the 26 weeks ended 29 November 2020 during a period of COVID-19-related national lockdown across the UK. At the outset of this report, on behalf of the Board, I would like to extend my sympathies and well wishes to those members of the Joules community who have been affected by the virus.

I am incredibly proud of how Joules responded and adapted to the disruption caused by the pandemic during the first half of the financial year. This disruption was most profoundly felt during the early stages of the Period, when we operated during and in the immediate aftermath of the first UK-wide national lockdown, and at the end of the Period when, from the Autumn, communities and businesses once again faced tighter restrictions as a result of the second wave of the virus. I would like to once again thank our colleagues for their continued hard work, our customers for their loyalty, and our partners for their collaboration throughout this challenging time.

The Board is pleased with the Group's encouraging performance during the first half of the FY21 financial year despite the continuing highly challenging trading backdrop. The Group's resilient results reflect the strength and increasing importance of our digital proposition and the brand's relevance and growing customer base as well as the skill, flexibility and dedication of our team.

H1 RESULTS OVERVIEW

Joules' active customer base[1], a key metric for the Group, has continued to grow and now stands at nearly 1.6 million customers. The increase of 160,000 active customers over the last six months has been driven by strong growth in new digital customers, up by 45% in the same period and whom now represent nearly three-quarters of our customer base. This growth reflects encouraging new customer acquisition trends during the Period resulting from: the relevance of the brand and our products; effective digital marketing investment; the positive impact of the 'Friends of Joules' digital marketplace; and enhanced brand awareness and engagement - supported by the brand enhancing, lifestyle locations of the majority of the Group's stores.

The Group's sales performance for the Period was ahead of the Board's initial expectations as a result of very strong sales growth achieved through Joules' digital channels, continuing the momentum seen in the final quarter of the last financial year and underpinned by the Group's investment in its tech platform, including the Friends of Joules digital marketplace, and fulfilment capabilities over recent years.

Total e-commerce sales for the Period grew by 34% against the prior year with revenue from Joules' own e-commerce channels[2] increasing by 45%. This reflected a 40% growth in customer traffic to the Joules website as well as improved customer conversion trends. As a result, e-commerce represented more than 70% of the Group's retail revenue during the Period (H1 FY20: 51%). This strong e-commerce performance was driven by a combination of the Group's larger active customer base and improvements made to our e-commerce proposition including the positive impact of the 'Friends of Joules' digital marketplace. Pleasingly, the strong e-commerce performance was maintained through the periods that our stores were able to reopen.

Despite strong e-commerce growth, Group revenue for the Period of £94.5 million was 15.3% lower than the prior year. This outcome reflects the impact of government enforced closures of non-essential retail stores as well as the cancellation of country shows across the UK. Joules' stores were, as a result, closed for approximately 10 weeks of the 26-week Period on average and when open, experienced lower footfall in part due to limits on the number of people in a store at any point.

Wholesale revenue in the Period was £17.1 million, a 44% reduction year-on-year, reflecting the impact of COVID-19 on the Group's wholesale partners both in the UK and overseas. As a result of the challenges faced by the Group's international wholesale partners and despite strong growth through the Group's international websites, total International sales in the Period were down by 29% against the prior year and represented 14% of Group sales (H1 FY20: 17%).

The Financial Review provides more detail on the financial performance and results for the first half.

The Group's strong balance sheet – with net cash of £15.6 million and liquidity headroom of £65 million at the Period end – has enabled us to continue to invest appropriately to underpin the long-term growth of the Group.

STRATEGIC PROGRESS

We have a clear strategy for the long-term development of Joules as a premium lifestyle brand in the UK and internationally. Whilst COVID-19 headwinds are ongoing and the long-term impacts of the pandemic on the economy and consumer behaviour remain uncertain, we have maintained our focus on delivering against the brand's significant, long-term growth prospects.

The cornerstone of our growth strategy is the Joules brand which stands for *family, fun and joy in the countryside*. We create unique design-led clothing, footwear and accessories that take inspiration from nature and the changing British seasons to reflect our customers' lifestyles, come rain or shine. Joules products stand out with our signature uses of colour and distinctive, hand drawn prints. We complement our own products with a curated range of relevant and quality third-party products offered to our customer base through our digital platform, which is supported by well located, enticing stores that enrich our brand.

Joules' brand awareness and brand health metrics continued to track ahead of the prior year with total brand awareness[3] of 46.5% and female brand awareness of 64.9% reflecting the Group's effective digital marketing investment, increased visibility of our community and charitable activities as well as a growing relevance of the brand to consumers' lifestyles.

An important driver of the brand's growing customer relevance stems from our *Responsibly Joules* values and commitments that run through the core of everything we do. From the day Joules started more than 30 years ago with nothing more than a table in a field, we have always been conscious of our impact on the environment, the wildlife within it, the people we work with, and the communities where we operate. During the year we continued to advance our *Responsibly Joules* commitments and made significant progress against the Group's stated targets to source only sustainable materials including cotton, leather, rubber, denim and synthetics by 2022. In addition, we were proud of the response to our specially curated 'Rainbow Edit' collection comprising a range of products featuring colourful splashes of bright rainbows and rainbow colours, through which we have donated over £135,000 to NHS Charities Together, since we launched the initiative in April 2020.

Leveraging the strength, appeal and relevance of the Joules brand, the Group has four key strategic drivers that the Board believes will drive long-term sustainable growth:

1. Increasing active customers

The Group continues to focus on, firstly, growing its active global digital customer base and, secondly, increasing those customers' frequency of interaction and spend with the brand. The active customer base increased by 160,000 since the end of the prior financial year and now stands at nearly 1.6 million with very strong growth of new digital customers which now represent three-quarters of our customer base. The growth in our active customer base is a result of effective, insight-led digital marketing as well as the desirable, lifestyle locations of the Group's stores. The customer acquisition cost through the Period remained consistent with prior year levels.

Going forward, we see significant headroom to increase the brand's active customer base in the UK. We aim to achieve this by increasing digital marketing leveraging data-led insights to better target and efficiently acquire new digital customers. We will also have more opportunity to engage with an even broader customer demographic with the extended product offer now available through the 'Friends of Joules' digital marketplace. Customer acquisition activity will continue to be supported by our network of stores which provide customers with an additional opportunity to engage and connect with the brand.

An increased level of active customers, together with increased visit frequency and share of our customer's lifestyle spend - both of which are driven by the strategic pillars of 'broadening the product offer' and 'strengthening our digital platform' – provides significant opportunity to drive future growth of the brand.

We remain excited about the medium to long-term brand growth and customer acquisition opportunities within our target international markets, which we aim to deliver by continuing to develop our digital and wholesale presence.

2. Broadening the product offer

We see significant growth opportunities for Joules through broadening and expanding the product offer available to both existing and new customers, thereby encouraging them to spend a greater proportion of their 'lifestyle spend' with Joules. We remain focused on broadening our distinctive core product ranges, increasing our men's and kids collections, and extending into related product categories such as home, outdoor and garden through a combination of differentiated in-house design, curated 'Friends of Joules' brands, and carefully selected licensing partnerships.

During the Period the 'Friends of Joules' digital marketplace continued to expand and is increasingly bringing the experience of a bustling market town to consumers through their digital devices. The platform now offers over 7,500 products from more than 350 sellers across product categories including home, outdoor & garden, gifting, pet and clothing.

Over the same period, our larger licensed product categories have performed well with a particularly strong performance of the Joules sofa range in partnership with DFS and an increased range of Joules toiletries and gifting products in partnership with Boots.

Our broadening product range provides our customers – existing and new – with more opportunity to experience the Joules brand and more reasons to visit our digital platform more frequently.

3. Strengthening the digital platform and experience

We continue to focus on enhancing the Group's digital platform and user experience. During the Period, traffic to the Joules website increased by more than 40% reflecting the Group's digital marketing capabilities, the channel shift towards online as a result of enforced store closures, and ongoing improvements made to the Joules online experience, including the introduction of the 'Friends of Joules' digital marketplace. As a result, and despite strong prior year comparatives, gross platform demand[4] increased by nearly 55% in the Period, accelerating to 66% growth over the seven weeks to 3rd January 2021.

During the Period we made investments to further enhance the user experience through Joules' digital channels. These included improving site merchandising with more relevant product listings and enhanced product filtering, incorporating a more seamless search functionality, and developing better overall site navigation. We have also improved the check out and payment journey for customers by adding new payment options such as Klarna, Apple Pay and Google Pay. These investments, alongside the enhanced product offering, have helped to drive improved conversion rates.

4. Growing the brand through third parties

In addition to growing the Joules brand through our own retail channels, we continue to see significant opportunities to efficiently grow the brand both in the UK and internationally through selected third-party digital and physical retail partners. These third-party relationships provide the opportunity to increase the reach of the Joules brand to a broader customer base utilising the retail and fulfilment platforms of our partners. We have relationships with around 40 larger digital or multi-site retailers globally and a further 2,000 smaller specialist or independent retailers.

Our systems and infrastructure have been developed to support a range of third-party models including the more traditional wholesale and retail concession models as well as the emerging marketplace, drop-ship and 'fulfilled-by' models.

INFRASTRUCTURE

We continue to make progress on the development of our new Head Office in Market Harborough which we expect to be able to move into during the latter part of the current financial year, subject to COVID-19 restrictions and guidelines. The new Head Office development layout will enable us to maximise the benefits of more flexible working patterns that have developed since the outbreak of the pandemic whilst also bringing all head office business functions together under one roof for the first time. This will be a key driver of our culture, creativity and efficiencies moving forward.

We have continued to invest in our digital and fulfilment infrastructure to support our long-term growth plans. During the Period we created an additional 100,000 square feet of space at our UK Distribution Centre which included the completion of a new mezzanine level and the occupation of an adjoining warehouse to support the Group's anticipated e-commerce growth over the medium term.

THE JOULES COMMUNITY

The talent, flexibility and, above all, dedication of the Joules team have once again been highlighted during a period characterised by disruption to the ways we work and interact. I am incredibly proud of the commitment shown by our people, from our head office teams to those on the front line in our stores, during this challenging period. We have also continued to receive fantastic support from our suppliers, landlords, business partners, and customers. I would like to take this opportunity to thank everyone across the Joules community for their ongoing support for our business and brand.

Definitions

1. *Active customer is a customer that is registered on the Joules database and has transacted in the last 12 months*
2. *Owned e-commerce excludes sales of Joules products on third-party platforms*
3. *Brand Awareness & Brand Health metrics are from the YouGov industry panel survey*
4. *Gross Platform Demand is the total sales price (including VAT) of products sold through the Joules website – including Joules and 'Friends of Joules' product*

FINANCIAL REVIEW

The first half of our FY21 financial year has been overshadowed by the ongoing impact of the COVID-19 global pandemic. The Period started with all of our stores closed and the majority of our colleagues working from home and we closed the Period in the same way. Against this backdrop, the business delivered a strong financial performance in the first half demonstrating the strength of the Joules model: led by our relentless focus on the Joules brand and on providing our customer base with a product proposition that meets their lifestyle needs – through our own Joules brand range and the increasing range of complementary 'Friends of Joules' products. The performance in the first half has demonstrated how we leverage these two 'special ingredients' – the Joules brand and our lifestyle products – to deliver sales through our digital platform which comprises: the front end web-site; warehouse and fulfilment; and, customer insight and digital marketing capability, all areas that we have invested in over recent years.

COVID-19 - IMPACT ON THE GROUP'S FINANCIAL POSITION AND RESULTS FOR THE PERIOD

The financial impact of COVID-19 in the Period is summarised below together with the actions taken to reduce costs, preserve cash and strengthen the Group's financial position, with more detail where appropriate, in the relevant section of the Financial Review.

Impact on business operations and sales channels

- Stores were closed for approximately 40% of the potential trading period in the first half. When open, stores experienced lower footfall (in part the result of social distancing measures), the sales impact being partially offset by higher conversion rates. When open stores traded at approximately 80% of the prior year level
- No country shows or events were attended in the first half
- Wholesale dispatches remained low through the first quarter as our wholesale customers globally started to re-open but with high overall levels of stock to sell-through. Wholesale sales momentum improved as the first half progressed
- UK warehouse capacity upgrade was completed early in the first half supporting the strong growth of our e-commerce sales.

Ongoing cost management actions

- Variable costs: including turnover rents; merchant fees; certain distribution costs; utilities and travel & expenses reduced with declining sales activity
- Government support: The Government's Coronavirus Job Retention Scheme ('CJRS') subsidised a substantial proportion of payroll costs for store colleagues, that were furloughed whilst stores were closed. In addition, all non-furloughed colleagues agreed to a voluntary pay reduction that continued through the first three months of the Period. Business rates relief for our retail premises continued through the first half.

Actions taken to preserve cash and enhance the Group's financial position and liquidity

- Inventory purchase commitments and phasing of deliveries were actively managed – in collaboration with our suppliers
- Rent deferral arrangements and/or rent holidays for periods of enforced closure were agreed with many of the Group's landlords
- Lease renegotiations to reduce rent levels, increase lease flexibility and/or move to turnover based rent models continued to progress through the Period.

Financial position and liquidity

At 29 November the Group had net cash of £15.6 million. At 3 January 2021, following a strong Christmas trading period (notwithstanding enforced store closures) the Group had net cash of £13.4 million and liquidity headroom of £63.5 million.

GROUP RESULTS

26 weeks ended £million	29 November 2020	24 November 2019
Revenue	**94.5**	**111.6**
Gross profit	**47.4**	**61.2**
Operating expenses	(34.2)	(41.7)
Depreciation & amortisation	(4.1)	(2.6)
Depreciation: Right-of-use asset	(3.8)	(6.4)
Share-based compensation	(0.7)	(1.2)
Admin expenses	**(42.8)**	**(51.9)**
Operating Profit	**4.6**	**9.3**
Net finance costs	(0.9)	(0.9)
PBT before exceptional costs	**3.7**	**8.4**
Gross margin %	50.2%	54.8%
Memo: EBITDA	12.5	18.3

Group revenue decreased by 15.3% to £94.5 million from £111.6 million, with strong growth in e-commerce sales being more than offset by the impact of enforced store closures, the cancellation of country shows across the UK and the impact of the pandemic on the Group's wholesale customers.

Group gross margin of 50.2% was 4.6%pts lower than the prior year. This decrease was due to the lower proportion of higher margin store sales (with stores closed for a large proportion of the Period) and a lower margin rate achieved in the stores channel in Q1 as stores reopened through the summer months and cleared through the spring product ranges in stock from before the first national lockdown.

PBT before exceptional costs decreased by £4.7 million to £3.7 million (H1 FY20: £8.4m). The impressive performance of sales through our digital platform (e-commerce and 'Friends of Joules') and licensing partners, together with continued focus on cost base management, did not fully offset the impact of enforced store closures and lower wholesale sales.

Statutory PBT decreased by £0.4 million to £1.3 million (H1 FY20: £1.7m). This includes the impact of non-cash exceptional impairment charges of £2.4 million which is explained further below.

CHANNEL REVIEW – SALES AND MARGINS

26 weeks ended £million	29 November 2020	24 November 2019	Variance %
E-commerce	54.8	40.9	34%
Stores	19.7	36.2	(46)%
Shows	0.8	2.7	(70)%
Retail	**75.3**	**79.9**	**(6)%**
Wholesale	**17.1**	**30.8**	**(44)%**
Other	**2.0**	**0.9**	**136%**
Group revenue	**94.5**	**111.6**	**(15)%**
*Memo: Owned e-commerce**	*50.6*	*35.0*	*45%*
Gross margin %	50.2%	54.8%	
Retail	52.8%	60.8%	
Wholesale	33.0%	38.1%	

**Owned e-commerce excludes sales of Joules products on third-party platforms*

Retail

Total retail revenue of £75.3 million was 5.8% lower than the prior year (FY20: £79.9m) with strong e-commerce sales growth being more than offset by the impact of the enforced store closures and lower store sales when stores were open plus the cancellation of country shows and events that the Group normally attends.

Joules retail segment comprises:

- E-commerce: the sale of Joules branded products through the Group's own website and via carefully selected third-party websites including Next, John Lewis, Zalando
- Stores: the sale of Joules branded products through the Group's own retail stores and a small number of concessions with John Lewis for Joules womenswear
- Country shows & events: Joules has retail presence at events such as Badminton, Burghley and Carfest.

Note: Commissions received on sales on 'Friends of Joules' digital marketplace are reported within 'Other' revenue

E-commerce

Total e-commerce sales increased by 34% to £54.8 million (H1 FY20: £40.9m). This growth was led by sales through the Group's own website which increased by 45% in the Period.

Traffic to the Joules website was up by more than 40% and conversion rate also improved. This performance reflects the market-wide trend towards online shopping during lockdown, as well as:

- the Group's customer insight and digital marketing capability - to attract new customers to the brand and to provide compelling content and offers to existing customers. Digital active customers, those with a preference for online shopping, increased by 20% to 1.0 million in the Period, making up more than two-thirds of our total active customer base
- ongoing improvements to the online customer experience – including enhancements to site navigation, search and check-out experience
- investment in warehousing and fulfilment over recent years.

E-commerce represented more than 70% of the Group's retail revenue during the Period (H1 FY20: 51%).

The 'Friends of Joules' digital marketplace has provided customers with a broader online offer with over 10,000 products curated from 300 third-party sellers. Overall, gross platform demand (which includes Joules own brand e-commerce sales and the retail sales value of 'Friends of Joules' products) increased by nearly 55% in the Period.

Stores

The Group's stores were closed, on average, for 10 of the 26-weeks in the first half as a result of the enforced closure of non-essential retail. When open, stores traded at 17% below the equivalent prior year period with lower footfall levels, in part the result of social distancing measures, being partly offset by higher conversion rates.

Overall store sales in the Period, including the impact of the enforced closures, were down by 46% year-on-year at £19.7 million (H1 FY20: £36.2m).

Retail Gross margin

Retail gross margin decreased by approximately 8%pt to 52.8% in the Period. This reduction was the result of the lower proportion of store sales in the Period – with store sales generating a higher gross margin than e-commerce sales and representing 30% of Retail revenue in the first half compared to 49% last year and the higher promotional activity during the first three months of the Period, particularly within the stores channel due to clearing elevated levels of spring stock as stores reopened through the summer months within a highly competitive retail environment.

Wholesale

Wholesale revenue in the Period was £17.1 million, a 44% reduction year-on-year (H1 FY20: £30.8m), reflecting the ongoing impact of COVID-19 on many of the Group's wholesale partners both in the UK and overseas.

Wholesale gross margin decreased by 5.0%pt to 33.0%. The reduction in wholesale gross margin was the result of providing support to several wholesale customers as they cleared through spring inventory positions as they reopened.

Other revenue

Other revenue consists of royalties from the sale of licensed products sold within third-party partner channels and the commission received on the sale of 'Friends of Joules' digital marketplace products.

Other revenue increased by 136% to £2.0 million (H1 FY20: £0.9m), reflecting growth across licensed product categories and strong growth in the 'Friends of Joules' digital marketplace sales.

International

As a result of the challenges faced by the Group's international wholesale partners and despite continued good growth through the Group's international websites, total International sales in the Period were down by 29% against the prior year and represented 14% of Group sales (H1 FY20: 17%).

ADMINISTRATIVE EXPENSES – PRE-EXCEPTIONAL COSTS

Administrative expenses before exceptional costs decreased by 17.5% to £42.8 million (H1 FY20: £51.9m).

26 weeks ended £million	**29 November 2020**	**24 November 2019**
Operating expenses (IFRS 16)	34.2	41.7
Sales	4.8	6.9
Marketing	4.9	5.2
Store costs	5.2	9.4
Distribution	5.9	5.2
Head office	13.4	14.9
Depreciation & amortisation	4.1	2.6
Depreciation: Right-of-use asset	3.8	6.4
Share-based compensation	0.7	1.2
Admin expenses	**42.8**	**51.9**

Operating expenses

Operating expenses decreased by 17.9% to £34.2 million (H1 FY20: £41.7m), the movement in the Period reflecting the impact of COVID-19 as well as the benefit of the Group's ongoing cost management.

- ***Sales costs*** which primarily relate to commissions paid to third-party retail partners and wholesale sales agents, decreased by 30% to £4.8 million (H1 FY20: £6.9m), in line with the lower third-party sales experienced in the Period
- ***Marketing expenditure*** decreased by 6% to £4.9 million (H1 FY20: £5.2m). Increased investment in digital and social marketing, in both the UK and international markets, was more than offset by the reduction in marketing expenditure in other channels
- ***Store costs*** decreased by 45% to £5.2 million (H1 FY20: £9.4m). Store revenues decreased by 46% over the same period due to enforced closures. Although additional costs were incurred in stores to ensure compliance with social distancing measures and to ensure colleague safety, the underlying store costs were mitigated by business rates relief and the payments from the Coronavirus Job Retention Scheme (JRS)
  Note: Store costs now exclude rent expenditure which is accounted for under IFRS 16 (Leases) with the exception of turnover only store rent and short-term leases of £0.3 million (H1 FY20: £0.2m)
- ***Distribution costs*** increased by 14% to £5.9 million (H1 FY20: £5.2m) due to the variable costs of fulfilling the significant increase in our own platform e-commerce sales, up by 45% in Period
- ***Head office costs*** decreased by 10% to £13.4 million (H1 FY20: £14.9m) as the result of continued cost management activities, JRS income for furloughed colleagues and the constraints of the global pandemic reducing travel and related costs.

Depreciation and amortisation

Depreciation and amortisation increased by £1.5 million to £4.1 million (H1 FY20: £2.6m), the increase being primarily due to higher amortisation following the completion of a number of technology initiatives in the prior financial year, including further developments to our digital platform, the launch of the 'Friends of Joules' digital marketplace and roll-out of a new digitally integrated store point of sales solution.

Right-of-use asset depreciation decreased by £2.6 million to £3.8 million (H1 FY20: £6.4m). The decrease was the result of a reduction in the Right-of-use asset following impairment write-downs in the prior financial period. This was partly offset by a lease extension for our UK warehouse.

Share-based compensation

Share-based compensation was £0.7 million in the Period (H1 FY20: £1.2m). The lower charge reflects a reduction in the number of Long-Term Incentive Plan shares under option following the lapsing of the 2020 awards (with no options vesting due to performance criteria not being met) and Executive Directors waiving the LTIP options that would potentially have vested in 2021 and 2022.

Whilst share plan awards are now comparable between periods, the charge in each period can fluctuate based on projected performance outcomes, the share price at reporting date and movement in the charge required for National Insurance Contributions.

Property lease costs

During H1 we have continued to make progress on property lease renegotiations, towards reduced rents or turnover based leases and more flexible lease terms. As a result, our underlying lease costs on a cash basis decreased by £1.5 million against the prior period.

Underlying lease cost ('cash basis')* £million	**H1 FY21**	**H1 FY20**	**Variance**
Store leases	4.3	5.5	(1.2)
Commercial leases	1.0	1.4	(0.4)
Total	**5.3**	**6.9**	**(1.5)**

**Lease cost ('cash basis') represents the amounts paid or payable in the relevant period in respect of the Group's property leases. It excludes any rent holidays or rent waivers received in the period.*

EXCEPTIONAL IMPAIRMENT EXPENSE

A total exceptional expense of £2.4 million (H1 FY20: £6.7m) has been booked by the Group in the Period as detailed below and in the notes to the Condensed Consolidated Financial Statements.

26 weeks ended £million	**29 November 2020**
Right-of-use asset - impairment	0.9
Property, plant & equipment and intangible assets - impairment	0.9
Non-cash exceptional	**1.8**
Other exceptional costs	0.6
Total exceptional cost	**2.4**

The Group regularly conducts a review of its assets to identify if there are any impairments to the carrying value of the assets. Following this review at the Period end, a non-cash exceptional impairment charge of £1.8 million has been recognised (H1 FY20: £6.7m), the majority of which relates to the Group's stores. The COVID-19 pandemic and the resulting enforced closure of the Group's retail stores and anticipated lower footfall to retail stores when re-opened, results in lower cash flow forecasts for stores and a resulting impairment to the Right-of-use asset and certain store fixed assets.

In the first half, the Group completed a re-organisation of certain structures across head office functions, this resulted in exceptional costs of £0.6 million (H1 FY20: £nil).

NET FINANCE COSTS

Net finance costs were £0.9 million (H1 FY20: £0.9m). Net finance costs consist of £0.2 million interest and facility charges on the Group's revolving credit facility and term loan with Barclays Bank Plc (H1 FY20: £0.1m) and £0.6 million interest on lease liabilities (H1 FY20: £0.8m).

TAXATION

The tax charge for the Period was £0.2 million (H1 FY20: £0.6m). The effective tax rate for the Period was 13.4% (H1 FY20: 35.2%). The tax charge for the Period benefitted from an adjustment in relation to the prior financial year. Excluding the prior year adjustment, the effective tax rate would have been 24.2%, which is higher than statutory corporate tax rate due to expenses and professional fees that are non-deductible for tax purposes.

CASH FLOW

Free cash flow, prior to the capital expenditure on our new Head Office development, was £14.8 million in the period (H1 FY20: £1.0m).

The improvement against the comparable period reflects lower EBITDA for the trading reasons detailed above, that has been more than offset by higher working capital inflow, benefiting from good sell through of a reduced level of current season stock and the deferral of a proportion of lease rental payments in agreement with landlords. Cash flow also benefitted from the repayment of corporation tax overpaid on account in the prior year.

Core capital expenditure in the first half was £2.8 million (H1 FY20: £5.0m). Major areas of capital expenditure included capacity upgrades at the UK warehouse, developments to the Joules website and technology platforms.

The development of our new Head Office, the 'Barn', incurred spend of £3.5 million in the Period (H1 FY20: £2.7m). Cumulative spend on the development to the end of the Period was £17 million, including £4.4 million for the purchase of the land in FY18. The development is on schedule to complete in the final quarter of the current financial year.

26 weeks ended £million	**29 November 2020**	**24 November 2019**
EBITDA	**12.5**	**18.3**
Share-based compensation	0.7	1.2
Lease repayments – IFRS 16	(5.8)	(6.3)
Cash exceptional costs	(0.6)	-
Net working capital - change	8.8	(4.0)
Operating free cashflow	**15.6**	**9.2**
Interest paid - borrowings	(0.2)	(0.1)
Interest paid – lease liability	(0.6)	(0.8)
Tax received / (paid)	2.9	(2.2)
Capital expenditure - core	(2.8)	(5.0)
Free cash flow (core capex)	**14.8**	**1.0**
Capital expenditure - new Head Office	(3.5)	(2.7)
Cash flow before financing	**11.3**	**(1.7)**
Net cash	***15.6***	***2.1***

NET CASH/(DEBT) AND LIQUIDITY

Net cash at the end of the Period was £15.6 million (FY20: £2.1m) representing cash of £28.6 million (FY20: £14.3m) and borrowings of £12.9 million (FY20: £12.1m). The improved net cash position includes the net proceeds from the Group's equity placing of £14.5 million in April 2020.

The Group's total liquidity headroom at 29 November 2020 was £63.7 million, comprising £28.6 million cash balances and £35.1 million undrawn committed financing facilities.
To preserve cash and improve the short-term liquidity position in response to COVID-19, the Group agreed the deferral of certain liabilities falling due in the final quarter of the last financial year with HMRC and with landlords. At 29 November 2020 the total amount deferred under these arrangements was £3.9 million (at 31 May 2020: £6.7m). The Directors anticipate that these amounts will be repaid over the course of the following 12 months.

Lease liability (IFRS 16)

The Group's total lease liability at 29 November 2020 was £44.9 million, a reduction of £1.8 million since the year ended 31 May 2020 and £8.2 million lower than 24 November 2019.

Repayment of lease liabilities of £6.1 million in the Period was partly offset by lease additions of £4.9 million, primarily relating to a lease extension for the Group's UK distribution centre and the renegotiation of certain store leases on more favourable terms.

Lease liability by type:

£million	**29 Nov 2020**	**31 May 2020**	**Increase / (decrease)**
Store leases	36.1	37.7	(1.6)
Commercial property leases	8.4	8.3	0.1
Other leases	0.4	0.7	(0.3)
Total liability	**44.9**	**46.7**	**(1.8)**

DIVIDEND

Given the impact of the global pandemic on the Group and the continued uncertain outlook, the Board has not declared an interim dividend (H1 FY20: £nil). The Board will continue to review the financial position of the Group and intends to recommence dividend payments when it is considered financially appropriate to do so.

FINANCING FACILITIES

At the end of the Period the Group had total available facilities of £48.0 million of which £12.9 million was drawn.

Facility £million	**Available Facility 29 November 2020**	**Drawn Facility 29 November 2020**	**Maturity**
Revolving Credit Facility (RCF1)	25.0	4.1	July 2022
Duty bond (linked to RCF1)	(1.0)	-	
Revolving Credit Facility (RCF2)	15.0	-	April 2021
Term Loan	9.0	8.8	December 2023
Total facilities / borrowings	**48.0**	**12.9**	

The Group has a £25 million revolving credit facility (RCF1) provided by Barclays Bank Plc ('Barclays') to fund seasonal working capital requirements. This facility matures in July 2022. In April 2020, the Group established an additional short-term revolving credit facility of £15 million (RCF2), also with Barclays, to provide additional financial headroom over the year to April 2021.

The development of the Group's new head office is being funded, in part, by way of a £9.5 million loan from Barclays. The loan is repayable by way of quarterly payments of £264,000 and a final bullet payment in December 2023. In April 2020, the Group agreed the deferral of the subsequent four quarterly repayments, with the deferred amounts added to the final bullet payment.

EARNINGS PER SHARE

Statutory basic earnings per share for the Period, were 1.12 pence (H1 FY20: 1.26 pence). The weighted number of ordinary shares in issue for the Period was 102.8 million an increase of 14 million ordinary shares compared to the prior period. The increase in ordinary shares follows the equity placing completed in April 2020.

BREXIT

The Group was well prepared for the additional operational and administrative requirements that came into effect at the end of the transitional arrangement with the EU on 1 January 2021. Notwithstanding this preparation the Group has experienced disruption and delays as well as higher costs on some of its exports from the UK into certain EU markets, with Germany being particularly impacted. The disruption is expected to reduce in time as the courier networks and supply chain intermediaries adapt to individual EU country import requirements.

The new trading arrangement will result in higher costs for certain of the Group's exports to the European Union as a result of higher duty charges, higher courier costs and increased administrative costs. The annual impact of these increased costs is estimated to be in the range of £0.8 to £1.0 million, which is broadly in line with the Board's expectations. The Group will continue to evaluate and implement options to mitigate the adverse impact including a potential increase in selling prices and structural changes to the Group's logistics.

CURRENT TRADING & OUTLOOK

The Group continued to deliver a good sales performance through its retail channels during the important Black Friday and Christmas trading period with sales growth through Joules' digital channels more than offsetting the decline in store sales that resulted from the enforced closures of non-essential retail stores during parts of November and December.

However, despite this online momentum, following the announcement of UK-wide lockdowns at the beginning of January 2021, all the Group's stores are currently closed and appear set to remain that way for the immediate future. As previously confirmed by the Group in its Trading Update dated 7 January 2021, whilst the duration of the current restrictions on non-essential retail remains uncertain, if they were to continue through to 1 April 2021, the potential loss in Group revenues resulting from the closure of stores, the cancellation of country shows and disruption to wholesale partners is estimated to be between £14 to £18 million.

As previously stated, the Board anticipates that this potential adverse sales impact, as well as the higher cost of exports to the EU, would be partially mitigated in the full financial year to 30 May 2021 due to the better than previously expected sales and profit performance in the year to date, continued strong digital sales momentum, and ongoing benefits from cost-reduction activities including head office costs and lease renegotiations.

Notwithstanding the uncertainties caused by the Coronavirus pandemic and the additional headwinds arising from the final Brexit agreement on trade with the EU, the Board believes that the Group's strong balance sheet, combined with the strength of its brand, product proposition and digital platform (reflected in the recent strong growth in active customers) will enable it to navigate the current climate and emerge in a strong position.

GOING CONCERN

For the year ended 31 May 2020, the Directors undertook a comprehensive assessment to consider the going concern and longer-term viability of the Group and Company – given the immediate and potential longer-term implications of the COVID-19 global pandemic - with forecasts and sensitivities through to May 2023. This assessment included the preparation of a Base case and Downside scenario to support the conclusion that the Group can continue as a going concern, which assumed stores initially trading significantly below the prior year, with modest growth thereafter, as well as e-commerce sales growing at low double-digit levels reflecting performance over recent years and experienced since the UK lockdown in late March 2020.

Since then, trading performance has continued to exceed the Base plan prepared by management. To conclude on the Group's going concern status at 29 November 2020, the Directors have prepared and reviewed an updated Base plan, which reflects the impact of the on-going national lockdown and resulting closure of stores in the UK, as well as the impact from Brexit. The updated Base plan forecast indicates that the Group will remain within its available committed borrowing facilities and in compliance with covenants throughout the forthcoming 12-month period, and that the current national lockdown will not impact on the Group's ability to continue as a going concern.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We confirm to the best of our knowledge that:

- The condensed interim set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union;
- The Interim Report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- The Interim Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Joules Group plc
Condensed Consolidated Income Statement
For the 26 weeks ended 29 November 2020

	Note	Unaudited 26 weeks ended 29 November 2020 £'000	Unaudited 26 weeks ended 24 November 2019 £'000	Audited 53 weeks ended 31 May 2020 £'000
REVENUE	2	**94,452**	**111,577**	**190,808**
Cost of sales	5	(47,005)	(50,378)	(93,997)
GROSS PROFIT		**47,447**	**61,199**	**96,811**
Other administrative expenses	5	(42,115)	(50,699)	(99,273)
Share-based compensation	5	(703)	(1,196)	371
Exceptional administrative expenses	3	(2,416)	(6,663)	(21,480)
Total administrative expenses		**(45,234)**	**(58,558)**	**(120,382)**
OPERATING PROFIT/(LOSS)		**2,213**	**2,641**	**(23,571)**
Finance costs		(885)	(918)	(1,774)
PROFIT/(LOSS) BEFORE TAX		**1,328**	**1,723**	**(25,345)**
Income tax (expense)/credit	6	(177)	(606)	4,640
PROFIT/(LOSS) FOR THE PERIOD		**1,151**	**1,117**	**(20,705)**
Basic earnings per share (pence)	13	1.12	1.26	(22.07)
Diluted earnings per share (pence)	13	1.11	1.25	(22.07)

Joules Group plc
Condensed Consolidated Statement of Comprehensive Income
For the 26 weeks ended 29 November 2020

	Note	Unaudited 26 weeks ended 29 November 2020 £'000	Unaudited 26 weeks ended 24 November 2019 £'000	Audited 53 weeks ended 31 May 2020 £'000
Profit/(loss) for the period		**1,151**	**1,117**	**(20,705)**
Items that may be reclassified subsequently to profit or loss:				
Net (losses)/gains arising on changes in fair value of hedging instruments entered into for cash flow hedges	10	(2,235)	(4,647)	(2,425)
Gains/(losses) arising during the period on deferred tax on cash flow hedges	10	364	894	472
Gains/(losses) arising during the period on deferred tax on share options		48	(177)	(177)
Exchange difference on translation of foreign operations	10	(707)	297	732
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD		**(1,379)**	**(2,516)**	**(22,103)**

Joules Group plc - Condensed Consolidated Statement of Financial Position As at 29 November 2020

	Note	Unaudited 29 November 2020 £'000	Unaudited 24 November 2019 £'000
NON-CURRENT ASSETS			
Property, plant and equipment		23,668	18,786
Intangibles		18,748	19,919
Right-of-use assets	8	31,814	50,244
Deferred tax		2,932	1,394
Derivative financial instruments	12	20	9
TOTAL NON-CURRENT ASSETS		**77,182**	**90,352**
CURRENT ASSETS			
Inventories		42,704	38,438
Right of return asset		1,614	843
Trade and other receivables	12	13,471	18,924
Current tax receivable		-	-
Cash and cash equivalents	12	28,577	14,271
Derivative financial instruments	12	131	786
TOTAL CURRENT ASSETS		**86,497**	**73,262**
TOTAL ASSETS		**163,679**	**163,614**
CURRENT LIABILITIES			
Trade and other payables	12	56,731	41,741
Lease liabilities	8	10,485	12,184
Current tax payable		998	2,498
Borrowings	12	4,396	7,446
Provisions		2,465	2,242
Right of return provision		3,768	2,057
Derivative financial instruments	12	-	1,694
TOTAL CURRENT LIABILITIES		**78,843**	**69,862**
NON-CURRENT LIABILITIES			
Borrowings	12	8,533	4,683
Lease liabilities	8	34,460	40,949
Derivative financial instruments	12	1,228	486
TOTAL NON-CURRENT LIABILITIES		**44,221**	**46,118**
TOTAL LIABILITIES		**123,064**	**115,980**
NET ASSETS		**40,615**	**47,634**
EQUITIES			
Share capital		1,085	897
Share premium		26,508	12,164
Hedging reserve	10	(1,855)	(1,122)
Translation reserve	10	543	815
EBT Reserve	11	(769)	(841)
Merger reserve		(125,807)	(125,807)
Retained earnings		140,910	161,528
TOTAL EQUITY		**40,615**	**47,634**

These financial statements of Joules Group plc (Company Registration Number 10164829) were approved by the Board of Directors and authorised for issue on 28 January 2021 and were signed on behalf of the Board of Directors by

MARC DENCH – Chief Financial Officer

Joules Group plc

Unaudited Condensed Consolidated Statement of Changes in Equity

As at 29 November 2020

	Merger reserve	Hedging reserve	Translation reserve	EBT Reserve	Share capital	Share premium	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 26 May 2019	**(125,807)**	**2,631**	**518**	**(322)**	**878**	**11,410**	**161,915**	**51,223**
Impact of change in accounting policy (IFRS 16)	**-**	**-**	**-**	**-**	**-**	**-**	**170**	**170**
Adjusted balance at 26 May 2019	**(125,807)**	**2,631**	**518**	**(322)**	**878**	**11,410**	**162,085**	**51,393**
Profit for the period	-	-	-	**-**	-	-	1,117	**1.117**
Other comprehensive income for the period	-	(3,753)	297	**-**	-	-	(177)	**(3,633)**
Total comprehensive income for the period	**-**	**(3,753)**	**297**	**-**	**-**	**-**	**940**	**(2,516)**
EBT share purchases	-	-	-	(1,163)	-	-	-	**(1,163)**
Shares issued	-	-	-	-	19	754	-	**773**
Share options satisfied through the EBT Reserve	-	-	-	644	-	-	(310)	**334**
Dividend issued	-	-	-	**-**	-	-	(1,202)	**(1,202)**
Debit to equity for cash paid on net-settled withheld share-based compensation	-	-	-	**-**	-	-	(318)	**(318)**
Credit to equity for equity-settled share-based compensation	-	-	-	**-**	-	-	333	**333**
Balance at 24 November 2019	**(125,807)**	**(1,122)**	**815**	**(841)**	**897**	**12,164**	**161,528**	**47,634**
(Loss) for the period	-	-	-	**-**	-	-	(21,822)	**(21,822)**
Other comprehensive income for the period	-	1,800	435	**-**	-	-	-	**2,235**
Total comprehensive income for the period	**-**	**1,800**	**435**	**-**	**-**	**-**	**(21,822)**	**(19,557)**
Basis adjustment to hedged inventory	-	321	-	-	-	-	-	**321**
EBT share purchases	-	-	-	(8)	-	-	-	**(8)**
Shares issued	-	-	-	-	184	14,344	-	**14,528**
Share based payment options satisfied through the EBT Reserve	-	-	-	80	-	-	(39)	**41**
Credit to equity for equity-settled share-based compensation	-	-	-	**-**	-	-	(600)	**(600)**
Balance at 31 May 2020	**(125,807)**	**999**	**1,250**	**(769)**	**1,081**	**26,508**	**139,067**	**42,329**
Profit for the period	-	-	-	**-**	-	-	1,151	**1,151**
Other comprehensive income for the period	-	(2,235)	(707)	**-**	-	-	-	**(2,942)**
Gains/(losses) arising during the period on deferred tax on cash flow hedges	-	364	-	**-**	-	-	-	**364**
Gains/(losses) arising during the period on deferred tax on share options	-	-	-	**-**	-	-	48	**48**
Total comprehensive income for the period	**-**	**(1,871)**	**(707)**	**-**	**-**	**-**	**1,199**	**(1,379)**
Shares issued	-	-	-	-	4	-	-	**4**
Basis adjustment to hedged inventory	-	(983)	-	-	-	-	-	**(983)**

Credit to equity for equity- settled shared based payments	-	-	-	-	-	-	644	644
Balance at 29 November 2020	**(125,807)**	**(1,855)**	**543**	**(769)**	**1,085**	**26,508**	**140,910**	**40,615**

Joules Group plc

Consolidated Statement of Cash Flows

For the 26 weeks ended 29 November 2020

	Note	Unaudited 26 weeks ended 29 November 2020 £'000	Unaudited 26 weeks ended 24 November 2019 £'000	Audited 53 weeks ended 31 May 2020 £'000
Cash generated from operations				
Profit/(loss) for the period		**1,151**	**1,117**	**(20,705)**
Adjustments for:				
Depreciation of property, plant and equipment	5	1,243	1,031	3,018
Depreciation of right-of use assets	5	3,819	6,387	12,645
Amortisation	5	2,811	1,539	3,803
Impairment charge	3	1,833	6,663	20,976
Share-based compensation	5	703	1,196	(371)
Finance cost expense		885	918	1,774
Income tax expense/(credit)	6	177	606	(4,640)
Operating cash flows before movements in working capital		**12,622**	**19,457**	**16,500**
(Increase)/decrease in inventory and right of return asset		(9,016)	(3,354)	624
(Increase)/decrease in receivables		(4,245)	(871)	8,537
Increase/(decrease) in payables		22,053	235	(11,573)
Cash generated by operations		**21,414**	**15,467**	**14,088**
Bank interest paid		(237)	(140)	(366)
Interest paid on lease liabilities	8	(648)	(778)	(1,408)
Tax received/(paid)		2,924	(2,230)	(931)
Net cash from operating activities		**23,453**	**12,319**	**11,383**
Cash flow from investing activities				
Purchase of property, plant and equipment and intangible assets		(6,323)	(7,747)	(13,686)
Net cash used in investing activities		**(6,323)**	**(7,747)**	**(13,686)**
Cash flow from financing activities				
Purchase of shares EBT		-	(1,163)	(1,171)
Issue of shares		-	333	15,570
Capital element of lease repayments	8	(5,790)	(6,253)	(12,306)
Repayment of borrowings		(8,775)	(89)	(348)
Proceeds from borrowings		-	2,000	11,850
Dividend paid	9	-	(1,202)	(1,202)
Net cash used in financing activities		**(14,565)**	**(6,374)**	**12,393**
Net increase/(decrease) in cash and cash equivalents		**2,565**	**(1,802)**	**10,090**
Cash and cash equivalents at beginning of period		26,243	16,013	16,013
Effect of foreign exchange rate changes		(231)	60	140
Cash and cash equivalents at end of period		**28,577**	**14,271**	**26,243**

Notes to the condensed consolidated financial statements

For the 26 weeks ended 29 November 2020

Reporting entity

Joules Group plc is a company domiciled in the United Kingdom limited by shares. The condensed interim financial statements of Joules Group plc as at, and for the 26 weeks ended, 29 November 2020 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group financial statements as at, and for the 53 weeks ended, 31 May 2020 are available on request from the Company's registered office at Joules Group plc, 16 The Point, Rockingham Road, Market Harborough, Leicestershire, LE16 7QU or at www.joulesgroup.com.

1. Basis for preparation

The unaudited interim financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB), adopted by the European Union.

The accounting policies adopted in the preparation of the interim financial statements are the same as those set out in the Group's financial statements for the 53 weeks ended 31 May 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not effective.

This report is prepared in accordance with IAS 34. The unaudited interim financial statements do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. Statutory accounts for Joules Group plc for the year ended 31 May 2020 have been delivered to the Registrar of Companies. The auditor's report on those accounts was unmodified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Going concern

For the year ended 31 May 2020 financial results and as a result of the significant uncertainties faced by the retail sector at that time due to the COVID-19 pandemic, including changes in consumer behaviour and the potential for ongoing operational disruption from further national lockdowns in the UK, the Directors undertook a comprehensive assessment to consider the going concern and longer-term viability of the Group and Company to May 2023. This assessment included the preparation of a Base case and Downside scenario to support the conclusion that the group can continue as a going concern, which assumed stores initially trading significantly below the prior year, with modest growth thereafter, as well as E-commerce sales growing at double-digit levels reflecting performance over recent years and experienced since the UK lockdown in late March 2020.

As a result of this assessment, the Directors concluded that the Group could continue to adopt the going concern basis of accounting. In making their assessment the Directors considered the following:

- The Groups financial position as at the reporting date, and its committed borrowing facilities available for the time period of consideration
- The support from the Group's shareholders and bank
- Alternative sources of financing
- Financial commitments
- The extent of continued Government support initiatives
- The strength of the brand
- The flexibility and agility of the Group's business model

Since the approval of the 31 May 2020 financial results, trading performance has continued to exceed the Base plan

prepared by management. To conclude on the Group's going concern status at 29 November 2020, the Directors have prepared and reviewed an updated Base plan, which reflects the impact of the on-going national lockdown and resulting closure of stores in the UK, as well as the operational impact from Brexit.
The updated Base plan forecast indicates that the Group will remain within its available committed borrowing facilities and in compliance with covenants throughout the forthcoming 12-month period, and that the current national lockdown will not have a significant impact on the Group's ability to continue as a going concern.

Following consideration of these forecasts and having made appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until at least 12 months after the approval of the Financial Statements. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

New significant accounting policies

There are several standards and interpretations issued by the IASB that are effective for financial statements after this reporting period. Of these new standards, amendments and interpretations, there are none which are expected to have a material impact on the Group's consolidated financial statements.

Critical accounting judgements and key sources of estimation uncertainty

Drawing up the financial statements in accordance with IFRS requires management to make the necessary estimates and assessments. Estimates are based on past experience and other reasonable assessment criteria. However, actual results may differ from these estimates and assessments will bring about an adjustment in the value of the assets and liabilities in the next financial year. The Directors have not considered there to be any critical accounting judgements present.

In accordance with IAS 1 the Group is required to disclose critical accounting judgements and key sources of estimation uncertainty, the Directors have identified the following key estimates:

Returns provision – rate of return
In preparing the financial statements the Directors have made estimates with regard to the variable consideration element within product sales as a result of returns. The Directors have used their accumulated historical knowledge of returns to model the level of provision required and have also taken into account the changes made to the return policy throughout the period and the impact for the period that stores were closed. The rate of returns expected in relation to e-commerce sales is considered to be a source of estimation uncertainty.

Value in use calculations
A key estimate in relation to the impairment charge recognised for right-of-use assets, property plant and equipment and intangible assets, is the calculation of the value in use for each separate cash-generating unit ("CGU"). Each CGU comprises of the right-of-use asset for each store, as well as any fixtures and fittings associated directly to each store. The value in use is calculated from expected future cash flows using suitable discount rates, management assumptions and estimates on future performance. Future cash flows include an apportionment of relevant head office costs, and only includes direct revenues from store sales, in line with the Management's Base Plan. The discount rate used for the value in use calculation is considered to be a key source of estimation uncertainty, which has been calculated at 8.5%.

IFRS 16 – Discount rate
Another estimate associated with the adoption of IFRS 16 - Leases is the identification of the discount rate to be used to calculate the present value of the future lease payments on which the reported lease liability and right-of-use asset are based. For any new lease, an interest rate might be determined at the point of entering the lease. However, with no such information available for existing leases, a discount rate of 2.5% has been used, derived from existing borrowing rates.

Dilapidations provision

A key estimate associated with the transition to IFRS 16 – Leases is the recognition of any dilapidation costs within the right-of use asset for each lease, and a subsequent dilapidation provision. Dilapidation costs are estimated at the commencement date of each lease. For retail stores, the dilapidations provision is calculated using an average cost per store based on the most recent dilapidation costs incurred from stores exited. Estimated dilapidation costs for other non-retail leases are based on management's accumulated historical knowledge of buildings of similar size and purpose. Based on the factors set out above, the Group has recognised a dilapidations provision of £2,465,000 at the end of the period. The average estimate used for each retail store is considered to be a key source of estimation uncertainty.

Aged inventory provision

A key estimate associated with recognising inventory at the lower of cost and net realisable value is the calculation of the provision for aged inventory. Management perform an assessment of all inventory, taking into consideration current sales and forecast sell through plans to consider the impact on the period end stock holding. The provision for aged inventory at the period end of £672,000 is calculated by providing for 100% of inventory which is three seasons or older, between 50% and 75% of inventory two seasons old and 25% of any remaining non-current season inventory.

2. Revenue

An analysis of turnover by geographical market is given below:

	UK	International	Total
	£'000	£'000	£'000
26 weeks ended 29 November 2020 (Unaudited)	81,060	13,392	94,452
26 weeks ended 24 November 2019 (Unaudited)	92,650	18,927	111,577
53 weeks ended 31 May 2020 (Audited)	161,307	29,501	190,808

3. Exceptional administrative expenses

The exceptional administrative expenses recognised in the period relate to right-of-use assets, property, plant and equipment, and intangible assets which are impaired, as well as other costs associated with redundancy payments and restructuring costs. The total charge recognised in the period can be categorised as follows:

	26 weeks ended 29 November 2020 £'000		
	Stores	**Head Office**	**Total**
Impairment of Property, Plant and Equipment	92	-	92
Impairment of Intangible Assets	280	535	815
Impairment of Right-of-use assets	926	-	926
Other exceptional costs	29	554	583
Total	**1,327**	**1,089**	**2,416**

Store Impairments

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. As all of the Group's retail stores are leasehold, only the value in use has been considered in each impairment assessment. 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 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 £926,000 and £92,000 were recognised in the period against the right-of-use asset and property, plant and equipment respectively for the stores which are impaired.

Other fixed assets

Management have also assessed whether any other fixed assets show impairment indicators. An in-depth review of other fixed assets has been performed to identify any which are intrinsically associated with the current Head Office buildings, and those that have a value in use which is below the carrying value. Based on the factors set out above, the Group has recognised £815,000 relating to other fixed assets which are impaired.

Other exceptional costs

During the year one-off charges of £583,000 were incurred relating to restructuring costs.

Any amounts which become recoverable for which an amount has been recognised as an exceptional expense will be recognised as a gain through exceptional items in the relevant period.

4. Segment Reporting

The Group has three reportable segments; Retail, Wholesale and Other. For each of the three segments, the Group's chief operating decision maker (the "Board") reviews internal management reports on a monthly basis. Each segment can be summarised as follows:

- **Retail:** Retail includes sales and costs relevant to owned stores, e-commerce, shows, 3rd party concessions and franchises.
- **Wholesale:** Wholesale includes sales and costs relevant to the sale of products to other retail businesses or distributors for onward sale to their customer.
- **Other:** Other includes income from licensing and the 'Friends of Joules' digital marketplace, central costs and items that are not distinguishable into segments above.

The accounting policies of the reportable segments are the same as described in note 1. Information regarding the results of each reportable segment is included below. Segment results, being earnings before interest, taxation and share-based payment charge, are used to measure performance as the Board believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries.

There are no discontinued operations in the period.

Segment Review and Results **26 weeks ended 29 November 2020**	**Retail** **£'000**	**Wholesale** **£'000**	**Other** **£'000**	**Total** **£'000**
Revenue	75,302	17,128	2,022	94,452
Cost of sales	(35,534)	(11,471)	-	(47,005)
GROSS PROFIT	**39,768**	**5,657**	**2,022**	**47,447**
Administration expenses	(18,701)	(4,451)	(11,088)	(34,240)
Depreciation and amortisation	(4,793)	(137)	(2,945)	(7,875)
OPERATING RESULT	**16,274**	**1,069**	**(12,011)**	**5,332**
Costs unallocated to segments:				
Share-based compensation				(703)
Finance costs and similar charges				(885)
Exceptional administrative expenses				(2,416)
PROFIT BEFORE TAX				**1,328**

Segment Review and Results **26 weeks ended 24 November 2019**	**Retail** **£'000**	**Wholesale** **£'000**	**Other** **£'000**	**Total** **£'000**
Revenue	79,905	30,815	857	111,577
Cost of sales	(31,290)	(19,088)	-	(50,378)
GROSS PROFIT	**48,615**	**11,727**	**857**	**61,199**
Administration expenses (excl. depreciation and amortisation)	(22,529)	(6,657)	(12,556)	(41,742)
Depreciation and amortisation	(6,703)	(478)	(1,776)	(8,957)
OPERATING RESULT	**19,383**	**4,592**	**(13,475)**	**10,500**
Costs unallocated to segments:				
Share-based compensation				(1,196)
Finance costs and similar charges				(918)
Exceptional administrative expenses				(6,663)
PROFIT BEFORE TAX				**1,723**

5. Profit for the Period

Profit before tax is stated after charging/(crediting):

	Unaudited 26 weeks ended 29 November 2020 £'000	Unaudited 26 weeks ended 24 November 2019 £'000	Audited 53 weeks ended 31 May 2020 £'000
Cost of inventories recognised as expense	39,741	43,812	79,850
Write down of inventory in the period	292	342	682
Transportation, carriage and packaging	6,114	5,490	11,499
Short term low value and variable rent expenses	265	382	792
Depreciation of property, plant and equipment	1,243	1,031	3,018
Depreciation of Right-of-use assets	3,819	6,387	12,645
Amortisation of intangible assets	2,811	1,539	3,803
Staff costs	14,372	18,908	35,311
Share-based compensation	703	1,196	(371)
Exceptional administrative expenses	2,416	6,663	21,480

6. Tax

The Group's tax expense for the Period of £0.2m (November 2019: £0.6m) represents an effective tax rate of 13.4% compared to 35.2% in the comparative Period. The difference between the Group's tax rate for the Period of 13.4% and the UK statutory rate of 19.0% relates to a prior year credit arising from additional R&D tax relief, net of the impact of expenses not deductible for tax purposes. The Effective Tax Rate for the Period excluding the impact of the £0.1m prior year R&D credit is 24.2%.

Factors affecting the tax expense for the period are as follows:

	Unaudited 26 weeks ended 29 November 2020 £'000	Unaudited 26 weeks ended 24 November 2019 £'000	Audited 52 weeks ended 31 May 2020 £'000
Profit/(loss) before income tax	**1,328**	**1,723**	**(25,345)**
Profits multiplied by the standard rate in the UK - 19.0%	253	327	(4,816)
Expenses not deductible for tax purposes and other permanent differences	75	271	476
Differences in overseas tax rates	(6)	8	21
Effect of adjustment in tax rate	-	-	(196)
Adjustment in respect of prior period	(145)	-	(125)
Total income tax expense	**177**	**606**	**(4,640)**

7. Property, plant and equipment and intangibles

During the Period the Group made additions of £6.4m (November 2019: £8.4m) and impairments of £0.9m (November 2019: £1.4m). During the Period the Group's capital expenditure consisted of new stores, investment in IT systems to support e-commerce and stores, and the ongoing development of the Group's new Head Office.

8. Leases

The movements in period ended 29 November 2020 were as follows:

Right-of-use assets:	**Land and buildings**	**Fixtures and Fittings**	**Motor Vehicles**	**IT Equipment**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Balance as at 31 May 2020	**31,330**	**102**	**238**	**323**	**31,993**
Additions	4,875	-	-	-	**4,875**
Disposals	-	-	-	-	**-**
Impairment	(926)	-	-	-	**(926)**
Modifications	(309)	-	-	-	**(309)**
Depreciation of Right-of-use assets	(3,535)	(39)	(84)	(161)	**(3,819)**
Balance as at 29 November 2020	**31,435**	**63**	**154**	**162**	**31,814**

Lease liabilities:	**Land and buildings**	**Fixtures and Fittings**	**Motor Vehicles**	**IT Equipment**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Balance as at 31 May 2020	**46,013**	**108**	**237**	**324**	**46,682**
Additions	4,626	-	-	-	**4,626**
Disposals	(264)	-	-	-	**(264)**
Interest expense related to lease liabilities	636	2	3	7	**648**
Modifications	(309)	-	-	-	**(309)**
Repayment of lease liabilities (including interest)	(6,141)	(39)	(90)	(168)	**(6,438)**
Balance as at 29 November 2020	**44,561**	**71**	**150**	**163**	**44,945**

9. Dividends

In the Period no dividend was paid (November 2019: £1,201,581) in respect of the year ended 31 May 2020. The Board has not declared an interim dividend for the year ending 30 May 2021.

10. Hedging and Translation reserve

	Hedging reserve £'000	Translation reserve £'000
Balance as at 26 May 2019	**2,631**	**518**
(Losses)/gains recognised in other comprehensive income	(4,647)	297
Income tax relating to losses recognised in other comprehensive income	894	-
Balance as at 24 November 2019	**(1,122)**	**815**
Loss arising on changes in fair value of hedging instruments during the period	1,800	435
Basis adjustment to hedged inventory	321	-
Balance as at 31 May 2020	**999**	**1,250**
(Losses)/Gains recognised in other comprehensive income	(2,235)	(707)
Basis adjustment to hedged inventory	(983)	-
Deferred tax related to gains/(losses) recognised in other comprehensive income during the period	364	-
Balance as at 29 November 2020	**(1,855)**	**543**

Hedging reserve

The reserve represents the cumulative gains and losses on hedging instruments in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedge transaction impacts the profit or loss or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Translation reserve

Exchange differences relating to the translation of the net assets of the Group’s foreign operations which relate to subsidiaries only, from their functional currency into the Group’s presentational currency being Sterling, are recognised directly to the translation reserve.

11. EBT Reserve

During the year ended 26 May 2019 the Group set up an Employee Benefit Trust (“EBT”). The EBT has an independent trustee resident in Jersey. During the Period no share options have been issued from the EBT (2019: 248,851).

At 29 November 2020 the EBT held 291,469 (November 2019: 322,726) ordinary shares of 1p each in the Company purchased for a total net consideration of £769,000 (November 2019: £841,000).

The table below shows the movements in equity from EBT share purchases during the Period:

	EBT Reserve Shares	EBT Reserve £'000
Balance as at 31 May 2020	**291,469**	**769**
Shares purchased by EBT in the year	-	-
Shares issued on employee option exercises	-	-
Balance as at 29 November 2020	**291,469**	**769**

12. Financial instruments

Derivative financial instruments and cash flow hedges

The Group holds derivative financial instruments to hedge its foreign currency exposures. These derivatives, classified as cash flow hedges, are initially recognised at fair value, and then re-measured at fair value at the end of each reporting date. Hedging instruments are documented at inception and effectiveness is tested throughout their duration. Changes in the value of cash flow hedges are recognised in other comprehensive income and any ineffective portion is immediately recognised in the statement of comprehensive income. If the firm commitment or forecast transaction that is the subject of a cash flow hedge results in the recognition of a non-financial asset or liability, then at the time the asset is recognised, the associated gains or losses on the derivative that had been previously recognised on other comprehensive income are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or liability, amounts deferred in other comprehensive income are recognised in the statement of comprehensive income in the same period in which the hedged item affects net profit.

CATEGORIES OF FINANCIAL INSTRUMENTS	Unaudited as at 29 November 2020 £'000	Unaudited as at 24 November 2019 £'000	Audited as at 31 May 2020 £'000
Carrying value of financial assets at amortised cost:			
Cash and cash equivalents	28,577	14,271	26,243
Trade receivables	9,101	12,294	4,973
	37,678	**26,565**	**31,216**
Cash flow hedges	131	795	1,311
TOTAL FINANCIAL ASSETS	**37,809**	**27,360**	**32,527**
Financial liabilities held at amortised cost:			
Trade creditors	(31,170)	(17,537)	(14,777)
Accruals	(19,259)	(16,016)	(12,481)
Borrowings	(12,929)	(12,129)	(21,704)
Lease liabilities	(44,945)	(53,133)	(46,682)
	(108,303)	**(98,815)**	**(95,644)**
Carrying value of financial liabilities at amortised cost:			
Cash flow hedges	(1,228)	(2,180)	(473)
TOTAL FINANCIAL LIABILITIES	**(109,531)**	**(100,995)**	**(96,117)**

13. Earnings per share

	Unaudited 26 weeks ended 29 November 2020	Unaudited 26 weeks ended 24 November 2019	Audited 53 weeks ended 31 May 2020
Basic earnings/(loss) per share (pence)	1.12	1.26	(22.07)
Diluted earnings/(loss) per share (pence)	1.11	1.25	(22.07)

Earnings			
Earnings/(loss) for the purpose of basic and diluted earnings per share (£'000)	1,151	1,117	(20,705)
Number of shares			
Weighted number of ordinary shares for the purpose of basic earnings per share	102,780,107	88,761,101	93,829,041
Potentially dilutive share awards	920,039	698,426	929,026
Weighted number of ordinary shares for the purpose of diluted earnings per share	103,700,146	89,459,527	94,758,067