

Mulberry

Annual Report and Accounts
For the 52 week period ended 30 March 2024

Mulberry is the largest designer and manufacturer of luxury leather goods in the United Kingdom. We started in 1971 in Somerset as a family business and the idea of a family, a community, is still central to our identity. Today, Mulberry is more than 1,500 people, two factories in Somerset, over 100 stores and a digital flagship. We are a truly modern, truly global company. But through our heritage, our craftspeople, our inspirations and our designs, Mulberry’s soul will always be British.

Progressive British Heritage

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Highlights

Financial Highlights

- Group revenue down 4% to £152.8m (2023: £159.1m) with increased revenues in the first half offset by a challenging second half due to ongoing macro-economic uncertainty
 - UK retail sales of £84.7m (2023: £87.7m), where consumer spending habits were impacted by the challenging macro-economic uncertainty and inflationary pressures
 - Asia Pacific retail sales decreased by 4% to £27.7m (2023: £28.9m), with the current period including the first full period of sales from the five stores in Australia, acquired in the second half of the prior period
 - International retail sales increased 8% to £50.0m (2023: £46.5m)
 - Digital sales £50.6m (2023: £48.4m) up 4% and representing 33% of total revenue (2023: 30%).
- Gross margins of 70.1% (2023: 71.2%) as a result of actions taken during the period to manage inventory levels
- Underlying loss before tax of £22.6m (2023: profit before tax £2.5m)¹ as a result of reduced revenue and margin in the period, along with increased operational costs
- Reported loss before tax of £34.1m (2023: profit before tax £13.2m)
- Since the period end the Group has increased its debt facilities to £27.5m, including a new supplier trade finance facility of £6.0m and re-negotiated covenants to reflect the current trading environment

Operating Highlights

- Digital sales represented 33% of Group revenue (2023: 30%)
- Inventory levels reduced by £15.1m in the period principally driven by actions taken to reduce and maintain stock covers across all lines through production planning and selling strategies
- In June 2023 the Group took full ownership of Mulberry Japan Co. Limited, further expanding our direct-to-customer model
- Introduction of four new bag families, the Clovelly, Pimlico, Lana and the Islington, which have seen strong performance with our core customer demographics

Sustainability Highlights

- All leather, suede and nappa is sourced from tanneries with environmental accreditations
- Lifetime Service Centre at The Rookery, is now restoring more than 10,000 bags a year and pre-loved bags now feature in our top 10 stores
- In May 2023 the Group was awarded the “Brand of the Year” award at the Drapers Sustainability Fashion Awards
- Carbon reduction targets approved by the Science-Based Targets initiative (SBTi) in April 2024

Current Trading and outlook

- Group revenue for the 25 weeks since the period end is 18% below the same period last year
- Retail revenue is down 14% with all regions continuing to be challenged by the ongoing macro-economic uncertainty
 - International retail sales are 16% below the same period last year
 - Asia Pacific retail sales 29% below the same period last year, with performance down across all channels
 - As anticipated, due to the continued impact of the broader economic environment, UK retail sales are 12% below the same period last year
- Total franchise and wholesale revenue is down 45% against the same period last year
- On 1 September 2024, Andrea Baldo joined the Board as Chief Executive Officer
- On 18 September 2024, the Group was awarded B Corp Certification, a major milestone in the brand’s sustainability journey and a reflection of its purpose-led approach to progressive British luxury
- On 27 September 2024, the Group announced a subscription of new ordinary shares by Challice Limited, the majority shareholder of Mulberry, to raise approximately £10m in order to support the Group. Further details of the capital raise are set out in the announcement on 27 September 2024.

¹ The alternative performance measure (APM) used by the Group is underlying profit/(loss) before tax. A reconciliation of reported profit before tax to underlying profit before tax is set out in note 7.

Vision & Values

Born in 1971, the roots of Mulberry are in Somerset, England. For over 50 years, Mulberry has been a sustainable British luxury brand, internationally acclaimed for quality and design.

Between town and country, the serenity of Somerset and the pace of London, Mulberry combines authentic, age-honoured craft with an innovative fashion character.

Our approach is based on a simple principle that Mulberry will make a positive difference to its people, the environment and the communities where we work.

Today we see heritage as the start of our story, not the end and our vision is one of regenerative and circular luxury.

Purpose Statement – Progressive British luxury that is made to last

Our values

Our employee values underpin the key behaviours that drive Mulberry’s culture and success. They unite our teams globally and support to shape our employee experience, employer branding and approaches to performance and development. As the business grows, we identify a clear vision, purpose and values are core to delivery.

Be open

Be bold

Be imaginative

Be responsible

Business model and strategy

BUSINESS MODEL

Mulberry is a sustainable British luxury brand with a rich heritage in leather craftsmanship and a reputation for innovation.

We source, design and manufacture leather goods, including bag ranges and other lifestyle accessories, which we sell direct to consumers across 190 countries through our integrated digital channels and store network. In other territories, we work with selected local partners to deliver the same customer experience.

Our aim is to continue to build Mulberry as a sustainable global luxury brand, creating value for all our stakeholders whilst remembering our founding principles - that Mulberry will make a positive difference to its people, the environment and the communities in which we work.

STRATEGY

Our aim is to continue to build Mulberry as a sustainable global luxury brand through four strategic pillars:

1. Omni-channel distribution

Aiming to enhance our customers’ experience, our single global approach to inventory allows shoppers to use mulberry.com and our entire store network to research, buy and return our products in the way that suits them. Our central digital platform integrates seamlessly with our stores to offer this convenient way of choosing our products.

2. International development

We are optimising our digital channels and global store network and building brand awareness, with a particular focus on Asia Pacific, which continues to offer significant growth opportunities. Our global pricing strategy is to set retail prices in all markets and currencies at the same level, giving our customers the confidence to shop for our brand in their home markets.

3. Constant innovation

We’re always looking 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.

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. 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.

Chairman’s Letter

Dear Shareholder,

Mulberry continues to be a well-loved British luxury brand, famous for its high-quality craftsmanship and innovative designs. However, against rising inflation and macro-economic headwinds, customers became even more selective in their discretionary purchasing and businesses in the luxury space have had to navigate through this. This was true for Mulberry, particularly during the second half. Historically, softness in one region would normally be offset by growth in another, however the slowdown during the period has been across all regions and has materially impacted our full year performance.

The Board do not believe it is prudent to pay a dividend for the period under review.

During the period, the management team has been supported by the board, strengthened further this year by the arrival in September 2023 of Ms Leslie Serrero as an independent non-executive director. Her experience in the luxury sector of facilitating growth strategies is already being brought to bear on our digital transformation plans, omni-channel strategy and customer engagement efforts.

On 9 July 2024, we announced the appointment of Andrea Baldo as Chief Executive Officer. Following our search process, it was clear that Andrea’s international fashion brand expertise, creativity and strategic thinking meant he was absolutely the right person for this role. Andrea took up this role on 1 September 2024 and we look forward to his refreshed strategy for the Company.

Since the period end, trading conditions have remained challenging. We have increased our debt facilities to £27.5m, including a new £6.0m supplier trade finance line and renegotiated covenants to reflect the current trading environment. In addition, the Directors have concluded that it would be prudent to further strengthen the Group’s balance sheet and provide financial flexibility to support the plans being developed by Andrea Baldo and the management team, to return the business to profitability and drive future growth. To facilitate this, on 27 September 2024, the Group has announced a subscription of new ordinary shares by Challice, the majority shareholder of Mulberry, to raise approximately £10m, as well as options to allow other Mulberry shareholders to participate in this capital raise should they so wish. Further details of the capital raise are set out in the Company’s announcement on 27 September 2024.

I’d like to thank the whole Mulberry team for their hard work and commitment throughout the year and to you, our shareholders for your continued support.

Christopher Roberts

Chairman
27 September 2024

Business Review

OVERVIEW

The latest financial year was a challenging one. A promising first half was followed by two quarters when Mulberry, like other luxury brands worldwide, faced an accelerated decline in consumer spending due to the adverse macro-economic environment. Footfall fell in the Chinese and South Korean markets while the UK continued to see lower discretionary purchasing and tourism remained approximately 8% lower than before the pandemic in 2019 and was 2% down on 2022.

Mulberry took appropriate action where required to manage these headwinds, reviewing all costs, tightening capital expenditure and embarking on a stock optimisation programme to manage inventory levels. Since period-end the Group has also increased debt facilities to £27.5m with renegotiated covenants to reflect the current trading environment.

PROGRESS AGAINST STRATEGY

Strategic investments in omni-channel distribution and international development continued during the period, to bring the business closer to its customers and reduce the risks associated with being heavily exposed to one or two markets. Following developments in Sweden, Australia and New Zealand, along with Mulberry’s partnership with Nordstorm in the US led to positive growth.

Even as digital channels became proportionately more important, Mulberry continued to optimise its store and concession network with thoughtful refurbishments and where appropriate, closures. In China, the business integrated its online and in-store systems, advancing the omni-channel strategy and allowing it to better serve customers. In the UK, investment in the Regent Street store resulted in a 35% increase in sales at the site. However, retail sales fell in the market overall by 3%, reflecting tough trading conditions and the challenging consumer environment.

Mulberry took a targeted approach to growing brand awareness in markets. The Chinese market remains a big opportunity, although the business took a cautious approach given the prevailing macro-economic conditions. Retail sales were down 23% over the year. In response, Mulberry launched pop-ups to build brand awareness and sales without adding to the fixed-cost base. A pre-loved pop-up in Shenzen in collaboration with Stefan Cooke and a collaboration with Chinese actress Juju, both performed well.

In the same vein, Mulberry launched pop-ups in Europe. In Italy, the initial six-month lease in Mall Firenze, Leccio, was extended, while in the UK three pop-ups performed well, helping the brand reach a younger buyer and drive brand awareness.

The business also launched product collaborations - a cost-effective way to not only test new ideas and materials, but also expand ranges in lifestyle and ready to wear as well as reach new customers. Three collaborations – with Paul Smith, Axel Arigato and Mira Mikati – ranged across bags and ready to wear, while the Stefan Cooke collaboration played well to sustainability credentials. Following its success at London’s Fashion Week, this collaboration was extended in January and February to take in Tokyo and Beijing. Each collaboration not only helped us reach new consumers but also increased footfall in stores and website traffic, growing brand awareness.

In response to the depressed global luxury sector, the business reviewed costs, cut the number of product lines and took a thoughtful approach to launches to achieve a more focused product selection positioned carefully for the three core customers - heritage, international and younger. The business also embarked on a stock optimisation programme through carefully selected outlets that by year-end had reduced inventory levels by £15.1m to strengthen the balance sheet and bolster working capital.

Mulberry’s Made to Last manifesto remains central to the core business strategy. In September 2023, the business amended its articles of association and in April 2024 Mulberry’s science-based targets emissions reduction were approved by the Science Based Targets initiative (SBTi), a process we started in 2021. Tackling climate change requires ambitious action from the luxury sector. Mulberry’s science-based targets prove that even in the challenging macro-economic backdrop, the business remains committed to sustainability and the ambitions set out in the Made to Last Manifesto. The business continues to work on its emissions reduction strategy, including installing new solar panels at the Somerset factories and by expanding and certifying the use of non-leather materials and refocusing its supply chain in Europe and the UK.

Circularity forms a critical part of Mulberry’s Made to Last strategy. Pre-loved plays to this, growing to its biggest share during the year and for the first time featuring in the top 10 stores, while Mulberry’s Lifetime Service Centre restored more than 10,000 bags last year. Under this initiative, customers have returned bags for repair that are over 30 years old, demonstrating the quality of the brand’s product and its ability to repair and improve for future use.

Made to Last relates to more than sustainability – shaping Mulberry’s governance and inclusivity too. The addition of Ms Leslie Serrero to the board strengthens governance. The Diversity, Equity and Inclusion committee, formed of employee representatives from around the business meets regularly to discuss external news, share personal experiences and the experiences of colleagues and feedback on elements of our DE&I Strategy.

TRADING PERFORMANCE

Positive revenue growth in the first six months of the period was offset by a challenging second half, with ongoing macro-economic uncertainty impacting consumer spending in the luxury retail sector. This resulted in Group revenue declining 4% on the prior year.

Total international retail sales increased 8% in the period, driven by international growth in the US and mainland Europe following strategic developments in both markets. In the US, the Nordstrom partnership grew despite the tough market conditions. Its strong performance, along with double digit growth at Mulberry.com, helped to lift sales 17% to make the US the second biggest country by sales. Sales in Europe were up 41%, benefiting from the first full period of ownership of the three Swedish stores.

This growth was offset by a decline in the UK and Asia Pacific (excluding Australia), two markets that were particularly affected by a decline in consumer sentiment and discretionary purchasing. Businesses based in the UK also continue to lose out to mainland Europe due to the lack of VAT-free shopping policy, which continues to put tourists off from shopping in the UK.

OPERATING PERFORMANCE

Mulberry’s design teams continued to read the market well and our core three customer demographics as demonstrated by the positive performance of new lines – the Clovelly, Pimlico, Lana and Islington bags - and new colours. New design tools helped the business to launch faster and test the market quickly at lower cost, making Mulberry more nimble and more efficient.

Further efficiencies came from reducing stock levels by £15.1m, which supported our cash position. The business also increased the proportion of full-price sales in its sales mix and achieved 20% year-on-year growth of full-price sales in lifestyle categories such as luggage, jewellery, eyewear and belts. With their lower price points, their success reflects the tough economic environment facing customers.

FINANCIAL PERFORMANCE

The adverse global macro-economic conditions increasingly undermined luxury buyers’ confidence as the year progressed. This was clearly seen in Mulberry’s performance. While the first half saw a 7% rise in group revenues to £69.7m, which was driven by international and UK growth, the Group ended the year down 4% at £152.8m. Full-year UK retail sales were down 3% to £84.7m, but international sales rose 8% to £50.0m, driven by the US – up 17% to £11.3m – and Europe – up 34% to £10.2m. In China, sales were £9.6m (2023: £12.6m). Group digital sales increased by 4%, reflecting their strength despite the challenging economic conditions.

Despite inflationary pressures, along with a static fixed-cost and lower production levels in response to lower demand, gross margin was slightly lower at 70.1% compared with 71.2% in the prior period. This was as a result of actions taken during the period to manage inventory levels and reduce working capital.

Mulberry made a pre-tax loss of £34.1m (2023: profit £13.2m), which includes a net impairment charge of £8.6m on retail stores as the expected future cashflows have been reduced based on current year performance and £1.2m of restructuring costs. The underlying loss was £22.6m (2023: profit £2.5m), as a result of reduced revenue and margin in the period, along with increased operational costs. This includes the full year impact of operating our new stores in Sweden, Australia and New Zealand. Further details can be found in the Financial Review.

Mulberry ended the year with net debt (comprising cash and cash equivalents, less overdrafts and borrowings) of £16.3m (2023: net cash of £0.7m), with available liquidity of £2.0m. Net debt comprises cash balances of £7.1m (2023: £6.8m) less bank borrowings of £23.4m (2023: £6.1m), excluding loans from related parties and non-controlling interests of £7.3m (2023: £5.5m).

CURRENT TRADING AND OUTLOOK

The macro-economic environment worldwide has not improved since the period-end 25 weeks ago and the business does not envisage a let up in the near term. Group revenue is down 18% over the first 25 weeks versus the same period last year, with retail sales down 14%, international sales down 16% and UK sales down 12%.

The Board and the management team continues to monitor conditions and take prudent action to protect margins and make progress towards becoming a global, sustainable luxury brand. In this regard and considering the current trading environment, we have taken and continue to take appropriate cost actions and manage our inventory levels accordingly.

These actions also included increased debt facilities, signed in July 2024. The Revolving Credit Facility (RCF) has been increased from £15.0m to £17.5m and re-negotiated covenants to reflect the current trading environment. The Group has also signed a new £6.0m supplier trade finance facility which is backed by UK Export Finance.

In addition, on 27 September 2024, the Group announced a subscription for new ordinary shares by Challice, the majority shareholder of Mulberry, to raise approximately £10m in order to support the Group. In addition, the Group announces a separate offer to existing shareholders of the Group of up to 750,000 new Ordinary Shares. The Directors believe that the clawback arrangements built into the subscription, alongside the retail offer, which together provide all Shareholders with the opportunity to participate in the Capital Raising on the same terms as the Subscriber. Further details of the capital raise are set out in the announcement on 27 September 2024.

The Made to Last Manifesto continues to be a core part of Mulberry’s strategy. Since period end, Mulberry’s science-based targets were accepted and in September the Group was awarded B Corp Certification – a significant milestone in the brand’s journey.

Progress against our strategy

With Mulberry’s rich heritage in leather craftsmanship 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

Mulberry has worked hard over the past 12 months to ensure its omni-channel distribution strategy delivers what customers want, where they want it and when they want it. Progress is illustrated by the four percentage-point increase year-on-year in direct-to-customer sales to 88%, the highest to date. The lift is in part thanks to the acquisition in the prior period of stores in Sweden as well as in Australia and New Zealand and to new omni-hubs in the UK, which allow store space to be optimised and make order management more efficient. Since January, customers in the UK have also benefitted from an improved returns policy and process.

It’s important that we also communicate directly with customers and we have seen customers contacting more through WhatsApp and setting up virtual appointments. Teams also communicate with customers over their preferred platform – text, WhatsApp or a phone call - and this has increased the amount of valuable feedback, giving additional customer insight.

As a result of these and other ongoing initiatives, digital sales played a bigger role in the mix, rising from 30% to 33% of total sales, with the first full-year contributions from the new platform in Korea – Naver.com – while Little Red Book in China helped raise the brand’s profile. In the US, digital sales accounted for 71% of the total, up from 55% the previous year. In the UK, the introduction of staggered online payments in October 2023 resulted in the period end sales from these payment types accounting for more than 20% of the UK digital total, helping to maintain sales in line year-on-year in a challenging market.

The US website Mulberry.com also saw strong double-digit growth – up 22% - supported by a well-considered range and pricing, which places the brand among the best value players within the luxury market.

The Group has also found ways to improve omni-channel offerings for Mulberry Exchange and the repair service, which are both growing in popularity, through consolidating stock and ensuring the majority is available online with a 360° photographic view.

However, bricks and mortar stores remain important and continued to be carefully invested in. Regent Street was particularly rewarding, with its refurbishment delivering a 35% lift in sales as it attracted customers who had previously shopped in nearby Bond Street. However, the challenging UK high street affected the performance of our John Lewis concessions. Since the period end, 13 of the John Lewis concessions have closed.

Mulberry finished the year with 111 points of sale worldwide and 25 ecommerce sites and partnerships.

STRATEGIC PILLAR 2
International Development

The past year saw Mulberry continue to focus on growing across markets. This demands a bespoke approach to individual markets, with carefully planned store openings, refurbishments, partnerships, pop-ups and promotional campaigns tailored to local tastes.

Overall, international retail sales grew 8%, despite difficult trading in parts of Asia Pacific. Notable performances came from historically smaller markets including the US, Europe, Australia and New Zealand.

In the US, the expanded partnership with Nordstrom helped Mulberry grow in a lacklustre US luxury market. Full-year sales rose 17% to make the US the second biggest country after the UK.

Europe also performed well, delivering 41% growth, with every market up. Notable contributions came from Sweden, its first full year under ownership and the Netherlands, which delivered on 2022/23 investment. An initial six-month pop-up in the luxury outlet The Mall Firenze, Leccio, gave us valuable insight into the Italian market, with the lease now extended further. Digital sales across the region rose 16%.

In Asia Pacific, a strong first quarter in China and South Korea was followed by a significant slow-down as well-documented macro-economic headwinds dampened demand. Sales at stores in Australia and New Zealand, in contrast, continued to grow throughout the year.

STRATEGIC PILLAR 3
Constant Innovation

Product innovation is a crucial part of how Mulberry continues to excite and inspire customers. New materials, collaborations and designs help reach new markets and retain the interest of existing customers. Careful investment over recent years in the design and production process means today the Group can introduce and test new elements faster and more efficiently.

New ranges in 2023/24 included the Clovelly, Pimlico, Lana and Islington bags. These all met or exceeded forecasts, helping to lift sales of new product lines to 8% in the final quarter.

Mulberry also launched new silhouettes and colours – notably for the perennially popular Bayswater, which celebrated its 20th anniversary, as well as the Mini Lily and the North South Tote. The performance of all the new lines was particularly strong internationally, which accounted for at least 50% of their sales.

Newness also came in the form of collaborations. Three projects - with Paul Smith, Axel Arigato and Mira Mikati - featured bags and ready to wear, helping to test expanded ranges. A fourth, with Stefan Cooke drew on Mulberry’s sustainability credentials to reimagine pre-loved bags for the luxury, high-fashion buyer. Launched in September 2023 during London’s Fashion Week, Vogue declared it “everything a collaboration should be” and subsequently was expanded in January and February for London, Tokyo and Beijing in partnership with London’s prestigious Dover Street Market.

In all cases, the collaborations raised brand awareness, attracted new customers and where relevant, helped Mulberry extend its’ range beyond bags and leather goods.

STRATEGIC PILLAR 4
Sustainable Lifecycle

Sustainability has always been a fundamental principle at Mulberry. It inspired the Made to Last Manifesto, launched in 2021 and this year was formally recognised by the Board in September 2023 through the amendment of articles of association to ensure all decisions balance business priorities and profit with their effect on people and the planet.

This formal commitment builds on a series of initiatives aimed at Mulberry achieving a net zero target by 2035. These include the validation of science-based targets for carbon emissions, offsetting partnerships with World Land Trust and Ecologi, sourcing 100% of leather from environmentally accredited tanneries since summer 2023 and cultivating a new approach to sourcing leather by building supply chain relationships with farmers committed to regenerative agriculture.

Closer to home, The Mulberry Exchange, buy-back and Lifetime Service Centre continued to grow organically, helping to give new life to pre-loved pieces. Mulberry’s collaboration with Stefan Cooke also saw pre-loved pieces reimaged for a new life. In total, resales grew 87% and became one of the top 10 stores with little to no new investment.

Throughout the year the Group undertook biodiversity assessments at the two Somerset factories, The Rookery and The Willows and installed solar panels that have so far produced 174.77 mWh of renewable energy at the latter. Meanwhile, packaging continues to be manufactured through the innovative CupCycling™ recycling process and to date over 4 million take-away coffee cups have been recycled into luxury Mulberry Green paper. Mulberry also donated pallets and bags of written-off leather, fabric, ready-to-wear and offcuts to universities, craft groups and schools.

The Group retained its status as a Living Wage Employer and strengthened diversity, equity and inclusion efforts by establishing employee resource groups, which are internal communities of Mulberry employees with shared identities and interests, brought together to drive activities and progression across the DE&I topics, formally supported by the business. With the appointment of Ms Leslie Serrero, the proportion of women on the Board rose to 33%.

Colleagues also found ways to support their local communities, volunteering more than 1,000 hours of their time to help their own chosen charities and community groups as well as the Mulberry’s charitable partners The Felix Project and Somerset Community Foundation. To further the internal sustainability strategy, the Group has formed Made to Last Ambassadors, who are voluntary representatives and promoters of Made to Last and sustainability ambitions within Mulberry, aiding in helping to close communication gaps between business areas and act as a feedback mechanism for the sustainability team.

Collaboration in the industry remains important and we remain members of the British Fashion Council’s Circular Fashion Innovation Network, the Textile Exchange, the Sustainable Leather Foundation, Leather Working Group, Better Cotton, the UN Fashion Charter for Climate Action and sit on the Sustainability Working Group of Walpole British Luxury.

Mulberry is also a member of the Sustainable Markets Initiative. This initiative, better known as Terra Carta, was launched by King Charles with a mission to build a coordinated global effort to accelerate the achievement of global climate, biodiversity and Sustainable Development Goal targets.

In May 2023, Mulberry was awarded Brand of the Year at the Draper’s Sustainable Fashion Awards in recognition of the progress made towards the Made to Last manifesto goals, including the ongoing commitment to a Net Zero future and for the thriving apprenticeship program with Bridgwater and Taunton College which nurtures the next generation of craftspeople and manufacturing leaders and continues Mulberry’s longstanding commitment to British manufacturing.

You can read more about our sustainable approach on pages 16 to 20.

Financial review

LOSS BEFORE TAX

£m	52 weeks ended 30 March 2024	52 weeks ended 1 April 2023
Revenue	152.8	159.1
Cost of sales	(45.7)	(45.9)
Gross Profit	107.1	113.2
Net impairment (charge)/credit	(8.6)	11.5
Other operating expenses	(128.9)	(108.5)
Other operating income	1.3	0.8
Operating (loss)/profit	(29.1)	17.0
Share of results of associates	–	0.1
Finance expense	(5.0)	(3.9)
(Loss)/profit before tax	(34.1)	13.2

The table above summarises the Group Income Statement, showing the loss before tax for the period of £34.1m (2023: profit before tax £13.2m). Further details are discussed within this Financial Review.

£m	52 weeks ended 30 March 2024	52 weeks ended 1 April 2023
Underlying (loss)/profit before tax pre-SaaS costs	(17.4)	6.5
SaaS costs	(5.2)	(4.0)
Underlying (loss)/profit before tax	(22.6)	2.5
Net Impairment (charge)/credit	(8.6)	11.5
Restructuring costs	(1.2)	–
Store Closure (charge)/credit	(1.6)	0.2
Australia and Sweden acquisition costs	–	(1.0)
Provision for IT costs	(0.6)	–
Gain on waiver of loan from non-controlling interest	0.5	–
Reported (loss)/profit before tax	(34.1)	13.2

The table above shows the reconciliation from the reported loss before tax in the period of £34.1m (2023: profit before tax £13.2m) to the underlying loss pre and post-SaaS costs.

The Group’s underlying loss for the period of £22.6m (2023: profit £2.5m), was a result of reduced revenue and margin, along with increased operational costs. The operating expenses table within this financial review shows the operational costs increase of £20.4m to £128.9m for the period (2023: £108.5m). Underlying operating expenses increased by £7.1m to £108.0m (2023: £100.9m).

Reported loss before tax for the period of £34.1m (2023: profit £13.2m), includes adjusting items of a net £1.6m (2023: credit £0.2m) charge for the closure of a retail store, UK head office restructuring costs of £1.2m (2023: nil) and the net impairment charge of £8.6m (2023: credit £11.5m).

As reported last year, the Bond Street store was closed in February 2023 and the lease was assigned in April 2023. The £1.6m store closure charge included a contribution of £5.2m (2023: £nil) towards future rentals for the new assignee and a charge of £2.1m (2023: £nil) being the valuation of the financial guarantee for the remaining lease rentals (see note 7). The financial guarantee has been recognised as a financial liability in the period as Mulberry Group plc is the ultimate guarantor to the superior landlord. These charges have been partially offset by the net positive impact of £5.8m on the release of the lease liability and the write-off of the right-of-use assets. In the prior period, the impairment credits were in relation to Bond Street and Regent Street, net of an impairment charge of £2.4m in respect of Korea goodwill. More details of which can be found in note 7 on page 79.

GROUP REVENUE

	£m	52 weeks ended 30 April 2024	52 weeks ended 1 April 2023	% Change
Group	Digital	50.6	48.4	4%
	Stores	84.1	85.8	(2%)
	Retail (omni-channel)	134.7	134.2	0%
	Franchise and Wholesale	18.1	24.9	(27%)
	Group Revenue	152.8	159.1	(4%)
UK	Digital	33.8	33.8	0%
	Stores	50.9	53.9	(6%)
	Omni-channel - UK	84.7	87.7	(3%)
Asia Pacific	Digital	5.7	6.3	(10%)
	Stores	22.0	22.6	(3%)
	Omni-channel - Asia Pacific	27.7	28.9	(4%)
ROW	Digital	11.1	8.3	34%
	Stores	11.2	9.3	20%
	Omni-channel - Rest of World	22.3	17.6	27%
	Retail (omni-channel)	134.7	134.2	0%
Franchise and Wholesale	UK	1.4	3.4	(59%)
	Asia Pacific	3.7	4.2	(12%)
	Rest of world	13.0	17.3	(25%)
	Franchise and Wholesale	18.1	24.9	(27%)

Group revenue for the period decreased by 4% over the prior period, with increased revenues in the first half being more than offset by a challenging second half which saw revenues reduce by 12% over the same period last year.

Financial review

(continued)

		H1			H2			FY		
		FY24	FY23	% Change	FY24	FY23	% Change	FY24	FY23	% Change
Group	Digital	20.3	16.3	25%	30.3	32.1	(6%)	50.6	48.4	4%
	Stores	39.4	35.3	12%	44.7	50.5	(11%)	84.1	85.8	(2%)
	Retail (omni-channel)	59.7	51.6	16%	75.0	82.6	(9%)	134.7	134.2	0%
	Franchise and Wholesale	10.0	13.3	(25%)	8.1	11.6	(30%)	18.1	24.9	(27%)
	Group Revenue	69.7	64.9	7%	83.1	94.2	(12%)	152.8	159.1	(4%)

UK retail revenue was 3% below the prior period, with demand impacted by macro-economic uncertainty and inflationary pressures which affected consumer spending habits, particularly in the second half of the period. The second half saw a reduction in performance, with UK retail revenue 12% below the same period last year. UK digital revenue was in line with the prior period and represented 40% of UK retail revenue (2023: 39%), although in line with the overall trend, UK digital revenue in the second half declined by 6% against the prior period. Full price revenue as proportion of total retail omni-channel revenue remained in line with the prior period at 79%.

Asia Pacific retail revenue decreased by 4% over the prior period. This includes the first full period of revenue from the five stores in Australia which were acquired in the second half of the prior period. Excluding Australia, Asia Pacific retail omni-channel revenue declined by 18%. During the period all markets were impacted by the challenging macro-economic climate and reduced footfall.

Rest of world retail revenue, which includes the United States of America (USA) and Europe, increased by 27% compared to the prior period. The European region benefited from a full period of revenue from the Swedish business which was acquired in the previous period, equating to an increase of £1.4m. Retail revenue in the USA was 17% above the prior period, with digital revenue accounting for 46% of this increase, assisted by our partnership with Nordstrom and also revenue from our own Mulberry.com site.

As anticipated, franchise and wholesale revenue decreased by 27%, following the recategorisation to retail of a number of previously franchised stores as part of our strategy to sell direct to the consumer.

GROSS MARGIN

£m	52 weeks ended 30 March 2024	52 weeks ended 1 April 2023	% Change
Revenue	152.8	159.1	(4%)
Cost of sales	(45.7)	(45.9)	–
Gross Profit	107.1	113.2	(5%)
Gross profit margin	70.1%	71.2%	

Gross margin during the period was 70.1% (2023: 71.2%), resulting in a 5% fall in gross profit relative to the prior period. This was predominantly as a result of actions taken during the period to optimise inventory levels and reduce working capital. As a result of a stock optimisation project undertaken in the first quarter of the period under review, production levels were reduced to reduce stock cover. This action saw inventory reduce by £15.1m over the period.

OTHER OPERATING EXPENSES

£m	52 weeks ended 30 March 2024	52 weeks ended 1 April 2023	% Change
Operating expenses	40.7	40.5	–
Staff Costs	42.8	39.7	8%
Depreciation and Amortisation	15.5	13.9	12%
Systems & Comms	8.8	7.0	26%
Foreign exchange loss/(gain)	0.2	(0.2)	200%
Underlying operating expenses	108.0	100.9	7%
Restructuring costs	1.2	–	–
SaaS Costs	5.2	4.0	30%
Store Closure Charge/(Credit)	1.6	(0.2)	900%
New initiatives – Sweden & Australia	7.1	3.8	87%
Investment from non-controlling interest	(0.5)	–	
Provision for IT costs	0.6	–	–
Under recovery of overheads into inventory	5.2	–	–
Reported operating expenses	128.9	108.5	19%

Other operating expenses in the period increased by 19% to £128.9m (2023: £108.5m), with underlying operating expenses also increasing by 7%. This includes the full year impact of our stores in Sweden, Australia and New Zealand which resulted in operating expenses increasing by £3.3m. Staff costs have increased by £3.1m to £42.8m (2023: £39.7m) predominantly as a result of the impact of the real living wage rise in the period.

In line with our inventory policy, an element of fixed production overheads is absorbed into stock and expensed when the stock is sold. As production units were lower than previously planned, a greater proportion of the fixed overheads were expensed in the period. The impact of this increased overheads by £5.2m.

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 £5.2m (2023: £4.0m) of SaaS costs, in line with the accounting for configuration and customisation cost arrangements. We expect SaaS costs to reduce in the new financial period as a number of projects are due to go-live in the first half of the year. We also increased technology spend to £8.9m (2023: £7.0m) to support the investment in projects and systems.

TAXATION

The Group reported a tax charge of £0.9m (2023: charge £1.8m). While the Group has made a loss overall there is a total tax charge for the year largely driven by overseas taxes and deferred tax charges. It is not possible to calculate a meaningful effective tax rate for the year (2023: 13%). UK corporation tax is calculated at 25% (2023: 19%) of the estimated taxable profit for the period. Taxation for the other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Financial review

(continued)

BALANCE SHEET

Net working capital, which comprises inventories, trade and other receivables and trade and other payables decreased by £14.7m to £25.3m at the period end (2023: £40.0m).

This decrease was predominantly driven by a reduction in inventory of £15.1m, principally due to the stock optimisation programme which aims to reduce and maintain stock covers across all lines through production planning and selling strategies.

At the period end, trade and other receivables were £15.5m (2023: £19.9m), the decrease due to the timing of rent and rates prepayments at the period end, as well as a reduction in trade receivables due to the timing of period end shipments. Trade and other payables at the period end decreased by £4.8m to £23.3m (2023: £28.1m) largely driven by timing and value of payments due.

DIVIDENDS

The Board has taken the decision that no dividend will be declared for the 52-week period to 30 March 2024 (2023: 1 pence per ordinary share) and that the Group’s resources will be focussed on growing the business.

CASHFLOW

£m	52 weeks ended 30 March 2024	52 weeks ended 1 April 2023	% Change
Operating cash (outflow)/inflow	(10.5)	18.8	(156%)
Cash movement in working capital	16.0	(11.7)	237%
Cash generated from operations	5.5	7.1	(23%)
Income taxes paid	(0.4)	(2.4)	83%
Interest paid	(5.0)	(3.9)	(28%)
Net cash inflow from operating activities	0.1	0.8	(88%)
Acquisition of businesses	(0.3)	(3.2)	91%
Purchases of property, plant and equipment	(6.0)	(7.1)	15%
Acquisition of intangible assets	(3.8)	(3.9)	3%
Other	–	0.1	–
Net cash used in investing activities	(10.0)	(14.1)	29%
Proceeds from loans from non-controlling interests	3.9	0.3	1,200%
Gain on waiver of loanInvestment from non-controlling interest	0.6	–	–
Proceeds from net borrowings	17.4	6.1	185%
Repayment of loans from non-controlling interests	(1.1)	–	–
Dividends paid	(0.6)	(1.8)	67%
Principle elements of lease payments	(9.8)	(10.3)	5%
Net cash generated by/(used in) financing activities	10.4	(5.7)	282%
Net increase/(decrease) in cash and cash equivalents	0.5	(19.0)	103%

The net increase in cash and cash equivalents of £0.5m (2023: decrease of £19.0m) included a £11.0m drawdown of the Group’s revolving credit facility (RCF) and £1.7m of overdraft utilisation shown within proceeds from net borrowings.

As a result of the financial performance in the period there was a cash outflow of £10.5m (2023: inflow £18.8m). This cash outflow has been offset by a decrease in net working capital which had a cash benefit of £16.0m largely driven by the reduction in inventories of £15.1m as a result of the stock optimisation program.

During the period we continued to invest, including £9.8m (2023: £11.0m) of capital expenditure and £5.2m (2023: £4.0m) of SaaS costs shown within operating costs. This spend supports investment in our omni-channel distribution and international development, including the upgrade of our warehouse management systems and business planning tool.

BORROWING FACILITIES

The Group had bank borrowings related to drawdowns under its RCF of £15.0m at 30 March 2024 (2023: £4.0m). The borrowings shown in the balance sheet also include loans from minority shareholders in our Chinese subsidiaries of £7.3m (2023: £3.5m) and an overdraft of £8.4m (2023: £2.1m). During the period the Group acquired the 50% of the share capital of Mulberry Japan Co. Limited owned by Onward Holding Co Limited for 1 Yen (See note 29). Pursuant to the acquisition agreement, part of the shareholder loan granted to Mulberry Japan Co. Limited was re-paid to Onward Holding Co Limited and the remaining loan to Mulberry Japan Co. Limited was waived resulting in a gain to the income statement of £0.5m.

The Group’s net debt balance (comprising cash and cash equivalents, less overdrafts and borrowings) at 30 March 2024 was £16.3m (2023: net cash of £0.7m). Net debt comprises cash balances of £7.1m (2023: £6.8m) less bank borrowings of £23.4m (2023: £6.1m), excluding loans from related parties and non-controlling interests of £7.3m (2023: £5.5m). Net debt also excludes lease liabilities of £50.4m (2023: £55.3m) which are not considered to be core borrowings.

Since the period end the Group has amended its’ RCF increasing the available funds from £15.0m to £17.5m and re-negotiated covenants to reflect the current trading environment. The facility continues to run until 30 September 2027 with security granted in favour of its lender. The Group has also signed a new £6.0m supplier trade finance facility which is backed by UK Export Finance. The facility is committed for a 2-year period. In December 2023 a new Australian \$0.5m overdraft facility was signed in Australia. In addition, the Group continues to have a £4.0m overdraft facility in the UK, which is renewed annually. Further details regarding the bank facilities and their projected utilisation are found in the Going Concern statement on page 42.

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. Further disclosure by geographical region can be found in note 6. Business and Geographical segments on page 76.

SIGNIFICANT TRANSACTIONS IN THE PERIOD

Bond Street lease reassignment

On 3 April 2023 the Group assigned the lease on its Bond Street store which closed in February 2023 and as a result disposed of the right-of-use asset and released the remaining lease liabilities. Additionally, the Group has incurred a charge for both the contribution towards lease rentals of the new assignee and for a financial guarantee covering the remaining period of the lease. The net charge of £0.5m is included in the Income Statement (see note 2).

Investment in Mulberry Japan Co. Limited

On 27 June 2023 the Group, via its subsidiary Mulberry Trading Holding Company Limited, acquired the 50% share capital owned by its Joint Venture partner Onward Holding Co Limited, in Mulberry Japan Co. Limited for 1 Yen. Following the acquisition, the Group now owns 100% of Mulberry Japan Co. Limited (see note 7).

Corporate Social Responsibility – Made To Last

Just over 50 years ago, Mulberry made its first bag. Then, as now, it was made to last. As part of our 50th anniversary celebrations, in 2021, we launched our Made to Last Manifesto, formalising our commitment to responsible innovation and to a sustainable philosophy that goes to the very heart of what we do throughout the business. From sourcing and manufacturing to our relationships with the communities around us, we continue to strive for the best sustainable practices. Our ambition is to bring a contemporary take on British heritage and a focus on responsible craft to create progressive luxury that is made to last.

OUR SUSTAINABILITY STRATEGY

Made to Last is also the name given to our business sustainability strategy. Since 2021, this strategy has driven our internal focus on the following:

- 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 and circular business model.
- 3. Net Zero Manufacturing - we will measure our impact so we can protect and enhance 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.

We publish a standalone Sustainability Report setting out all our sustainability efforts, which you can read here at Mulberry.com <https://www.mulberry.com/gb/madetolast/responsibility-report>. Below is a summary of this report.

1. NET ZERO FUTURE

Science-based targets

Since 2021, we have been working with the Carbon Trust to develop our science-based targets, which inform 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 submitted our targets to the Science Based Targets initiative (SBTi) in February 2023 and in April 2024, our near-term science-based emissions reduction targets were approved.

Tackling climate change requires ambitious action from the luxury sector. Our science-based targets prove that even in the challenging macro-economic backdrop, Mulberry remains committed to sustainability and the ambitions set out in our Made to Last Manifesto.

We are proud to be one of the first companies to use the Forest, Land and Agriculture (FLAG) Science-Based Target-Setting Guidance to set science-based targets that include land-based emissions reductions and removals. Despite Mulberry's FLAG emissions only accounting for 6% of our total emissions*, we know our influence as a luxury brand can help reshape the leather industry by cultivating a new approach to sourcing leather by building direct relationships through the supply chain to connect us with farmers who are committed to regenerative agriculture.

Our approved science-based targets are:

- Mulberry commits to reduce absolute scope 1, 2 and 3 GHG emissions by 37.8% by FY2028 from a FY2019-20 base year.
- FLAG: Mulberry commits to reduce absolute scope 3 FLAG GHG emissions by 33.3% by FY2030 from a FY2019-20 base year. **
 - Mulberry Group plc also commits to no deforestation across its primary deforestation-linked commodities, with a target date of December 31, 2025.

*From our 2019-20 baseline footprint.
**The target includes FLAG emissions and removals.

Reporting

Global 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.

We updated our global carbon footprint for FY2022-23, after a period of data gap analysis and collection. The data model created during this footprinting exercise will serve a template for the business to use each year as data visibility and accuracy improves across each of the Scopes and Categories of the Greenhouse Gas Protocol.

As an obligation of setting science-based targets, Mulberry's annual global carbon footprint will be reported in its Sustainability Report, which is available on Mulberry's website.

UK Carbon Footprint: in line with SECR requirements we have carried out a UK carbon footprint calculation. Details of this can be found in the Directors' Report on page 46. We continue to offset the carbon emissions associated with our UK carbon footprint in partnership with World Land Trust, investing in their Carbon Balanced programme.

2. REGENERATIVE SOURCING

Sustainable leather

Bovine leather features in more than 90% of the products we make. To address the environmental issues related to cattle farming, we are cultivating a new approach to sourcing leather by building supply chain relationships with farmers committed to regenerative agriculture. Since SS23, we have sourced 100% of our leather from tanneries with environmental accreditation², something which we began working on in SS18. We source finished leather directly from tanneries in the UK, Italy, Germany, Spain and Turkey.

Mulberry is a founding member of the Sustainable Leather Foundation (SLF). SLF provides a partnership platform for all stakeholders involved in the leather industry, as well as an audit and certification standard for organisations involved in the manufacture of leather, to measure their Environmental, Social and Governance performance against a set of recognised standards and limits. This industry standard includes a Social Audit Module, gathering data on wages & benefits, compulsory labour, worker age, working hours, staff development and representation ethical business practices and non-discrimination practices. Mulberry has a representative on SLF's Advisory Board, ensuring the ongoing evolution of the Social Audit Module meets the needs of brands and consumers.

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.

We continue to introduce new, innovative lower impact materials into our collections to replace conventional materials, such as Eco-Scotchgrain, as well as increasing the percentage of certified materials within each range, such as GOTS and Better Cotton.

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. Mulberry conducts regular audits of our finished goods suppliers using third party independent auditors. The audits are carried out against the Ethical Trade Initiative (ETI) Basecode and our Global Sourcing Principles. Generally, audits are semi-announced, meaning the supplier is informed of a 2-week window in which the audit will take place. Where non-compliances are found against the ETI Basecode or our Global Sourcing Principles, a corrective action is agreed between the auditor and the supplier. Satisfactory completion of these corrective actions is assessed by Mulberry's trained internal auditors and/or the Sustainability department and verified by a third-party independent auditor where necessary.

Each year, the Sustainability department send a Supplier Questionnaire to all Tier 1 and Tier 2 suppliers. This year we achieved a 76% response rate with over 90 responses recorded. To bolster transparency in the fashion industry, we now publicly share information identifying specific companies in our supply chain. This list will be updated annually.

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 400 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 our newly installed solar panels on the roof of The Willows generate renewable. Both sites work with waste service providers 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, universities, schools and scrap stores. We regularly host educational tours for colleges and university classes to engage the next generation of talent in our heritage manufacturing in Somerset.

In response to employee feedback after the COVID-19 pandemic, we now operate a 4-day working week in our factories, giving a greater work/life balance to our Craftspeople.

2. Tanneries with a valid Leather Working Group audit, Sustainable Leather Foundation audit or ISO:14001 accreditation

Corporate Social Responsibility – Made To Last (continued)

4. PRODUCT CIRCULARITY

The Mulberry Exchange

Mulberry bags are designed to lead many lives, so in 2020 we launched The Mulberry Exchange, our resale platform through which customers can trade in their existing Mulberry bags for credit towards a new purchase. Once we have bought back these pre-loved pieces, we authenticate and rejuvenate each bag before finding them loving new homes.

Repairs and restoration

Our Lifetime Service Centre has been rejuvenating thousands of well-loved bags for over 35 years. We know that our customers cherish, keep and care for their Mulberry bags and we support their commitment by offering accessible artisanal repair services. The team within our Lifetime Service Centre at The Rookery factory are masters of restoration, breathing new life into thousands of pre-loved Mulberry pieces every year.

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, hold sample sales for customers 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 4million coffee cups that would otherwise have been sent to landfill.

All our customer packaging is recyclable or reusable and we are working with our partners and suppliers to eliminate all disposable plastic from Mulberry's business-to-business operations.

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.

This year saw the launch of several Employee Resource Groups (ERGs) to ensure focussed discussion and awareness building on key topics. These are internal communities of Mulberry employees with shared identities and interests, brought to together to drive activities and progression across DE&I topics, formally supported by the business.

Gender equality

Since the publication of our last Gender Pay Gap Report, we are pleased to have seen a reduction in the mean hourly pay gap year on year of nearly 5%. We have continued to see a further increase in favour of women in our median pay gap from -5.2% last year to -15.9% this year. We have seen growth in the representation of women at a Senior Leadership level to 76% and we are pleased that Senior Leader representation is now in line with the percentage of women in our UK business (also 76%). We are confident that this increase in representation has aided the improvement in our mean pay gap year on year. Our workforce demographic means that the majority of employees, across Retail and Supply Chain, are on structured pay scales. Our corporate employees are on undefined pay scales, but we have utilised benchmarking to review salaries and believe this has also contributed to the improvements seen in our gender pay gap. As with last year, we continue to be ahead in comparison to industry data. The Office of National Statistics benchmark for full time employees median pay in April 2023 was 7.7% in favour of men, whereas Mulberry is -15.9% in favour of women.

Living Wage Employer

We are proud to be an accredited Living Wage Employer since 2020. 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

- Since the Spring Summer 23 season, 100% of our leather, suede and nappa is sourced from tanneries with environmental accreditations
- 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
- We are partnering with British Pasture Leather to build relationships with regenerative farmers and establish an end-to-end UK supply chain

Link to theme 2

Other low-impact materials

- All nylon sourced as 100%-certified recycled nylon or ECONYL since Spring 2020
- Continue to represent low impact materials throughout our collections, including 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
- In 2023, we invested in a 360kW solar photovoltaic array for the roof of The Willows, our second UK factory in Somerset. This will generate ten times more renewable electricity than the current system, which was installed during the factory build in 2013
- Signatory of UN Fashion Industry Charter for Climate Action
- In April 2024, our near-term science-based emissions reduction targets were approved by the Science Based Targets initiative (SBTi), a process which we started in 2021.
- We have conducted a detailed life cycle analysis on two of our most popular bags, the Lily and the Bayswater, to allow us to make more informed decisions about our Scope 3 reduction strategy

Link to theme 1, 3

Product circularity

- Launched circular resell and buy-back programme, The Mulberry Exchange, in February 2020
- Lifetime Service Centre restored more than 10,000 bags in FY2023-24
- Launched Mulberry x Stefan Cooke, a limited-edition capsule of pre-loved Mulberry pieces, artfully reimagined by the independent British design duo. The collection was launched at Stefan Cooke's SS24 show at London Fashion Week and comprised of a 27-piece collection of vintage Mulberry icons, recontextualised with Stefan Cooke's signature design codes of bold bow appliqué and statement slash motifs

Link to theme 4

Packaging

- Cupcycling introduced into customer packaging in January 2020, repurposing over 4.0 million coffee cups to make Mulberry Green paper
- All our paper and card is FSC certified
- All our customer packaging is recyclable or reusable and we are working with our partners and suppliers to eliminate all disposable plastic from Mulberry's business-to-business operations

Link to theme 4

Corporate Social Responsibility – Made To Last (continued)

People and community

- We grant all employees two days of paid volunteering each year. This equated to over 1,000 volunteering hours utilised by Mulberry employees in 2023
- We have raised £67,990 in the period for The Felix Project and their Empty Plate Emergency Appeal. This equates to 191,171 meals
- Ongoing partnership with World Land Trust, our environmental charity partner, funding their Carbon Balanced programme, which supports the REDD+ Project for Caribbean Guatemala: The Conservation Coast
- 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. Since launching the partnership, we have donated over £45,000 to support local charities and community groups in and around Somerset
- We continue to manufacture over half of our bags in the UK and invest in our thriving apprenticeship programme and Next Generation retail concept
- The DE&I Committee launched Employee Resource Groups (ERGS), which are internal communities of Mulberry employees with shared identities and interests, brought together to drive activities and progression across the DE&I topics, formally supported by the business. Our ERGs are: Women at Mulberry, Pride, Mental Health and Wellbeing, Accessibility, Disability & Neurodiversity and Ethnicity and Culture
- Our ongoing partnership with Mentoring Matters uses our teams’ insight and expertise to facilitate greater access to the fashion industry for underrepresented and marginalised groups, endeavouring to improve diversity and inclusion within the creative industries

Link to theme 5

Our Stakeholders

Considering the views and protecting the interests of our stakeholders when making key business decisions is fundamental to progressing our strategy to build Mulberry as a sustainable global luxury brand. We place huge importance on working constructively with all our stakeholders to create value for them all. Therefore, throughout the year, we communicate directly with our key stakeholders, deemed to be shareholders, employees, customers, suppliers, partners and communities. This is so they understand our long-term strategy and can voice any suggestions or concerns and so we can act on their views - it is a two-way conversation.

This section explains our efforts in more detail and comprises our Section 172 statement, setting out how the Directors have, in performing their duties over the course of the period, had regard to the matters set out in Section 172(1) (a) to (f) of the Act.

SHAREHOLDERS

We have regular, clear and effective communication with our existing and potential new shareholders to enable them to understand our business and strategy to deliver long-term shareholder value. Engagement takes a variety of forms, including investor meetings, trading updates, our investor relations website and Annual General Meetings. Our majority shareholder, Challice Limited, has non-executive board representation which provides direct stakeholder input into executive decision making. Feedback from our shareholder communications efforts feeds into the Directors considerations for effective ongoing investor relations.

During the period ended 30 March 2024, we engaged with shareholders on a range of topics, including business strategy, financial results and business performance. We have also updated the investor relations section of our website to ensure that we are communicating the business strategy and performance clearly.

The Annual General Meeting was held on 7 September 2023, at Mulberry Group plc’s offices, which enabled the Board to have opportunity to have direct face to face dialogue with shareholders.

We believe it is critical for our shareholders to understand our business and strategy, including our performance to deliver long-term shareholder value.

EMPLOYEES

Our vision is to champion Mulberry as a truly global and collaborative place to work. Our aim is to drive an inclusive culture where each one of our colleagues, is engaged and listened to, feels valued and can thrive.

During the period we created a dedicated team to focus on global Learning & Development, Talent and Performance. The team aims to empower and retain the best talent, as well as maximising career development and opportunities for internal mobility and are dedicated to delivering a development offer encompassing both soft and hard skills to meet the evolving needs of our business. This multifaceted approach to learning has resulted in nearly half of our employees taking part in sessions on topics such as DE&I, leading with impact and mental health and wellbeing; reflecting our commitment to fostering a culture of continuous growth and development. We are proud to continue to offer our Apprenticeship programmes across Mulberry in a variety of specialisms.

We are delighted to have launched LinkedIn Learning to Mulberry in June 2023, a comprehensive platform designed to facilitate on-demand, continuous learning and skill development amongst all employees. We have seen nearly a third of employees already accessing the platform and we are looking to expand our utilisation of the platform further through various initiatives.

To further support our colleagues and drive a performance-led culture that recognises individual achievement and promotes growth and development for all, we have digitised our performance conversations through our global people platform and introduced a mid-year conversation.

The foundation of a high-performance culture is robust goal setting and ensuring these are monitored throughout the year through open and honest conversations between colleagues and managers. End of year ratings are assigned to colleagues and tracked through our people platform to identify performance trends and improve transparency. This enables leaders to better identify and recognise high performers and supports effective performance improvement plans.

To help employees perform at their best, Mulberry provides a range of benefits and tools that promote and support a healthy lifestyle, healthy mind, healthy finances and maintain a healthy work life balance.

In September 2023 we launched our new employee engagement partnership with GLINT and held our first bi-annual survey to provide the Board with a direct understanding of how our employees are feeling and help shape our people strategy.

We recognise the benefits of hybrid working for employees, which is why we continue to offer this opportunity to employees in our global offices where possible. We remain committed to supporting additional flexible working practices alongside hybrid working, such as flexi hours and a four-day week across our production locations and continuously look to ways to evolve this further. We have relaunched our Flexible Working Policy and are pleased to offer all employees the right to request flexible working from day one of employment.

We are dedicated to ensuring fair compensation for all our employees and regularly benchmark both new and existing roles to align with industry standards, maintaining a culture of equity and fairness, where everyone receives fair pay for their work. We are proud to continue to be an accredited Real Living Wage employer, which we have been since 2021 and support the Real Living Wage Foundation.

Our Stakeholders (continued)

Through our partnership with Retail Trust we are able to offer additional independent advice and support to our employees, promoting the health and wellbeing tools advice available to employees and introduced practical support such as the introduction of free sanitary products across all locations and Stores.

We are proud of our network of Mental Health First Aiders and ensure the availability of these experts across all business areas and physical workspaces. During the period we held additional training to further equip our managers to feel confident to support our employees when they experience challenges with poor mental health or wellbeing.

We continue to ensure our employees have a voice and help shape our actions for the year ahead through our various employee committees and regular business area huddles where views, ideas and questions are welcomed and encouraged. Topics discussed at these committees are wide ranging from the working environment to potential contractual changes.

We know that our inclusive culture is core to what makes Mulberry great and with a high percentage of female employees, recognise how gender dynamics are key to our DE&I strategy.

Through our employee engagement survey, we are now able to understand and develop action plans based on gender-specific feedback with questions focused on equal opportunities, development and company culture.

We have continued the evolution of our DE&I Committee and have enhanced representation on the committee to capture the voice of our employees across the global business. We are committed to continually evolving and improving our processes to ensure an inclusive and equitable culture.

This year saw the launch of several Employee Resource Groups (ERGs) to ensure focussed discussion and awareness building on key topics. These are internal communities of Mulberry employees with shared identities and interests, brought to together to drive activities and progression across DE&I topics, formally supported by the business.

We have successfully increased our access to key DE&I data by encouraging employees to voluntarily share data via our people platform. Through this, we are able to more effectively measure the impact of our DE&I activity and initiatives. We feel reassured that our employees are willing to share this sensitive information and join us on our DE&I journey.

We recognise that the right partnerships are critical to delivering our DE&I strategy, continuing our learning journey and ensuring Mulberry is positively contributing to the wider community. We have been pleased to partner with Mentoring Matters and The Outsider's Perspective who are external organisations aiming to redress the balance of ethnic minorities within fashion and remove barriers to careers within the industry. We have supported a number of collaborative events including hosting a ‘live session’ where our Chief Commercial Officer and Head of Global Planning gave a career talk followed by Q&As. We are also pleased to have offered paid internships, factory tours and speakers for a variety of external events with our partners.

During the period we have continued our efforts to modernise and enhance our HR systems. We have gone through an optimisation process with Dayforce, our people platform and expanded full Dayforce usage to Ireland. As referenced earlier we have also digitised our performance management process via Dayforce in the UK & Ireland. Over the next year, we will be implementing digital performance management globally and plan to introduce a case and knowledge management system. These positive moves have empowered business leaders through greater access to data and employee’s engagement with the platforms has been overwhelmingly positive.

CUSTOMERS

Customer engagement and creating a seamless omni-channel experience continues to be a priority, where customers can engage with the brand, our products and people. Our retail teams have been working on localised events during the year, always linked to the key themes across the business. During the period, there has been a focus on building our customer database which results in an enhanced personalised outreach. We have seen customers liaising more through WhatsApp and virtual appointments which continue to drive value.

During the period a number of local events were held focused on our Made to Last manifesto welcoming customers into stores for more information on how to care for their Mulberry bag, the repair service of the Lifetime Service Centre as well as highlighting our circularity programme, Mulberry Exchange. These events were extremely popular and we often saw a rise in buy backs as a result.

We have given our teams more flexibility in how they respond to customers, using the customers' preferred platform, such as text, WhatsApp or phone call. This insight comes from our Voice of Customer initiative which continues to support us in monitoring and elevating the customer experience in store.

Further enhancing our omni-channel approach, we have focused on providing our pre-loved collection within our omni-channel proposition, as the perfect owner for a pre-loved bag may not always walk into one of our stores it is being displayed in. We have continued to invest in this program with a wide selection of pre-loved bags available on Mulberry.com as well as in retail stores. We continue to use a 360-degree camera to ensure customers can get an accurate and detailed view of each pre-loved bag.

During the period we have rolled out the Virtual Induction globally empowering our regional training ambassadors to leader the onboarding of new starters in Retail. We also launched the Mulberry Masterclass (a virtual session for leadership) to create focus for retail and allow them time to hear messages from experts within the business.

The majority of Mulberry's engagement with customers is at an operational level, however the Board also receives regular updates from the Chief Executive and members of the senior management team on sales performance and Brand awareness.

Customer safety and satisfaction are pivotal to the success of our business. The needs, behaviours and feedback of our customers are collected, assessed and used to develop our long-term strategy.

SUPPLIERS

We continue to work closely with key, long-term suppliers of finished goods and raw materials to manage the ongoing global economic challenges. Our supply chain continues to be robust and able to offer agility in a difficult economic climate. Building and maintaining our long-term relationships with our suppliers remains critical to meeting customer needs and instrumental in delivering our sustainability strategy.

In line with the reduction in demand, driven by the core stock reduction activity as well as the challenging trading climate, capacity management has been one of the biggest challenges. In addition, the rise in global inflation and increasing labour costs continued to impact our suppliers and subsequently pricing.

PARTNERS

Our franchise partners play an important part in driving growth in their respective regions. We leverage their expertise, typically through their local knowledge and relationships, to support the Board to make the right decisions. We also ensure that they understand our strategy and values in order that these are implemented locally.

We communicate with our partners on a weekly basis to discuss trading, understand product needs, ongoing preferences and opportunities, to ensure we understand ways in which we can support them and create the best experiences for customers.

The expertise of our partners combined with our support enables us to deliver on our long-term strategy in their respective regions.

COMMUNITIES AND ENVIRONMENT

Mulberry’s Charity and Community Committee supports the ‘Inclusive Communities’ section of our Made to Last sustainability strategy, with an aim to make a positive difference to the people, environment and communities where we work.

Mulberry made a number of donations to charity in this reporting period. These included donations to The Felix Project, the London based food waste and distribution which Mulberry has supported since 2020. Alongside donating £10,000 to the Empty Plate Emergency Appeal campaign, which was first launched in December 2022 to raise awareness and fill millions of empty plates with nutritious surplus food at Christmas time, Mulberry also hosted a raffle to engage customers with The Felix Project, which raised more than £40,000. The Felix Project have also been the beneficiary of entrance fees for 4 sample sales, where customers are encouraged to “tap-to-donate” to enter. In the reporting period, Mulberry has raised £67,990, the equivalent of 191,171 meals.

Mulberry gives all employees 2 days per year to volunteer with charities and community groups which are meaningful to them. We also arrange volunteering opportunities with The Felix Project, which 112 employees took part in last year, totalling 657 hours donated.

In September 2021, Mulberry began a long-term partnership and set up a charitable fund with Somerset Community Foundation, an organisation that helps people in Somerset through funding local charities, groups and communities, inspiring giving and philanthropy. The partnership is built to pair Mulberry with causes in the county needing financial support, aligning them to our Made to Last strategy and awarding grants from our fund. This approach to Mulberry's philanthropic activity ensures that our donations are having a broad impact in supporting our local community in Somerset, the county where Mulberry was founded.

Since its inception, the Mulberry Somerset Community Fund has awarded over £45,000 in grants to 34 small local charities in Somerset, with an average grant value of £1,350. In the period, grants totalling a value of £9,982 were made to six community groups.

Our commitment to the communities living and working around us, is pivotal to delivering the long-term growth and sustainability targets of the business.

Made to Last is the name we give to our sustainability strategy responsibility commitments. These focus on key areas of our business including sourcing, manufacturing, selling and repairs. Our overarching goal is to move towards a fully sustainable product and service offer. We are proud of our achievements in sustainability so far and have set ambitious targets for the Group going forward. For more information on Made to Last see pages 16 to 20.

Climate-related Financial Disclosures

This is the first time Mulberry Group is reporting under the Mandatory Climate-related Financial Disclosures requirements which align with the Climate-related Financial Disclosures (“CFD”) environmental reporting framework.

The CFD developed a climate-related financial risk disclosure framework for companies to provide information to all stakeholders. Our climate-related disclosures are reported consistent with the CFD recommendations and disclosures.

Our response to the CFD framework;

Topic	Reference for further disclosure	Recommended disclosure	Status
Governance		Describe the Board's oversight of climate-related risks and opportunities	Internal Made to Last Committee meets every three weeks to discuss current sustainability topics.
		Describe management's role in assessing and managing climate-related risks and opportunities	This committee is responsible for identifying and managing climate-related risks and opportunities, with a view to inform and drive the Made to Last strategy across the business. The Board be regularly updated on these risks and opportunities as well as actions to be taken
Strategy	Page 16	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Our Made to Last Manifesto is our commitment to responsible innovation and is at the heart of everything we do. It is also the name given to our business
		Describe the impact of climate-related risks and opportunities on the organisation's strategy and financial planning	sustainability strategy. Since 2021, this strategy has driven our internal focus on all climate-related risks and opportunities such as a net zero future, regenerative sourcing, product circularity and ensuring inclusive communities.
		Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	Where any further risks are identified, control measures are put in place and the strategy is adjusted accordingly. Currently these risks and opportunities are assessed over the short-term period, on an annual basis. The Group had its near-term science-based emission reduction targets approved by the Science-Based Targets initiative (SBTi) in April 2024, aligned to the latest climate science and modelled to a 1.5° pathway.
Risk management		Describe the organisation's process for identifying climate-related risks and opportunities	The Group participates in multi-stakeholder groups, such as the UN Fashion Industry Charter for Climate Action.
		Describe the organisation's process for managing climate-related risks	Creating Environmental Management Systems (“EMS”) for Mulberry-owned sites, verified by a third party. The EMS will enable improved controls and help minimise the environmental impact of our operations
		Describe how the process for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Climate-related risks will form a key part of the Groups risk management framework and will be regularly discussed and reviewed by management. In particular, management will consider the materiality of each risk, as well as the impact on shareholders if any controls are deficient.

Topic	Reference for further disclosure	Recommended disclosure	Status
Metrics and targets	Page 46	Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Streamlined Energy and Carbon Reporting (SECR) is disclosed on page 46. The HM Government Environmental Reporting Guidelines has been used for the collation of data sources and reporting of emissions.
	Page 16	Describe the targets used by the organisation to manage climate-related risks and opportunities and the performance against targets	Our approved science-based targets are: Mulberry commits to reduce absolute scope 1, 2 and 3 GHG emissions by 37.8% by FY2028, from a FY2019 base year. FLAG: Mulberry commits to reduce absolute scope 3 FLAG GHG emissions by 33.3% by FY2030 from a FY2019 base year. The Group also commits to no deforestation across its primary deforestation-linked commodities, with a target date of December 2025. Progress against these targets is reported annually and the Group's annual global carbon footprint will be reported in its Sustainability Report, available on the Mulberry website.

OVERVIEW OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Set out below are the key climate-related risks and opportunities that the Group has identified. These have been developed having reviewed our industry and climate risk benchmarks as well as our global locations.

Risk/opportunity area	Risks and opportunities	Control measure
Changes to sourcing, impacting our regenerative sourcing model	Risk Lack of availability of sustainable materials, from sources with environmental accreditations	100% of our leather, suede and nappa is sourced from tanneries with environmental accreditations
	Opportunity Build further supply chain relationships with suppliers committed to regenerative agriculture, as well as continuing to introduce new, innovative low impact materials	To address the environmental issues related to cattle farming we have cultivated a new approach to sourcing leather by building supply chain relationships with farmers committed to regenerative agriculture We have a vision for our entire leather supply chain to adhere to this transformative sourcing and production model
Changes to manufacturing and the impact we have on the environment and livelihoods within our supply chain	Risk Advancements and availability of machinery which could impact our ability to be net-zero. Availability of trained craftspeople to craft our craft our Mulberry products Opportunity Improved training programmes and apprenticeships to further equip all our craftspeople with the skills needed to craft our Mulberry products.	Our comprehensive training programme and apprenticeships equip all our craftspeople with the skills needed to craft our Mulberry products. We continue to host educational tours for colleges and universities to engage the next generation of talent

Climate-related Financial Disclosures

(continued)

Risk/opportunity area	Risks and opportunities	Control measure
Change in customer spending or behaviour	<p>Risk</p> <p>A change in spending habits or changes in demand for sustainable products could have a detrimental impact on our revenue</p> <p>Opportunity</p> <p>Our strategy to expand internationally and to grow our sustainability and circularity credentials, presents further opportunity to launch new innovations and further develop our Mulberry Exchange programme</p>	We continue to work closely with key, long-term suppliers of finished goods and raw materials to manage the ongoing climate-related challenges. Our supply chain continues to be robust and able to offer agility. Building and maintaining long-term relationships with suppliers remains critical to meeting our customer needs and our ability to launch new and innovative products
Enhanced emissions reporting obligations	<p>Risk</p> <p>A material change in legislation with respect to reporting obligations for products or the business as a whole, could result in increased operating costs of an inability to meet our climate related targets</p> <p>Opportunity</p> <p>The Group works with tanneries and suppliers with environmental accreditations and together we can support the development of enhanced sustainability reporting</p>	The Made to Last Committee meets monthly and part of their role is to review the impact of any changes in legislation to ensure the Group remains compliant
Changes to regulations and legislation of existing business model and products	<p>Risk</p> <p>New legislation regarding areas including production, energy efficiency could impact production costs and our circularity programme, placing additional requirements on our operations, increasing operating costs</p> <p>Opportunity</p> <p>The Group supports the wider industry, developing sustainable products, circularity and operations.</p>	Management, along with the Made to Last Committee understand the developing regulation and legislation in this area. The Group proactively responds to climate-related challenges with continual focus on a net zero future, regenerative sourcing, product circularity and ensuring inclusive communities

Next Steps

Whilst we continue to measure our carbon data, the Group is fully committed to improving our environmental impact and developing further our Made to Last Strategy, considering the regular review of our climate-related risks and opportunities.

During the current period we will build on our risk management framework, with particular emphasis on climate-related risks and opportunities, which will become a standard agenda item for all management meetings. As part of this process the Group will identify, assess and manage climate-related risks, which will be fully documented and integrate these into the overall risk management framework as well as consider different climate-related scenarios.

Principal Risks and Uncertainties

The Board considers the principal risks and uncertainties to be the most significant risks faced by the Group that could adversely affect its future development. They do not comprise all the risks associated with the Group.

The principal risks and uncertainties, including the key mitigating actions used to address them, together with an indicator of the Board's assessment regarding the change in risk level from the prior period are outlined below.

External risks		
<p>1. Domestic and global economic climate</p> <p>The Group may be impacted by a downturn in the UK or the wider global economic climate, which could impact our financial performance and operations</p> <p>Increased costs associated with UK and external supply chain could also have an impact on sales and profitability</p>	<p>Mitigation</p> <p>The Group's strategy to increase the proportion of sales from international markets is expected to reduce this risk over time. During the period the Group has further developed the direct-to-customer model. In June 23 the Group acquired 50% share capital owned by its joint venture partner in Mulberry Japan. Following this acquisition the Group now owns 100% of Mulberry Japan Co. Limited. (see note 7)</p> <p>The Group continues to optimise the UK store network through selective openings and closures in order to manage the growth of omni-channel shopping.</p> <p>The Group continues to monitor the effect of inflation on cost prices and take action where possible. Cost prices are negotiated ahead of delivery, allowing time for any potential increase to be mitigated. Recommended Retail Prices (RRPs) have also increased during the period to mitigate any cost inflation and preserve margins. This has had minimal effect on customer volumes and revenues.</p>	<p>Risk level</p> <p>Change</p> <p>Increased</p>
Strategic risks		
<p>2. Brand and reputational risk</p> <p>Careful safeguarding of brand reputation is key to maintaining brand position, which could be undermined by actions of supply chain or other partners.</p> <p>Reputational risk may also arise from external social media networks.</p> <p>Negative publicity could arise in the event of an unfavourable incident or unethical behaviour relating to a celebrity, influencer, collaborator or supplier associated with Mulberry, any of its senior executives, or via external social media networks.</p>	<p>Mitigation</p> <p>The Group makes ongoing investment into product development, marketing, retail estate and the consumer experience.</p> <p>These are all key to maintaining brand position, along with the opening of flagship stores in strategic global locations and maintaining strong relations with customers.</p> <p>New partners with whom we do business are subject to appropriate due diligence to assess suitability, followed by ongoing review and management. New suppliers must adhere to Mulberry's Global Sourcing Principles.</p>	<p>Risk level</p> <p>Change</p> <p>Unchanged</p>

Principal Risks and Uncertainties

(continued)

3. Global Chinese consumer spending With a growing proportion of Group revenue derived from global Chinese consumer spending, any change in Chinese consumer spending habits, or the economic, political or regulatory environment in China could have a detrimental impact on Chinese consumer confidence and ultimately on volume of sales. A slower recovery has impacted revenues and profits, as well as growth opportunities and the outlook remains uncertain.	Mitigation Store leases in China are generally relatively short (2-3 years), which limits commitments to long-term lease liabilities in the event that store locations need to be reviewed or changed in due course. During the period the Group has continued to invest in marketing and technology in the region to support growth targets.	Risk level Change Increased
Potential impact Mulberry's strategy to expand internationally, especially in Asia, both reduces risk from over-dependence on the domestic market, as well as exposing it to an increase in tolerated level of risk, particularly in China, where potential growth rates are perceived to be highest.		
Operational risks		
4. Financial Risk The management of cash is of fundamental importance in ensuring the Group's ability to pay its ongoing commitments to suppliers and employees. A downturn in trade or a delay or default in payment from a wholesale or concession debtor may significantly impact the Group's cash balances. The Group's sales and purchases are predominantly made in Sterling, Euros and US Dollars and therefore it is exposed to fluctuations in these exchange rates. Ineffective hedging arrangements may not fully mitigate foreign exchange losses or may increase them.	Mitigation The Group performs regular cash forecast analysis to manage working capital requirements, as well as stress testing and sensitivity analysis of budgets and forecasts. The Group has a £17.5 million revolving credit facility in place with the lender until 30 September 2027, in addition to a £6.0 million supplier trade finance facility. The Group also has a £4.0 million multi-currency overdraft facility and a AUD 0.5m overdraft facility in Australia which are renewed annually. Appropriate credit limits are set and continually reviewed and escalated for Board approval where appropriate. The Group's Treasury Committee manages its Treasury policy which incorporates a hedging strategy to reduce the risk of exchange rate volatility. The policy is reviewed periodically to optimise hedging efficiency and ensure compliance with best practice.	Risk level Change Increased
Potential impact In the event of a significant downturn in trading or the effects of seasonality, the Group's cash facilities may be insufficient. If wholesale or concession debtors default on payment terms, this would impact further on the Group's cash reserves. If Sterling weakens against the Euro and US Dollar there is a consequent increase in raw materials and finished goods bought in foreign currency which increases cost of sales. However, revenues earned in foreign currency also appreciate when Sterling weakens from revaluation gain creating some natural currency hedge.		

5. Attraction and retention of talent The Group's success is dependent to a certain extent on the continued services of its Directors and senior management, as well as its ability to attract and retain an engaged workforce. Retention and engagement of critical employees, talent and knowledge is invaluable and particularly during periods of economic uncertainty.	Mitigation Regular review of succession plans for key roles and a continued investment in internal and external talent to strengthen capability at all levels, develop our future leaders and drive internal career progression Ongoing modernisation of core people systems and foundations, including a refreshed performance and talent management process to drive consistency A Reward strategy is in place to continually review our reward and wellbeing benefits across the Group. planned global business wide reward review of all pay and wellbeing benefits	Risk level Change Unchanged
Potential impact Loss of key members of the senior management team or other key employees could be detrimental to the business. Failure to equip or engage our teams to deliver our strategy may result in failure to meet our objectives and increased recruitment costs.		
6. Information technology ("IT") The integrity and integration of the Group's IT systems and operational infrastructure is critical to its trading and operations. Maintaining investment in the latest customer focused technologies and commerce platforms to improve customer experience is a continuing risk.	Mitigation The IT function is strengthening capability in key roles following a restructure, including the appointment of a Chief Information Officer (CIO). Upgrades to some critical systems and infrastructure have taken place during the year which increase security and stability. Technology Risk Management is being formalised to better assess and manage risks across systems, infrastructure and team capability. A number of controls are in place to maintain business continuity which would be implemented in the event of a major failure. For further details see Internal Financial Control section on page 33.	Risk level Change Unchanged
Potential impact There is a risk that the business's ability to sell and deliver its products would be adversely impacted in the event of a significant IT failure or failure to maintain stable and resilient technology platforms. Failure to implement innovative technology that meets ever-increasing customer demand could lead to loss of revenue and damage perception of the brand.		

Principal Risks and Uncertainties

(continued)

7. Cyber security and UK Data Protection Act 2018 All business sectors are at risk of increasingly sophisticated cyber security attacks. The continued availability and integrity of our systems is critical to the trading and performance of the Group. Increased use of mobile and digital sales channels, together with marketing via social media, result in large amounts of customer data being gathered. The risk of unauthorised access to or loss of data, including data held in respect of employees and customers, is growing.	Mitigation IT security is continually reviewed and updated. Networks are protected by firewalls and anti-virus protection. Threat detection systems are in place across the Group. Vigilance and security improvements are maintained to ensure these are up to date and of best practice. Ongoing and regular employee training is in place and constantly monitored on topics such as phishing, sharing of data and data protection.	Risk level Change Unchanged
Potential impact Cyber-crime represents an increasing risk through threat of deletion, theft, disruption or integrity of data, which could also result in reputational damage. A failure to comply with the UK Data Protection Act 2018, which came into effect in May 2018, could result in penalties and have an adverse impact on consumer confidence in the Group.		
8. Business interruption A major incident including fire, flood, terrorism near to one of the Group's offices, production facilities, warehouses or key suppliers could seriously affect the Group's operations. A health pandemic would have a significant impact on our ability to continue to operate as usual.	Mitigation The Group continues to develop its business continuity plan in addition to appropriate protection of IT systems to mitigate any impact, as well as making sure that adequate business insurance is in place.	Risk level Change Unchanged
Potential impact This may lead to a significant fall in footfall, or potential closure of a store, or a loss of IT systems and could negatively impact sales and profits.		
9. Intellectual property As with all brands, the Group is exposed to risk from unauthorised use of the Group's trademarks and other intellectual property ('IP').	Mitigation Trademarks are registered and where any infringements are identified, appropriate legal action is taken.	Risk level Change Unchanged
Potential impact Any infringement of the Group's IP could lead to a loss of profits and have a negative impact on brand image.		

Sustainability and climate change risk		
10. Sustainability and climate change Mulberry's long-term success and viability will depend on the social and environmental sustainability of its business model, the resilience of its supply chain and our ability to manage the impact of climate change across our operations. As global climate change is critical, the Group is committed to addressing long-term sustainability challenges and impacts. This has the potential to impact its supply chain, manufacturing and operational processes and could have Influence our reputation, operations and finances. in 2021 the Group launched the Made to Last Manifesto, a series of bold commitments which lay out actions for change, including establishing and expanding on the foundations of regenerative agriculture and local low carbon production. The Group measured its Global Scope 1, 2 and 3 carbon footprint and in April 2024, our near-term science-based emissions reduction targets were approved by the Science Based Targets initiative (SBTi). This sets a clearly defined path to reduce greenhouse gas emissions in line with the Paris Agreement goals, with an ambition to achieve Net Zero greenhouse gas emissions by 2035.	Mitigation Mulberry has been a member of the internationally recognised Leather Working Group since 2012. Leather is a key raw material, which is sourced as a by-product of the food industry. Farming and ranching for meat has been well documented as a significant driver of deforestation and climate change but we believe that farming can also offer a solution to the very problem it creates. On a regenerative and rotational farm, livestock play an essential role in maintaining soil health and healthy soil actually draws down and stores carbon from the atmosphere. We are pioneering a hyper-local, hyper-transparent 'farm to finished product' supply chain, working in partnership with industry leading tanneries to develop the world's lowest carbon leather sourced from a network of organic and regenerative farms. We have a vision for our entire leather supply chain to adhere to this transformative sourcing and production model. We launched our first 'farm to finished product' British bags in 2021. From the Spring Summer 23 season, 100% 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. During the period the Group has conducted a detailed lifecycle analysis on two of the most popular bag families, the Lily and the Bayswater, to allow more informed decision making regarding the Scope 3 reduction strategy.	Risk level Change Unchanged

The Strategic report was approved by the Board of Directors and authorised for issue on 27 September 2024.

Charles Anderson
Group Finance Director
27 September 2024

Governance Report

CORPORATE GOVERNANCE

The Company is listed on the Alternative Investment Market (“AIM”). In accordance with the AIM rules for companies and their requirement to adopt a recognised corporate governance code, the Board has adopted the Quoted Companies Alliance Corporate Governance Code (“the Code”). The Code is based on ten principles, aimed at delivering growth, maintaining a dynamic management framework and building trust.

Further details can be found online at [Mulberry.com](https://www.mulberry.com).

THE BOARD OF DIRECTORS

During the period the Board comprised of two Executive Directors and five Non-Executive Directors. Thierry Andretta acts as Chief Executive, Charles Anderson as Group Finance Director and Chris Roberts acts as Non-Executive Chairman. Since the period end Thierry Andretta resigned as Chief Executive Officer on 9 July 2024, and Andrea Baldo was appointed into this role on 1 September 2024.

The Directors consider it important that the Board should include Non-Executive Directors who bring considerable knowledge and experience to the Board’s deliberations. The Board meets formally on a bi-monthly basis and is responsible inter alia for overall Group strategy, investments and capital projects and for ensuring that an appropriate framework of internal control is in place throughout the Group.

The Executive Directors are each employed under a contract of employment, which can be terminated with 12 months’ notice. The Non-Executive Directors provide their services under 12-month agreements renewed annually on 1 April.

NOMINATIONS AND REMUNERATION COMMITTEE

Details of the composition and role of the Nominations and Remuneration Committee are provided in the separate Directors’ remuneration report.

AUDIT COMMITTEE

The Audit Committee was chaired throughout the period by Steven Grapstein. The other members of the Committee were Christophe Cornu and Julie Gilhart.

During the period all Directors have been encouraged to attend Audit Committee meetings where possible as part of the programme to maintain the Group’s systems of internal control. The Committee may examine any matters relating to the financial affairs of the Group. This includes the review of the annual financial statements, the interim financial statements and other financial announcements, prior to their approval by the Board, together with accounting policies and compliance with accounting standards and of internal control procedures and monthly financial reporting and other related functions as the Committee may require.

The Non-Executive Directors have access to the Group’s auditor and legal advisers at any time without the Executive Directors being present.

INTERNAL FINANCIAL CONTROL

The Board has overall responsibility for the Group’s systems of internal financial control and for monitoring their effectiveness.

As previously announced, the Board has undertaken a business systems review and a review of its financial processes and controls. The Board are comfortable with remedial actions which have been taken and have now established internal capabilities to support business systems transformation, supporting ongoing international development of the Group.

The Audit Committee will continuously monitor the progress and effectiveness of the business systems and financial processes review and will oversee actions taken to remediate the control observations. The Directors place considerable importance on maintaining full control and direction over appropriate strategic, financial, organisational and compliance issues and have put in place an organisational structure with formally defined lines of responsibility and delegation of authority. Any system of internal financial control is designed to manage, rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

There are established procedures for business planning, for information and reporting and for monitoring the Group’s business and its performance. Adherence to specified procedures is required at all times and the Board actively promotes a culture of quality and integrity. Compliance is monitored by the Directors. This includes comprehensive budgeting systems with an annual budget and 5 Year Strategic Plan approved by the Board, monthly consideration of actual operational results compared with budgets, forecasts and regular reviews by the Board of period end forecasts. The Board reports to shareholders half-yearly.

The Group’s control systems address key business and financial risks. Matters arising are reviewed on a regular basis. Performance indicators are reviewed at least monthly to assess progress towards objectives. Variances from approved plans are followed up vigorously.

In accordance with the AIM Rules for Companies and their requirement to adopt a recognised corporate governance code, the Board has now formally adopted the Quoted Companies Alliance Corporate Governance Code 2018 (“the Code”). The Code is based on 10 principles, aimed at delivering growth, maintaining a dynamic management framework and building trust.

The table below provides an explanation of how Mulberry applies the principles of the Code.

Code Principle	How Mulberry applies the Principle
1. Establish a strategy and business model which promote long-term value for shareholders	<p>The Group has developed its strategy built on four strategic pillars: international development; omni-channel; innovation and sustainability. The strategy and business model established and adopted by the Group is discussed, assessed and reviewed on a regular basis. A review and update of the Group’s 3-year plan and strategy was undertaken in conjunction with setting the Group’s Budget for the year ending 31 March 2025 and the Board held a special Board meeting to discuss strategy which was held in May 2024. The Company is in the process of refining its strategy in the light of recent macro-economic influences to address short, medium and long-term objectives and actions and to deliver long-term value and sustainable growth. Progress against the strategy will be reviewed throughout the year with an analysis of resources needed to realise the steps identified and to deliver the growth projected.</p> <p>KPIs have been produced to measure performance and progress and a KPI scorecard is produced to every Board meeting for consideration.</p> <p>The Board’s strategy and business model is set out each year in the Company’s Annual Report with updates provided in the full year and half year financial results announcements and presentations, which are available on the “Reports & Results” section of the Company’s website.</p> <p>During the course of the last financial year, the Group established a Transformation project team to lead major cross functional transformational projects which worked on a number of projects to provide the Group with a stronger base for future growth. The structure for transformation projects has now been revised and an Investment Committee has been introduced to closely review, consider and prioritise requests for significant investment. The Investment Committee meets once a month and reports to the Company’s Management Board. Significant projects are contained within the CEO’s regular report to the Board, whilst the Audit Committee reviews progress on significant IT and systems related projects.</p>
2. Seek to understand and meet shareholder needs and expectations	<p>The Chairman and Board members seek to meet shareholders through direct meetings and at the Annual General Meeting, which this year will be held in November 2024, where shareholders can meet and talk to the directors on a more informal basis.</p> <p>Three Board members have connections with the Company’s majority shareholder, Challice, or its owners.</p> <p>Meetings are offered to and have been held during the previous year with Frasers Group plc, a significant minority shareholder in the Company, to understand its thoughts or concerns.</p> <p>In addition, the Company communicates to all shareholders and the wider market through its Investor Relations website and through news releases including trading updates. The Group provides a wide variety of information on its website for shareholders and other interested parties, but also has an active social media presence relating to its products and campaigns and undertakes social listening to better understand customer and other stakeholder sentiments.</p> <p>The executive directors are also available for telephone calls, written communication and meetings with shareholders and investors on an ad hoc basis.</p> <p>The Group is advised by its NOMAD, Houlihan Lokey Advisory Limited, its corporate broker, Peel Hunt LLP (appointed in January 2024) and by Headland Consultancy for financial PR matters.</p>

Corporate governance (continued)

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

Long term success relies upon good relations with a range of different stakeholders, including employees, customers, suppliers, regulators, local community as well as shareholders and others, which may have different needs, interests and expectations. Sustainability, ethical practices, strong global sourcing principles and respect for employees are key components embedded within the Group.

The Group’s approach to sustainability is set at Board level and in accordance with the principle that “Mulberry will make a positive difference to its people, environment and communities in which it works”.

The Group has clear Global Sourcing Principles which govern its relationship with suppliers which were updated in June 2023. The Group takes great pride in the relationships that it has with its suppliers. The Global Sourcing Principles act as a code of conduct, setting out the standards for both suppliers and the Group and cover both employee rights and animal welfare.

The Group is proud of its “Made to Last” ethos and approach to manufacturing which was launched in 2021 and is set out in its “Made to Last Manifesto” and its Lifetime Service Centre which provides a product repair and renovation service. The Group recognises the benefits of a regenerative and circular business model and strives to implement pertinent practices across its own operations and wider supply chain.

The Group has a fur free policy, sources cotton through the Better Cotton Initiative, uses cup-cycled materials (card made from recycled coffee cups) in the production of its carrier bags and boxes and seeks to source FSC® paper and card for its products and operations.

The Group has signed the UN Fashion Industry Charter for Climate Action and over the last three years has been assessing its global carbon footprint. In February 2023 it submitted its science-based targets (SBTs) for carbon reduction to the Science Based Targets Initiative for approval and these were approved and validated in April 2024. The Group has already committed to reaching net zero emissions by 2035 and has implemented many initiatives and actions to meet that target, including the replacement and extension in 2023 of the ten year old solar panels which provide solar energy to its Bridgwater factory and additional initiatives to reduce wastage or consumption.

The Group is a founding partner of the Sustainable Leather Foundation (“SLF”), which considers social and governance issues alongside environmental issues in leather production. The Group sources from Leather Working Group tanneries which recognise improvements in the environmental impact of leather production. The Group has established a leather “gold standard” against which it measures tanneries’ environmental and quality performance. It is also a member of the Animal Welfare Group, a sub-group of the Leather Working Group whose principal objective is the education of the leather value chain on salient aspects of animal welfare. The Group’s two UK factories received positive SLF audit reports in 2023.

The Group is a member of the United Nations Economic Commission for Europe’s leather blockchain pilot called “Enhancing transparency and traceability of Sustainable Value Chains in the Garment and Footwear Sector” to develop stronger lines of traceability within its leather supply chain. It has also introduced RFID tags in its new products to assist with traceability.

The Group annually publishes its Sustainability Report, a copy of which can be found on the website.

Details of the Sustainability policy can be found in the Annual Report and on the dedicated page of the website which also contains the Group’s updated Modern Slavery Act disclosure and its statement in accordance with the California Transparency in Supply Chains Act.

The Group has a Sustainability team led by the Head of Sustainability who reports through the Supply Chain Director to the Group’s Management Board and is active in minimising the impact of the Group’s activity on climate change, reducing waste, ensuring fair practice, animal welfare and community involvement. Sustainability implications are considered in connection with the Group’s production, operation, people and organisation. During the last year, the Group appointed its first Head of Responsible Sourcing whose remit includes ensuring the Group meets the sustainability ambitions set out within our Made to Last Manifesto, including the Net Zero 2035 targets.

As a natural progression of its commitment to sustainability and Made to Last, the Group continued to work with an external consultant to benchmark the Group’s standards of social and environmental performance, governance, transparency and accountability against a recognised business sustainability framework. As a sign of its commitment, the Company changed its Articles of Association in September 2023 to clearly set out the sustainability objectives of the Group and the need to consider wider stakeholder interests.

The Group is committed to paying at least the National Living Wage (which is higher than the minimum wage) to its UK employees and has been accredited by the Living Wage Foundation since 2020. It also supports the health and wellbeing of all employees through a variety of HR initiatives and policies.

In addition, there are employee committees which meet regularly to ensure two-way communication throughout the Group and a Senior Leadership Team which meets to discuss business performance, initiatives and strategy to ensure top-down alignment.

In terms of the wider community, the Group operates a Mulberry Somerset Community Fund which is part of the Somerset Community Foundation to support wider and more significant charitable and community projects within Somerset and holds a number of local fundraising events to support charities and initiatives chosen by employees. Since the Fund was launched in 2022, over £330,000 has been awarded to local charities, community groups and good causes to make a difference to local people in Somerset.

As part of its Christmas festivities, the Company made donations to and assisted with fundraising for The Felix Project, a charity which provides meals to London’s homeless and continues to support the Project through employee fundraising and volunteering. As a response to the Ukrainian war, the Group donated to the Red Cross Ukraine Appeal as well as match-funding various employee led fundraising activities and have sponsored refugees through Refuaid’s education and employment programmes. A fundraising long distance walk for employees takes place annually to raise money for charity; in the past this has been to climb the Three Peaks (2022) for the Somerset Community Foundation, to walk Hadrian’s Wall (2023) in aid of Brake Road Safety Charity in memory of a former employee and in 2024 it will be the Coast to Coast long distance path in aid of ‘We Hear You’, a cancer counselling charity.

The Group operates a volunteering policy, enabling all employees to have 2 days paid leave each year for volunteering with charitable or good causes in their community.

The Group is now in its second year of providing a mentoring programme working with Mentoring Matters, a global mentoring organisation which offers advice and support to young people from ethnic minority backgrounds to help demystify the arts and creative industries and help them along their professional path. This enables Group employees to volunteer to give mentoring support over a 12-week period. In addition, the Group has partnered with The Outsiders Perspective, a not-for-profit incubation platform for people of colour aimed at increasing representation in operational, commercial and marketing roles in the Fashion and Luxury industries.

Corporate governance
(continued)

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	<p>Principle risks and plans to mitigate these risks, are set out in the Annual Report and are discussed during Board and Audit Committee meetings.</p> <p>These include consideration of economic climate, individual market performance, currency risk, competition, loss of talent and IT, including cyber security. Additional risks arising out of pandemics, government actions, natural disasters and war are considered when appropriate and where relevant are embedded in the strategy and budget.</p> <p>The Group’s risk management framework identifies and addresses risks to strategy including throughout the supply chain to end customer.</p> <p>During the year the Group updated its Business Continuity Plan.</p>
5. Maintain the Board as a well-functioning, balanced team led by a chair	<p>The Board members take collective responsibility to promote the Company whilst defining appropriate governance arrangements, with the Chairman having ultimate responsibility.</p> <p>Details of the eight Board members are provided in the Annual Report and on the “Corporate Governance” section of the website.</p> <p>There are two executive members and six non-executive members, of which there are three independent Directors, Christophe Cornu, Julie Gilhart and Leslie Serrero. The Board considers that there is an appropriate balance between executive and non-executive directors and that there is sufficient independence considering the previously mentioned connection with the majority shareholder.</p> <p>During 2023, the Board reviewed the range of skills considered desirable at board level and the Chairman reviewed the skills offered by the Board members.</p> <p>The Board meets at least six times each year (eight times during the year to 31 March 2024) and is responsible for Group strategy, investments and capital projects and for ensuring that an appropriate framework of internal control is in place throughout the Group.</p> <p>Since the Covid-19 crisis the Board and its Committees have embraced a hybrid approach to meetings with a mixture of virtual Board and Committee meetings and in person Board and Committee meetings. This arose partially due to the success of virtual meetings during Covid-19 restrictions but also as a response to the Group’s focus on sustainability. Specific meetings, such as Budget review, strategy discussions and AGMs are held as in person meetings, but where a virtual meeting is possible, this is considered more appropriate to avoid travel and unnecessary costs. All directors are able to fully participate in virtual meetings.</p> <p>The Audit Committee meets three times a year, to review the half year and full year financial results and to review the internal controls framework of the Group. In addition, there is regular communication between the Group Finance Director, the Chairman, the Chair of the Audit Committee and the Audit partner of the Group’s auditors, Grant Thornton.</p> <p>The Nominations and Remuneration Committee generally meets twice a year to consider senior management remuneration and key appointments.</p>

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	<p>The Board is considered to comprise individuals with a balanced mix of relevant experience in the sector, the financial and the public markets and with the necessary experience and strategic and operational skills required. The Nominations and Remuneration Committee of the Board ensures that new Board members are selected based upon specific criteria targeted at complementing the strengths of the Board as a whole.</p> <p>A review of the skills required by the Board was undertaken in 2023 prior to the most recent appointment of a non-executive director in September 2023, whose appointment addressed additional skill requirements.</p> <p>During 2023, a refresher training session was held for Board members on directors’ duties.</p> <p>The Board can draw upon the skills of the Group General Counsel and/or external legal advisors if required and a non-executive only session is held each year with the Auditors.</p> <p>The directors’ biographies and skill sets are detailed in the Annual Report and within the Corporate Governance section of the investor relations website.</p>
7. Evaluate Board Performance based on clear and relevant objectives, seeking continuous improvement	<p>The Chairman considers the performance of the Board on an annual basis as part of the Budget process and requests that Board members raise any issues or concerns relating to the effectiveness and processes of the Board; no issues or concerns were raised in the year under review.</p> <p>The Chairman considers the Group’s progress in achieving strategic objectives and the more immediate requirements of the annual plan.</p> <p>An external Board Effectiveness Review was undertaken in the summer of 2023 in relation to the operation of the Board and its committees. The review process comprised observation of Board and committee meetings, review of all papers issued during the previous 12 months, questionnaires and confidential one-to-one discussions with Board members and the Company Secretary. The review identified what was working well, those areas where there was scope for development and additional ideas for consideration. The recommendations were considered and discussed by the Board and many of the recommendations have been adopted.</p>
8. Promote a corporate culture that is based on ethical values and behaviours	<p>Mulberry maintains high ethical standards and these are described as part of the Sustainability statement and policies set out in the Annual Report and on the website as well as being covered in its Modern Slavery Act Disclosure, Sustainability Report, Global Sourcing Principles and other policies.</p> <p>The Group’s values of Be Open; Be Bold; Be Responsible; and Be Creative are embedded throughout its relationship with its employees. The Group has in place the necessary polices around Anti-corruption and Bribery and Whistle Blowing to reinforce ethical values and behaviours.</p>

Corporate governance
(continued)

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	<p>The Directors’ roles and responsibilities are summarised below:</p> <p><u>Chairman:</u> Ensures the Board and broader management framework is established, operates effectively and is compliant with relevant statutory codes and Group policies.</p> <p><u>Chief Executive Officer:</u> The Group’s lead decision maker develops and implements the Group’s strategy, manages performance and ensures the Board is informed about business matters.</p> <p><u>Group Finance Director:</u> Oversees business governance, provides financial reporting to the Board and external stakeholders, maintains financial records and acts as business partner to the CEO, providing information for decision making.</p> <p><u>Non-Executives:</u> Provide oversight and scrutiny of the performance of the executive directors and represent the shareholders of the Company. None of the non-executives participate in performance related remuneration / share option schemes.</p> <p>Further details on the Directors and the Committees are available in the Corporate Governance and Directors’ Report sections of the Annual Report :</p> <p>Each of the Nominations and Remuneration Committee and the Audit Committee has Terms of Reference which are reviewed regularly and which are indicated in the Annual Report.</p> <p>The Board has overall responsibility for the Group’s systems of internal financial control and for monitoring their effectiveness.</p>
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	<p>The Group reports on its financial performance at least twice each year, on the half year and on the full year financial results and provides details of its corporate governance in its Annual Report. Additionally, trading updates are announced as required.</p> <p>These reports are available on the “Reports & Results” section of the website and in the Annual Report.</p> <p>The financial results are communicated via RNS announcements as well as in accompanying financial presentations.</p> <p>The Corporate Governance section of the Annual Report contains details of the Board and its committees as well as the Remuneration Report. The Company’s website contains information and links to other documents and announcements.</p> <p>The Chief Executive Officer conducts press interviews, both immediately following the results publications and at other times as appropriate. Senior management undertake investor meetings at results publication. Company participants in these meetings are typically the Chairman, the Chief Executive Officer and the Group Finance Director.</p> <p>The Board pays attention to the votes cast by the shareholders at the Annual General Meeting. Since the introduction of the Code, none of the resolutions proposed at the Company’s AGM have resulted in a significant proportion (>20% including proxies) of votes having been cast against them. In the event that a significant proportion of independent votes were to be cast against a resolution at a General Meeting of the Company, the Board would explain any action it has taken or would take as a result of that vote.</p> <p>The Board is keen to ensure communication with and participation by shareholders; consequently, the Group introduced electronic communication with its shareholders and electronic voting following the last AGM in October 2023, although shareholders can still opt for traditional paper communication if more appropriate for them.</p>

Directors’ remuneration report

<p>Mulberry Group plc is listed on the Alternative Investment Market (AIM) and therefore is not required to prepare a Directors’ Remuneration Report. The following narrative disclosures are prepared on a voluntary basis and have been audited.</p> <p>At the period end, the Nominations and Remuneration Committee comprised:</p> <ul style="list-style-type: none">• Melissa Ong (Chairman and Non-Executive Director); and• Julie Gilhart (Non-Executive Director) <p>The Committee is responsible for nominating Directors to the Board and then determining the remuneration and terms and conditions of employment of Directors and senior employees of the Group.</p> <p>The Committee meets at least once a year in order to consider and sets the annual salaries and performance incentives for Executive Directors and senior management, including grants of share options and bonus schemes. Executive Directors’ salaries are reviewed annually each year, along with the remuneration of all other Group employees.</p> <p>REMUNERATION OF NON-EXECUTIVE DIRECTORS</p> <p>The Non-Executive Directors each receive a fee for their services, which is agreed by the Board taking into account the role to be undertaken. They do not receive any pension or other benefits from the Company apart from a small allowance of Mulberry products, nor do they participate in any of the equity or bonus schemes.</p> <p>The Non-Executive Directors are appointed for a 12-month term.</p> <p>REMUNERATION POLICY FOR EXECUTIVE DIRECTORS</p> <p>The Company’s remuneration policy for Executive Directors considers a number of factors and is designed to:</p> <ul style="list-style-type: none">• have regard to the Director’s experience and the nature and complexity of their work in order to pay a competitive salary, consistent to comparable companies, that attracts and retains Directors of the highest quality;• reflect the Director’s personal performance;• link individual remuneration packages to the Group’s long-term performance and continued success of the Group through the award of annual bonuses and share-based incentive schemes;• provide post-retirement benefits through contributions to an individual’s pension schemes; and• provide employment-related benefits including the provision of a company car or cash alternative, life assurance, insurance relating to the Director’s duties, housing allowance, medical insurance and permanent health insurance. <p>SALARIES, BONUSES AND OTHER INCENTIVE SCHEMES</p> <p>Each Executive Director receives a base salary, the opportunity to earn an annual bonus and a long-term incentive. Typically, the annual bonus will not exceed 150% of the annual salary.</p> <p>There are four long-term incentive arrangements. These are as follows:</p> <p>An Unapproved Share Option Scheme, which was introduced in April 2008. Options granted in this scheme typically vest after three years.</p> <p>A Deferred Bonus Plan, which represents a long-term award scheme where participants receive all or part of their annual bonus in shares. These shares are held as deferred shares in the Mulberry Group plc Employee Share Trust for a vesting period of two years. Matching shares are then granted and vest after a period of two years, conditional upon the participant remaining an employee of the Group and the original deferred shares remaining in the Trust. There were no granted, lapsed or exercised share options under this Plan during the year.</p> <p>A Co-ownership Equity Incentive Plan, where participants are granted an interest in shares which are co-owned by the Mulberry Group plc Employee Share Trust and participate in the value to the extent that the Mulberry share price exceeds 20% above the market price at the date of grant. The vesting period is generally three years, after which the employee has the right to sell the beneficial interest in the shares. This plan was established in August 2009.</p> <p>A Long-Term Incentive Plan, adopted on 19 December 2012 as the Mulberry Group plc Long-Term Incentive Plan (‘LTIP’) and amended and renamed on 10 July 2017 as the Mulberry Group plc 2017 Performance Share Plan. This plan was designed and introduced by the Remuneration Committee to align management and shareholders’ interests through rewarding participants for growth in Mulberry’s revenue and profit before interest and tax (‘PBIT’) above specified thresholds over the vesting period. The performance conditions are split between revenue growth and PBIT growth compared to targets set in the plan’s performance conditions. The vesting period is typically three years from the date of grant of options.</p>
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Directors’ remuneration report
(continued)

The following information is required by the AIM rules.

	Basic salary/fees £'000	Bonus £'000	Taxable benefits £'000	Pension contributions ⁽²⁾ £'000	52 weeks ended 30 March 2024 Total £'000
Executive Directors					
Thierry Andretta ⁽¹⁾	750	–	446	40	1,236
Charles Anderson ⁽³⁾	335	–	28	42	405
Non-Executive Directors					
Chris Roberts	100	–	1	–	101
Steven Grapstein	45	–	1	–	46
Melissa Ong	45	–	–	–	45
Christophe Cornu	45	–	–	–	45
Julie Gilhart	45	–	1	–	46
Leslie Serrero	25	–	–	–	25
	1,390	–	477	82	1,949

	Basic salary/fees £'000	Bonus £'000	Taxable benefits £'000	Pension contributions ⁽²⁾ £'000	52 weeks ended 1 April 2023 Total £'000
Executive Directors					
Thierry Andretta ⁽¹⁾	714	–	404	40	1,158
Charles Anderson ⁽³⁾	318	–	28	40	386
Non-Executive Directors					
Godfrey Davis	150	–	–	–	150
Chris Roberts	75	–	1	–	76
Steven Grapstein	45	–	1	–	46
Melissa Ong	45	–	–	–	45
Christophe Cornu	45	–	1	–	46
Julie Gilhart	45	–	–	–	45
	1,437	–	435	80	1,952

Notes:

(1) Thierry Andretta was the highest paid Director during the period. He was appointed as Chief Executive on 7 April 2015, after serving as a Non-Executive Director until that date. Taxable benefits include housing allowance, car allowance, product allowance and medical expenses. He resigned on 9 July 2024.

(2) Pension contributions are paid into defined contribution schemes, or a cash allowance in lieu of a contribution to a pension scheme.

(3) Charles Anderson was appointed on 7 October 2019. Taxable benefits include car allowance and product allowance.

The emoluments disclosed do not include any amounts for the value of share options or share awards granted to or held by the Directors. These are detailed as follows:

(a) Options granted under the 2008 Unapproved Share Option Scheme

	1 April 2023	Granted	Exercised	30 March 2024	Exercise price (£)	Date of exercise	Average market price on exercise (£)
Thierry Andretta ⁽¹⁾	230,415	–	–	230,415	8.680	n/a	n/a
Thierry Andretta ⁽²⁾	70,000	–	–	70,000	10.342	n/a	n/a
Thierry Andretta ⁽³⁾	350,000	–	–	350,000	2.705	n/a	n/a
Charles Anderson ⁽⁴⁾	100,000	–	–	100,000	2.705	n/a	n/a
Thierry Andretta ⁽⁵⁾	–	350,000	–	350,000	2.490	n/a	n/a

Notes:

(1) For the options granted to Thierry Andretta on 10 April 2015, the market price on the date of grant was £8.68. These are exercisable from 1 January 2018 to 1 January 2025.

(2) For the options granted to Thierry Andretta on 1 July 2016, the market price on the date of grant was £10.342. These are exercisable from 1 July 2019 to 1 July 2026.

(3) For the options granted to Thierry Andretta on 25 November 2019, the market price on the date of grant was £2.705 and are exercisable as follows;

(4) 150,000 options are exercisable from date of grant until 25 November 2029.

(5) 100,000 options are exercisable from 30 June 2020 until 25 November 2029.

(6) 100,000 options are exercisable from 30 June 2021 until 25 November 2029

(7) For the options granted to Charles Anderson on 25 November 2019, the market price on the date of grant was £2.705. These are exercisable from 25 November 2022 to 25 November 2029.

(8) For the options granted to Thierry Andretta on 18 July 2023, the market price at the date of grant was £2.49. These options are exercisable on 18 July 2026.

(d) Award made by the Trustees of the Mulberry Group plc Employee Share Trust

On 16 February 2021, following a recommendation from the Remuneration Committee, the Trustees of the Mulberry Group plc Employee Share Trust awarded 45,689 ordinary shares of 5 pence each in the Company to Thierry Andretta at nil cost. The ordinary shares were transferred directly from the Employee Share Trust to Thierry Andretta. No further awards have been made in the period to 30 March 2024.

Directors’ report

The Directors present their report on the affairs of the Group, together with the financial statements and independent auditor’s report, for the period ended 30 March 2024.

RESULTS AND DIVIDENDS

The results for the period are set out in the Group income statement, as well as the financial review on pages 10 to 15, which includes management’s comments and report on the results. The Directors are not recommending the payment of a final dividend (2023: 1 pence per ordinary share).

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 the end of September 2025.

The Group’s business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report on pages 6 to 31. The principal risks and uncertainties, including the mitigating actions which address these risks, are set out on pages 27 to 31.

The Group had a net asset position of £10.9m at 30 March 2024, however, the net asset position decreased from £46.8m at 1 April 2023, reflecting losses in the year.

These losses reflect the Group being impacted by the challenging macroeconomic environment. These headwinds have continued since the period-end, placing further pressure on the Group’s performance, however, the Group continues to take appropriate cost actions, manage inventory levels and drive commercial initiatives to improve profitability and cash generation.

Since the period end, the following actions have also been implemented:

- The appointment of a new Chief Executive Officer, Andrea Baldo, on 1 September 2024.
- Debt facilities increased to £27.5m, with covenants renegotiated to reflect the current trading environment. The Group continues to maintain a good working relationship with its bankers.
- The announcement on 27 September 2024 of a new subscription in ordinary shares by Challice, the majority shareholder, to raise not less than £10m to strengthen the balance sheet, including a right of clawback under the subscription by other shareholders on a pro-rata basis.

Borrowing facilities

The Group’s net debt balance at 30 March 2024 was £16.3m (2023: net cash of £0.7m), with available liquidity of £2.0m. Net debt comprises cash balances of £7.1m (2023: £6.8m) less bank borrowings of £23.4m (2023: £6.1m). Bank borrowings related to drawdowns under its RCF of £15.0m (2023: £4.0m) and an overdraft of £7.1m (2023: £6.8m).

The RCF was drawn down by £17.5m at the date of this report. The Group had net debt of £16.0m at 27 September 2024, with available liquidity of £11.5m which includes £3.7m headroom on the overdraft facility and £4.8m on the supplier trade finance facility.

Since the period end the Group has amended its’ RCF increasing the available funds from £15.0m to £17.5m and re-negotiated covenants (waived at period-end date) to reflect the current trading environment. The facility continues to run until 30 September 2027 with security granted in favour of its lender.

The Group has also signed a new £6.0m supplier trade finance facility with its lender, which is backed by UK Export Finance. The facility is committed for a 2-year period. The Group continues to have access to a £4.0m overdraft facility which is not a committed facility and therefore not considered by the Directors as part of the going concern assessment. The Group overdraft is renewed annually in July.

Base case scenario

The Directors’ base case scenario, which includes the proceeds from the shareholder subscription, assumes a 5% revenue reduction versus 2023/24 primarily driven by the ongoing adverse macro-economic conditions, especially in the UK and China. It also includes cost increases relating to inflationary cost pressures, offset by cost savings such as headcount reduction and the closure of certain stores, in light of the current trading environment, which were actioned and agreed before the start of the financial year. The Directors compared the base case scenario against external analysis which supported our strategic approach and revenue assumptions, including market opportunities.

Under this scenario, covenants will be met, however, it is anticipated the RCF will continue to be required between April 2024 and November 2024.

Downside scenario

The Directors have considered a downside scenario, which models out the risk in the UK and Asia Pacific, which are considered the main regions which could impact full-year revenue. This scenario includes a number of mitigating actions, with further actions available. The impact of this would result in a 9% reduction in Group revenue against the base case scenario at which point there is no covenant breach.

Reverse stress test

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 covenant breach. The reverse stress test shows that Group revenue could fall by 14% versus the base case scenario before a covenant breach in September 2025. It should be noted that the RCF is not forecast to be fully drawn down under the reverse stress test.

Under these circumstances, it is forecast that the decline in sales could in part be offset by an increase in mark-down sales and promotional activity. When this is included, Group revenue could fall by 23% versus the base case before a covenant breach in September 2025. Once further mitigating actions are applied, this increases to 43%.

Consideration of the key factors in the going concern assessment:

- Current trading in comparison to budget is outperforming the reverse stress scenario;
- Revenue in the reverse stress test scenario would be below the level achieved in 2023/24;
- The reduction in inventories during the period (£15.1m) demonstrates that inventory levels can be managed;
- If trading was to be challenging over the key trading periods, there is time to react and take further mitigating actions before a covenant breach in September 2025, including stock optimisation programmes to manage inventory levels and cost reduction activities, including store and concession closures where appropriate. We continue to maintain a good working relationship with our bankers.

Basis of going concern statement

Under the base case scenario, the Group is expected to have sufficient cash resources to meet their obligations over the going concern period. This includes having sufficient headroom against the Group’s covenants.

The downside scenario includes sensitivities that reduce forecast cash generation due to a 9% reduction in Group revenue versus the base case. Under this scenario the Group continues to have sufficient headroom against the Group’s covenants.

The reverse stress test shows that Group revenue could fall by 14% versus the base case before a covenant breach in September 2025, however, once additional mark-down sales and promotional activity and further mitigating actions are applied, this increases to 43%.

For these reasons and the assessment outlined above, the Directors remain confident that the Group has access to adequate resources to enable it to continue to operate as a going concern for the foreseeable future. Should there be an extreme and prolonged decline in trading performance which is over and above the current trading levels and the level of mitigating actions including promotional activity was not achieved, then the Group would breach its covenants during the going concern period. This gives rise to a material uncertainty, which may cast significant doubt on the Group and parent company’s ability to continue as a going concern, meaning it may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding this material uncertainty, 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. As noted above, in the event of a decline in revenue, a number of mitigating items are available to the Group, including stock optimisation programmes to manage inventory levels and cost reduction activities, including store and concession closures where appropriate. We maintain a good working relationship with our bankers and shareholders, as demonstrated by the recent increase in debt facilities and the announcement on 27 September 2024 of a new subscription in ordinary shares by Challice, the majority shareholder, to raise not less than £10m that will strengthen the balance sheet.

Directors’ report

(continued)

DIRECTORS AND THEIR INTERESTS

The Directors who served during the period and subsequently are detailed below.

Charles Anderson, 54, is Group Finance Director, having joined Mulberry and been appointed to the Board on 7 October 2019. He is an ACMA and was admitted to the Chartered Institute of Management Accountants in 2000. Mr Anderson has over 20 years' experience as a finance professional, having previously worked at Ted Baker PLC for 17 years. He has experience in developing and overseeing global finance functions, international expansion and systems transformation as well as investor relations.

Thierry Andretta, 67, was Chief Executive Officer during the financial period. Since period end, Thierry left the business on 9 July 2024.

Andrea Baldo, 52 was appointed Chief Executive Officer from 1 September 2024. Previously, he served as CEO of the progressive luxury brand GANNI (2018-2024) and as CEO of the Italian leather goods brand Coccinelle (2016-2018). He began his career in strategic management consulting and entered the fashion industry while consulting at Bain & Company in 2000. Over the past 20+ years, he has held positions at various luxury and contemporary brands, including as General Manager at luxury houses Marni and Maison Martin Margiela (2013-2016) and various leadership positions at Diesel in Italy and USA. Holding a degree in Economics from the University of Verona and as a graduate of the General Management Program at Harvard Business School. Mr Baldo is also a Fellow of Strategic Management at IESE Business School, where he co-teaches the MBA course “Strategic Management in the Fashion and Luxury Goods Industry”. He also writes business cases and technical notes on the luxury industry.

Non-Executive Directors

Christopher Roberts, FCCA, 60, is Chairman of the Board (appointed 30 September 2022). He was appointed to the Board on 6 June 2002 and held the position of Chair of the Nominations and Remuneration Committee from 2013 to 30 September 2022. He is a Fellow of the Chartered Association of Certified Accountants. He is managing director of Como Holdings (UK) Ltd which has retail, hotel and real estate operations in the UK and was formerly Finance Director of an AIM listed financial services group. Como Holdings (UK) Ltd is a company ultimately owned by Mr Ong Beng Seng and Mrs Christina Ong. Mr Roberts has a broad experience of international property markets, the branded luxury hospitality sector and global financial markets.

Steven Grapstein, CPA, 66, was appointed as Director on 17 November 2003 and was appointed as Chairman of the Audit Committee on 7 May 2013. He is currently the Chief Executive Officer of Como Holdings USA Inc., an international investment group with extensive interests in the retail and hotel industries. He serves on the Board of Directors of Urban Edge, a US publicly listed company on the New York Stock Exchange and is the Chairman of their Compensation Committee. He also serves as a member of the Board of Directors of David Yurman Corp., a privately held US entity and creator of luxury jewellery and time pieces where he is Chairman of the Audit Committee and a member of the Governance Committee. He is also a member of the American Institute of Certified Public Accountants. Mr Grapstein was a director of and then Chairman of the Board of Tesoro Corporation, a US publicly held Fortune 100 company engaged in the oil and gas industry, a position he held until 2015. Having served as Chief Executive Officer, he then became Chairman of Presidio International dba A/X Armani Exchange, a fashion retail company, until its sale on 15 May 2014. Como Holdings USA Inc. is ultimately owned by Mr Ong Beng Seng and Mrs Christina Ong. Mr Grapstein has extensive knowledge of the North American retail market and is experienced in corporate finance and US capital markets.

Melissa Ong, 50, is Chairman of the Nominations and Remuneration Committee (appointed on 30 September 2022). She was appointed to the Board on 7 September 2010. She is currently Director of Activities of Como Hotels and Resorts, a company ultimately owned by Mr Ong Beng Seng and Mrs Christina Ong, overseeing the experiential element of hospitality in each destination. She is Managing Director of Mojo Pte Ltd, an investment holding company managing investments in technology, food and beverage, hospitality, real estate and public securities and funds. She manages the endowment portfolio of COMO Foundation where she serves as a director. She is a director of Knowhere Pte Ltd and Dovehill Farms Limited (a company in which she holds a 50% stake). She holds Board positions with the following not-for-profit organisations: Center for Civilians in Conflict; Internews (US Board Director) and Mandai Nature Fund Ltd. She is also a director of each of Will Focus Ltd, COMO Pte Ltd and Como Holdings Pte Ltd, companies which are ultimately owned by Mr Ong Beng Seng and Mrs Christina Ong. Ms Ong is highly experienced in the luxury hospitality sector and brings insight into the Asian market. Her knowledge of relevant technology and application to digital and social media marketing is valuable in relation to enhancing the luxury customer experience.

Christophe Cornu, 60, was appointed on 7 May 2013 and is an independent director. With effect from 1 March 2023, Mr Cornu is Senior Vice President, Zone Europe, Société des Produits Nestlé SA, after having previously served as President of Nestlé France SA, CEO of Nestlé Suisse SA and Chief Commercial Officer for Nestlé Nespresso SA. Mr Cornu is a marketing leader with a track record of developing major brands and break through concepts. He is consumer focussed, with a complete view from brand purpose development through to marketing execution and provides valuable insight and challenge on brand and marketing related issues.

Julie Gilhart, 66, was appointed on 1 December 2014 and is an independent director. She is Chief Development Officer of Tomorrow Ltd and President of Tomorrow Projects where she champions and fosters the power of entrepreneurial creativity within the global fashion industry. In 2011 she founded Julie Gilhart Consulting, Inc, to connect and grow fashion brands with a desire to have a positive impact, before merging her company with Tomorrow Ltd in 2019. Prior to establishing her own company, Ms Gilhart was the Senior VP Fashion Director at Barneys New York for 18 years where she identified and brought up-and-coming designers into the store, playing a role in building their businesses worldwide. She serves as a member on the Boards of Parsons-New School and Tomorrow London Holdings Ltd and serves as an advisor to Global Fashion Agenda and Copenhagen Fashion Week, as well as a jury member for multiple prizes including the LVMH Prize. She is a respected leader within the fashion sector and is known as a pioneer of sustainability and the circular economy, with a history of finding talent and advising and developing growth of businesses. Her expertise relates to the emerging customer, social trends and adaptation of business models to future requirements including focus on sustainability through advising companies how to incorporate sustainable practices as a core component of their operations.

Leslie Serrero, 49, was appointed to the Board on 7 September 2023 and is an independent Director. Ms Serrero has an MBA from Harvard Business School and extensive experience of luxury brand leadership. She has been International Managing Director of US luxury group Casa Komos Brands Group since October 2022, having previously held senior executive roles at Fendi France (2019-2022), Christian Dior Couture (2012-2019) and Lacoste SA (2009-2012). Prior to this, Ms Serrero was a project leader at Boston Consulting Group for six years, advising companies in the retail, consumer and fashion sectors on transformation and growth strategies. Her extensive experience of luxury brands, brand leadership and pathways to growth provide valuable insight in relation to future growth potential.

Directors’ Interests

Directors’ beneficial interests in the shares of the Company at the period end were as follows:

	5p ordinary shares 2024	5p ordinary shares 2023
Steven Grapstein	10,000	10,000
Melissa Ong	10,000	10,000
Thierry Andretta	70,689	48,689

The other Directors had no interests in the shares of the Company. Details of Directors’ share options, share awards (including jointly owned shares issued under the 2009 Co-ownership Equity Incentive Plan) and other interests in shares are disclosed in the Directors’ remuneration report.

SUBSTANTIAL SHAREHOLDINGS

At 30 March 2024 the Company had been notified of the following interests of 3% or more of the share capital of the Company, other than those of the Directors above:

Name of holder	Percentage of voting rights and issued share capital	No. of ordinary shares	Nature of holding
Challice Limited ⁽¹⁾	56.14%	33,726,444	Controlling shareholder
Frasers Group plc ⁽²⁾	36.82%	22,121,948	Investor

(1) Challice Limited is controlled by Mr Ong Beng Seng and Mrs Christina Ong.

(2) On 19 November 2020 Frasers Group acquired the shares of Kaupthing ehf. At this time Frasers Group reserved the right to make a voluntary offer for the Company and entered into a 28 day “offer period”. This was concluded on 17 December 2020, when Frasers Group confirmed that it did not intend to make an offer.

The Group is party to and has complied with, a relationship agreement with Challice Limited which includes undertakings that transactions and relationships will be conducted on an arm’s length basis on normal commercial terms.

Frasers Group plc also hold contract for difference shares of 27,489, representing 0.05% of Ordinary shares. Whilst Frasers Group plc have an economic interest in these shares, they carry no voting rights.

SHARE PRICE INFORMATION

The market price of Mulberry Group plc ordinary shares at 30 March 2024 was £1.05 (2023: £2.15) and the range during the period was £1.03 to £2.60 (2023: £2.05 to £3.10).

MOVEMENT IN THE COMPANY’S OWN SHAREHOLDING

Please refer to notes 27 and 28.

Directors’ report

(continued)

EVENTS AFTER THE REPORTING PERIOD

Renewal of the revolving credit facility (RCF);

Since the period end the Group has amended its’ RCF increasing the available funds from £15.0m to £17.5m and re-negotiated covenants to reflect the current trading environment. The Group has also signed a new £6.0m supplier trade finance facility which is backed by UK Export Finance. The facility is committed for a 2-year period.

Subscription of new ordinary shares;

On 27 September 2024, The Group announced a new subscription for new ordinary shares by Challice Limited, the majority shareholder of Mulberry, to raise approximately £10m in order to support the Group. Further details of the capital raise are set out in the announcement on 27 September 2024.

BRANCHES

The Group operates branches, as defined in s1046(3) of the Companies Act 2006, in Ireland, Netherlands, New Zealand and Taiwan.

DIRECTORS’ INSURANCE AND INDEMNITIES

The Group maintains Directors’ and Officers’ liability insurance which gives appropriate cover for any legal action brought against its Directors. In accordance with Section 236 of the Companies Act 2006, qualifying third party indemnity provisions are in place for the Directors in respect of liabilities incurred as a result of their office to the extent permitted by law. Both the insurance and indemnities applied throughout the financial period ended 30 March 2024 and through to the date of this report.

EMPLOYEE INVOLVEMENT

The Group is committed to an active equal opportunities policy. It is the Group’s policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. Employment practices are applied which are fair, equitable and consistent with the skills and abilities of our employees and the needs of the business.

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group, which is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Employee Committees have been established covering each of our main sites.

UK GREENHOUSE GAS EMISSIONS AND ENERGY USE DATA

	52 weeks ended 30 March 2024	52 weeks ended 1 April 2023
Energy Consumption, including electricity, natural gas, LPG and transport fuel (kWh)	4,082,165	4,248,507
Scope 1 emissions in metric tonnes CO ₂ e		
Natural Gas	196.8	175.4
Company-owned transport	17.3	27.4
LPG	11.7	30.3
Total Scope 1	225.8	233.1
Scope 2 emissions – Purchased electricity (tonnes CO ₂ e)	554.1	574.0
Scope 3 emissions – business travel where responsible for fuel (tonnes CO ₂ e)	20.8	15.7
Total gross emissions in metric tonnes CO ₂ e	800.7	822.8
Intensity ratio (CO ₂ e/£m Revenue)	5.24	5.17

Our emissions intensity relative to sales has increased marginally by 1% in the period, largely driven by the fall in revenue compared to the prior period. Our total carbon emissions have reduced by 3.9% due to the ongoing active implementation of energy efficiency measures.

In the period we have helped minimise energy consumption by completing installation of LED lighting across all office spaces in the Somerset sites and replacing non-LED lighting with LED on a rolling basis when the existing lighting fails. In the UK and European stores there has been an increase in the use of LED lighting, with 73% of the store footprint being covered fully or partially by LED lighting. A 360kW solar PV array has also been installed on the roof of The Willows factory. This went live during June 2023. And is 10 times larger than the previous system which was installed as part of the factory build in 2013.

We have reported on all the emission sources required under the Companies Act 2006 (Strategic Report and Directors’ Reports) Regulations 2013 and Companies (Director’s Report) LLP (Energy and Carbon Report) Regulations 2018. These sources fall within our own business activities over which we have operational control.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data gathered from our own operations and emissions factors from UK Government’s Conversion Factors for Company Reporting 2019.

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government’s Conversion Factors for Company Reporting. Streamlined Energy and Carbon Reporting (SECR) guidance only requires the Group to report on UK GHG emissions.

DISABLED PERSONS

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

FUTURE DEVELOPMENTS

Future developments are discussed in the Current Trading and Outlook section of the Business Review on page 6.

CORPORATE GOVERNANCE

Corporate governance which forms part of the Director’s report is discussed in the Governance Report section of the Annual Report on pages 32 to 48.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is discussed in the Our Stakeholders section of the Annual Report on pages 21 to 23.

CHARITABLE AND POLITICAL DONATIONS

The Group made charitable donations during the period details of which can be found in the Communities & Environment section on page 23. The Group made no political donations in either period.

RISK MANAGEMENT

The Group’s financial instruments risk management policies can be found in note 33.

AUDITOR

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company’s auditor is unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company’s auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

The Group’s current external auditor is Grant Thornton UK LLP and note 9 of the Financial Statements states their fees both for audit and non-audit work. A resolution to re-appoint GT as external auditor to the Group for FY 2024/25 will be proposed at the forthcoming AGM. The Independent Auditor’s Report can be found on pages 49 to 58.

The Directors’ Report was approved by the Board of Directors and authorised for issue on 27 September 2024.

Charles Anderson

Group Finance Director
27 September 2024

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and the parts of the Companies Act 2006 that applies to companies applying UK-adopted international accounting standards and have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'The financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether applicable UK-adopted international accounting standards and the parts of the Companies Act 2006 that applies to companies applying UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- for the company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The Directors are responsible for preparing the annual report in accordance with applicable law and regulations. The Directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This responsibility statement was approved by the Board of Directors on 27 September 2024 and is signed on its behalf by:

Charles Anderson
Group Finance Director

27 September 2024

Independent auditor's report to the members of Mulberry Group Plc

OPINION

Our opinion on the financial statements is unmodified

We have audited the financial statements of Mulberry Group Plc (the 'parent company') and its subsidiaries (the 'Group') for the 52 week period ended 30 March 2024, which comprise the Group income statement, the Group statement of comprehensive income, the Group balance sheet, the Group statement of changes in equity, the Group cash flow statement, the Company balance sheet, the Company statement of changes in equity and notes to each of the Group and Company financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 March 2024 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the going concern note in the financial statements. The Group had a net asset position of £10.9m at 30 March 2024, however, the net asset position decreased from £46.8m at 1 April 2023, reflecting losses in the year. These losses reflect the Group being impacted by the challenging macroeconomic environment. These headwinds have continued since the period-end, placing further pressure on the Group's performance, however, the Group continues to take appropriate cost actions, manage inventory levels and drive commercial initiatives to improve profitability and cash generation. Should there be an extreme and prolonged decline in trading performance which is over and above the current trading levels, and the level of mitigating actions including promotional activity was not achieved, then the Group would breach its covenants during the going concern period.

As stated in the going concern note, these events or conditions, along with the other matters as set forth in the going concern note, indicate that a material uncertainty exists that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of management's assessment of the entity's ability to continue as a going concern

The existence of a material uncertainty related to going concern was assessed as a matter that was one of the most significant assessed risks of material misstatement due to the uncertainty of the future impact on the group of the challenging macroeconomic environment. Due to the ongoing wider trading environment, there is significantly more judgement applied in developing cash flow forecasts and in determining compliance with loan covenants.

The group has prepared two reverse stress test scenarios which demonstrate the revenue reduction required to breach the minimum liquidity covenant in September 2025. They show that revenue can fall by 14.3% with no mitigating actions taken, or 25.8% with mitigating actions such as reduced marketing spend and production savings.

In addition to these mitigations, it is within the business' control to react to underperformance through increasing mark down and promotional activity. However, recovery through these alternative revenue streams remains reliant on external market factors, being demand from customers. The headroom in a situation where a downturn in full price revenues cannot be compensated in this way is significantly reduced, at which point management considers the scenario to become plausible and hence have identified a material uncertainty which casts significant doubt on the group's and the parent company's ability to continue as a going concern.

Independent auditor’s report to the members of Mulberry Group Plc (continued)


- We performed the following audit procedures to evaluate management's assessment of the group's and the parent company's ability to continue as a going concern:
- Obtaining an understanding of how management prepared their base case, downside scenario and reverse stress tests for the period to 30 September 2025;
 - Considering the other inherent risks associated with the Group's business model including effects arising from macro-economic uncertainties such as the rising cost of inflation, including consideration of the industry in which the group operates and the forecasting assumptions of other comparable competitors;
 - Evaluating the accuracy of management's historical forecasting with reference to actual results, and the impact of this on the reliability of management's assessment;
 - Evaluating the key inputs and assumptions underpinning the model, including key trading assumptions, the shareholder fundraise and future borrowings requirements and corroborated these assumptions to supporting documentation;
 - Assessing the accuracy of the loan covenants calculations within the forecasts and agreeing these to the revised finance facilities agreement;
 - Discussing cost saving plans and shareholder funding with management's advisors and lawyers;
 - Considering the severity and plausibility of management's downside scenarios and reverse stress testing, including re-performing the calculations and assessing for plausibility by corroborating key assumptions and reviewing historic trends;
 - Evaluating the availability and impact of mitigating actions available to management if downside scenarios were to be realised;
 - Performing arithmetical and consistency checks on management's going concern base case model; and
 - Assessing the adequacy and completeness of related disclosures within the annual report.

Our responsibilities

We are responsible for concluding on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OUR APPROACH TO THE AUDIT



Overview of our audit approach

Overall materiality:
Group: £1,100,000, which represents approximately 0.7% of the Group's total revenues.
Parent company: £453,600, which represents approximately 1.5% of the parent company's total assets at the planning stage of the audit, capped at an amount less than group materiality for group audit purposes.

Key audit matters were identified as

- Occurrence of unusual revenue transactions (same as previous period);
- Impairment and impairment reversals of store right-of-use assets (same as previous period); and

Our auditor's report for the period ended 1 April 2023 did not include any key audit matters that have not been reported as a key audit matter in our current period's report.

The audit of the financial information of each of the following components was completed using component materiality: Mulberry Group Plc, Mulberry Company (Design) Limited and Mulberry Company (Sales) Limited.

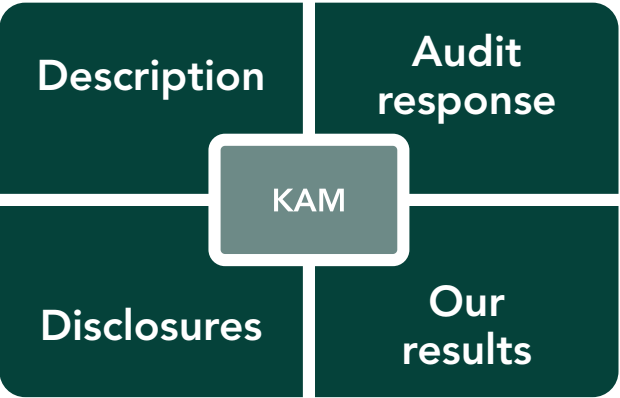
For the following components, we performed specific audit procedures using group materiality: Mulberry (Asia) Limited.

We engaged Grant Thornton Hong Kong as a component auditor to report to us on specific audit procedures in relation to Mulberry (Asia) Limited.

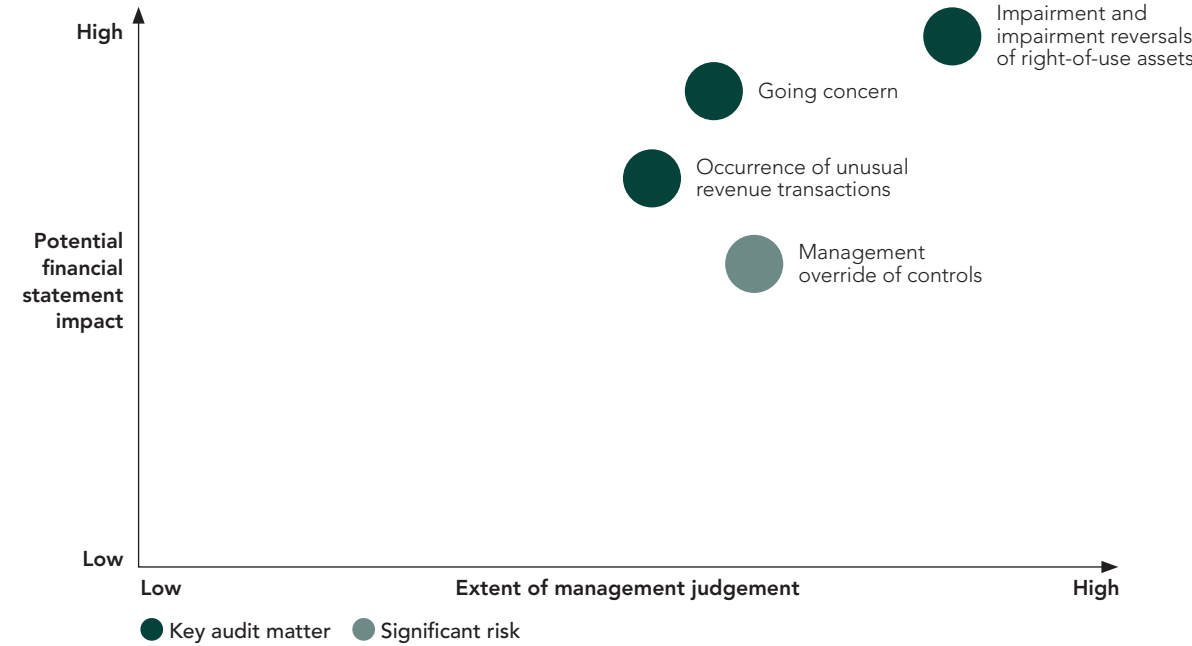
Our work performed over components covered 81% of the Group's revenue and 94% of the Group's profit before tax. There were no changes in the scope of our audit from the prior period.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters and significant risks relevant to the audit. This is not a complete list of all risks identified by our audit.



Independent auditor’s report to the members of Mulberry Group Plc (continued)

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter – Group	How our scope addressed the matter – Group
Occurrence of unusual revenue transactions We identified the occurrence of unusual revenue transactions as one of the most significant assessed risks of material misstatement due to fraud. Under ISA (UK) 240 revised there is a rebuttable presumed risk that revenue may be misstated due to improper recognition of revenue. Revenue recorded by the group is one of the key factors that drives the group’s earnings before interest, taxation, depreciation and amortisation (EBITDA). The majority of revenues recognised as sale of goods are considered non-complex. Unusual account combinations outside of the normal business process therefore pose a risk of fraud due to their abnormality. Unusual revenue transactions have been defined as those transactions impacting revenue, where the other affected element is accounts other than cash, accounts receivable, VAT or a limited number of other related accounts.	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none">• Evaluating the design effectiveness and implementation of relevant controls;• Assessing whether the accounting policies adopted by the directors are consistent, in accordance with the requirements of International Financial Reporting Standard (‘IFRS’) 15 ‘Revenue from Contracts with Customers’, and whether management has accounted for revenue in accordance with these policies, including through journal entries outside of the normal business process;• Using audit data analytics techniques to identify potentially unusual transactions within revenue. We analysed the account combinations of every transaction which impacted revenue or receivables during the period. Transactions that were not in line with our expectation were selected to determine whether they were appropriate by agreeing to supporting information such as invoices and journal breakdowns;• Supporting the audit data analytics by testing the design, implementation and operating effectiveness of bank reconciliation controls; and• Substantively testing revenue by agreeing a sample of transactions in the period to supporting till receipts, proof of delivery or alternative evidence where appropriate.
Relevant disclosures in the Annual Report <ul style="list-style-type: none">• Financial statements: Note 3, Significant accounting policies; and• Financial statements: Note 5, Total revenue and other income and finance income.	Our results Based on our audit work, we did not identify any evidence of material misstatement in relation to the occurrence of revenue outliers within the store, digital and wholesale revenue streams.

Key Audit Matter – Group	How our scope addressed the matter – Group
Impairment and impairment reversals of store right-of-use assets We identified impairment and impairment reversals of store right-of-use assets as one of the most significant assessed risks of material misstatement due to error. The group has £34.2m of store right-of-use assets as at 30 April 2024. An impairment charge of £8.4m has been recognised in the current period with £773k of impairment charges recognised in the prior period. In the current period, impairment reversals of £1.1m have been recognised, with £13.7m of impairment reversals recognised in the prior period. There is judgement and estimation uncertainty involved in determining the forecast cash flows by store used to measure impairment charges and reversals, as these include key assumptions such as revenue growth, profit margin and discount rate assumptions.	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none">• Evaluating the design and implementation effectiveness of relevant controls;• Challenging the appropriateness of the Group’s impairment policy, including management’s assessment of impairment indicators relating to right-of-use assets by assessing whether any stores showed further indicators of impairment or impairment reversal arising from variances in performance;• For stores identified containing indicators of an impairment charge or reversal, management prepared a value-in-use model, for which our procedures included:• Assessing the arithmetical accuracy of management’s calculations;• Using our internal valuations specialists to inform our challenge of management and their valuation expert, to assess whether assumptions used within the calculation of weighted average cost of capital were reasonable;• Assessing whether trading, working capital and cash flow assumptions were reasonable based on the historical performance of each store and the assumptions were consistent with our knowledge of the business and our assessment of management’s going concern review;• Assessing management’s consideration of valuation techniques for closed stores to determine whether an impairment is required under IAS 36, including assessment of any fair value assumptions made;• Assessing the accuracy of management’s forecasting through a comparison of budget to actual data and historical variance trends;• Performing sensitivity analysis to determine the impact of reasonably possible scenarios; and• Assessing the adequacy and completeness of related disclosures within the annual report, including the sensitivity of this impairment to key variables.
Relevant disclosures in the Annual Report <ul style="list-style-type: none">• Financial statements: Note 19, Right-of-use assets• Financial statements: Note 7, Alternative performance measures	Key observations <ul style="list-style-type: none">• Based on our audit work, we identified a material misstatement in relation to the impairment and impairment reversals of store right-of-use assets, which was adjusted by management following the reconsideration of key assumptions contained within the value-in-use calculations.

We did not identify any key audit matters relating to the audit of the financial statements of the parent company only.

Independent auditor’s report to the members of Mulberry Group Plc (continued)

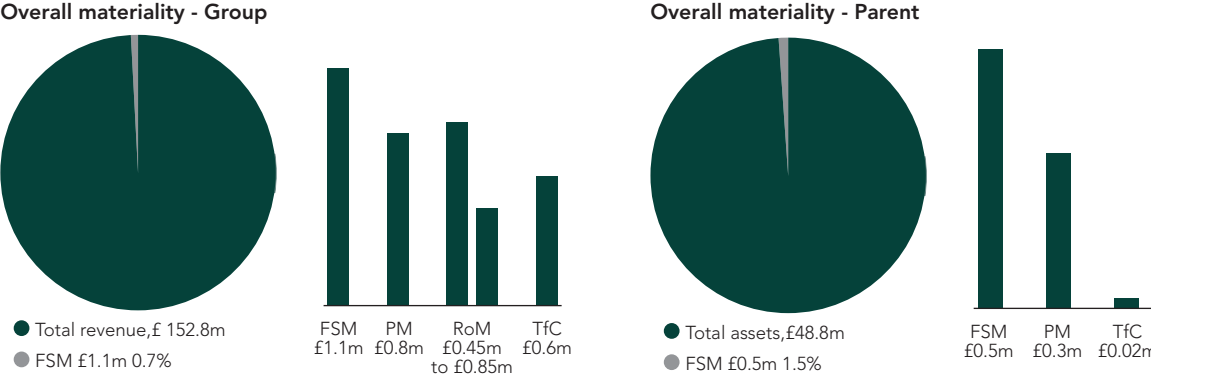
OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor’s report.

Materiality was determined as follows:

Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£1,100,000 (2023: £1,000,000), which represents 0.7% of the Group’s total revenues. The range of component materialities used across the group was £453,600 to £850,000.	£453,600 (2023: £311,000), which represents 1.5% of total assets at the planning stage of the audit, parent company component materiality has been capped at an amount less than group materiality for group audit purposes.
Significant judgements made by auditor in determining materiality	In determining materiality, we considered revenue to be the most appropriate benchmark for the group because this is the key driver of the group’s profit/(loss).	In determining materiality, we considered total assets to be the most appropriate benchmark as it reflects the company’s status as a non-trading holding company.
	Materiality for the current period is similar to that determined for the period ended 1 April 2023 to reflect the relatively consistent revenues in the current period.	Materiality for the current period is higher than the level that we determined for the period ended 1 April 2023 to reflect a different level of capping with respect to group materiality applied in the current year.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£770,000, (2023: £700,000) which is 70% of financial statement materiality.	£317,520, (2023: £217,000), which is 70% of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we made the following significant judgements in respect of our risk assessment:	In determining performance materiality, we made the following significant judgement in respect of our risk assessment:
	Having considered the level of misstatements identified in the prior period and the control environment of the group, we determined that it was appropriate to maintain the performance materiality threshold at 70%, as used in the prior year.	Having considered the level of misstatements identified in the prior period and the control environment of the company, we determined that it was appropriate to maintain the performance materiality threshold at 70%, as used in the prior year.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: <ul style="list-style-type: none">• Directors’ remuneration; and• Related party transactions.	We determined a lower level of specific materiality for the following areas: <ul style="list-style-type: none">• Directors’ remuneration; and• Related party transactions.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£55,000 (2023: £50,000), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£22,680 (2023: £15,550), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the threshold for communication to the audit committee:



FSM: Financial statement materiality, PM: Performance materiality, RoM: Range of materiality at financially significant components, TfC: Threshold for communication to the audit committee

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We performed a risk-based audit that requires an understanding of the group’s and the parent company’s business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

- The group’s accounting process is primarily resourced through a central group finance function within the United Kingdom, with local finance functions overseas which report into the central group finance function. The engagement team have obtained an understanding of the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level.
- We documented our understanding of the group’s processes and controls over key areas of audit risk and performed walkthroughs on these controls to assess whether they were designed and implemented effectively.
- We documented our understanding of the group’s processes and controls over all areas of significant risk and significant classes of transactions and performed walkthroughs on these controls to assess whether they are designed and implemented effectively.

Identifying significant components

- Component significance was determined based on the relative share of key group financial metrics including revenue, loss before tax and other significant balances relevant to the group. The following section details component scoping in further detail.
- Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)
- For all significant risks and key audit matters identified, the group engagement team obtained an understanding of the relevant controls that management has implemented over the related processes.
- For components classified as ‘individually financially significant to the group’, an audit of the financial information of the component using component materiality (full-scope audit) was performed. The components which fell into this scope were Mulberry Group plc, Mulberry Company (Design) Limited and Mulberry Company (Sales).
- These full scoped audits included the procedures described earlier for the key audit matters of:
- Occurrence of unusual revenue transactions;
- Impairment and impairment reversals of store right-of-use assets; and
- For components subject to specified audit procedures, being only Mulberry (Asia) Limited, audit procedures were performed on key balances including revenue, to provide us with assurance for the related key audit matter of occurrence of revenue outliers within the store, digital and wholesale revenue streams.
- Analytical procedures were performed on the financial information of all other components using Group materiality.

Independent auditor’s report to the members of Mulberry Group Plc (continued)

Performance of our audit

- In order to address the audit risks identified during our planning procedures, the audit of the financial information of the components Mulberry Company (Design) Limited and Mulberry Company (Sales) Limited was completed by the group engagement team using component materiality (full-scope audit procedures). The group engagement team also performed a full-scope audit of the group’s parent company, Mulberry Group plc.
- We issued group instructions to component auditors in respect of specified procedures over Mulberry (Asia) Limited.
- The financial information of the remaining operations of the group were subjected to analytical procedures carried out by the group engagement team.
- Alongside these procedures, the group engagement team also evaluated the group’s internal control environment including both general and IT-based systems and controls.
- The group engagement team visited the significant components in the United Kingdom. The local component audit team also visited locations for Mulberry (Asia) Limited. The remainder of the work performed on the overseas components in respect of specific audit procedures was carried out remotely. We held detailed discussions with the component audit team, including the remote review of the work performed and update calls on the progress of their fieldwork.

Audit approach	No. of components	% coverage Revenue	% coverage Profit before tax
Full-scope audit	3 (2023: 3)	76 (2023: 81)	81 (2023: 93)
Specified audit procedures	1 (2023: 2)	5 (2023: 5)	0
Analytical procedures	16 (2023: 14)	19 (2023:14)	19 (2023: 7)
Total	20	100	100

Communications with component auditors

- Detailed audit instructions were issued to the component auditors that comprised the specific scope procedures required over Mulberry (Asia) Limited. The instructions highlighted the risks to be addressed through the audit procedures and detailed the information that was required to be reported to the group engagement team.
- The group engagement team conducted a review of the work performed by the component auditor and communicated with the component auditor throughout the planning, fieldwork and concluding stages of the group audit.
- The component auditor was part of the Grant Thornton International Limited (GTIL) network.

Changes in approach from previous period

- In the prior period, specified audit procedures were also performed over Mulberry (Shanghai) Company Limited which were not required in the current period to obtain sufficient coverage over key group balances.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; andwthe strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors’ report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors’ responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group’s and the parent company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and sector in which it operates, making enquiries of management and those charged with governance. We corroborated our enquiries through our review of Board minutes, review of legal costs and discussion with those outside of finance responsible for legal matters.
- Through the understanding that we obtained, we determined the most significant legal and regulatory frameworks which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks including UK-adopted international accounting standards; the AIM Listing Rules for Companies, the Companies Act 2006 and the relevant taxation regulations in the jurisdictions in which the group operates.
- We assessed the susceptibility of the group’s financial statements to material misstatement, including how fraud might occur, by considering management’s incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to potential management bias in determining accounting estimates and in judgemental areas such as the calculation of impairment of right-of-use assets and management override of controls.

Our audit procedures included:

- Making enquiries of management concerning the Group’s and parent’s policies and procedures relating to the identification, evaluation and compliance with laws and regulations; the detection and response to the risks of fraud; and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations;
- Making enquiries of management and those charged with governance of whether they were aware of any instances of non-compliance with laws and regulations, and whether they had any knowledge of actual, suspected, or alleged fraud;
- Gaining an understanding of the controls that management has in place to prevent and detect fraud;
- Challenging significant accounting assumptions, estimates and judgements made by management, including those relevant to the estimation and judgemental areas with a risk of fraud, including potential management bias;
- Journal entry testing, with a focus on journals indicating large or unusual transactions or account combinations based on our understanding of the business, including material journal entries impacting revenue as well as journal entries posted by key management personnel;
- Obtaining an understanding of, and testing, significant identified related party transactions;
- Performing audit procedures to assess the compliance of disclosures in the financial statements with the applicable financial reporting framework requirements; and
- For components at which audit procedures were performed by the component auditor, we requested the component auditor to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the group financial statements.

Independent auditor’s report to the members of Mulberry Group Plc (continued)

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - Knowledge of the industry in which the group operates; and
 - Understanding of the legal and regulatory requirements specific to the parent company and the group including; the provisions of the applicable legislation and the applicable statutory provisions.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Rebecca Eagle

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

Birmingham
27th September 2024

Group income statement

52 WEEKS ENDED 30 MARCH 2024

	Note	52 weeks ended 30 March 2024 £’000	52 weeks ended 1 April 2023 £’000
Revenue	5	152,844	159,129
Cost of sales	21	<u>(45,704)</u>	<u>(45,879)</u>
Gross profit		107,140	113,250
Impairment charge relating to intangibles		-	(2,366)
Impairment (charge)/credit relating to property, plant and equipment		(1,239)	850
Impairment (charge)/credit relating to right-of-use assets		(7,334)	12,949
Other operating expenses	8	(128,938)	(108,485)
Other operating income	5	<u>1,234</u>	<u>776</u>
Operating (loss)/profit		(29,137)	16,974
Share of results of associates	20	31	52
Finance income	11	1	11
Finance expense	12	<u>(5,019)</u>	<u>(3,887)</u>
(Loss)/profit before tax		(34,124)	13,150
Tax	13	<u>(860)</u>	<u>(1,753)</u>
(Loss)/profit for the period		<u><u>(34,984)</u></u>	<u><u>11,397</u></u>
Attributable to:			
Equity holders of the parent		(33,505)	13,243
Non-controlling interests		<u>(1,479)</u>	<u>(1,846)</u>
(Loss)/profit for the period		<u><u>(34,984)</u></u>	<u><u>11,397</u></u>
Basic (loss)/profit per share	15	(58.6p)	19.1p
Diluted (loss)/profit per share		(58.6p)	19.1p

All activities arise from continuing operations.

Group statement of comprehensive income

52 WEEKS ENDED 30 MARCH 2024

	Note	52 weeks ended 30 March 2024 £'000	52 weeks ended 1 April 2023 £'000
(Loss)/profit for the period		(34,984)	11,397
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	28	(1,105)	(483)
Total comprehensive (expense)/income for the period		(36,089)	10,914
Attributable to:			
Equity holders of the parent		(34,773)	12,888
Non-controlling interests		(1,316)	(1,974)
Total comprehensive (expense)/income for the period		(36,089)	10,914

Group balance sheet

AS AT 30 MARCH 2024

	Note	30 March 2024 £'000	1 April 2023 £'000
Non-current assets			
Intangible assets	16	8,700	6,015
Property, plant and equipment	17	18,754	19,817
Right-of-use assets	19	34,307	57,520
Interests in associates	20	206	254
Deferred tax asset	24	-	622
		<u>61,967</u>	<u>84,228</u>
Current assets			
Inventories	21	33,159	48,250
Trade and other receivables	22	15,453	19,901
Cash and cash equivalents	22	7,138	6,872
		<u>55,750</u>	<u>75,023</u>
Total assets		117,717	159,251
Current liabilities			
Trade and other payables	25	(23,354)	(28,143)
Current tax liability		(123)	(182)
Lease liabilities	26	(9,909)	(10,932)
Borrowings	23	(23,474)	(11,562)
		<u>(56,860)</u>	<u>(50,819)</u>
Net current (liabilities)/assets		(1,110)	24,204
Non-current liabilities			
Trade and other payables	25	(2,155)	-
Lease liabilities	26	(40,485)	(61,666)
Borrowings	23	(7,338)	-
		<u>(49,978)</u>	<u>(61,666)</u>
Total liabilities		(106,838)	(112,485)
Net assets		10,879	46,766
Equity			
Share capital	27	3,004	3,004
Share premium account		12,160	12,160
Own share reserve	28	(438)	(896)
Capital redemption reserve	28	154	154
Foreign exchange reserve	28	(430)	675
Retained earnings		<u>2,955</u>	<u>38,110</u>
Equity attributable to holders of the parent		17,405	53,207
Non-controlling interests	29	(6,526)	(6,441)
Total equity		10,879	46,766

The financial statements of Mulberry Group plc (company number 01180514) were approved by the Board of Directors and authorised for issue on 27 September 2024.

They were signed on its behalf by:

Charles Anderson
Director

Group statement of changes in equity

52 WEEKS ENDED 30 MARCH 2024

	Share capital £'000	Share premium account £'000	Own share reserve £'000	Capital redemptio n reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000	Non- controlling interests £'000	Total equity £'000
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 (note 31)	-	-	-	-	-	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 (note 14)	-	-	-	-	-	(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
Loss for the period	-	-	-	-	-	(33,505)	(33,505)	(1,479)	(34,984)
Other comprehensive expense for the period	-	-	--	-	(1,105)	-	(1,105)	-	(1,105)
Total comprehensive expense for the period	-	-	--	-	(1,105)	(33,505)	(34,610)	(1,479)	(36,089)
Charge for employee share-based payments (note 31)	-	-	-	-	-	25	25	-	25
Impairment of shares in trust	-	-	458	-	-	(458)	-	-	-
Adjustment arising from investment by non-controlling interests	-	-	-	-	-	-	-	611	611
Adjustment arising from acquisition of non-controlling interests	-	-	-	-	-	(620)	(620)	620	-
Non-controlling interest foreign exchange	-	-	-	-	-	-	-	163	163
Dividends paid (note 14)	-	-	-	-	-	(597)	(597)	-	(597)
Balance at 30 March 2024	3,004	12,160	(438)	154	(430)	2,955	17,405	(6,526)	10,879

Group cash flow statement

52 WEEKS ENDED 30 MARCH 2024

	Note	52 weeks ended 30 March 2024 £'000	52 weeks ended 1 April 2023 £'000
Operating (loss)/profit for the period		(29,137)	16,974
Adjustments for:			
Depreciation and impairment of property, plant and equipment	17	6,191	3,487
Depreciation and impairment of right-of-use assets	19	16,654	(5,021)
Amortisation and impairment of intangible assets	16	1,760	4,041
Gain on lease modification and lease disposals	34	(6,100)	(441)
Loss on sale of property, plant and equipment		601	96
Business combination gain		-	(304)
Loss on disposal of intangible assets		29	-
Gain on waiver of loan from non-controlling interest		(504)	-
Share-based payments expense	31	25	23
Operating cash (outflow)/inflow before movements in working capital		(10,481)	18,855
Decrease/(increase) in inventories		15,188	(9,722)
Decrease/(increase) in receivables		4,495	(3,974)
(Decrease)/increase in payables		(3,707)	2,001
Cash generated from operations		5,495	7,160
Income taxes paid		(343)	(2,427)
Interest paid		(5,019)	(3,899)
Net cash inflow from operating activities		133	834
Investing activities:			
Interest received		1	15
Acquisition of businesses	35	(238)	(3,182)
Purchases of property, plant and equipment		(5,948)	(7,129)
Proceeds from disposal of property, plant and equipment		-	2
Acquisition of intangible assets		(3,835)	(3,919)
Dividend received from associate		-	40
Net cash used in from investing activities		(10,020)	(14,173)
Financing activities:			
Proceeds from loans from non-controlling interests	34	3,934	246
Investment from non-controlling interest		611	-
Proceeds from new borrowings	34	17,374	6,100
Repayment of loans from non-controlling interests		(1,171)	-
Dividends paid		(597)	(1,789)
Principle elements of lease payments		(9,802)	(10,261)
Net cash generated by /(used in) financing activities		10,349	(5,704)
Net increase/(decrease) in cash and cash equivalents		462	(19,043)
Cash and cash equivalents at beginning of period		6,872	25,669
Effect of foreign exchange rate changes		(196)	246
Cash and cash equivalents at end of period	22	7,138	6,872

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.

Notes to the Group Financial Statements

52 WEEKS ENDED 30 APRIL 2024

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. The address of the registered office is given on page 123. The nature of the Group’s operations and its principal activities are set out in note 6 and in the Strategic report.

These financial statements are presented in pounds Sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.

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 2024. 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 the following new and revised IFRS Standards that have been issued but are not yet effective:-

Amendments to IFRS 16 – Leases on sale and leaseback

Amendments to IAS 1 – Non-current liabilities with covenants

Amendment to IAS7 and IFRS 7 – Supplier finance

Amendments to IAS 21 – Lack of exchangeability

Amendment to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

IFRS 18 Presentation and disclosure in financial statements

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 30 March 2024, the financial period runs for the 52 weeks to 30 March 2024 (2023: 52 weeks ended 1 April 2023).

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. Further detail is contained in the Directors’ report on pages 42 to 47.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to the Saturday closest to 31 March each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power including:

- the size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the Consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group’s equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests’ proportionate share of the fair value of the acquiree’s identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests’ share of subsequent changes in equity.

In the event of a change in proportionate share of a non-controlling interest, this is accounted for as adjustment to retained earnings.

Notes to the Group Financial Statements

(continued)

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through the participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited in profit or loss in the period of acquisition.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and any recognised impairment loss. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the asset. Assets in the course of construction are carried at cost less any recognised impairment loss.

The gain or loss arising on the disposal of an intangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Included in software is computer software and website and omni-channel development costs which are amortised over the estimated useful life of the asset (typically four to five years). Computer software which is considered integral to an item of hardware is included as property, plant and equipment.

Computer software, including cloud customisation costs are recognised as an intangible asset during development, with amortisation commencing when the software is operational. Software as a Service-related costs which do not meet the criteria for recognition as an asset under IAS 38 have been expensed in full.

Goodwill

Acquired goodwill is not amortised and is subject to impairment review at each reporting date. Goodwill acquired through business combinations has been allocated to separate cash generating units (CGU) based on the acquisition date on which the goodwill arose, as they are monitored at this level by the Board.

Property, plant and equipment and right-of-use assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and any recognised impairment loss. Assets in the course of construction are carried at cost less any recognised impairment loss. Cost includes professional fees incurred directly in relation to construction of assets.

Depreciation is charged to write off the cost or valuation of assets less their residual value over their estimated useful lives, using the straight-line method, on the following bases:

Freehold buildings	4% to 10%
Short leasehold land and buildings and right-of-use assets	Over the term of the lease
Fixtures, fittings and equipment	10% to 50%
Plant and equipment	14% to 25%
Motor vehicles	25%

Freehold land and assets under the course of construction are not depreciated. Depreciation on assets commences when the assets are ready for intended use.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment of goodwill, tangible, intangible and right-of-use assets

The Group reviews the carrying amounts of its goodwill, tangible, intangible and right-of-use assets annually (or more frequently if there are indications that assets might be impaired), to determine whether there is any indication that those assets have suffered an impairment loss. For store fit out costs, these reviews are undertaken after the store has been trading for one year.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior periods.

Inventories

Inventories are stated at the lower of cost and net realisable value. For internally manufactured inventory, cost comprises materials, direct labour costs, design costs and other overheads incurred in bringing the inventories to their current location and condition. Cost is calculated using the standard cost method. For product manufactured by third parties, cost includes product purchase price plus design and associated inward transportation costs. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

The Group measures the effect of uncertainty on income tax positions using either the most likely amount or the expected value amount depending on which method is expected to better reflect the resolution of the uncertainty.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is

Notes to the Group Financial Statements (continued)

accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income in which case the deferred tax is also dealt with in Other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

In the event that any leases include a break clause, in calculating the value of right-of-use assets and corresponding lease liabilities, the Group makes an assessment on a case by case basis of whether the break clause will be exercised at the first available opportunity. The Board re-evaluates all leases at the occurrence of a possible break and would only sanction the continuation of a lease beyond the break point based on the circumstances prevailing at that time. The continuation of a lease beyond a break clause would be treated as a lease modification at that date.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The right-of-use asset is adjusted to reflect the change in the lease liability unless the movement exceeds the carrying value of the right-of-use asset in which case the excess is recognised as again in the income statement.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in ‘Other operating expenses’ in profit or loss (see Note 19).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and where it is probable that an outflow will be required to settle the obligation. Provisions are measured at the Directors’ best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Notes to the Group Financial Statements (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of the proportion of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management’s best estimate, for the effects of non-transferability, performance conditions, exercise restrictions and behavioural considerations.

Retirement benefit costs

The Group operates a defined contribution pension scheme. Payments to employees’ personal pension plans are charged as an expense as they fall due. Differences between contributions payable in the period and contributions actually paid are shown as accruals in the balance sheet.

Revenue recognition

Revenue is recognised when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service) and represents amounts receivable for goods provided in the normal course of business, net of discounts, returns, VAT and other sales-related taxes and intra-Group transactions.

Revenue is recognised when the Group has satisfied its primary performance obligation.

Own store revenue

Own store revenue from the provision of sale of goods is recognised at the point of sale of a product to the customer. Own store sales are settled in cash or by credit or payment card. It is the Group’s policy to sell its products to the customer with a right to exchange or full refund within 30 days for full priced goods and 14 days for sale goods subject to discretionary extension. Provisions are made for own store returns based on the expected level of returns, which in turn is based upon the historical rate of returns. At the point of sale, a refund liability and corresponding adjustment to revenue is recognised for those products expected to be returned.

Digital revenue

Digital revenue from the provision of sale of goods is recognised at the point the control of inventory is passed to the customer which is when the goods are received by the customer. Digital revenues are settled by credit or payment card. It is the Group’s policy to sell its products to the customer with a right to exchange or full refund within 30 days for full priced goods and 14 days for sale items subject to discretionary extension. Provisions are made for digital returns based on the expected level of returns, which in turn is based upon the historical rate of returns. At the point of sale, a refund liability and corresponding adjustment to revenue is recognised for those products expected to be returned.

Wholesale revenue

Wholesale revenues from the sale of goods are recognised at the point that control of the inventory has passed to the customer, which depends on the specific terms and conditions of sales transactions and which is either upon collection from the Group’s distribution centre or delivery of the goods to the location specified in the contract. Revenues are settled in cash, net of discounts. Provisions are made for Wholesale credit notes based on the expected level of returns, which in turn is based upon the historical rate of returns. At the point of sale, a refund liability and corresponding adjustment to revenue is recognised for those products expected to be returned.

Repair revenue

Repair revenue from the provision of a repair service is recognised at the point the control of inventory is passed to the customer which is when the repaired goods are received by the customer.

Gift cards

The Group sells gift cards and similar products to customers, which can be redeemed for goods, up to the value of the card, at a future date. Revenue relating to gift cards is recognised when the card is redeemed, up to the value of the redemption. Unredeemed amounts on gift cards are classified as contract liabilities. Typically, the Group does not expect to have significant unredeemed amounts arising on its gift cards.

Royalty and license income

The Group receives royalty and license income from its partners based on specific agreements in place. The income is recognised based on the specific performance obligations within the agreements. This income is recognised within other income as it does not relate to consideration for goods supplied to customers.

Finance income

Finance income comprises interest receivable on funds invested and cash deposits. Finance income is recognised in the Group statement of comprehensive income using the effective interest rate method

Finance expenses

Finance expenses comprise interest payable on revolving credit facility, overdrafts, loans received from related parties and lease liabilities. Finance expenses are recognised in the Group statement of comprehensive income using the effective interest method.

Notes to the Group Financial Statements

(continued)

Operating profit

Operating profit is stated before the share of results of associates, finance income and finance expense.

Alternative performance measures

The alternative performance measure (“APM”) used by the Group is underlying profit/(loss) before tax.

In reporting financial information, the Group presents an APM, which is not defined or specified under the requirements of IFRS. The Group believes that this APM, which is not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional helpful information on the performance of the business. This APM is consistent with how the business performance is planned and reported within the internal management reporting to the Board of Directors. This measure is 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 the APM. 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.

Adjusting items are identified and presented on a consistent basis each period and a reconciliation of reported loss before tax to underlying profit/(loss) before tax is included in note 7.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Group financial statements, the results and financial position of each Group company are expressed in pounds Sterling, which is the functional currency of the Company and the presentation currency for the Group financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are included in profit or loss for the period and are included in the same line item as other movements in monetary balances. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in Other Comprehensive Income.

For the purposes of presenting the Group financial statements, the assets and liabilities of the Group’s foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group’s foreign exchange reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Financial instruments

Financial assets and financial liabilities are recognised in the Group’s balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Derivative financial instruments and hedge accounting

Derivative financial instruments (“derivatives”) are used to manage risks arising from changes in foreign currency exchange rates relating to the purchase of overseas sourced raw materials and finished products. The Group does not enter into derivatives for speculative purposes. Foreign currency derivatives are stated at their fair value, being the estimated amount that the Group would receive or pay to terminate them at the balance sheet date based on prevailing foreign currency rates.

Foreign currency derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates derivatives as hedges of highly probable forecast transactions unless they contain an option element.

Financial assets

The Group uses the simplified approach to impairment of trade receivables which are initially recognised at fair value when the entity becomes a party to the contractual provisions of the instrument and subsequently at amortised cost after recognising a lifetime loss allowance.

Trade receivables do not carry any interest.

Financial guarantees

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently in accordance with the expected credit loss model under IFRS 9.

Derecognition of financial assets

The Group derecognises financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all of the risks and rewards of ownership of the asset to another entity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Subsequent to initial recognition, all financial liabilities are stated at fair value and subsequently at amortised cost.

Trade payables

Trade payables are not interest-bearing and are stated at their amortised cost.

Derecognition of financial liabilities

The Group derecognises financial liabilities when and only when, the Group’s obligations are discharged, cancelled or they expire.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the fair value of the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis against profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Notes to the Group Financial Statements (continued)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group’s accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Alternative performance measures

In reporting financial information, the Group presents Alternative Performance Measures (“APM”s), 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.

Adjusting items are identified and presented on a consistent basis each period and a reconciliation of adjusted profit or loss before tax is included in note 7.

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.

As set out in the Directors’ Report, the Group’s business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report on pages 6 to 31. The principal risks and uncertainties, including the mitigating actions which address these risks, are set out on pages 27 to 31.

Under the base case scenario, the Group is expected to have sufficient cash resources to meet their obligations over the going concern period. This includes having sufficient headroom against the Group’s covenants.

The downside scenario includes sensitivities that reduce forecast cash generation due to a 9% reduction in Group revenue versus the base case. Under this scenario the Group continues to have sufficient headroom against the Group’s covenants.

The reverse stress test shows that Group revenue could fall by 14% versus the base case before a covenant breach in September 2025, however, once additional mark-down sales and promotional activity and further mitigating actions are applied, this increases to 43%.

There were significant judgements applied in reaching this conclusion. The key judgements in relation to the going concern assessment are in respect to the more challenging trading environment due to macro-economic uncertainty. When making these judgements, the Directors considered the outlook for the Group against their detailed base case scenario.

The Directors have also considered a reverse stress test scenario and compared this to a reasonable worse case downside scenario. This is further discussed within the Director’s Report in pages 42 to 47.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

Impairment of property, plant and equipment, right-of-use assets

Property, plant and equipment and right-of-use assets are reviewed for impairment if there are indicators of impairment that the carrying amount may not be recoverable.

When a review for impairment is conducted, the recoverable amount is determined based on the higher of value in use and fair value less costs to sell. The value in use method requires the Directors to determine appropriate assumptions (which are sources of estimation uncertainty) in relation to:

- (i) the cash flow projections over the budgeted and forecast period of 2 further years and the long-term growth rate to be applied beyond this period and
- (ii) the risk-adjusted pre-tax discount rate used to discount the assumed cash flows to present value.

The Directors will assess the results of these valuation methods alongside judgment of the future prospects in relation to that asset in order to determine whether to impair its carrying value.

A number of variables are involved in this assessment including current and future market conditions, cost of capital used in discounted cashflows, future long-term growth rate assumptions and underlying and price cost inflation factors.

A future change to the free cash flow assumption for any cash generating unit (“CGU”) could give rise to a significant impairment of property, plant and equipment. See notes 17 and 19 for further details on the Group’s assumptions and associated sensitivities and reasonably possible changes.

Consideration is also given to any potential reversal of previous impairment costs, within this review.

Financial guarantee

During the period the Group assigned a UK lease with a remaining useful life of 11 years and agreed to contribute £5,205,000 to the lease rentals for an initial period (see note 7). Following that initial period the Group remains a guarantor on the lease in the event of default by the new assignee and accordingly has valued the guarantee at £2,155,000 as at 30 March 2024 which has been charged to the Income Statement (see note 7).

A number of variables are involved in this assessment including current and future market conditions, the credit risk of the lessor and the estimated length of time it would take the Group to sublet the lease in the event of default (see note 25). The valuation uses a probability of default weighted discounted cash flow approach.

Notes to the Group Financial Statements
(continued)

5. TOTAL REVENUE AND OTHER INCOME AND FINANCE INCOME

	52 weeks ended 30 March 2024 £'000	52 weeks ended 1 April 2023 £'000
Revenue		
Sale of goods	152,844	159,129
Other operating income		
Licence income	421	387
Royalty income	219	230
Other income	90	159
Gain on waiver of loan from non-controlling interest	504	-
	1,234	776
Finance income		
Interest income on cash balances	1	11
Total revenue and other income and finance income	154,079	159,916

6. 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 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.

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).

Group income statement

	52 weeks ended 30 March 2024				
	UK	Asia Pacific	Other International	Eliminations	Total
	£'000	£'000	£'000	£'000	£'000
Revenue					
Omni-Channel	137,130	27,711	22,339	(52,437)	134,743
Franchise & wholesale	1,490	3,650	12,961		18,101
Total revenue	138,620	31,361	35,300	(52,437)	152,844
Segment (loss)/profit	(21,854)	(396)	4,940		(17,310)
Central costs					(294)
Store closure expense					(1,576)
Restructuring costs					(1,241)
Impairment of property, plant and equipment					(1,239)
Impairment of right-of-use assets					(7,334)
Project costs					(647)
Gain on waiver of loan					504
Operating loss					(29,137)
Share of results of associates					31
Finance income					1
Finance expense					(5,019)
Loss before tax					(34,124)

	UK	Asia Pacific	Other International	Central	Total
	£'000	£'000	£'000	£'000	£'000
Segment capital expenditure	7,828	2,182	417	56	10,483
Segment depreciation, amortisation and of impairment	11,604	8,452	2,633	1,916	24,605
Segment assets	84,008	16,266	9,692	7,751	117,717
Segment liabilities	72,158	17,605	9,669	7,406	106,838

Notes to the Group Financial Statements
(continued)

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
Franchise and 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

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 80% 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.

7. ALTERNATIVE PERFORMANCE MEASURES

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

Reconciliation to underlying (loss)/profit before tax:	52 weeks ended 30 March 2024 £'000	52 weeks ended 1 April 2023 £'000
(Loss)/profit before tax	(34,124)	13,150
Store closure charge/(credit)	1,576	(205)
Restructuring costs	1,241	-
Impairment charge/(credit) related to property, plant and equipment	1,239	(850)
Impairment charge/(credit) related to right-of-use assets	7,334	(12,949)
IT Project costs	647	-
Gain on waiver of loan from non-controlling interest	(504)	-
Impairment charge related to intangibles	-	2,366
Australia acquisition costs	-	806
Sweden acquisition costs	-	193
Underlying (loss)/profit before tax – non-GAAP measure	(22,591)	2,511
Adjusted basic (loss)/earnings per share	15	5.8p
	(40.1p)	
Adjusted diluted (loss)/earnings per share	15	5.8p
	(40.1p)	

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 charge/(credit)

During the period one international store was closed (2023: one UK and one international store). The lease on the UK store that had been closed in the prior period was assigned on 3 April 2023. The store closure charge/(credit) relates to the following items (released)/charged to the Income Statement :-

	52 weeks ended 30 March 2024 £'000	52 weeks ended 1 April 2023 £'000
Release of lease and other liabilities	(17,711)	(635)
Write-off of right-of -use assets	11,777	-
Contribution towards new assignee rentals	5,205	-
Financial guarantee for remaining lease rentals (see note 25)	2,155	
Lease exit and redundancy costs	150	430
	1,576	(205)

Notes to the Group Financial Statements
(continued)

Restructuring costs

During the period the Group carried out a review of its cost base and as a result incurred redundancy costs of £1,241,000 (2023: £nil).

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 30 March 2024 £’000	52 weeks ended 1 April 2023 £’000
Impairment charge related to property, plant and equipment – 9 stores (2023: 1 store)	1,438	204
Reversal of impairment charge related to property, plant and equipment – 1 store (2023: 1 store)	<u>(199)</u>	<u>(1,054)</u>
Net impairment charge/(credit) related to property, plant and equipment	1,239	(850)
Impairment charge related to right-of-use assets – 9 stores (2023: 2 stores)	8,443	773
Reversal of impairment charge related to right-of-use assets – 1 stores (2023: 2 stores) (1)	<u>(1,109)</u>	<u>(13,722)</u>
Net impairment charge/(credit) related to right-of-use assets	7,334	(12,949)

(1) 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.

IT Project costs

During the period the Group created a provision for IT project costs resulting in a charge to the income statement of £647,000.

Gain on waiver of loan from non-controlling interest

During the period the Group acquired the 50% share capital of Mulberry Japan Co. Limited owned by Onward Holding Co Limited (see note 29). As part of the acquisition agreement Onward Holding Co Limited agreed to waive the remaining loan to Mulberry Japan Co. Limited resulting in a gain to the income statement of £504,000.

Impairment charge related to intangibles

Goodwill represented the opportunity to grow by utilising an established distribution network in Korea. 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 previous period of £2,366,000.

Australia acquisition costs

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

8. OTHER OPERATING EXPENSES

	52 weeks ended 30 March 2024 £’000	52 weeks ended 1 April 2023 £’000
Other operating expenses have been arrived at after charging/(crediting):		
Impairment of intangible assets (see note 16)	-	2,366
Impairment of property, plant and equipment (see note 17)	1,239	(850)
Impairment of right-of-use assets (see note 19)	<u>7,334</u>	<u>(12,949)</u>
Amortisation of intangible assets (see note 16)	1,760	1,675
Depreciation of property, plant and equipment (see note 17)	4,952	4,337
Depreciation of right-of-use assets (see note 19)	9,320	7,928
Net foreign exchange loss/(gain)	210	(158)
Store closure charge/(credit) (see note 7)	1,576	(205)
Staff costs (see note 10)	50,196	44,991
Other operating expenses	<u>60,924</u>	<u>49,917</u>
	<u>128,938</u>	<u>108,485</u>

Notes to the Group Financial Statements
(continued)

9. AUDITOR’S REMUNERATION

	52 weeks ended 30 March 2024 £’000	52 weeks ended 1 April 2023 £’000
The analysis of auditor’s remuneration is as follows:		
Fees payable to the Company’s auditor for the audit of the Company’s annual accounts	469	425
Fees payable to the Company’s auditor and their associates for the audit of the Company’s subsidiaries	48	48
Total audit fees	517	473
	£’000	£’000
Other taxation advisory services	-	-
Tax compliance	2	2
Total non-audit fees	2	2

During the periods to 30 March 24 and 1 April 2023 Grant Thornton UK LLP did not perform tax compliance services for Mulberry Group plc in line with the ethical standard restrictions on use of auditors for non-audit services but did provide tax compliance services to some non-UK subsidiary companies. Those services took place after the signing of the Annual Report for those periods.

10. STAFF COSTS

The average monthly number of employees (including Executive Directors and those on a part-time basis) was:

	52 weeks ended 30 March 2024 Number	52 weeks ended 1 April 2023 Number
Production	358	394
Sales and distribution	617	582
Administration	325	296
	1,300	1,272
	52 weeks ended 30 March 2024 £’000	52 weeks ended 1 April 2023 £’000
Their aggregate remuneration comprised:		
Wages and salaries	43,624	38,821
Social security costs	4,517	4,329
Other pension costs (see note 32)	2,030	1,818
	50,171	44,968
Share-based payments (see note 31)	25	23
	50,196	44,991

Details of Directors’ remuneration is set out in the Directors’ Remuneration Report on pages 39 to 41.

11. FINANCE INCOME

	52 weeks ended 30 March 2024 £’000	52 weeks ended 1 April 2023 £’000
Interest income on cash balances	1	11
	1	11

Notes to the Group Financial Statements
(continued)

12. FINANCE EXPENSE

	52 weeks ended 30 March 2024 £'000	52 weeks ended 1 April 2023 £'000
Interest on borrowings	1,235	209
Interest on lease liabilities	3,383	3,528
Other interest expense	263	26
Interest paid on loans from related parties	138	124
	<u>5,019</u>	<u>3,887</u>

13. TAX

	52 weeks ended 30 March 2024 £'000	52 weeks ended 1 April 2023 £'000
Current tax		
Corporation tax		
Current tax on income	239	174
Adjustments in respect of prior periods	(1)	53
Deferred tax (note 24)		
Origination and reversal of temporary differences	622	1,728
Adjustments in respect of prior periods	-	(202)
Tax charge for the period	<u>860</u>	<u>1,753</u>

The charge for the period can be reconciled to the profit per the Group income statement as follows:

	52 weeks ended 30 March 2024 £'000	52 weeks ended 1 April 2023 £'000
(Loss)/profit before tax	<u>(34,124)</u>	<u>13,150</u>
Tax at the UK corporation tax rate of 25% (2023: 19%)	(8,531)	2,498
Tax effect of share of results of associate	(8)	-
Tax effect of expenses that are not deductible in determining taxable profit	2,372	403
Tax effect of differences in overseas tax base	53	(45)
Change in unrecognised deferred tax assets	6,353	(1,368)
Release of deferred tax previously provided	622	-
Effect of differences between deferred tax and current tax rates	-	414
Adjustments in respect of prior periods	<u>(1)</u>	<u>(149)</u>
Tax charge for the period	<u>860</u>	<u>1,753</u>

The Finance Act 2021 which was enacted on 24 May 2021 increased the main rate of corporation tax from 19% to 25% from 1 April 2023. The Directors are not aware of any other factors that will materially affect the future tax charge.

Deferred tax assets are recognised for UK tax losses carried forward to the extent that the realisation of the related benefit through the future taxable profits is probable, in line with the Group’s 3-year strategic plan. In the period to 1 April 2023 the Group recognised deferred tax assets of £nil (2023: £622,000).

At 30 March 2024 the Group did not recognise deferred tax assets in respect of deductible temporary differences of £77,198,000 (2023: £55,762,000) gross in respect of cumulative tax losses, fixed asset timing differences, IFRS 16 and short term timing differences. Deferred tax assets were not recognised due to the uncertainty of the timing of future taxable profits available to offset against these amounts.

Deferred tax prior period adjustments arose on the reversal of recognition of revenue losses in the previous year which was based on future profit forecasts. In line with the Group’s 3 year strategic plan it is no longer appropriate to recognise the befit of these losses.

Notes to the Group Financial Statements
(continued)

14. DIVIDENDS

	52 weeks ended 30 March 2024 £'000	52 weeks ended 1 April 2023 £'000
Dividend for the period ended 1 April 2023 of 1p (2022: 3p) per share paid on 24 November 2023	<u>597</u>	<u>1,789</u>
The was no dividend proposed for the period ended 30 March 2024 (2022: 1p per share)	<u>-</u>	<u>597</u>

15. EARNINGS PER SHARE ('EPS')

	52 weeks ended 30 March 2024 pence	52 weeks ended 1 April 2023 pence
Basic (loss)/earnings per share	(58.6)	19.1
Diluted (loss)/earnings per share	(58.6)	19.1
Underlying basic (loss)/earnings per share	(40.1)	5.8
Underlying diluted (loss) earnings per share	<u>(40.1)</u>	<u>5.8</u>

Earnings per share is calculated based on the following data:

	52 weeks ended 30 March 2024 £'000	52 weeks ended 1 April 2023 £'000
(Loss)/profit for the period for basic and diluted earnings per share	(34,984)	11,397
Adjusting items:		
Restructuring costs*	992	-
Store closure (charge)/credits*	2,266	(203)
Charge/(reversal credit) of impairment related to property, plant and equipment*	1,266	(650)
Charge/(reversal credit) of impairment related to right-of-use assets*	6,532	(10,342)
Project costs*	485	-
Gain on waiver of loan from non-controlling interest	(504)	-
Impairment charge for intangible assets	-	2,366
Australia acquisition costs*	-	728
Sweden acquisition costs	-	193
(Loss)/profit for the period for underlying basic and diluted earnings per share	<u>(23,947)</u>	<u>3,489</u>
*These items are included net of £496,000 (2023: £2,731,000) of the corresponding tax expense.		
	52 weeks ended 30 March 2024 Million	52 weeks ended 1 April 2023 Million
Weighted average number of ordinary shares for the purpose of basic EPS	59.7	59.6
Effect of dilutive potential ordinary shares: share options	-	-
Weighted average number of ordinary shares for the purpose of diluted EPS	<u>59.7</u>	<u>59.6</u>

The weighted average number of ordinary shares in issue during the period excludes those held by the Mulberry Group plc Employee Share Trust. Please refer to note 28.

Notes to the Group Financial Statements
(continued)

16. INTANGIBLE ASSETS

	Goodwill £'000	Acquired software costs £'000	Total £'000
Cost			
At 2 April 2022	2,371	20,005	22,376
Additions	-	4,007	4,007
Disposals	-	-	-
Foreign currency translation	(5)	(5)	(10)
At 1 April 2023	2,366	24,007	26,373
Additions	-	4,349	4,349
Acquisitions	-	144	144
Disposals	-	(157)	(157)
Foreign currency translation	(142)	(48)	(190)
At 30 March 2024	2,224	28,295	30,519
Amortisation			
At 2 April 2022	-	16,320	16,320
Charge for the period	-	1,675	1,675
Impairment	2,366	-	2,366
Disposals	-	-	-
Foreign currency translation	-	(3)	(3)
At 1 April 2023	2,366	17,992	20,358
Charge for the period	-	1,760	1,760
Disposals	-	(128)	(128)
Foreign currency translation	(142)	(29)	(171)
At 30 March 2024	2,224	19,595	21,819
Carrying amount			
At 30 March 2024	-	8,700	8,700
At 1 April 2023	-	6,015	6,015
At 2 April 2022	2,371	3,685	6,056

Goodwill

Goodwill represents the opportunity to grow by utilising an established distribution network in Korea and was fully impaired in the previous period.

Acquired software costs

At 30 March 2024, the Group had entered into contractual commitments for the acquisition of software of £53,000 (2023: £40,000). Included within software is £4,370,000 of projects still in development, where amortisation will not commence until the projects are complete and the assets come into use (2023: £2,127,000). The carrying value of website development costs within software is £3,006,000 (2023: £3,158,000). The estimated useful life of such assets is estimated as four to five years.

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £'000	Leasehold improvements £'000	Plant and equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 2 April 2022	12,319	19,880	9,855	19,378	30	61,462
Additions	136	2,267	1,214	3,212	-	6,829
Acquisition of businesses	-	-	-	1,994	-	1,994
Disposals	(14)	(2,728)	(41)	(982)	(26)	(3,791)
Foreign currency translation	-	(11)	19	137	-	145
At 1 April 2023	12,441	19,408	11,047	23,739	4	66,639
Additions	56	1,366	2,121	2,591	-	6,134
Disposals	(61)	(457)	(502)	(1,954)	-	(2,974)
Foreign currency translation	-	(589)	(18)	(466)	-	(1,073)
At 30 March 2024	12,436	19,728	12,648	23,910	4	68,726
Accumulated depreciation and impairment						
At 2 April 2022	5,573	16,508	8,066	16,670	27	46,844
Charge for the period	412	1,744	661	1,519	1	4,337
Reversal of impairment charge	-	(601)	-	(249)	-	(850)
Disposals	-	(2,694)	(9)	(965)	(26)	(3,694)
Foreign currency translation	-	58	16	111	-	185
At 1 April 2023	5,985	15,015	8,734	17,086	2	46,822
Charge for the period	415	1,436	798	2,302	1	4,952
Impairment charge	-	125	1	1,113	-	1,239
Disposals	-	(433)	(3)	(1,937)	-	(2,373)
Foreign currency translation	-	(408)	(13)	(247)	-	(668)
At 30 March 2024	6,400	15,735	9,517	18,317	3	49,972
Carrying amount						
At 30 March 2024	6,036	3,993	3,131	5,593	1	18,754
At 1 April 2023	6,456	4,393	2,313	6,653	2	19,817
At 2 April 2022	6,746	3,372	1,789	2,708	3	14,618

Included within the table above are the following assets under the course of construction which are not being depreciated:

At 30 March 2024	-	4	33	37	-	74
At 1 April 2023	-	-	105	132	-	237

Notes to the Group Financial Statements
(continued)

The Group has the following contractual commitments:

	Freehold land and buildings £'000	Leasehold improvements £'000	Plant and equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
At 30 March 2024	-	-	-	-	-	-
At 1 April 2023	-	-	360	78	-	438

Freehold land of £2,029,000 (2023: £2,029,000), leasehold improvements of £4,000 (2023: £nil), plant and equipment of £33,000 (2023: £105,000) and store fixtures and fittings of £37,000 (2023: £132,000) which were not in use have not been depreciated.

The Group reviews property, plant and equipment at each reporting period end for indicators of impairment. Where indicators of impairment are identified, the recoverable amounts of the cash generating units ("CGU") are determined from value in use calculations and are compared to the assets' carrying values at 30 March 2024.

During the period, the reversal of an impairment charge of £199,000 (2023: £1,054,000) for one store was identified as part of the Directors' impairment review of the retail store assets across the Group portfolio. In addition, the Group incurred an impairment charge of £1,438,000 (2023: £204,000) for 9 stores (2023:1 store). The total recoverable amount for these stores was considered to be £1,848,000 at 30 March 2024.

The key assumptions for the value in use calculations are those regarding sales growth rates. The cash flow projections were based on the most recent financial budgets (adjusted for current trading expectations) and the Board approved 3-year strategic plan and thereafter a nominal growth rate is used. When testing impairment a change in any of the above key assumptions could have a material impact on the carrying value of the cash generating unit.

With regard to the reversal of impairment for the store noted above :-

- A 10% decrease in revenue over the period of the lease would result in a reduction in the reversal of impairment of up to £300,000. This is considered a reasonably possible change in the key assumption.

For the other stores within the Group portfolio that were reviewed:-

- A 10% decrease in revenue over the period of the leases would result in an impairment charge of up to £300,000 (2023: up to £100,000). This is considered a reasonably possible change in the key assumption.

18. SUBSIDIARIES

A list of the investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 44 to the Company's separate financial statements.

19. RIGHT-OF-USE ASSETS

	Short leasehold land and buildings £'000	Fixtures fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 2 April 2022	111,513	525	88	112,126
Additions	22,743	-	-	22,743
Modifications	670			670
Disposals	(3,315)	-	-	(3,315)
Foreign currency translation	263	-	-	263
At 1 April 2023	131,874	525	88	132,487
Additions	2,438	-	-	2,438
Modifications	3,485			3,485
Disposals	(27,527)	-	-	(27,527)
Foreign currency translation	(766)	-	-	(766)
At 30 March 2024	109,504	525	88	110,117
Depreciation				
At 2 April 2022	79,694	125	86	79,905
Charge for the period	7,794	132	2	7,928
Impairment charge for the period	(12,949)	-	-	(12,949)
Foreign currency translation	83	-	-	83
At 1 April 2023	74,622	257	88	74,967
Charge for the period	9,194	126	0	9,320
impairment for the period	7,334	-	-	7,334
Disposals	(15,746)	-	-	(15,746)
Foreign currency translation	(65)	-	-	(65)
At 30 March 2024	75,339	383	88	75,810
Carrying amount				
At 30 March 2024	34,165	142	-	34,307
At 1 April 2023	57,252	268	-	57,520
At 2 April 2022	31,819	400	2	32,221

The Group leases several assets including buildings, office equipment and cars. The average lease term is 4 years.

The maturity of lease liabilities is presented in note 26.

The Group reviews right-of-use assets at each reporting period end for indicators of impairment. Where indicators of impairment are identified, the recoverable amounts of the cash generating units ("CGU") are determined from value in use calculations and are compared to the assets' carrying values at 30 March 2024. For the period ended 30 March 2024 the Group reviewed the right-of-use assets for all its retail stores where there was a potential impairment indicator.

Notes to the Group Financial Statements
(continued)

During the period, the reversal of an impairment charge of £1,109,000 (2023: £5,877,000 (i)) for one store was identified as part of the Directors’ impairment review of store assets and the Group incurred impairment charges of £8,443,000 for 9 stores (2023: £773,000 2 stores). The total recoverable amount of the right-of-use asset for these stores was considered to be £18,917,000 at 30 March 2024.

The key assumptions for the value in use calculations are those regarding sales growth rates and future cash flow projections. The sales growth and cash flow projections were based on the most recent financial budgets (adjusted for current trading expectations) and the Board approved 3-year strategic plan and thereafter a nominal growth rate is used. When testing impairment a change in any of the above key assumptions could have a material impact on the carrying value of the cash generating unit.

- (1) With regard to the reversal of impairment for the store noted above :-
 - A 10% decrease in revenue over the lease period would result in a reduction in the reversal of impairment of up to £1,700,000. This is considered a reasonably possible change in the key assumption.
 - Similarly a 10% increase in the pre-tax discount rate used for this store would result in a reduction in the reversal of impairment of up to £300,000. This is also a reasonably possible change in the key assumption.
- (2) One store in the Group portfolio has a significant carrying value which is therefore particularly sensitive to changes to key assumptions for revenue and gross profit margin:-
 - A 10% decrease in revenue over the period of the lease would result in an increased impairment charge of up to £1,600,000 (2023: nil). This considered a reasonably possible change in the key assumption.
 - A 10% decrease in the gross profit margin over the period of the lease calculations would result in an increased impairment charge of up to £1,000,000 (2023: nil). This is also a reasonably possible change in the key assumption.
- (3) For the other stores within the Group portfolio that were reviewed:-
 - A 10% decrease in revenue over the period of the leases would result in an increased impairment charge of up to £900,000 (2023: up to £500,000). This considered a reasonably possible change in the key assumption.
 - The pre-tax discount rates used in these calculations were between 16.5% and 20.1% (2023: 18.4% and 20.4%). This is based on the Group's weighted average cost of capital adjusted for country specific risks. A 10% increase in the discount rate would result in an increase impairment charge of up to £600,000 (2023: £nil). This is also a reasonably possible change in the key assumption.
- (i) Additionally in 2023 the Group reversed impairment of £7,845,000 relating to its Bond Street store closure so the total reversal credit for that period was £13,722,000.

The following amounts have been recognised in the income statement:

	52 weeks ended 30 March 2024 £'000	52 weeks ended 1 April 2023 £'000
Depreciation of right-of-use assets	9,320	7,928
Net impairment charge (reversal) in the period	7,334	(12,949)
Finance costs of lease liabilities	3,383	3,528
Expense relating to short-term leases	4,253	1,879
Expense relating to variable payments not included in the measurement of the lease liability	11,946	10,741
	36,236	11,127

The variable lease payments constitute up to 41% of the Group’s entire lease payments. The Group expects this ratio to remain at a similar level in future years. The variable payments depend on sales and consequently on the overall economic development over the next few years. Taking into account the development of sales expected over the next 3 years, variable rent expenses are expected to continue to present a similar proportion of store sales in future years.

The total cash outflow for leases amounted to £28,359,000 (2023: £25,671,000).

20. INTERESTS IN ASSOCIATES

	30 March 2024 £'000	1 April 2023 £'000
Total assets	1,406	1,382
Total liabilities	(295)	(281)
Total net assets	1,111	1,101

	30 March 2024 £'000	1 April 2023 £'000
Group’s share of net assets of associate	206	254

The above carrying value represents the initial cost of the investment undertaken, as well as any subsequent change in net assets of the associate, as at 30 March 2024.

The Group has one interest in an associate – Mulberry Oslo AS (see note 44).

	52 weeks ended 30 March 2024 £'000	52 weeks ended 1 April 2023 £'000
Total revenue	2,161	2,195
Profit for the period	62	104
Group’s share of profit of associate	31	52

Notes to the Group Financial Statements
(continued)

21. INVENTORIES

	30 March 2024 £'000	1 April 2023 £'000
Raw materials	2,112	2,151
Work-in-progress	336	509
Finished goods	<u>30,711</u>	<u>45,590</u>
	<u>33,159</u>	<u>48,250</u>

Included in cost of sales is a release of a provision to write down of inventories of £206,000 (2023: £1,924,000) and cost of inventories recognised as an expense £45,910,000 (2023: £47,803,000).

22. OTHER FINANCIAL ASSETS

Trade and other receivables

	30 March 2024 £'000	1 April 2023 £'000
Amount receivable for the sale of goods	5,471	8,359
Allowance for expected credit losses	<u>(1,142)</u>	<u>(1,172)</u>
	4,329	7,187
Amounts due from related parties (see note 36)	260	105
Amounts owed by associate undertakings (see note 36)	128	96
Other debtors	3,439	5,434
Prepayments	<u>7,297</u>	<u>7,079</u>
	<u>15,453</u>	<u>19,901</u>

Trade receivables

The average credit period taken on the sale of goods is 28 days (2023: 36 days). No interest is charged on the outstanding trade and other receivables. The carrying amount of receivables approximates to their fair value.

The Group has provided for expected credit losses from the sale of goods, where there is exposure to credit risk. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines individual credit limits by customer.

The Group's receivables comprise primarily department stores, franchisee partners and associates and wholesale customers. There are no customers with a balance greater than 10% of the trade receivables.

Amounts due from related parties are due within 45 days. There is no interest payable on these receivables.

The table below details the risk profile of amounts receivable for the sale of goods.

	Total £'000	Current £'000	<30 days £'000	31-60 days £'000	>61 days £'000
30 March 2024					
Expected credit loss	n/a	0%	0%	0%	83%
Gross carrying amount	5,471	3,491	277	330	1,373
Loss allowance	<u>(1,142)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(1,139)</u>
Net trade receivable	<u>4,329</u>	<u>3,488</u>	<u>277</u>	<u>330</u>	<u>234</u>

	Total £'000	Current £'000	<30 days £'000	31-60 days £'000	>61 days £'000
1 April 2023					
Expected credit loss	n/a	0%	2%	1%	64%
Gross carrying amount	8,359	3,880	493	2,329	1,657
Loss allowance	<u>(1,172)</u>	<u>(12)</u>	<u>(9)</u>	<u>(12)</u>	<u>(1,139)</u>
Net trade receivable	<u>7,187</u>	<u>3,868</u>	<u>484</u>	<u>2,317</u>	<u>518</u>

Expected credit losses includes £1,048,000 for one franchise partner (2023: £962,000).

Cash and cash equivalents

	30 March 2024 £'000	1 April 2023 £'000
Cash and cash equivalents	<u>7,138</u>	<u>6,872</u>

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

Notes to the Group Financial Statements
(continued)

23. BORROWINGS

	30 March 2024 £'000	1 April 2023 £'000
Overdrafts	8,474	2,100
Other borrowings	15,000	4,000
Loans from related parties (see note 34)	7,338	3,521
Loans from non-controlling interests	-	1,941
Unsecured borrowings at amortised cost	30,812	11,562
Amounts due for settlement within 12 months	23,474	11,562
Amounts due for settlement after 12 months	7,338	-

The other borrowings are part of the £15million Revolving Credit Facility and are repayable within 1 year and interest is payable at 2.5% above SONIA.

Loans from related parties and non-controlling interests are due for repayment on the following dates:

	Loan repayment date	30 March 2024 £'000	1 April 2023 £'000
Related party			
Challice Limited	31 March 2027	7,338	3,521
Non-controlling interest			
Onward Holding Co., Limited		-	1,941
		7,338	5,462

Loans from related parties and non-controlling interests are not secured and incur interest at the following rates;

Challice Limited 3.0%

	Sterling £'000	Hong Kong Dollars £'000	Japanese Yen £'000	Total £'000
Analysis of borrowings by currency:				
Overdraft	8,474	-	-	8,474
Other borrowings	15,000	-	-	15,000
Loans from related parties	-	7,338	-	7,338
Carrying amount				
At 30 March 2024	23,474	7,338	-	30,812

	Sterling £'000	Hong Kong Dollars £'000	Japanese Yen £'000	Total £'000
Analysis of borrowings by currency:				
Overdraft	2,100	-	-	2,100
Other borrowings	4,000	-	-	4,000
Loans from related parties	-	3,521	-	3,521
Loans from non-controlling interest	-	-	1,941	1,941
Carrying amount				
At 1 April 2023	6,100	3,521	1,941	11,562

Since the period end the Group has amended its’ RCF increasing the available funds from £15.0m to £17.5m and re-negotiated covenants to reflect the current trading environment such that there is now only a minimum liquidity covenant. The facility continues to run until 30 September 2027 with security granted in favour of the lender. The Group has also signed a new £6.0m supplier trade finance facility which is backed by UK Export Finance. The facility is committed for a 2-year period. The revolving credit facilities are secured with Group cross guarantees.

At 30 March 2024 the Group had £7,338,000 (2023: £5,462,000) of related party loans payable at commercial rates within each country.

24. DEFERRED TAX

	Tax losses £'000	Losses in overseas territories £'000	Accelerated tax depreciation £'000	Short-term temporary differences £'000	Total £'000
At 2 April 2022	2,292	-	(167)	23	2,148
Charge to income	(1,248)	-	(841)	563	(1,526)
At 1 April 2023	1,044	-	(1,008)	586	622
(Charge)/credit to income	(1,044)	-	1,008	(586)	(622)
Deferred tax asset as at 30 March 2024	-	-	-	-	-

At the balance sheet date, the Group has cumulative unused tax losses of £31,969,000 (2023: £36,010,000) arising from overseas territories upon which deferred tax assets are not recognised. The Group further has UK tax losses totalling £32,312,000 (2023: £4,177,000) arising from UK entities. No deferred tax asset has been recognised in respect of the current period (2023: £4,177,000) for the UK losses. Additionally, there are deferred tax asset balances (gross) on short-term timing differences of £2,850,000 (2023: £4,248,000) and IFRS 16 differences of £18,308,000 (2023 : £15,308,000) which are unrecognised at a Group level. Where no deferred tax asset has been recognised, this is due to uncertainty of the timing of future taxable profits available to offset against these losses. The entity itself, Mulberry Group plc, has no deferred tax assets recognised on the balance sheet as there is no certainty of future profits within the entity and losses surrendered for Group relief are not paid for by the Group company claimant.

Notes to the Group Financial Statements
(continued)

25. OTHER FINANCIAL LIABILITIES

Trade and other payables

	30 March 2024 £'000	1 April 2023 £'000
Trade payables	9,931	14,453
Accruals	12,490	12,925
Other payables	933	765
Current	23,354	28,143
Other payables	2,155	-
Non-current	2,155	-

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 31 days (2023: 27 days). For most suppliers, no interest is charged on the trade payables for the first 60 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Other non-current payables

Financial guarantee

During the period the Group assigned a UK lease with a remaining useful life of 11 years and agreed to contribute towards the lease rentals for an initial period up to February 2025 (see note 7) and has provided for these payments within trade payables. Following that initial period the Group remains a guarantor on the lease in the event of default by the new assignee and accordingly has valued the guarantee at £2,155,000 as at 30 March 2024 which has been charged to the Income Statement (see note 7). The European parent company of the assignee has also issued a guarantee for the lease. The guarantee period primarily extends beyond March 2025.

The Group has obtained an independent valuation of the guarantee which is based on the probability of default weighted discount cash flow approach. The cash flows for each future annual period are based on the future rent payments for the length of the vacancy and the rent period before a subletting could occur. The Group has estimated that this rent free period would be between 2 and 3 years. The future cash flows are weighted by the probability of default by the lessor based on its estimated credit risk and then discounted by the Group's credit spread.

The key assumption for the valuation is that regarding the length of the vacancy and rent free period that would take place before a subletting would occur.

A 1 year increase/(decrease) in the estimated period would result in an increase/(decrease) in the valuation of the financial guarantee of £662,000. This is not considered a reasonably possible change in the key assumption.

The maximum exposure of the Group in the event of total default is £30,429,000.

26. LEASE LIABILITIES

Lease liabilities are determined by calculating discounted lease payments using the discount rate implicit in the lease or the Group's incremental borrowing rates if this is not available. The rates used were at the date of transition to IFRS 16 or the date of the start of the lease if later. The discount rates applied range between 3.3% to 13.2% (2023: 2.7% to 13.2%) with a weighted average rate of 6.1% (2023: 6.1%). These rates have been determined based on comparable bond yields and are lease specific varying by territory and lease length.

	30 March 2024 £'000	1 April 2023 £'000
Analysed as		
Current	9,909	10,932
Non-current	40,485	61,666
	50,394	72,598

Future minimum lease payments at 30 March 2024 are as follows

	30 March 2024 £'000	1 April 2023 £'000
Maturity analysis;		
Year 1	12,790	15,011
Year 2	12,126	15,162
Year 3	11,676	14,521
Year 4	8,430	14,040
Year 5	4,406	10,525
Year 6	3,202	6,385
Year 7	3,031	5,388
Year 8	2,964	2,322
Year 9	1,881	2,166
Year 10	21	1,227
Effect of discounting	(10,133)	(14,149)
Carrying amount of liability	50,394	72,598

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Notes to the Group Financial Statements
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27. SHARE CAPITAL

	30 March 2024 £'000	1 April 2023 £'000
Authorised		
65,000,000 ordinary shares of 5p each (2023: 65,000,000)	<u>3,250</u>	<u>3,250</u>
Issued and fully paid		
60,077,458 ordinary shares of 5p each (2023: 60,077,458)	<u>3,004</u>	<u>3,004</u>

No shares were issued during the period (2023: nil).

During the period the Company granted 350,000 options in respect of 5p ordinary shares during the period (2023: nil).

28. RESERVES

Own share reserve

The Own share reserve represents 416,627 5p ordinary shares (2023: 416,627 5p ordinary shares) at a cost of £895,748 (2023: £895,748). The shares have been purchased in the market or issued as new shares by the Company and are held by the Mulberry Group plc Employee Share Trust to satisfy the deferred and matching shares under the Deferred Bonus Plan and Co-ownership Equity Incentive Plan.

During the period, no 5p shares (2023: nil) at a cost of £nil (2023: £nil) were issued to the Mulberry Group plc Employee Share Trust. During the period the value of the shares was impaired by £458,290 (2023: £27,008), which was charged to retained earnings reflecting the decrease in the market price of the Company. No shares were transferred to satisfy the vesting of shares awards (2023: 159,590). The maximum number of own shares held during the period was 416,627 (2023: 573,217).

Capital redemption reserve

The Capital redemption reserve arose following a capital reconstruction on admission of the Company's shares to the Alternative Investment Market on 23 May 1996. The Company purchased 3,074,396 of its own 5p ordinary shares at par.

Foreign exchange reserves

	Foreign exchange reserve £'000	Total £'000
At 2 April 2022	1,158	1,158
Exchange differences on translating the net assets of foreign operations	<u>(483)</u>	<u>(483)</u>
At 1 April 2023	<u>675</u>	<u>675</u>
Exchange differences on translating the net assets of foreign operations	<u>(1,105)</u>	<u>(1,105)</u>
At 30 March 2024	<u>(430)</u>	<u>(430)</u>

Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations, from their functional currency into the Parent Company's functional currency, being Sterling, are recognised directly in the foreign exchange reserve.

29. NON-CONTROLLING INTERESTS

	Mulberry (Asia) Limited £'000	Mulberry Japan Co. Limited £'000	Total £'000
At 2 April 2022	(3,604)	(863)	(4,467)
Share of losses for the period	(1,675)	(171)	(1,846)
Foreign currency translation	<u>(137)</u>	<u>9</u>	<u>(128)</u>
At 1 April 2023	(5,416)	(1,025)	(6,441)
Share of losses for the period	(1,406)	(73)	(1,479)
Increase in shareholding	-	611	611
Adjustment from change in non-controlling interest	-	620	620
Foreign currency translation	<u>296</u>	<u>(133)</u>	<u>163</u>
At 30 March 2024	<u>(6,526)</u>	<u>-</u>	<u>(6,526)</u>

As at 30 March 2024 the proportion of ownership interests held by non-controlling interests is as follows;

Mulberry (Asia) Limited	40%
Mulberry Japan Co. Limited	0% (2023: 50%)

During the period the Group, via its subsidiary Mulberry Trading Holding Company Limited and its joint venture partner Onward Holding Co Limited, invested additional share capital of £611,000 each into Mulberry Japan Co. Limited the proceeds of which were used to repay trading loans to both parties. Following this investment on 27 June 2023 the Group acquired the 50% share capital owned by Onward Holding Co Limited for a purchase price of 1 Yen and following the acquisition, the Group now owns 100% of Mulberry Japan Co. Limited.

30. CONTINGENT LIABILITIES

Mulberry Group plc has acted as a guarantor on various property leases entered into between its subsidiaries and third-party lessors. No amounts were outstanding at the period end in respect of such guarantees (2023: £nil).

31. SHARE-BASED PAYMENTS

The Group operated the following schemes during the period:

Mulberry Group plc 2008 Unapproved Share Option Scheme

The scheme was established on 14 April 2008 and is open to all employees of Mulberry Group plc and its subsidiaries. The exercise price is equal to the market value of the shares on the date of grant. The vesting period is generally three years after the date of grant of options and can be exercised for a period of 10 years from the date of grant. If the options remain unexercised for a period of 10 years from the date of grant, they expire. Options may be forfeited if the employee leaves the Group prior to vesting.

Notes to the Group Financial Statements
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Details of the share options movements during the period are as follows:

	52 weeks ended 30 March 2024 Number of share options	52 weeks ended 30 March 2024 Weighted average exercise price (in £)	52 weeks ended 1 April 2023 Number of share options	52 weeks ended 1 April 2023 Weighted average exercise price (in £)
Outstanding at the beginning of the period	830,315	5.67	880,315	6.23
Granted during the period	350,000	2.49	-	-
Forfeited during the period	(17,500)	9.73	(50,000)	8.57
Exercised during the period	-	-	-	-
Outstanding at the end of the period	1,162,815	4.65	830,315	5.67
Exercisable at the end of the period	1,162,815	4.65	830,315	5.67

The options outstanding at 30 March 2024 had a weighted average remaining contractual life of 2.3 years (2023: nil years).

Mulberry Group plc 2009 Co-ownership Equity Incentive Plan

The plan was established on 20 August 2009. The vesting period is generally three years after the date of grant of options and can be exercised for a period of 10 years from the date of grant. The jointly owned shares may be forfeited if the employee leaves the Group prior to vesting and the rights of the participant lapse if the award has not been exercised after a period of seven years from the date of vesting.

Details of the share awards outstanding during the period are as follows:

	52 weeks ended 30 March 2024 Number of share options	52 weeks ended 30 March 2024 Weighted average exercise price (in £)	52 weeks ended 1 April 2023 Number of share options	52 weeks ended 1 April 2023 Weighted average exercise price (in £)
Outstanding at the beginning of the period	-	-	300,000	1.458
Exercised during the period	-	-	(300,000)	1.458
Outstanding at the end of the period	-	-	-	-
Exercisable at the end of the period	-	-	-	-

Mulberry Group plc Performance Share Plan

This option grant was made on 10 July 2017 and may be exercised after the Group’s financial results for the financial period ended 30 March 2020 and up to 10 periods from the date of grant, upon attainment of the relevant performance conditions.

Details of the share options movements during the period are as follows:

	52 weeks ended 30 March 2024 Number of shares	52 weeks ended 1 April 2023 Number of shares
Outstanding at the beginning of the period	-	450,000
Granted during the period	-	-
Forfeited during the period	-	(450,000)
Outstanding at the end of the period	-	-
Exercisable at the end of the period	-	-

The Group recognised the following expense related to share-based payments:

	52 weeks ended 30 March 2024 £,000	52 weeks ended 1 April 2023 £,000
Mulberry Group plc 2008 Unapproved Share Option Scheme	25	23
Total share option charge	25	23

The Group accounts for its share schemes as equity-settled; the charge for the period was £25,000 (2023: £23,000).

32. RETIREMENT BENEFIT SCHEMES

The Group contributes to personal pension plans for all qualifying employees. The total cost charged to income of £2,012,000 (2023: £1,805,000) represents contributions payable to these personal plans by the Group at rates contractually agreed. As at 30 March 2024, contributions due in respect of the current reporting period which had not been paid over to the plans were £227,000 (2023: £204,000).

33. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Group statement of changes in equity and notes 27 and 28.

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 3 to the financial statements.

Notes to the Group Financial Statements
(continued)

Categories of financial instruments

	30 March 2024 £'000	1 April 2023 £'000
Financial assets		
Cash and cash equivalents measured at amortised cost (note 22)	7,138	6,872
Trade and other receivables measured at amortised cost (note 22)	<u>8,245</u>	<u>12,822</u>
	<u>15,383</u>	<u>19,694</u>
Financial liabilities		
Trade and other payables measured at amortised cost (note 25)	24,862	26,072
Borrowings (note 23)	30,812	11,562
Lease liabilities (note 26)	<u>50,394</u>	<u>72,598</u>
	<u>106,068</u>	<u>110,232</u>

At 30 March 2024 the Group had derivatives in designated hedging relationships with a value of £nil (1 April 2023: £nil).

Financial risk management objectives

The Group Finance Director is responsible to the Board for the Group’s financial risk management. This includes analysing the Group’s exposure by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks where possible. It does this by maintaining bank accounts in all of the major currencies in which it trades and it operates its own internal hedging by offsetting currency receipts on sales against purchases in related currencies. Where there is significant risk remaining and the Group deems it necessary, it uses derivative financial instruments to hedge these risk exposures. Participating forward derivatives include an element of both put and call option, which are valued using the Black Scholes pricing model. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group’s activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. In accordance with the Board approved foreign currency risk management policy, the Group uses derivative financial instruments to manage its foreign currency exposure. The Group is not significantly exposed to interest rate risk on its financial liabilities and continues to seek to maximise the returns from its bank deposits.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The Group’s principal foreign currency exposure arises from purchase of overseas sourced raw materials and finished products. The Board regularly reviews the Group’s foreign currency exposure, including the current market value of outstanding foreign exchange contracts and sets an appropriate hedging strategy for the near term future. This is determined in conjunction with percentage cover taken by season and financial period and current market conditions.

There were foreign currency contracts of £nil outstanding as at the period end (2023: £nil).

The carrying amounts of the Group’s foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities 30 March 2024 £'000	Liabilities 1 April 2023 £'000	Assets 30 March 2024 £'000	Assets 1 April 2023 £'000
Euro	1,032	745	4,896	4,776
US Dollar	227	572	1,368	665
South Korean Won	-	-	-	-
Australian Dollar	-	-	331	31
Japanese Yen	-	-	1	-
Canadian Dollar	-	-	51	71
Swedish Krona	-	-	558	78
Danish Krone	-	-	31	31
Swiss Franc	9	19	3	4

The liabilities are trade payables and the assets are cash and trade receivables.

Foreign currency sensitivity analysis

The Group is mainly exposed to the US Dollar and Euro currencies.

The following table details the Group’s sensitivity to a 10% increase or decrease in Sterling against the relevant foreign currencies. A sensitivity rate of 10% represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where Sterling strengthens 10% against the relevant currency. For a 10% weakening of Sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity and the balances below would be negative or positive.

	Impact on profit 52 weeks ended 30 March 2024 £'000	Impact on profit 52 weeks ended 1 April 2023 £'000
Euro	(351)	(366)
US Dollar	(104)	(8)
South Korean Won	-	-
Australian Dollar	(31)	(3)
Japanese Yen	-	-
Canadian Dollar	(5)	(6)
Swedish Krona	(7)	(7)
Danish Krone	(3)	(3)
Swiss Franc	1	1

Interest rate risk management and sensitivity analysis

The Group’s exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Notes to the Group Financial Statements
(continued)

The Group’s sensitivity to changes in interest rates has been illustrated based on a 1% increase or decrease in interest rates. For floating rate deposits and liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole period. Management’s assessment of the reasonably possible change in interest rates is based on analysis of the opening and closing liability.

If interest rates had been 1% higher and all other variables were held constant, the Group’s profit for the period ended 30 March 2024 would have decreased by £0.2m (2023: profit decreased by £0.1m).

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining letters of credit where deemed appropriate, as a means of mitigating the risk of financial loss from defaults

Trade receivables consist of a large number of customers, which are reviewed on a weekly basis to provide an escalation process if any payments are later than contracted terms. Credit evaluation is performed on the financial condition of accounts receivable and where appropriate, credit insurance cover is purchased.

Other than as disclosed in note 22, the Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected entities.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group’s short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 23 is a description of additional undrawn facilities that the Group has at its disposal to reduce further liquidity risk.

Liquidity and interest risk tables

The Group’s financial assets all contractually mature within the next period. Trade receivables do not accrue interest. The weighted average interest rate on cash and cash equivalents was -11.0% (2023: -2.50%).

The following tables detail the Group’s remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Less than 1 year £’000	1 to 2 years £’000	3 to 5 years £’000	6 to 10 years £’000	11 to 15 years £’000	Total £’000
30 March 2024						
Trade and other payables	(22,707)	-	-	-	-	(22,707)
Financial guarantee (1)	-	(429)	(9,000)	(15,000)	(6,000)	(30,429)
Borrowings	(23,474)	(7,338)	-	-	-	(30,812)
Derivatives: gross settled						
Cash inflows	-	-	-	-	-	-
Cash outflows	-	-	-	-	-	-

(1) The Group is a guarantor on a lease it has reassigned (see note 25). The amounts in the above table represent the maximum undiscounted cashflows the Group would be liable for in the event of a default by the assignee. As discussed in note 25 the Group considers this to be an unlikely and has estimated that its maximum liability would be for 3 years which has a discounted value of £2.155,000 (2023: £nil).

	Less than 1 year £’000	1 to 2 years £’000	3 to 5 years £’000	6 to 10 years £’000	11 to 15 years £’000	Total £’000
1 April 2023						
Trade and other payables	(28,143)	-	-	-	-	(28,143)
Borrowings	(11,562)	-	-	-	-	(11,562)
Derivatives: gross settled						
Cash inflows	-	-	-	-	-	-
Cash outflows	-	-	-	-	-	-

Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair value.

34. NOTES TO THE CASH FLOW STATEMENTS

Cash and cash equivalents

	30 March 2024 £’000	1 April 2023 £’000
Cash and bank balances	7,138	6,872
Borrowings	(30,812)	(6,100)
	(23,674)	772

Changes in liabilities arising from financing activities

	1 April 2023 £’000	Financing cash flows £’000	Foreign exchange £’000	New leases £,000	Lease modification (1) £,000	Loan waived £,000	Store closures (1) £,000	30 March 2024 £’000
Overdraft	2,100	6,374	-	-	-	-	-	8,474
Other borrowings	4,000	11,000	-	-	-	-	-	15,000
Lease liabilities (note 26)	72,598	(9,802)	(1,063)	2,438	3,484	-	(17,261)	50,394
Loans from related parties and non-controlling interests (note 23)	5,462	2,763	(383)	-	-	(504)	-	7,338
Total liabilities from financing activities	84,160	10,335	(1,446)	2,438	3,484	(504)	(17,261)	81,206

Notes to the Group Financial Statements
(continued)

	2 April 2022 £'000	Financing cash flows £'000	Foreign exchange £'000	New leases £,000	Lease modification £,000	Store closures ⁽¹⁾ £,000	1 April 2023 £'000
Overdraft	-	2,100	-	-	-	-	2,100
Other borrowings	-	4,000	-	-	-	-	4,000
Lease liabilities (note 26)	63,655	(10,261)	(752)	23,712	-	(3,756)	72,598
Loans from related parties and non-controlling interests (note 23)	4,999	246	217	-	-	-	5,462
Total liabilities from financing activities	68,654	(3,915)	(535)	23,712	-	(3,756)	84,160

(1) Included within gains on modifications and lease disposal within cash flow statement.

35. ACQUISITIONS OF BUSINESSES

On 12 May 2023 the Group acquired the assets of 1 store previously operated by our New Zealand franchisee. The store is being operated by a branch of Mulberry Company (Australia) Pty Limited.

The amounts recognised in respect of the identifiable assets acquired are set out in the table below:

	£'000
Software	144
Trade and other debtors	47
Inventory	<u>47</u>
Fair value of identifiable assets	238
Satisfied by:	
Cash	<u>238</u>
	<u>-</u>

These stores have contributed £327,000 to revenue and a profit before tax of £18,000 for the period. Had the acquisitions happened on 30 March 2024 the revenue would have been £345,000 and the profit would not have been materially different.

36. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its related parties and associates are disclosed below.

Trading transactions with related parties

During the period, Group companies entered into the following transactions with related parties which are not members of the Group:

	Sale of goods 52 weeks ended 30 March 2024 £'000	Sale of goods 52 weeks ended 1 April 2023 £'000	Loan interest payable 52 weeks ended 30 March 2024 £'000	Loan interest payable 52 weeks ended 1 April 2023 £'000	Amounts owed (to)/from related parties 30 March 2024 £'000	Amounts owed (to)/from related parties 1 April 2023 £'000
Mulberry Oslo AS	1,266	1,159	-	-	128	96
Club 21 Pte Limited*	822	744	-	-	68	17
Club 21 (Thailand) Co Limited*	723	714	-	-	112	49
Club Twenty-One Retail (M) Sdn Bhd*	352	351	-	-	80	39
Challice Limited	-	-	138	106	(7,338)	(3,521)

* These are related parties of the Group as they are all related companies of Challice Limited, the majority shareholder of the Company. Please refer to Substantial Shareholdings in the Directors’ Report for further details.

All sales of goods have been made on an arm’s length basis. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Transactions with the Group’s Employee Benefit Trust are disclosed in note 28.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 ‘Related Party Disclosures’. Further information about the remuneration of individual Directors is provided in the Directors’ Remuneration Report on pages 39 to 41.

	52 weeks ended 30 March 2024 £'000	52 weeks ended 1 April 2023 £'000
Short-term employee benefits	1,867	1,872
Post-employment benefits	<u>82</u>	<u>80</u>
	<u>1,949</u>	<u>1,952</u>

Notes to the Group Financial Statements
(continued)

37. COMMERCIAL RELATIONSHIPS

Trading transactions with significant shareholders

During the period, Group companies entered into the following transactions with significant shareholders:

	Sale of goods 52 weeks ended 30 March 2024 £'000	Sale of goods 52 weeks ended 1 April 2023 £'000	Loan interest payable 52 weeks ended 30 March 2024 £'000	Loan interest payable 52 weeks ended 1 April 2023 £'000	Amounts owed (to)/fro m trading partner s 30 March 2024 £'000	Amounts owed (to)/fro m trading partners 1 April 2023 £'000
House of Fraser plc **	1,867	3,000	-	-	46	55
The Flannels Group Limited **	252	480	-	-	3	5

** These are significant trading partners of the Group as they are all owned by Frasers Group plc which became a major investor of the Group on 19 November 2020 when it increased its shareholding to 36.82%. The Group does not consider Frasers Group plc to be a related party under the requirements of IAS 24 Related Party Disclosures. Despite having a greater than 25% shareholding, we do not consider Frasers Group to have a significant influence, as they do not have Board representation and all transactions are of a commercial “arms-length” basis. Additionally, no non-public management information is provided to Frasers Group plc.

38. CONTROLLING PARTY

At the period end and at the date of this report, Challice Limited controlled 56.14% of the issued share capital of the Company. The ultimate controlling parties of Challice Limited are Mr Ong Beng Seng and Mrs Christina Ong.

Challice Limited is registered in Gibraltar and is not required to prepare consolidated accounts. Therefore, the consolidated financial statements of Mulberry Group plc represent the highest and lowest level at which a consolidation is prepared for the Group.

39. EVENTS AFTER THE REPORTING PERIOD

Renewal of the revolving credit facility (RCF);

Since the period end the Group has amended its’ RCF increasing the available funds from £15.0m to £17.5m and re-negotiated covenants to reflect the current trading environment. The Group has also signed a new £6.0m supplier trade finance facility which is backed by UK Export Finance. The facility is committed for a 2-year period.

Subscription of new ordinary shares;

On 27 September 2024, The Group announced a new subscription for new ordinary shares by Challice Limited, the majority shareholder of Mulberry, to raise approximately £10m in order to support the Group. Further details of the capital raised are set out in the announcement on 27 September 2024.

Company balance sheet

Company balance sheet

	Note	30 March 2024 £'000	1 April 2023 £'000
Non-current assets			
Investments	44	10,046	10,375
Property, plant and equipment	45	2,652	2,938
Right-of-use assets	46	5,711	7,346
Deferred tax asset	49	-	-
		<u>18,409</u>	<u>20,659</u>
Current assets			
Trade and other receivables	47	30,416	31,545
Current tax		<u>-</u>	<u>-</u>
		<u>30,416</u>	<u>31,545</u>
		<u>48,825</u>	<u>52,204</u>
Current liabilities			
Trade and other payables	48	(2,764)	(3,488)
Lease liabilities	50	<u>(1,715)</u>	<u>(1,643)</u>
		<u>(4,479)</u>	<u>(5,131)</u>
Non-current liabilities			
Lease liabilities	50	(4,614)	(6,329)
		<u>(9,093)</u>	<u>(11,460)</u>
Total liabilities			
		<u>39,732</u>	<u>40,744</u>
Net assets			
		<u><u>39,732</u></u>	<u><u>40,744</u></u>
Capital and reserves			
Called up share capital	27	3,004	3,004
Share premium account		12,160	12,160
Own share reserve	28	(438)	(896)
Capital redemption reserve	28	154	154
Retained earnings		<u>24,852</u>	<u>26,322</u>
		<u>39,732</u>	<u>40,744</u>

The Company reported a loss for the financial period ended 30 March 2024 of £440,000 (2023: profit £2,457,000). The financial statements of Mulberry Group plc (company number 01180514) were approved by the Board of Directors and authorised for issue on 27 September 2024.

They were signed on its behalf by:

Charles Anderson
Director

Company statement of changes in equity

	Share capital £'000	Share premium account £'000	Own share reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
As at 2 April 2022	3,004	12,160	(1,269)	154	26,004	40,053
Profit for the period	-	-	-	-	2,457	2,457
Total comprehensive income for the period	-	-	-	-	2,457	2,457
Charge for employee share-based payments	-	-	-	-	23	23
Impairment of shares in trust	-	-	27	-	(27)	-
Own shares	-	-	346	-	-	346
Exercise of share options	-	-	-	-	(346)	(346)
Dividends paid	-	-	-	-	(1,789)	(1,789)
Balance at 1 April 2023	3,004	12,160	(896)	154	26,322	40,744
Loss for the period	-	-	-	-	(440)	(440)
Total comprehensive expense for the period	-	-	-	-	(440)	(440)
Charge for employee share-based payments	-	-	-	-	25	25
Impairment of shares in trust	-	-	458	-	(458)	-
Dividends paid	-	-	-	-	(597)	(597)
Balance at 30 March 2024	3,004	12,160	(438)	154	24,852	39,732

Notes to the Company financial statements

40. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

Please refer to note 1 for full details of the Company's incorporation, registered office, operations and principal activity.

Please refer to note 38 regarding the Company's ultimate controlling party.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that Standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, certain related party transactions, impairment and accounting policies, change in accounting estimates and errors. Where required, equivalent disclosures are given in the Group financial statements.

The financial statements have been prepared on the historical cost basis. The principal accounting policies and critical accounting judgements and key sources of estimation uncertainty adopted are the same as those set out in notes 3 and 4 to the Group financial statements. These have been applied consistently throughout the period and the preceding period.

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

IFRS 16 Leases

Please refer to note 3 for further details of Significant Accounting Policies and note 46 for details of Right-of-use assets arising from implementation of IFRS 16.

Investments

Fixed asset investments in subsidiaries and associates are shown at cost less provision for impairment.

41. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

Impairment of fixed assets and right-of-use assets and intercompany investments

Fixed assets, right-of-use assets and investments are reviewed for impairment if there are indicators of impairment indicating that the carrying amount may not be recoverable.

Notes to the Company financial statements
(continued)

sources of estimation uncertainty) in relation to:

- (i) the cash flow projections for the Group over a three-year budget period, with a long-term growth rate used thereafter.
- (ii) the risk-adjusted pre-tax discount rate used to discount the assumed cash flows to present value.

The Directors will assess the results of these valuation methods alongside judgment of the future prospects in relation to that asset in order to determine whether to impair its carrying value.

A number of variables are involved in this assessment including current and future market conditions, cost of capital used in discounted cashflows, future long-term growth rate assumptions and underlying and price cost inflation factors.

Reasonable possible changes to these estimates would not result in any impairment of the company only assets.

Estimated credit losses on intercompany debtors

The net assets of the Company exceed the net assets of the Group. This is largely due to the value of intercompany debtors which are eliminated on consolidation.

The carrying values of intercompany debtors are subject to a review of estimated credit losses. In determining estimated credit losses relating to intercompany debtors, probabilities of achieving forecasted trading cashflows or cashflows generated from sale of liquid and fixed assets are estimated which are a source of estimation uncertainty. These probabilities range from 20% to 100% chance of achievement.

Reasonable possible changes to these estimates would not give rise to a material change in estimated credit losses.

42. PROFIT/(LOSS) FOR THE PERIOD

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the period. Mulberry Group plc reported a loss for the financial period ended 30 March 2024 of £440,000 (2023: £2,457,000 profit). Included in the loss for the period is the release of provisions of £3,521,000 (2023: £2,622,000 charge) relating to intercompany balances.

The auditor’s remuneration for audit and other services is disclosed within note 9 to the Group financial statements. The only employees of the Company are the Directors whose emoluments are disclosed in the Directors’ remuneration report.

Dividends declared and paid during the financial period are disclosed in note 14 of the accounts.

Details of share-based payments made during the financial period and outstanding options are disclosed in note 31 of the accounts.

43. STAFF COSTS

The average monthly number of employees (including Executive Directors and those on a part-time basis) was:

	52 weeks ended 30 March 2024 Number	52 weeks ended 1 April 2023 Number
Administration	5	11
	5	11
	52 weeks ended 30 March 2024 £'000	52 weeks ended 1 April 2023 £'000
Their aggregate remuneration comprised:		
Wages and salaries	1,597	1,447
Social security costs	243	327
Other pension costs	17	10
Share-based payments (see note 31)	25	23
	1,882	1,807

Directors’ emoluments of the Company are shown in the Directors Remuneration Report on pages 39 to 41.

44. INVESTMENTS

	Shares in subsidiaries £'000
Cost	
At 1 April 2023	12,244
Additions	-
Disposals	-
At 30 March 2024	12,244
Provision for impairment	
At 1 April 2023	1,869
Charge for the period	329
At 30 March 2024	2,198
Net book value	
At 30 March 2024	10,046
At 1 April 2023	10,375

Notes to the Company financial statements
(continued)

The Company has investments in the ordinary shares of the following subsidiaries and associates which contributed to the results or net assets of the Group at the period ended 30 March 2024 and 1 April 2023 (except as highlighted):

Subsidiaries	Country of incorporation	Principal activity	Proportion of ownership interest and voting power
Mulberry Company (Design) Limited ⁽¹⁾	England and Wales	Design and manufacture of clothing and fashion accessories in the UK	100% π
Mulberry Company (France) SARL ⁽²⁾	France	Establishment and operation of retail stores in France	100%
Mulberry Company (Sales) Limited ⁽¹⁾	England and Wales	Establishment and operation of retail stores in the UK	100%†
Mulberry Company (Europe) Limited ⁽¹⁾	England and Wales	Dormant company	100% π
Mulberry Group Holding Company Limited ⁽¹⁾	England and Wales	Intermediary holding company	100%
Mulberry Trading Holding Company Limited ⁽¹⁾	England and Wales	Intermediary holding company	100% Ω
KCS Investments Limited ⁽¹⁾	England and Wales	Dormant company	100% Ω
Fashion AZ Limited ⁽¹⁾	England and Wales	Dormant company	100%β
Mulberry Company (USA) Inc ⁽³⁾	USA	Establishment and operation of retail stores in the USA	100% π
Mulberry Group Plc Employee Share Trust ⁽⁴⁾	Guernsey	Operation of an employee share trust	100%
Mulberry Company (Germany) GmbH ⁽⁵⁾	Germany	Establishment and operation of retail stores in Germany	100% π
Mulberry Company (Switzerland) GmbH ⁽⁶⁾	Switzerland	Establishment and operation of retail stores in Switzerland	100%
Mulberry Company (Canada) Inc ⁽⁷⁾	Canada	Establishment and operation of retail stores in Canada	100% π
Mulberry France Services SARL ⁽²⁾	France	Operation of non-retail services	100%
Mulberry Company (Australia) Pty Limited ⁽⁸⁾	Australia	Establishment and operation of retail stores in Australia	100%
Mulberry (Asia) Limited ⁽⁹⁾	Hong Kong	Establishment and operation of retail stores in Asia	60% π
Mulberry Trading (Shanghai) Company Limited ⁽¹⁰⁾	China	Establishment and operation of retail stores in China	100%§
Mulberry Japan Co. Limited ^{#(11)}	Japan	Establishment and operation of retail stores in Japan	100% π
Mulberry Korea Co., Ltd ⁽¹³⁾	Korea	Establishment and operation of retail stores in Korea	100% π
Mulberry Sweden AB ⁽¹⁴⁾	Sweden	Establishment and operation of retail stores in Sweden	100% π
Mulberry Italy S.r.L. ⁽¹⁵⁾	Italy	Establishment and operation of retail stores in Italy	100% π
Mulberry Company (Shoes) Limited ⁽¹⁾	England and Wales	Dormant company	100%
Mulberry Company (Holdings) Limited ⁽¹⁾	England and Wales	Dormant company	100%
Mulberry Fashions Limited ⁽¹⁾	England and Wales	Dormant company	100%‡
Mulberry Leathers Limited ⁽¹⁾	England and Wales	Dormant company	100%‡
Mulberry (UK) Limited ⁽¹⁾	England and Wales	Dormant company	100%

Associates

Mulberry Oslo AS ^{*(12)}	Norway	Operation of retail store in Oslo	50%†
* Mulberry Oslo AS is treated as an associate as, while the Group effectively owns 50% of the issued ordinary share capital, the entity is controlled by a third party. It has an accounting reference date of 30 September.			
† Owned by Mulberry Company (Europe) Limited.			
‡ Owned by Mulberry Company (Holdings) Limited.			
§ Owned by Mulberry (Asia) Limited.			
Ω Owned by Mulberry Group Holding Company Limited.			
π Owned by Mulberry Trading Holding Company Limited.			
β Owned by KCS Investments Limited.			
¶ New company formed in the period ended 30 March 2024.			
# During the period the Group increased its shareholding in Mulberry Japan Co. Limited from 50% to 100%. Prior to this transaction Mulberry Japan Co. Limited was treated as a subsidiary of Mulberry Group plc.			

The registered offices of the subsidiaries and associates are as follows:

- (1) The Rookery, Chilcompton, Bath, Somerset, BA3 4EH
- (2) 142 Rue de Rivoli, 75001, Paris, France
- (3) 100 Wooster Street, New York, New York 10012, USA
- (4) Cambridge House, Le Truchot, St. Peter Port, Guernsey, GY1 3UW
- (5) c/o Osborne Clarke, Innere Kanalstrasse 15, 50823 Cologne, Germany
- (6) Rotfluhstrasse 91, 8702 Zollikon,, Switzerland
- (7) 340 Albert Street, Suite 1400, Ottawa, Ontario K1R 0A5, Canada
- (8) Level 8,210 George Street, Sydney NSW 2000, Australia
- (9) Shop 116A, Level 1, K11 Musea, 18 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong
- (10) Shop 427, Plaza 66, No 1266, West Nanjing Road, Jing'an District, Shanghai, 200041, China
- (11) 3-1-30-404 Jingumae Shibuya-Ku, Toyko 150-0001
- (12) Nedre Slottsgate 8, 0157, Oslo, Norway
- (13) 3rd Floor, Saman Building, 945, Daechi-dong, Gangnam-gu, Seoul, Korea
- (14) c/o Osborne Clarke, Mäster Samuelsgatan 6, 11144 Stockholm, Sweden
- (15) Viale Abruzzi 94, 20131 Milano, Italy

Subsidiaries designated as dormant companies have taken advantage of S394A of the Companies Act 2006 and are exempt from preparing individual accounts.Their registered numbers in England are shown below;

Fashion AZ Limited	11662601
Mulberry Company (Shoes Limited	01624079
Mulberry Company (Holdings) Limited	02950035
Mulberry Company Fashions Limited	02950006
Mulberry Leathers Limited	02950004
Mulberry (UK) Limited	03791974
KCS Investments Limited	11363562

Notes to the Company financial statements
(continued)

45. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2023	7,014	7,780	644	15,438
Additions	56	-	-	56
Disposals	(61)	-	-	(61)
At 30 March 2024	7,009	7,780	644	15,433
Depreciation				
At 1 April 2023	4,250	7,606	644	12,500
Charge for the period	241	40	-	281
Disposals	-	-	-	-
At 30 March 2024	4,491	7,646	644	12,781
Net book value				
At 30 March 2024	<u>2,518</u>	<u>134</u>	<u>-</u>	<u>2,652</u>
At 1 April 2023	<u>2,764</u>	<u>174</u>	<u>-</u>	<u>2,938</u>

Freehold land of £997,000 (2023: £997,000) has not been depreciated.

At 30 March 2024, the Company had entered into contractual commitments for the acquisition of property of £nil (2023: £nil) and there were assets under the course of construction where depreciation has not yet commenced of £nil (2023: £nil).

46. RIGHT-OF-USE ASSETS

	Short leasehold land and buildings £'000
Cost	
At 1 April 2023	13,883
At 30 March 2024	13,883
Amortisation	
At 1 April 2023	6,537
Charge for the period	1,635
At 30 March 2024	8,172
Carrying amount	
At 30 March 2024	<u>5,711</u>
At 1 April 2023	<u>7,346</u>

47. TRADE AND OTHER RECEIVABLES

	30 March 2024 £'000	1 April 2023 £'000
Amounts falling due within one year:		
Amounts owed by Group undertakings	30,114	31,453
Prepayments and accrued income	<u>302</u>	<u>92</u>
	<u>30,416</u>	<u>31,545</u>

Amounts owed by Group undertakings are repayable on demand.

Interest is charged on amounts owed by Group undertakings at the following rates;

Mulberry Asia Limited 3%

Notes to the Company financial statements
(continued)

48. TRADE AND OTHER PAYABLES

	30 March 2024 £'000	1 April 2023 £'000
Amounts falling due within one year:		
Amounts owed to Group undertakings	2,527	3,912
Accruals and deferred income	<u>237</u>	<u>1,713</u>
	<u>2,764</u>	<u>5,625</u>

Interest is not charged on amounts owed to Group undertakings.

49. DEFERRED TAX

	30 March 2024 £'000	1 April 2023 £'000
Deferred tax – accelerated capital allowances	<u>-</u>	<u>-</u>
Deferred tax asset at 1 April 2023	-	
Charge for the period	<u>-</u>	
Deferred tax asset at 30 March 2024	<u>-</u>	

At 30 March 2024 the Company had unrecognised deferred tax assets of £658,000 (2023: £143,000) in respect of fixed asset timing differences and short term timing differences. Deferred tax assets were not recognised due to the uncertainty of the timing of future taxable profits available to offset against these amounts.

50. LEASE LIABILITIES

Lease liabilities are determined by calculating discounted lease payments using the Company's incremental borrowing rates at the date of transition to IFRS 16 for one lease which is due to expire in 2027. The discount rates applied were 4.3% (2023: 4.3%). These rates have been determined based on comparable bond yields and are lease specific.

	30 March 2024 £'000	1 April 2023 £'000
Analysed as		
Current	1,715	1,643
Non-current	4,614	6,329
	<u>6,329</u>	<u>7,972</u>

Future minimum lease payments at 30 March 2024 are as follows

	30 March 2024 £'000	1 April 2023 £'000
Maturity analysis;		
Year 1	1,940	1,940
Year 2	1,940	1,940
Year 3	1,940	1,940
Year 4	959	1,940
Year 5	-	959
Effect of discounting	(450)	(747)
Carrying amount of liability	<u>6,329</u>	<u>7,972</u>

51. RELATED PARTY TRANSACTIONS

Details of related party transactions are provided in note 36 to the Group financial statements. The Company has taken advantage of the exemption in FRS 101:8 not to disclose details of transactions with other wholly owned Group companies.

52. CONTINGENT LIABILITIES

Mulberry Group plc has acted as a guarantor on various property leases entered into between its subsidiaries and third party lessors. No amounts were outstanding at the period end in respect of such guarantees (2023: £nil).

Since the period end the Group has amended its' RCF increasing the available funds from £15.0m to £17.5m and re-negotiated covenants to reflect the current trading environment. The Group has also signed a new £6.0m supplier trade finance facility which is backed by UK Export Finance. The facility is committed for a 2-year period.

53. SHARE CAPITAL

The movements in share capital are disclosed in note 27 to the Group financial statements.

54. RESERVES

The movements in the Own share reserve are disclosed in note 28 to the Group financial statements.

55. SHARE-BASED PAYMENTS

Details of the Company's share based payments are disclosed in note 31.

Details of the Capital redemption reserve are disclosed in note 28 to the Group financial statements.

56. EVENTS AFTER THE REPORTING PERIOD

Please refer to note 39.

Group five-year summary

GROUP five-year summary

	2020	2021	2022	2023	2024
	£'000	£'000	£'000	£'000	£'000
Results					
Revenue	149,321	114,951	152,411	159,129	152,844
Operating (loss)/profit	(43,020)	8,778	24,647	16,974	(29,137)
(Loss)/profit before tax	(47,866)	4,554	21,326	13,150	(34,124)
(Loss)/profit after tax attributable to equity shareholders	(44,126)	4,773	19,985	13,243	(33,505)
Loss attributable to non-controlling interests	(2,732)	(176)	(816)	(1,846)	(1,479)
Assets employed					
Non-current assets	79,249	63,452	55,378	84,228	61,967
Current assets	54,346	56,430	78,379	75,023	55,750
Current liabilities	(40,708)	(37,449)	(41,743)	(50,819)	(56,860)
Non-current liabilities	(79,366)	(63,727)	(54,268)	(61,666)	(49,978)
Net assets	13,521	18,706	37,746	46,766	10,879
Key statistics					
(Loss)/earnings per share	(78.9p)	7.7p	32.2p	19.1p	(58.6p)
Diluted (loss)/earnings per share	(78.9p)	7.7p	32.2p	19.1p	(58.6p)

Directors, Secretary & Advisers

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Registered Office:	The Rookery Chilcompton Bath Somerset BA3 4EH
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Financial and Nominated Adviser:	Houlihan Lokey Advisory Limited
Nominated Broker:	Peel Hunt LLP London
Registered Auditor:	Grant Thornton UK LLP 17th Floor 103 Colmore Row Birmingham B3 3AG
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