Mulberry

Interim Report and Accounts

For the twenty-six weeks ended
28 September 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

EST. 1971
ENGLAND

Highlights

Financial Highlights

- Group revenue down 19% to £56.1m (2023: £69.7m)
  - UK retail sales decreased 14% to £31.3m (2023: £36.2m)
  - Asia Pacific retail sales decreased by 31% to £9.3m (2023: £13.5m)
  - Total International retail sales decreased 17% to £19.5m (2023: £23.5m), with the reduction in Asia Pacific partially offset by a 2% increase in the Rest of World
- Gross margin reduced to 67% (2023: 70%) principally due to stock optimisation to manage inventory and working capital levels
- Operating expenses decreased 16% to £50.7m (2023: £60.0m) as action was taken to manage the cost base
- Underlying loss before tax of £15.3m (2023: £12.3m)[1] was a result of reduced revenue and margin partially offset by lower operational costs
- Reported loss before tax of £15.7m (2023: £12.8m)
- Equity fundraising of £10.4m and increased debt facilities with renegotiated covenants undertaken to strengthen further the Group's balance sheet providing financial flexibility to support management's turnaround plan

Operating Highlights

- Digital performance continued to be robust, with sales representing 33% of Group revenue (2023: 29%)
  - UK Mulberry.com sales increased by 6% and represented 67% of UK digital revenue (2023: 58%)
- Full price sales represented 78% of retail sales (2023: 77%), with full price sales in both US and Europe increasing by 9% versus the same period last year
- Collaborations with Rejina Pyo and Eleventy drove further global awareness of the Mulberry brand
- Product innovation included the launch of new bags the Soft Bayswater and Islington Bucket bags which have been well received by customers
- B Corp Certification for sustainability achieved in September 2024

Current Trading

- The wider macro-economic environment, including ongoing inflationary pressures, continues to present uncertainty and challenges
- We continue to take appropriate cost actions and manage inventory levels to ensure they align with revenue expectations for the remainder of this year and next
- New CEO's initial review focussed on enhancing operational efficiency and targeted product, pricing and distribution strategies to improve margin and cash position
- Trading for the full financial year is expected to be weighted towards the second half given the important festive trading period

1 See note 2 on pages 15 and 16 for more details of alternative performance measures and one-off costs

Business Review

OVERVIEW

Trading during the twenty-six weeks ended 28 September 2024 was challenging as the previously highlighted difficult trading environment and uncertain macroeconomic trends continued to impact the Group. Action has been and continues to be taken to reduce operating expenses as well as to optimise inventory levels and better manage working capital. An equity fundraising of c £10m (net) was undertaken at the end of the period which, along with increased debt facilities with renegotiated covenants, strengthened further the Group's balance sheet in light of the current trading environment and provides financial flexibility to support management's drive to return the Group to profitability.

Group revenues declined 19% over the period, with a reduction in gross margin to 66.5% (2023: 70.4%) principally due to stock optimisation to manage inventory and working capital levels. The lower revenue and margins resulted in an increased underlying loss before tax of £15.3m for the period (2023: £12.3m), partially offset by lower operating costs, reflecting cost actions taken before the start of the financial year. We ended the period with net borrowings of £16.4m[1] (2023: £13.5m).

The UK remains our largest market, and it continued to be affected by low consumer confidence. UK revenue for the period was 14% below the same period last year, with store revenues down 17%.

International retail sales represented 38% of our total retail sales in the period (2023: 39%). In Asia Pacific, retail sales declined 31% to £9.3m (2023: £13.5m) predominantly due to the continued challenging macro-economic climate in China and South Korea, with retail sales down 52% and 29% respectively. However, retail sales in Australia were up 3% on the same period last year.

Franchise and Wholesale revenue declined by 46% to £5.4m (2023: £10.0m) with declines across all countries as wholesale and franchise partners placed lower orders due to the macroeconomic conditions , particularly Italy and Denmark.

Collaborations in the period included those with luxury Italian fashion brand Eleventy in July and South Korean designer Regina Pyo in September. The Regina Pyo collection, inspired by our Blenheim bag family's archives and given a modern twist, proved popular with a broad range of customers. Meanwhile, new bags launched in the period included the Soft Bayswater, recognising the trend to a more minimalistic design and silhouette, and the Islington Bucket, both launched in April.

Sustainability and circularity continue to be central to Mulberry's business model and on 17 September we were pleased to announce our B Corp Certification. This is a significant milestone in our road towards a regenerative and circular business model, validating our purpose-led approach to progressive British luxury.

BOARD CHANGES

Appointment of Chief Executive Officer

On 1 September 2024, Andrea Baldo joined the Board as Chief Executive Officer. He brought with him significant international fashion expertise, creativity and strategic thinking, having worked with luxury brands including Maison Martin Margiela, Marni and most recently as CEO of Ganni.

STRATEGY UPDATE

Since joining the Group, Andrea Baldo has been working on a review of strategy. His immediate focus has been and will continue to be, on reprioritising and rebuilding Mulberry. Steps have already been taken to streamline operations to improve margins, and to ensure teams are well-positioned to work effectively and with agility. Additionally, adjustments have been made to product, pricing, and distribution strategies, and discussions with potential wholesale partners have been commenced to make sure Mulberry is present wherever our customers shop. The strategic review will be concluded in December and the date for its announcement will be made in due course.

CURRENT TRADING AND OUTLOOK

The wider macro-economic environment, including ongoing inflationary pressures, continues to present uncertainty and challenges. In response, we continue to review our cost base and are taking further action to align it with revenues for the remainder of this year and next. Trading for the full financial year is expected to be weighted towards the second half given the important festive trading period.

Mulberry is a much loved British icon with a rich heritage. While delivery of the Board's strategic goals of becoming a global luxury brand, pursuing international retail expansion, and big product launches has been hampered by the ongoing challenging trading conditions, the Board is convinced there is a clear path back to profitability over time driven by Andrea Baldo's focus on improving operational flexibility to ensure we can always act with agility and pace. The capital raising announced at the end of the period provides the Group with additional financial flexibility to support this.

Financial review

LOSS BEFORE TAX

£m	2024 £'m	2023 £'m	% change
Revenue	**56.1**	**69.7**	**(19%)**
Cost of sales	(18.8)	(20.6)	9%
Gross profit	**37.3**	**49.1**	**(24%)**
Other operating expenses	(50.7)	(60.0)	16%
Other operating income	0.3	0.4	(25%)
Operating loss	**(13.1)**	**(10.5)**	**(25%)**
Share of results of associates	–	–	–
Finance expense	(2.6)	(2.3)	(13%)
Loss before tax	**(15.7)**	**(12.8)**	**(23%)**

The table above summarises the Group Income Statement, showing the reported loss before tax for the period of £15.7m (2023: £12.8m). Further details are discussed within this Financial Review.

£m	2024 £'m	2023 £'m	% change
Underlying loss before tax pre-SaaS costs	**(14.5)**	**(9.0)**	**(61%)**
SaaS costs	(0.8)	(3.3)	76%
Underlying loss before tax	**(15.3)**	**(12.3)**	**(24%)**
Store closure credit/(charge)	0.8	(0.5)	260%
Strategic project costs	(0.4)	–	–
Restructuring costs	(0.8)	–	–
Reported loss before tax	**(15.7)**	**(12.8)**	**(23%)**

The table above shows the reconciliation from the reported loss before tax in the period of £15.7m (2023: £12.8m) to the underlying loss.

The Group's underlying loss for the period of £15.3m (2023: £12.3m), was a result of reduced revenue and margin, partially offset with lower operational costs. The operating expenses table within this financial review shows the operational costs decrease of £9.3m to £50.7m for the period (2023: £60.0m). Underlying operating expenses decreased by £8.1m to £47.0m (2023: £55.1m).

Reported loss before tax for the period of £15.7m (2023: £12.8m), includes adjusting items of a net credit of £0.8m (2023: charge £0.5m) for the closure of one retail store, UK head office restructuring costs of £0.8m (2023: nil) and strategic project costs of £0.4m (2023: nil).

1 Net borrowings comprises cash balances of £8.8m (2023: £5.9m) less bank borrowings of £25.2m (2023: £19.5m), which excludes related parties and non-controlling interest of £7.8m (2023: £4.5m)

GROUP REVENUE

Revenue analysis for the 26 weeks ended 28 September 2024 compared to the same period last year is as follows:

£m	2024 £'m	2023 £'m	% change
Digital	18.4	20.3	(9%)
Stores	32.3	39.4	(18%)
Retail (omni-channel)	**50.7**	**59.7**	**(15%)**
Franchise and Wholesale	5.4	10.0	(46%)
Group Revenue	**56.1**	**69.7**	**(19%)**
Digital	11.8	12.8	(8%)
Stores	19.4	23.4	(17%)
Omni-channel – UK	**31.2**	**36.2**	**(14%)**
Digital	1.7	2.9	(41%)
Stores	7.6	10.6	(28%)
Omni-channel – Asia Pacific	**9.3**	**13.5**	**(31%)**
Digital	4.9	4.6	7%
Stores	5.3	5.4	(2%)
Omni-channel – Rest of World	**10.2**	**10.0**	**2%**
Retail (omni-channel)	**50.7**	**59.7**	**(15%)**

	Q1		Q2		H1 2024	
	Revenue £'m	% Change	Revenue £'m	% Change	Revenue £'m	% Change
Digital	9.5	(5%)	8.9	(14%)	18.4	(9%)
Stores	17.6	(12%)	14.7	(24%)	32.3	(18%)
Retail (omni-channel)	**27.1**	**(10%)**	**23.6**	**(20%)**	**50.7**	**(15%)**
Franchise and Wholesale	**4.2**	**(41%)**	**1.2**	**(58%)**	**5.4**	**(46%)**
Group revenue	**31.3**	**(16%)**	**24.8**	**(24%)**	**56.1**	**(19%)**

Group revenue decreased by 19% in the period, with a decline in both Q1 (-16%) and Q2 (-24%) on the same period last year. During Q2, trade continued to face challenges within all regions, as uncertain macroeconomic trends continued.

Retail omni-channel sales reduced by 15% in the period with declines across all regions. UK total retail sales decreased by 14%. Full price sales in the UK decreased by 13% to £24.3m (2023: £27.9m) with the full price mix unchanged at 77% (2023: 77%). UK store sales declined 17% against the prior period, however average transaction value increased by 9%. UK digital sales were down 8% on the prior period, however average transaction value increased by 1% compared to the prior period and represented 38% of total UK retail sales (2023: 35%).

Asia Pacific retail revenue decreased 31% compared to the same period last year. China and Korea saw the largest declines at 52% and 29% respectfully, with the challenging economic environment and reduced footfall impacting all markets. A detailed strategic review is currently in progress.

Rest of World retail revenue, which includes Europe and the US, increased 2%. Ireland store sales increased by 8% as a result of Brown Thomas which has converted toa retail concession, having previously been classified within Wholesale. Retail sales in Italy increased by 51%, driven by the pop up in The Mall, Leccio, which opened in May 23.

Financial review (continued)

Franchise and wholesale sales decreased by 46%, with declines across all countries as wholesale and franchise partners have placed lower orders due to the macroeconomic conditions, particularly in Italy and Denmark. The prior period also included wholesale orders for Brown Thomas, which has since converted to a retail concession and a one-off collaboration with the British designer, Paul Smith.

GROSS MARGIN

£m	2024 £'m	2023 £'m	% change
Revenue	**56.1**	**69.7**	**(20%)**
Cost of sales	(18.8)	(20.6)	9%
Gross profit	**37.3**	**49.1**	**(24%)**
Gross profit margin	66.5%	70.4%	

Gross margin during the period was 66.5% (2023: 70.4%), resulting in a 24% fall in gross profit relative to the prior period. This was predominantly due to stock optimisation to manage inventory and working capital levels, along with promotional activity earlier in the period when compared to the prior period and some reductions in the recommended retail price of some product lines.

OTHER OPERATING EXPENSES

£m	2024 £'m	2023 £'m	% change
Operating expenses	19.1	25.4	25%
Staff costs	19.9	22.1	10%
Depreciation and amortisation	3.1	3.4	9%
Systems and comms	4.7	4.2	(12%)
Foreign exchange loss/(gain)	0.2	–	–
Underlying operating expenses	**47.0**	**55.1**	**15%**
SaaS costs	0.8	3.3	76%
Store closure (credit)/charge	(0.8)	0.5	260%
Under recover of overheads into inventory	2.5	1.1	(127%)
Strategic project costs	0.4	–	–
Restructure costs	0.8	–	–
Operating expenses	**50.7**	**60.0**	**16%**

Operating expenses decreased by 16% to £50.7m (2023: £60.0m) and underlying operating expenses decreased by 15%.

During the period we have taken further cost actions in light of the uncertain trading conditions, with more anticipated in the second half of the current financial period, as the wider economic challenges and uncertainty continue and we build the Group back to profitability.

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 £0.8m (2023: £3.3m) of SaaS costs which would previously have been capitalised, in line with the accounting for configuration and customisation cost arrangements. We expect to incur further SaaS costs in the second half.

TAXATION

The Group reported a tax charge for the period of £0.4m (2023: £0.6m.) This relates to prior and current period current tax charges.

BALANCE SHEET

Net working capital, which comprises inventories, trade and other receivables and trade and other payables decreased by £23.7m to £10.9m at the period end (2023: £34.6m). This decrease was driven by a reduction in inventories of £20.2m, as a result of optimisation of inventory levels. We have been managing stock levels in light of the ongoing macro-economic uncertainty and cost increases.

At the period end, other trade receivables had decreased by £2.2m, principally due to lower wholesale sales in the period. The increase in other trade payables of £1.3m is due to the timing of payments at the period end date.

Lease liabilities (current and non-current) reduced by £7.6m to £45.4m (2023: £53.0m) due to the release of regular lease payments made in the period.

CASHFLOW

£m	2024 £'m	2023 £'m	% change
Operating cash outflow	(7.0)	(8.0)	13%
Net change in working capital	15.7	6.5	143%
Cash generated/(used) by operations	**8.7**	**(1.5)**	**680%**
Income taxes paid	(0.2)	(0.1)	(100%)
Interest paid	(2.6)	(2.3)	(13%)
Net cash inflow / (outflow) from operating activities	**5.9**	**(3.9)**	**251%**
Acquisition of businesses	–	(0.2)	–
Purchases of property, plant and equipment	(0.7)	(3.1)	77%
Acquisition of intangible assets	(1.2)	(2.2)	45%
Other	0.1	–	–
Net cash used in investing activities	**(1.8)**	**(5.5)**	**67%**
Investment from non-controlling interest	–	0.6	–
Proceeds from net borrowings	3.8	13.3	(71%)
Repayment of net borrowings	(2.1)	–	–
Repayment of loans from non-controlling interests	–	(0.8)	–
Principal elements of lease payments	(4.1)	(4.6)	11%
Net cash (used in)/generated by financing activities	**(2.4)**	**8.5**	**(128%)**
Net increase/(decrease) in cash and cash equivalents	**1.7**	**(0.9)**	**289%**

The net increase in cash and cash equivalents of £1.7m (2023: decrease of £0.9m) included a £2.5m drawdown of the Group's revolving credit facility (RCF) and £1.3m utilisation of a new supplier trade finance facility shown within proceeds from net borrowings.

As a result of the financial performance in the period there was an operating cash outflow of £7.0m (2023: outflow £8.0m). This cash outflow has been offset by a decrease in net working capital which had a cash benefit of £15.7m largely driven by the reduction in inventories of £20.2m as a result of the stock optimisation program.

During the period we continued to invest, including £1.9m (2023: £5.3m) of capital expenditure and £0.8m (2023: £3.3m) of SaaS costs shown within operating costs. This spend supports investment in our omni-channel distribution and international

Financial review (continued)

development, including the upgrade of our warehouse management systems and business planning tool, however, in light of trade during the period the level of investment has been managed.

BORROWING FACILITIES

The Group had bank borrowings relating to drawdowns under its RCF of £17.5m at 28 September 2024 (2023: £13.0m). The borrowings shown in the balance sheet also include loans from minority shareholders in the Chinese subsidiary of £7.8m (2023: £4.5m), supplier trade finance of £1.3m (2023: nil) and an overdraft of £6.4m (2023: £6.5m).

The Group's net debt balance (comprising cash and cash equivalents, less overdrafts and borrowings) at 28 September 2024 was £16.4m (2023: net debt of £13.5m), with available liquidity of £5.7m. Net debt comprises cash balances of £8.8m (2023: £5.9m) less bank borrowings of £25.2m (2023: £19.4m), excluding loans from related parties and non-controlling interests of £7.8m (2023: £4.5m). Net debt also excludes lease liabilities of £45.4m (2023: £53.0m) which are not considered to be core borrowings.

During the period 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 also signed a new £6.0m supplier trade finance facility which is backed by UK Export Finance. In addition, the Group continues to have a £4.0m overdraft facility in the UK and a $0.5m overdraft facility in Australia, which are renewed annually.

SIGNIFICANT TRANSACTIONS IN THE PERIOD

Subscription of new ordinary shares;

On 27 September 2024, the Company announced a subscription for 10,000,000 new ordinary shares at 100 pence per share by Challice Limited, the majority shareholder of Mulberry, to raise approximately £10m in order to strengthen the Group's balance sheet. Further details of the subscription are set out in the Company's announcement. On 3 October 2024 the Group announced that Frasers Group plc had successfully applied to subscribe for 39.61% of those shares. These new ordinary shares were admitted to trading on AIM and the subscription was completed on 4 November 2024.

Also on 27 September 2024, the Group announced a separate retail offer to qualifying Mulberry shareholders of up to 750,000 new ordinary shares at 100 pence per share. When the retail offer closed on 4 October 2024, applications had been received for 392,013 new ordinary shares, which were admitted to trading on AIM, and the retail offer completed, on 9 November 2024.

The net proceeds of the subscription and retail offer will be used to strengthen the Group's balance sheet and provide financial flexibility to support plans being developed by Andrea Baldo, Chief Executive Officer, and the management team to return the business to profitability and support future growth.

Consolidated income statement

26 WEEKS ENDED 28 SEPTEMBER 2024

	Note	Unaudited 26 weeks ended 28 September 2024 £'000	Unaudited 26 weeks ended 30 September 2023 (restated *) £'000	Audited 52 weeks ended 30 March 2024 £'000
Revenue		**56,145**	69,743	152,844
Cost of sales		**(18,813)**	(20,594)	(45,704)
Gross profit		**37,332**	49,149	107,140
Impairment charge relating to property, plant and equipment		**–**	–	(1,239)
Impairment charge relating to right-of-use assets		**–**	–	(7,334)
Other operating expenses		**(50,725)**	(59,984)	(128,938)
Other operating income		**281**	390	1,234
Operating loss		**(13,112)**	(10,445)	(29,137)
Share of results of associates		**11**	19	31
Finance income		**–**	1	1
Finance expense		**(2,623)**	(2,334)	(5,019)
Loss before tax		**(15,724)**	(12,759)	(34,124)
Tax charge	4	**(374)**	(639)	(860)
Loss for the period		**(16,098)**	(13,398)	(34,984)
Attributable to:				
Equity holders of the parent		**(15,068)**	(12,279)	(33,505)
Non-controlling interests		**(1,030)**	(1,119)	(1,479)
Loss for the period		**(16,098)**	(13,398)	(34,984)
Basic loss per share	5	**(27.0p)**	(22.5p)	(58.6p)
Diluted loss per share	5	**(27.0p)**	(22.5p)	(58.6p)

All activities arise from continuing operations.

* In order to be consistent with the full year treatment of fixed production overheads, reported cost of sales for the period ending 30 September 2023 have reduced by £1.1m with a corresponding increase in other operating expenses. The reported loss for the period remains unchanged.

Consolidated statement of comprehensive income

26 WEEKS ENDED 28 SEPTEMBER 2024

	Unaudited 26 weeks ended 28 September 2024 £'000	Unaudited 26 weeks ended 30 September 2023 £'000	Audited 52 weeks ended 30 March 2024 £'000
Loss for the period	**(16,098)**	(13,398)	(34,984)
Items that may be reclassified subsequently to profit or loss;			
Exchange differences on translation of foreign operations	**51**	(845)	(1,105)
Total comprehensive expense for the period	**(16,047)**	(14,243)	(36,089)
Attributable to:			
Equity holders of the parent	**(15,227)**	(13,166)	(34,773)
Non-controlling interests	**(820)**	(1,077)	(1,316)
Total comprehensive expense for the period	**(16,047)**	(14,243)	(36,089)

Consolidated balance sheet

AT 28 SEPTEMBER 2024

	Unaudited 28 September 2024 £'000	Unaudited 30 September 2023 £'000	Audited 30 March 2024 £'000
Non-current assets			
Intangible assets	**8,258**	7,832	8,700
Property, plant and equipment	**17,219**	20,274	18,754
Right-of-use assets	**30,591**	43,649	34,307
Interests in associates	**93**	168	206
Deferred tax asset	**–**	212	–
	56,161	72,135	61,967
Current assets			
Inventories	**25,079**	45,320	33,159
Trade and other receivables	**13,120**	15,266	15,453
Cash and cash equivalents	**8,761**	5,852	7,138
	46,960	66,438	55,750
Total assets	**103,121**	138,573	117,717
Current liabilities			
Trade and other payables	**(27,259)**	(25,971)	(23,354)
Current tax liabilities	**(290)**	(331)	(123)
Lease liabilities	**(10,526)**	(9,971)	(9,909)
Borrowings	**(25,175)**	(23,883)	(23,474)
	(63,250)	(60,156)	(56,860)
Net current (liabilities)/assets	**(16,290)**	6,282	(1,110)
Non-current liabilities			
Trade and other payables	**(2,155)**	(2,191)	(2,155)
Lease liabilities	**(34,898)**	(43,043)	(40,485)
Borrowings	**(7,785)**	–	(7,338)
	(44,838)	(45,234)	(49,978)
Total liabilities	**(108,088)**	(105,390)	(106,838)
Net (liabilities)/assets	**(4,967)**	33,183	10,879
Equity			
Share capital	**3,004**	3,004	3,004
Share premium account	**12,160**	12,160	12,160
Own share reserve	**(490)**	(854)	(438)
Capital redemption reserve	**154**	154	154
Foreign exchange reserve	**(379)**	(170)	(430)
Retained earnings	**(12,070)**	25,176	2,955
Equity attributable to holders of the parent	**2,379**	39,470	17,405
Non-controlling interests	**(7,346)**	(6,287)	(6,526)
Total equity	**(4,967)**	33,183	10,879

Consolidated statement of changes in equity

26 WEEKS ENDED 28 SEPTEMBER 2024

	Share capital £'000	Share premium account £'000	Own share reserve £'000	Capital redemption reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
As at 1 April 2023	3,004	12,160	(896)	154	675	38,110	53,207	(6,441)	46,766
Loss for the period	–	–	–	–	–	(12,279)	(12,279)	(1,119)	(13,398)
Other comprehensive expense for the period	–	–	–	–	(845)	–	(845)	–	(845)
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**(845)**	**(12,279)**	**(13,124)**	**(1,119)**	**(14,243)**
Charge for employee share-based payments	–	–	–	–	–	7	7	–	7
Impairment of shares in trust	–	–	42	–	–	(42)	–	–	–
Adjustment arising from investment by non-controlling interests (see note 7)	–	–	–	–	–	–	–	611	611
Adjustment arising from acquisition of non-controlling interests (see note 7)	–	–	–	–	–	(620)	(620)	620	–
Non-controlling interest foreign exchange	–	–	–	–	–	–	–	42	42
As at 30 September 2023	**3,004**	**12,160**	**(854)**	**154**	**(170)**	**25,176**	**39,470**	**(6,287)**	**33,183**
Loss for the period	–	–	–	–	–	(21,226)	(21,226)	(360)	(21,586)
Other comprehensive expense for the period	–	–	–	–	(260)	–	(260)	–	(260)
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**(260)**	**(21,226)**	**(21,486)**	**(360)**	**(21,846)**
Charge for employee share-based payments	–	–	–	–	–	18	18	–	18
Impairment of shares in trust	–	–	416	–	–	(416)	–	–	–
Non-controlling interest foreign exchange	–	–	–	–	–	–	–	121	121
Dividends paid	–	–	–	–	–	(597)	(597)	–	(597)
As at 30 March 2024	**3,004**	**12,160**	**(438)**	**154**	**(430)**	**2,955**	**17,405**	**(6,526)**	**10,879**
Loss for the period	–	–	–	–	–	(15,068)	(15,068)	(1,030)	(16,098)
Other comprehensive expense for the period	–	–	–	–	51	–	51	–	51
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**51**	**(15,068)**	**(15,017)**	**(1,030)**	**(16,047)**
Credit for employee share-based payments	–	–	–	–	–	(9)	(9)	–	(9)
Impairment of shares in trust	–	–	(52)	–	–	52	–	–	–
Non-controlling interest foreign exchange	–	–	–	–	–	–	–	210	210
As at 28 September 2024	**3,004**	**12,160**	**(490)**	**154**	**(379)**	**(12,070)**	**2,379**	**(7,346)**	**(4,967)**

Consolidated cash flow statement

26 WEEKS ENDED 28 SEPTEMBER 2024

	Unaudited 26 weeks ended 28 September 2024 £'000	Unaudited 26 weeks ended 30 September 2023 £'000	Audited 52 weeks ended 30 March 2024 £'000
Operating loss for the period	**(13,112)**	(10,445)	(29,137)
Adjustments for:			
Depreciation and impairment of property, plant and equipment	**2,063**	2,451	6,191
Depreciation and impairment of right-of-use assets	**3,745**	4,517	16,654
Amortisation and impairment of intangible assets	**982**	921	1,760
Gain on lease modifications and lease disposals	**(802)**	(5,484)	(6,100)
Loss on sale of property, plant and equipment	**65**	–	601
Loss on sale of intangibles	**–**	–	29
Gain on waiver on loan from non-controlling interest	**–**	–	(504)
Share-based payments (credit/expense	**(9)**	7	25
Operating cash outflows before movements in working capital	**(7,068)**	(8,033)	(10,481)
Decrease in inventories	**8,080**	3,063	15,188
Decrease in receivables	**2,333**	4,673	4,495
Increase/(decrease) in payables	**5,332**	(1,229)	(3,707)
Cash generated/(used) by operations	**8,677**	(1,526)	5,495
Income taxes paid	**(208)**	(71)	(343)
Interest paid	**(2,623)**	(2,334)	(5,019)
Net cash inflow/(outflow) from operating activities	**5,846**	(3,931)	133
Investing activities:			
Interest received	**–**	1	1
Acquisition of businesses	**–**	(238)	(238)
Purchases of property, plant and equipment	**(704)**	(3,057)	(5,948)
Acquisition of intangible fixed assets	**(1,188)**	(2,219)	(3,835)
Dividend received from associate	**109**	–	–
Net cash used in investing activities	**(1,783)**	(5,513)	(10,020)
Financing activities:			
Proceeds from loans from non-controlling interests	**–**	–	3,934
Investment from non-controlling interest (see note 7)	**–**	611	611
Repayment of borrowings	**(2,051)**	–	–
New borrowings	**3,752**	13,309	17,374
Repayment of loans from non-controlling interests	**–**	(744)	(1,171)
Dividends paid	**–**	–	(597)
Principal elements of lease payments	**(4,100)**	(4,629)	(9,802))
Net cash (used)/generated in financing activities	**(2,399)**	8,547	10,349
Net increase/(decrease)decrease in cash and cash equivalents	**1,664**	(897)	462
Cash and cash equivalents at beginning of period	**7,138**	6,872	6,872
Effect of foreign exchange rate changes	**(41)**	(123)	(196)
Cash and cash equivalents at end of period	**8,761**	5,852	7,138

Notes to the condensed financial statements

26 WEEKS ENDED 28 SEPTEMBER 2024

1. GENERAL INFORMATION
Mulberry Group plc is a company incorporated in the United Kingdom under the Companies Act 2006. The half year results and condensed consolidated financial statements for the 26 weeks ended 28 September 2024 (the interim financial statements) comprise the results for the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. The interim financial statements for the 26 weeks ended 28 September 2024 have not been reviewed or audited.

The information for the 52 weeks ended 30 March 2024 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The statutory accounts for that period were approved by the Board of Directors on 27 September 2024 and have been filed with the Registrar of Companies. The auditor's report on those statutory accounts was not qualified, although included an emphasis of matter in respect of material uncertainty around going concern and did not contain statements under section 498(2) (3) of the Companies Act 2006. The report stated that 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 would give 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.

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION
The accounting policies and methods of computation followed in the interim financial statements are consistent with those published in the Group's Annual Report and Financial Statements for the 52 weeks ended 30 March 2024.

These condensed consolidated interim financial statements for the 26 weeks ended 28 September 2024 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. This report should be read in conjunction with the Group's financial statements for the 52 weeks ended 30 March 2024, which have been prepared in accordance with UK-adopted International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006.

The Annual Report and Financial Statements are available from the Group's website (www.mulberry.com) or from the Company Secretary at the Company's registered office, The Rookery, Chilcompton, Bath, England, BA3 4EH.

Critical accounting judgements and key sources of estimation uncertainty
Preparation of the condensed consolidated interim financial statements requires the Directors to make certain estimates and judgements that affect the measurement of reported revenues, expenses, assets and liabilities.

The critical accounting judgements and key sources of estimation uncertainty applied in the preparation of the condensed consolidated interim financial statements are consistent with those described on pages 74-75 of the Group's Annual Report and Financial Statements for the 52 weeks ended 30 March 2024.

Principal risks and uncertainties
The management of the business and the execution of the Group's growth strategies are subject to a number of risks and uncertainties that could adversely affect the Group's future development. The principal risks and uncertainties for the Group and the key mitigating actions used to address them are consistent with those outlined on pages 27-31 of the Group's Annual Report and Financial Statements for the 52 weeks ended 30 March 2024.

Alternative performance measures
In reporting financial information, the Group presents an APMs, which is 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 the 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.

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

	Unaudited 26 weeks ended 28 September 2024 £'000	Unaudited 26 weeks ended 30 September 2023 £'000	Audited 52 weeks ended 30 March 2024 £'000
Reconciliation to underlying loss before tax			
Loss before tax	**(15,724)**	(12,759)	(34,124)
Store closure (credit)/charge	**(773)**	517	1,576
Restructuring costs	**824**	–	1,241
Strategic project costs	**424**	–	–
Impairment charge related to property, plant and equipment	**–**	–	1,239
Impairment charge related to right-of-use assets	**–**	–	7,334
IT Project costs	**–**	–	647
Gain on waiver of loan from non-controlling interest	**–**	–	(504)
Underlying loss before tax – non-GAAP measure	**(15,249)**	(12,242)	(22,591)
Underlying basic loss per share	**(26.7p)**	(21.8p)	(40.1p)
Underlying diluted loss per share	**(26.7p)**	(21.8p)	(40.1p)

Store closure charge
During the period 1 store (2023: 0 stores) was closed. The charge on disposal comprises the release to the income statement of lease and other liabilities of £802,000 (2023: £17,735,000), the write-off of right-of-use assets of £nil (2023: £11,777,000), a charge of lease exit costs of £29,000 (2023: £150,000), a contribution of £nil (2023: £5,205,000) towards new lessee rentals and a charge of £nil (2023 : £1,120,000) being the financial guarantee for remaining lease rentals.

Restructuring costs
During the period the Group continued its restructuring programme which began in the second half of the prior period and incurred redundancy costs of £824,000 (2023: £nil).

Strategic project costs
The Group has undertaken a number of strategic projects and incurred costs during the period of £424,000 (2023: £nil).

3. 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 Group's net debt balance (comprising cash and cash equivalents, less overdrafts and borrowings) at 28 September 2024 was £16.4m (2023: net debt of £13.5m). Net debt comprises cash balances of £8.8m (2023: £5.9m) less bank borrowings of £25.2m (2023: £19.4m), excluding loans from related parties and non-controlling interests of £7.8m (2023: £4.5m).

The Group's full year financial statements for the period ended 30 March 2024 were announced on 27th September 2024 and the Directors concluded that there were adequate resources for the Group to continue as a going concern for the foreseeable future. However, 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 gave rise to a material uncertainty, which 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. The Directors have continued to review the 12-month forecasts including their resilience in the face of possible downside scenarios.

Based on the assessment outlined above, the Directors have a reasonable expectation that the Group has access to adequate resources to enable it to continue to operate as a going concern for the foreseeable future. For these reasons, the Directors consider it appropriate for the Group to continue to adopt the going concern basis of accounting in preparing the Interim Report and financial statements.

Notes to the condensed financial statements continued

4. TAXATION
The tax charge relates to prior period and current period current tax charges.

5. EARNINGS PER SHARE ('EPS')

	Unaudited 26 weeks ended 28 September 2024	Unaudited 26 weeks ended 30 September 2023	Audited 52 weeks ended 30 March 2024
Basic loss per share	**(27.0p)**	(22.5p)	(58.6p)
Diluted loss per share	**(27.0p)**	(22.5p)	(58.6p)
Underlying basic loss per share	**(26.7p)**	(21.8p)	(40.1p)
Underlying diluted loss per share	**(26.7p)**	(21.8p)	(40.1p)

Earnings per share is calculated based on the following data:

	Unaudited 26 weeks ended 28 September 2024 £'000	Unaudited 26 weeks ended 30 September 2023 £'000	Audited 52 weeks ended 30 March 2024 £'000
(Loss)/profit for the period for basic and diluted earnings per share	**(16,098)**	(13,398)	(34,984)
Adjusting items:			
Restructuring costs *	**618**	–	992
Store closure (credit)/charge *	**(773)**	388	2,266
Strategic project costs	**318**	–	–
Impairment charge related to property, plant and equipment*	**–**	–	1,266
Impairment charge related to right-of-use assets*	**–**	–	6,532
IT project costs	**–**	–	485
Gain on waiver of loan from non-controlling interest	**–**	–	(504)
Underlying loss for the period for basic and diluted earnings per share	**(15,935)**	(13,010)	(23,947)

* These items are included net of tax

	Unaudited 26 weeks ended 28 September 2024 Million	Unaudited 26 weeks ended 30 September 2023 Million	Audited 52 weeks ended 30 March 2024 Million
Weighted average number of ordinary shares for the purpose of basic EPS	**59.7**	59.7	59.6
Effect of dilutive potential ordinary shares: share options	**–**	–	–
Weighted average number of ordinary shares for the purpose of diluted EPS	**59.7**	59.7	59.6

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

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 accounting policies of the reportable segment are the same as described in the Group's financial statements. Information regarding the results of the reportable segment is included below. Performance for the segment is assessed based on operating profit/(loss).
- The Group designs, manufactures and manages the Mulberry brand for the segment and therefore the finance income and expense are not attributable to the reportable segments.

Group income statement
26 weeks ended 28 September 2024

	UK £'000	Asia Pacific £'000	Other International £'000	Eliminations £'000	Total £'000
Revenue					
Omni-channel	51,019	9,267	10,230	(19,774)	50,742
Wholesale	343	896	4,164		5,403
Total revenue	**51,362**	**10,163**	**14,394**	**(19,774)**	**56,145**
Segment (loss)/profit	**(8,020)**	**(4,047)**	**1,034**		**(11,033)**
Central costs					(1,604)
Store closure credit					773
Restructuring costs					(824)
Strategic project costs					(424)
Operating loss					**(13,112)**
Share of results of associates					11
Finance income					–
Finance expense					(2,623)
Loss before tax					**(15,724)**

	UK £'000	Asia Pacific £'000	Other International £'000	Central £'000	Total £'000
Segment capital expenditure	792	198	–	–	990
Segment depreciation and amortisation	4,108	1,073	650	959	6,790
Segment assets	71,162	13,339	10,265	8,355	103,121
Segment liabilities	72,931	16,147	10,945	8,065	108,088

Notes to the condensed financial statements continued

26 weeks ended 30 September 2023

	UK £'000	Asia Pacific £'000	Other International £'000	Eliminations £'000	Total £'000
Revenue					
Omni-channel	56,616	13,474	10,006	(20,402)	59,694
Wholesale	1,026	2,077	6,946		10,049
Total revenue	**57,642**	**15,551**	**16,952**	**(20,402)**	**69,743**
Segment (loss)/profit	**(6,454)**	**(4,591)**	**2,395**		**(8,650)**
Central costs					(1,278)
Store closure charge					(517)
Operating loss					**(10,445)**
Share of results of associates					19
Finance income					1
Finance expense					(2,334)
Loss before tax					**(12,759)**

	UK £'000	Asia Pacific £'000	Other International £'000	Central £'000	Total £'000
Segment capital expenditure	4,572	956	116	-	5,644
Segment depreciation and amortisation	4,431	1,918	708	832	7,889
Segment assets	94,392	23,657	13,226	7,086	138,361
Segment liabilities	68,232	15,135	12,693	9,330	105,390

52 weeks ended 30 March 2024

	UK £'000	Asia Pacific £'000	Other International £'000	Eliminations £'000	Total £'000
Revenue					
Omni-channel	137,130	27,711	22,339	(52,437)	134,743
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 charge related to property, plant and equipment					(1,239)
Impairment charge related to 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 £'000	Asia Pacific £'000	Other International £'000	Central £'000	Total £'000
Segment capital expenditure	7,828	2,182	417	56	10,483
Segment depreciation and amortisation	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

For the purposes of monitoring segment performance and allocating resources between segments, 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 around 90% of the Group's revenues, of which bags represent over 70% of revenues. Other important product categories include small leather goods, shoes, soft accessories and women's ready-to-wear. Net asset information is not allocated by product category.

7. EVENTS AFTER THE REPORTING PERIOD

Subscription of new ordinary shares
On 27 September 2024, the Company announced a subscription for 10,000,000 new ordinary shares at 100 pence per share by Challice Limited, the majority shareholder of Mulberry, to raise approximately £10m in order to strengthen the Group's balance sheet. Further details of the subscription are set out in the Company's announcement. On 3 October 2024 the Group announced that Frasers Group plc had successfully applied to subscribe for 39.61% of those shares. These new ordinary shares were admitted to trading on AIM and the subscription was completed on 4 November 2024.

Also on 27 September 2024, the Group announced a separate retail offer to qualifying Mulberry shareholders of up to 750,000 new ordinary shares at 100 pence per share. When the retail offer closed on 4 October 2024, applications had been received for 392,013 new ordinary shares, which were admitted to trading on AIM, and the retail offer completed, on 9 November 2024.

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