Mulberry

Annual Report and Accounts

FOR THE 52 WEEK PERIOD ENDED 27 MARCH 2021

Contents

Directors, Secretary and Advisers

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Highlights

£'m	52 weeks ended 27 March 2021 Underlying	Adjusting items	Reported	52 weeks ended 28 March 2020 Underlying	Adjusting items	Reported
Revenue	**115.0**		**115.0**	**149.3**	**–**	**149.3**
Gross profit	73.1		73.1			
Impairment charge related to property, plant and equipment	–	(0.6)	(0.6)	–	(7.1)	(7.1)
Impairment charge related to right-of-use assets	–	(5.7)	(5.7)	–	(24.9)	(24.9)
Restructuring costs	–	(2.4)	(2.4)	–	(0.7)	(0.7)
Store closure credit/(costs)		3.7	3.7	–	(0.9)	(0.9)
Other operating expenses	(68.9)	(0.3)	(69.2)	(101.5)	(0.1)	(101.6)
Other operating income	6.0	–	6.0	1.1	–	1.1
Operating profit/(loss)	10.2	(1.3)	8.9	(9.3)	(33.7)	(43.0)
Share of results of associates	(0.1)	–	(0.1)	–	–	–
Finance income	–	–	–	0.1	–	0.1
Finance expense	(4.2)	–	(4.2)	(5.0)	–	(5.0)
Profit/(loss) before tax	5.9	(1.3)	4.6	(14.2)	(33.7)	(47.9)

FINANCIAL HIGHLIGHTS

- Group revenue down 23% to £115.0m (2020: £149.3m) primarily reflecting impact of COVID-19 and closure of majority of physical stores during the period.
- Digital sales up 55% to £56.4m (2020: £36.3m).
- International retail sales increased 4% to £33.8m (2020: £32.4m).
  - Asia Pacific growth of 36% driven by ongoing development in the region, China retail sales up 81% and South Korea retail sales up by 36%, Rest of World retail sales down 27%.
- Underlying profit before tax of £5.9m (2020: loss before tax £14.2m).

OPERATING HIGHLIGHTS

- Digital sales represented 49% of total revenue (2020: 24%), as customers migrated to digital channels.
- Improved margins due to lower markdown sales.
- Established a European distribution facility to support online sales post-Brexit.
- Re-launched best-selling Alexa family as part of 50th anniversary celebrations.

Highlights

SUSTAINABILITY HIGHLIGHTS

- Made to Last manifesto was launched, with a commitment to transform the business to a regenerative and circular model encompassing the entire supply chain, from field to wardrobe by 2030.
- 82% of the collection now using leather sourced from environmentally accredited tanneries; this will increase to 100% by Autumn/Winter 2022.
- Repairs Centre at The Rookery restores more than 10,000 bags a year.
- Became an accredited Living Wage Employer.
- Supported the community and the response to the COVID-19 pandemic:
  - Produced over 15,000 reusable PPE gowns for frontline NHS workers.
  - Worked with the Felix Project to provide over 177k meals for those in need.
  - Partnered with National Emergencies Trust to help deliver vital aid to those most affected by the Coronavirus outbreak.

CURRENT TRADING

- Group revenue in the period to date is 45% ahead of last year, with retail revenue 30% ahead due to a strong recovery in the UK, and continuing growth in Asia, with China retail sales up 46%.

See page 11 for our Sustainability strategy

Vision & Values

The Mulberry Vision

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

Mulberry's founder, Roger Saul, established the brand at his kitchen table, with £500 backing from his mother. His sister designed our instantly recognisable tree logo. The logo and the name "Mulberry" come from the trees he would pass each day on his way to school. All of this represented a love of nature, the importance of family and the growth of a fundamentally British brand.

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 in which we work.

Today we see heritage as the start of our story, not the end.

OUR VALUES
We believe in driving a positive culture through our employee values – Be Open, Be Bold, Be Imaginative and Be Responsible.

Business model and strategy

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 build Mulberry as a sustainable global luxury brand, creating value for all our stakeholders whilst not forgetting to stick to our roots - that Mulberry will make a positive difference to its people, the environment and the communities in which we work.

STRATEGY

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

01

OMNI-CHANNEL DISTRIBUTION

We aim to enhance our customers' experience and drive engagement with them. Our omni-channel approach allows customers to research, buy and return product anywhere across our stores and digital platforms. Our digital platform is at the core of this approach, seamlessly integrated with our stores and managed by a single multi-disciplinary team with a single global approach to inventory. We continue to invest in further enhancements to our omni-channel approach, which includes developing our store network through selective store openings and the continued roll-out of the new Mulberry store concept.

02

INTERNATIONAL DEVELOPMENT

We are extending our digital channels and global store network, with a particular focus on Asia. We continue to build global awareness of the Mulberry brand and drive momentum including localised, on-the-ground and virtual events in key areas, using data-driven insights to generate in-depth awareness of our global customers and their buying habits.

03

CONSTANT INNOVATION

We innovate with new services, new products and new materials and methods of creation and production to adapt to changing customer tastes and meet demand. At the same time, we are transforming our agile supply chain, enhancing market reactivity and reducing lead time, to match the increase in digital demand.

04

SUSTAINABLE LIFECYCLE

We are focused on developing Mulberry 'families' that are made to last, while delivering best-in-class customer service, including lifetime repair and aftercare. We are building on Mulberry's class-leading quality, focusing on sustainability in supply, craftsmanship, packaging and distribution, which is also emerging as a key focus for all our customers.

➔ See pages 10 to 11 for this year's progress against our strategic pillars

Chairman's letter

Dear Shareholder,

This has been a year like no other, with the COVID-19 pandemic affecting all our lives in ways that we could scarcely imagine prior to the outbreak. Whilst our performance over the past year has undoubtedly been affected, I am incredibly proud of Mulberry's response; reacting swiftly to adapt to the new circumstances, protecting our people, leveraging our global digital network to replace retail sales with digital wherever possible, ensuring the Group was the correct size and structure to reflect market conditions and conserving our capital. It is because of this response, combined with the growing contribution from our Asian business, that we have been able to rebuild our capital reserves and can now look ahead with optimism.

Looking ahead, our mission is to be the leading responsible British luxury lifestyle brand and a pioneer in sustainability. We are making huge steps towards achieving this: in April, on World Earth Day, we launched our Made to Last manifesto outlining our vision and sustainability targets.

As we celebrate 50 years of Mulberry this year, we look back at our values that have shaped us as a business, namely a Made to Last ethos, combined with responsible innovation. This year we reaffirm our commitment to keeping these values at the heart of our brand, to ensure we are building a sustainable legacy for the next 50 years and beyond.

In the coming months, we will be expanding our circular economy programme, via Mulberry Exchange, Mulberry.com and Vestiaire Collective, giving our customers access to vintage pieces, designed to be handed down from generation to generation. We will also launch our first, locally made, "farm to finished product" bags, using the world's lowest carbon leather. The collection further underpins our commitment to reaching zero carbon emissions by 2035.

I am extremely proud of the achievements we have made to date, and the progress we are making towards our targets. Further actions for change, and how we are building a future regenerative and circular model encompassing the entire supply chain, are detailed later in this report.

I would like to take this opportunity to thank all the team for their hard work and ongoing commitment as we continue to navigate these times of uncertainty. Together with our strategy, which Thierry will outline in more detail on the following pages, we are in a strong position for a prosperous future.

GODFREY DAVIS
CHAIRMAN

20 July 2021

Chief Executive Officer's Statement

OVERVIEW

I have been immensely proud to lead Mulberry this year. In the last 12 months our teams have faced enormous challenges posed by the global health crisis and have responded with resilience, resolve and passion. We have been able to leverage our leading omni-channel position, and have served the communities in which we operate, including repurposing our factories to produce over 15,000 reusable PPE gowns for frontline NHS workers. We have not only delivered a robust financial performance, but we have made terrific strategic progress in our journey to build Mulberry as a leading sustainable global luxury brand.

ROBUST FINANCIAL PERFORMANCE

Our results demonstrated our resilience and adaptability in responding to the COVID-19 pandemic:

During the 52 weeks to 27 March 2021 our stores were subject to a number of national lockdowns and our UK factories were closed during the first lockdown. This materially affected our ability to trade. The strength of our omni-channel business and ongoing development in Asia Pacific helped to offset the impact of these lockdowns with Group revenue down 23% to £115.0m (2020: £149.3m). China retail sales increased by 81% and South Korea retail sales increased by 36%, which helped to drive the 36% increase in Asia Pacific retail sales. Digital sales increased by 55%, as our market leading global digital network enabled us to respond with agility, replacing retail sales with digital wherever possible. Digital sales as a proportion of Group revenue were 49% (2020: 24%).

The Group's underlying profit before tax was £5.9m (2020: loss before tax £14.2m), reflecting the strength of our omni-channel business, cost actions taken in response to COVID-19 and government support programmes, combined with a significantly improved contribution from our Asian businesses, which moved into profit after a number of years of heavy investment. We ended the period with net cash of £11.8m (2020: £7.2m), and deferred liabilities of £4.7m (2020: £3.0m).

We are grateful for the government support, including the UK Coronavirus Job Retention Scheme ("CJRS"), which enabled us to take a measured look at the changes required to our business as a result of COVID-19. Without the time afforded by the CJRS[1], we would have been forced to act earlier and make deeper cuts.

The success of our direct to customer model means that we continue to enhance the customer experience, drive customer engagement, and build brand loyalty. In April 2020, we implemented a new global pricing strategy, which now applies the same retail price globally, which has helped to drive growth.

SUSTAINABILITY

The Made to Last manifesto sets Mulberry apart from our competition. This ambitious commitment, made in our 50th year, to transform the business to a regenerative and circular model encompassing the entire supply chain, from field to wardrobe by 2030 demonstrates our desire to be a brand that makes a difference and does the right thing. We are proud to be a real living wage employer and are committed to working with our suppliers to ensure that workers not directly employed by Mulberry will also receive the same.

Today, 82% of our collection uses leather sourced from environmentally accredited tanneries, which will increase to 100% by Autumn/Winter 2022. In April 2021 we also relaunched our signature Scotchgrain in a new Eco fabrication, made from recombined Bio-Plastic materials. I'm also very proud that our Repairs Centre at The Rookery, one of our Somerset factories, restores more than 10,000 bags a year, further demonstrating that our products are truly Made to Last.

We launched Mulberry Exchange in February 2020, our circular buyback and re-sell programme. This was further extended in March 2021 as we launched on Vestiaire Collective's Brand Approved program, and also through the digital launch of the Mulberry Exchange program on Mulberry.com in April 2021.

The past 12 months have demonstrated more than ever the need to play an active role in supporting the communities of which we are a part. At the height of the pandemic, we repurposed our UK factories, producing over 15,000 reusable PPE gowns for frontline NHS workers. We were very proud to partner with the National Emergencies Trust to help deliver vital aid to those most affected by the coronavirus outbreak across the UK, donating 15% of our UK digital sales from

[1] For the 52 weeks to 27 March 2021 £4.8m of grants were received under the CJRS.

March 23rd - April 24th to this important cause, raising a total of £75,000. In addition, in December 2020, Mulberry partnered with London based charity, The Felix Project, to provide over 177,000 meals for those most in need.

MARKETING

A digital first approach has been important for our marketing strategy. The team has continued to impress by finding new and innovative ways to reach our global community and instilling a sense of solidarity among our customer base.

With much of the world in lockdown, April 2020 saw Mulberry reach out to its extensive community with the 'Take Root, Branch Out' campaign that ran throughout the summer. November 2020 saw the highly successful relaunch of a new, sustainable version of its iconic Alexa bag. The 360-degree global campaign engaged VIP customers and focussed on localised influencer seeding, content collaborations and targeted media partnerships. The relaunch was further supported by an impactful partnership and content collaboration with luxury online retail platform, Farfetch. The campaign drove widespread conversation and has ensured the iconic silhouette bag is once again one of Mulberry's best sellers.

Mulberry took an agile and responsive approach to its festive campaign in December, with joy and community at its core. The creative campaign put product at the forefront and highlighted Mulberry's exceptional services offering through a series of animations. The content was brought to life through a digitally led campaign that tested new and innovative media formats, and a community-focused partnership with food redistribution charity, The Felix Project.

Welcoming in the brand's 50th anniversary, February 2021 saw Mulberry launch the Icon Editions collection, a hand-picked offering of Mulberry's most era-defining silhouettes – recreated in miniature sizes. The impactful, digital first approach was supported with global influencer seeding and a series of content collaborations. Additionally, we were delighted to sponsor the V&A exhibition Bags: Inside out, which celebrates the unique status of bags and the skill involved in their creation.

CURRENT TRADING AND OUTLOOK

Group revenue in the year to date is 45% ahead of last year, with retail revenue 30% ahead due to a strong recovery in the UK, as our stores re-opened after the third UK lockdown, and continuing growth in Asia.

The Group started the new year with net cash of £11.8m and deferred liabilities of £4.7m, which will unwind in the current year. We have renewed our banking facilities with HSBC until March 2023. The cash position has been further enhanced by the sale of the lease of our Paris store, announced on 6 July 2021, which will add approximately £10.8m to our resources.

Despite some remaining uncertainties, with the Group's ongoing recovery from COVID-19 the Board expects the positive momentum to continue, although sales in the current year may remain below their pre-COVID-19 levels, in part due to the rationalisation of the store network.

As part of the brand's 50th anniversary celebrations, our series of product collaborations continued with the Priya Ahluwalia capsule collection and the recent launch of the Mulberry x Alexa Chung collaboration. This is an exciting update from our long-time friend and the person who inspired one of our most iconic bags, the Alexa.

Mulberry is an exceptional, powerful brand, with a rich heritage in UK manufacturing, and internationally acclaimed for quality and design. Underpinning this is a genuine desire to do the right thing for our people, our customers, our partners and our communities, as illustrated by the Made to Last manifesto. This year has tested us, as it has the world, but because of our relentless focus on delivering against our strategic goals, our agility in responding to the situation, our market leading digital offer, our resilience and our passion for quality that is made to last, I am delighted and proud that we have emerged stronger, and we look to the future with confidence.

THIERRY ANDRETTA
CHIEF EXECUTIVE OFFICER

20 July 2021

Progress against our Strategy

With our 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.

1. OMNI-CHANNEL DISTRIBUTION

Through our omni-channel distribution model, we aim to enhance our customers' experience and drive engagement. This includes developing our store network through selective store openings and closures, the continued roll-out of the new Mulberry store concept and further enhancements to our omni-channel approach, which allows customers to research, buy and return product anywhere across our stores and digital platforms. Our aim is to expand this across our global network over the coming year.

Our new Mulberry store concept features design elements that represent our distinctive British heritage and enables us to better display and promote our collections. The concept includes innovative customer-facing technology, creates more space and supports our omni-channel proposition. It has helped to elevate our brand position with the new concept stores outperforming more traditional outlets. As at the period end, the new store concept had been implemented in 11 stores in the UK and 19 stores in international markets and we will continue our roll-out over the coming years. In addition, in the UK we extended our omni-channel proposition with the launch of same-day delivery in our standalone retail stores, along with the standalone stores now having the ability to fulfil digital orders. Over the coming year our plan is to expand our omni-channel offer to our concession network.

In the UK we operated 45 retail stores at the period end, which included 15 John Lewis, and 10 House of Fraser concessions[1]. We will continue to manage the business proactively and focus on optimising the UK store network.

Digital sales represented 49% of Group revenue (2020: 24%). This growth was largely driven by our customers switching to digital channels while stores were closed during lockdown periods, along with overall lower sales in the period, all of which were as a result of the COVID-19 pandemic. There is also an element of continued growth due to further enhancements in our market-leading digital platforms including better functionality, localisation and local fulfilment. For the coming period we expect the digital mix to drop back to a rate of c.36% as stores reopen, however we do expect an accelerated shift to digital/omni-channel shopping across all regions.

2. INTERNATIONAL DEVELOPMENT

We are optimising our digital channels and global store network, with a particular focus on Asia Pacific, which continues to offer a significant growth opportunity.

Asia Pacific retail sales increased by 36%, driven by ongoing investment in this region, with China retail sales up 81% and South Korea retail sales up 36%. Japan, which was more widely impacted by local lockdowns and restrictions saw a 9% increase in retail sales. The investment in the Group's subsidiaries in China, South Korea and Japan is making good progress and after several years of heavy investment, these businesses moved into profit.

Our global pricing strategy which now applies the same retail price globally, was implemented in April 2020 and has helped to drive growth. We appointed a new General Manager for the North Asia region towards the end of the period and are re-locating our team to Shanghai (previously Hong Kong) to support growth in this key market.

In the Rest of World we closed three locations, with the full exit of Canada. Digital sales grew strongly in this region over the period and in the US, we furthered our partnership with Nordstrom, via their drop-ship model. In Europe, we opened a distribution facility to support this business post Brexit.

[1] Store numbers include own stores and concessions operated by Mulberry employees.

3. CONSTANT INNOVATION

During the period, we re-launched the Alexa bag, one of our most desirable silhouettes. With new sustainable credentials, this much-loved icon has been performing particularly well following its global launch in November 2020. We continued to evolve our other key families with new introductions made across Bayswater (Mini Bayswater), Lily (Top-Handled Lily) and Iris (Iris Hobo). In March 2021, we launched the Typography Collection, a new collection constructed using our newly introduced Eco-Scotchgrain made from recombined Bio-Plastic materials.

Our Mini Bags range has performed particularly well, driven by the Mini Alexa and Small Darley Satchel. Across our lifestyle categories, eyewear and soft accessories also continued to have strong sales.

The V&A x Mulberry collaboration was launched in December 2020, which celebrated our sponsorship of the V&A exhibition Bags: Inside Out. The collection saw a signature print inspired by a beautiful 20th century floral furnishing fabric held in the museum's archive animate some of Mulberry's most iconic bag silhouettes, creating timeless accessories steeped in design history.

4. SUSTAINABLE LIFECYCLE

Mulberry products have been 'Made to Last' from the outset and we are committed to lifetime service for a Mulberry item. Our world-class Repair Centre in The Rookery, one of our Somerset factories, is a key feature in our journey towards a fully sustainable product and service offer. Our responsible approach is followed throughout our manufacturing processes and standards to ensure we uphold and protect our heritage in leather craftsmanship. We use innovative technology such as the latest digital cutting machines, which ensure improved utilisation and reduced waste on leather cutting.

We are proud to continue working with Zero Waste to Landfill partners. Mulberry's contribution, made via the Carbon Balanced Fund will be invested in the long-term protection and restoration of threatened tropical forests in Guatemala.

We aim to manufacture 50% of our bags in the UK (other manufacturing areas include Europe and Asia) and during the period 82% of our range used leather and suede that is sourced from environmentally accredited tanneries. Our goal is to achieve 100% by 2022. In December 2020, we joined the Sustainable Leather Foundation, a not-for-profit, community interest company with a vision to enable collective improvement and education globally, for more sustainable practices in leather manufacture and production.

We continue to be a member of the Better Cotton Initiative (the largest cotton sustainability programme in the world). Our target is for all cotton to be sustainably sourced by 2025 – recycled, organic or BCI. We also joined Textile Exchange's Sustainable Cotton Challenge.

We launched Mulberry Exchange in February 2020, our circular buyback and re-sell programme. This was further extended in March 2021 as we launched on Vestiaire Collective's Brand Approved program, and also in April 2021 through the digital launch of the Mulberry Exchange program on Mulberry.com. Items available through Vestiaire Collective or directly through the Mulberry Exchange, are fully authenticated and refurbished in-house by Mulberry at our Repairs Centre in Somerset. The Mulberry Exchange offers customers the chance to purchase pre-loved and coveted Mulberry archive pieces, or trade in their own Mulberry bags for credit towards a new purchase. Each bag that is returned will be given a second lease of life: restored carefully by expert craftspeople and resold through selected Mulberry stores and Mulberry.com.

Financial review

Our results for the 52 weeks ended 27 March 2021 were materially affected by the impact of COVID-19 on the Group and the wider economy and the consequential effect on revenues. The impact was mitigated to an extent by strong growth in our Asian markets, the strength of our omni-channel business, cost actions taken in response to COVID-19 and government support programmes.

GROUP REVENUE AND GROSS PROFIT

£ Million	2020/21	2019/20	% Change
Digital	56.4	36.3	55%
Stores	43.6	89.1	–51%
Retail (omni-channel)	100.0	125.4	–20%
Wholesale and Franchise	15.0	23.9	–37%
Group Revenue	**115.0**	**149.3**	**–23%**
Digital	44.6	27.8	61%
Stores	21.6	65.2	–67%
UK	**66.2**	**93.0**	**–29%**
Digital	3.8	2.4	58%
Stores	18.0	13.6	33%
Asia Pacific	**21.8**	**16.0**	**36%**
Digital	8.0	6.1	31%
Stores	3.9	10.3	–62%
Rest of World	**11.9**	**16.4**	**–27%**
Retail (omni-channel)	**100.0**	**125.4**	**–20%**
UK	2.4	5.7	–58%
Asia Pacific	2.8	5.4	–48%
Rest of World	9.8	12.8	–23%
Wholesale and Franchise	**15.0**	**23.9**	**–37%**

At the start of the period 70% of our worldwide stores were closed due to COVID-19, including all of our stores in the UK, Europe and North America. Our stores in China and South Korea re-opened in April 2020, followed by stores in Japan and Europe and from 15 June 2020 a phased re-opening in the UK.

England entered its second lockdown on 5 November, which ended on 2 December, but was replaced by a 3-tier system, which was designed to keep restrictions in place for the most affected parts of the country. This was amended on 20 December to create a four-tier system, where non-essential retail was forced to close in tier 4 areas. On 5 January 2021, a third UK lockdown was imposed across England, which resulted in the closure of all our stores in England. These stores remained closed until 12 April 2021, which was at the start of the new financial year.

The strength of our omni-channel business and growth in Asia Pacific helped to offset the impact of the shutdowns in the UK, Europe and North America. In Q1 retail sales were down 31%. We saw an improving trend as stores re-opened with Q2 retail sales down 18%. This continued as we moved into Q3 with retail sales down 15% in the quarter. However a number of our stores were closed again in the final quarter of the period, which meant for Q4 our retail stores were below prior year by 19%.

Asia Pacific sales increased by 36%, driven by ongoing investment in this region, offset by a 27% decrease in rest of world sales.

Wholesale and franchise sales decreased by 37%, in part due to the continuing focus on our direct-to-customer model, but mainly due to the impact of COVID-19 on our partners.

Gross margin for the period was 63.6% (2020: 61.0%).

OTHER OPERATING EXPENSES

The Group implemented a number of cost saving measures during the period. COVID-19 has had a dramatic impact on our business and we expect the recovery in our sales levels over the medium term to be gradual. Our objective was to ensure that our cost base is in line with anticipated trading levels. The cost saving actions included a significant reduction in discretionary costs, the freezing of pay and recruitment and a temporary 20% pay cut for PLC Directors. A reduction in employee numbers by approximately 25% across the Group and the renegotiation or termination of leases where possible. The Group also accessed relevant UK Government support programmes, such as business rates relief and benefited from lower retail depreciation resulting from the prior period impairment charge.

These actions achieved a 32% reduction in operating expenses on a full-year basis.

OTHER OPERATING INCOME

Included within other operating income is £4.8m (2020: £0.2m) of grants receivable under HM Revenue & Customs Coronavirus Job Retention Scheme (CJRS) and £0.5m from equivalent schemes offered in other non-UK territories. As a result of the progress that has been made, the Group has taken the decision not to claim our entitlement to CJRS in the current period.

PROFIT BEFORE TAX

The Group's underlying profit before tax for the period was £5.9m (2020: loss before tax £14.2m). Adjusting items of £1.3m (2020: £33.7m) include restructuring costs, store closure costs (2020: credit) lease modifications and impairment charge related to right-of-use assets, and property, plant and equipment. More details of which can be found in note 7 on pages 79 to 80.

TAXATION

The Group reported a tax credit of £43k (2020: £0.9m), an effective rate of tax of (1%) (2020: 2%). The effective tax rate is lower than the UK tax rate of 19%, primarily due to the use of prior year tax losses, which were not recognised as a deferred tax asset.

DIVIDENDS

The Board has taken the decision that no dividend will be declared for the 52 weeks ended 27 March 2021 (2020: nil) and that the Group's resources will be focussed on continuing the successful investment in our international business, particularly in Asia.

CASHFLOW

The net increase in cash and cash equivalents per the cashflow statement of £4.2m (2020: decrease of £4.6m) reflected the cost actions taken to offset the decline in revenue, further working capital benefits, including a reduction in inventory and lower capital expenditure. The reduction in lease payments and interest paid was in part due to the negotiation of extended payment terms with landlords but also the renegotiation and termination of leases where possible.

BORROWING FACILITIES

The Group's net cash balance (comprising cash and cash equivalents, less overdrafts) at 27 March 2021 was £11.8m (2020: £7.2m), with deferred liabilities of £4.7m (2020: £3.0m). Net cash comprises cash balances of £11.8m (2020: £7.2m) less bank borrowings of £nil (2020: £nil), which excludes loans from related parties and non-controlling interests of £4.7m (2020: £5.3m). Since the period end the Group has extended its revolving credit facility with HSBC until March 2023, and renegotiated banking covenants to reflect the ongoing COVID-19 environment. The £15.0m revolving cash facility is secured, and covenants are tested on a quarterly basis and contain a net debt to EBITDA ratio, and a fixed charge cover ratio. Covenants are tested on a "frozen GAAP" basis and exclude the impact of IFRS16. In addition, the Group has a £4.0m overdraft facility and a further USD 1.9m overdraft facility in China, which are renewed annually. Further details regarding the bank facilities and their projected utilisation are found in the Going Concern statement on page 39.

Corporate Social Responsibility – Made To Last

"Made To Last" is the philosophy that goes to the very heart of our business. It defines the quality standards we demand at every stage of the sourcing and manufacturing of our products, and our relationships with the communities around us.

Mulberry will transform our business to be a regenerative and circular model that will encompass the entire supply chain, from field to wardrobe, by 2030. We believe a future regenerative and circular model will be based on six key actions for change;

01

REGENERATIVE AGRICULTURE & SOURCING TRANSPARENCY

Pioneer a hyper-local, hyper-transparent "farm to finished product" supply chain model.

We are building a network of regenerative and organic farms to supply the hides to create our leather across the UK and Europe. On a regenerative and rotational farm livestock play an essential role in maintaining soil health and healthy soil draws down and stores carbon from the atmosphere.

By 2030 our entire leather supply chain will adhere to a transformative sourcing and production model. We will launch our first "farm to finished product" British bags in 2021.

By 2022 all leather in Mulberry collections will be sourced from Leather Working Group (LWG) accredited tanneries, and leather from environmentally accredited tanneries is today available across 82% of our collections.

02

LOW CARBON LEATHER

Develop the world's lowest carbon leather sourced from a network of environmentally conscious farms.

Leather goods are the foundation of our business and comprise approximately 90% of our collection. We are committed to transparency, regeneration and circularity across our leather supply chain from farm to finished product.

We are working with farmers who are investing in regenerative agriculture to source the hides that will produce our leather and we are also working with tanneries that are pioneers in low impact manufacturing and zero waste leather production.

Partners such as the Scottish Leather Group source 98.6% of their raw hides within the UK and Ireland, meaning transportation miles are much lower, and they have their own water filtration and recycling plant which enables them to re-use up to 40% of their wastewater in leather production.

Across Europe, our tannery partners work with farms locally within the EU to source hides for their leather production. We are working with these pioneering tanneries to map and measure their supply chains and follow traceability mechanisms from farm to tannery.

Working with partners who source locally enables the level of transparency required in building a future network of farms that are invested in environmental stewardship.

03

NET ZERO

Achieve net zero carbon emissions by 2035.

This commitment encompasses both the GHGs we emit directly and those associated with our business activities, referred to as Scope 1, 2, and 3 emissions.

We are signatories of the UN Fashion Charter for Climate Action and we are adopting a Science Based Target approach, working to set an ambitious reduction strategy based on a 1.5 degree pathway across Scope 1, 2, and 3.

We will continue to invest in renewable energy and nature-based carbon offsetting solutions such as forest restoration through the Woodland Trust and World Land Trust.

04

REPAIRS & RESTORATION

Continue to extend the life of Mulberry products through repair and restoration.

We are passionate about extending the life of every Mulberry product through repair, renewal, and repurposing. This commitment is at the heart of our circular proposition, influencing the way we design and manufacture, and the services we offer our customers.

The Repairs Team at The Rookery, one of our Somerset factories where we aim to make 50% of our bags, are masters in restoration, breathing new life into more than 10,000 bags every year, with leather and hardware archives going back over 35 years.

Corporate Social Responsibility – Made To Last

05

CIRCULAR ECONOMY

Buy back, resell or repurpose any Mulberry bag.

Our circular economy programme, The Mulberry Exchange was launched in store in 2020, and on Mulberry.com in April 2021, alongside a recently launched partnership with Vestiaire Collective. The Mulberry Exchange enables customers to buy pre-loved and vintage bags that have been expertly authenticated and refurbished by the highly skilled artisans of our Somerset Repairs Centre.

If the day comes that one of our bags really has reached the end of the line, we will buy it back, and use it to power the production of a new bag through an innovative energy reclaim system unique to our strategic partner Muirhead, a member of the Scottish Leather Group, ensuring that the line never ends, it just becomes a circle.

06

COMMUNITY

Extend our commitment to being a real Living Wage employer by working with our network of suppliers to achieve the same.

We are nothing without our people. All the actions we take are dependent on their contribution and goodwill. For us, being net positive is as much about the people and communities that we're a part of as it is greenhouse gas emissions.

The baseline for us is being a real Living Wage employer and we are extending that commitment by working with our suppliers to achieve the goal that every person working within the Mulberry supply chain is also paid a Living Wage, wherever they are in the world.

We are focused on educating our workforce and building awareness of the challenges facing women and minority groups in the work environment and beyond. We are fostering a culture of open discussion through our Diversity and Inclusion Committee that supports our drive to facilitate positive change for all.

We also acknowledge that after the challenges of the past year, team wellbeing has never been more important. We are focused increasingly on mental health and wellbeing, and we have trained mental health first aiders to support our employees across the business.

OUR PROGRESS SO FAR:
Responsible innovation is the foundation of our creativity. We design and make for today's lifestyles and better futures. We believe products should be used and loved, repaired not replaced.

Leather:
- All leather will be sourced from environmentally accredited tanneries by Autumn/Winter 2022.
- Currently 82% of the collection is sourced from environmentally accredited tanneries.
- Founding partner of the Sustainable Leather Foundation, and members of LWG since 2012.

Link to key action 1 2

Other Low Impact Materials:
- All nylon sourced as regenerated. ECONYL since Spring/Summer 2020.
- Launch of Eco-Scotchgrain range in April 2021, made from recombined Bio-Plastic materials.
- Launch of sunglasses made from biodegradable and recyclable cellulose acetate in Spring/ Summer 2021.

Link to key action 5

Carbon:
- All UK operations carbon neutral since 2019.
- Working with charities such as the Woodland Trust to ensure efficient offsetting.
- Somerset factories work with Zero Waste to Landfill providers, recovering energy from waste which cannot be reused or recycled.
- Signatory of UN Fashion Industry Charter for Climate Action.
- In the process of mapping our carbon footprint.

Link to key action 3

People & Community;
- Produced over 15,000 reusable PPE gowns for frontline NHS healthcare workers in 2020.
- Raised £75,000 for the National Emergencies Trust in 2020.
- Worked with The Felix Project to provide over 177,000 meals to those in need in December 2020.
- Ongoing partnership with World Land Trust.
- Continue to manufacture over 50% of our bags in the UK and invest in thriving apprenticeship program.

Link to key action 6

Product Circularity:
- Launched circular buyback and resell programme, The Mulberry Exchange in February 2020.
- Launched on Vestiaire Collective's Brand Approved program in March 2021.
- Repairs Centre restores over 10,000 bags a year.

Link to key action 4 5

Packaging:
- Cupcycling introduced into customer packaging in January 2020, over 1.5 million coffee cups have been repurposed to make Mulberry Green paper.
- All paper and card is FSC certified.
- All customer-facing packaging will be curb side recyclable by end of 2021.

Link to key action 5

Our Stakeholders

We believe that considering our stakeholders when making key business decisions is not only the right thing to do, but is fundamental to progressing our strategy to build Mulberry as a sustainable global luxury brand. We place huge importance on working constructively and in partnership with all our stakeholders to create value to benefit them all. We directly engage and communicate with our shareholders, employees, customers, suppliers, partners and communities so they understand our long-term strategy and can voice any concerns. It is a two-way conversation. More detail is available in the Strategic report on pages 08 to 27 and the Directors report on pages 39 to 44.

The Directors are bound by fiduciary duties under the Companies Act 2006 (the "Act") and the manner in which these duties have been discharged, particularly to promote the success of the Company for the benefit of its members as a whole, forms a core theme of this report. This section 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.

During the period ended 27 March 2021, we engaged with shareholders (via video-conferencing) on a range of topics, including: business strategy, financial results, business performance, our response to the impact of COVID-19 and the acquisition of shares by Frasers Group plc in November 2020. We have also updated the investor relations section of our website to ensure that we are communicating the business strategy and performance clearly. Feedback from our shareholder communications efforts feeds into the Directors considerations for effective ongoing investor relations.

As a result of the issues arising from COVID-19 and in accordance with government guidance, the Annual General Meeting was held as a closed meeting convened with the minimum quorum of two shareholders present. It was regrettable that shareholders were unable to attend, but they were able to submit questions ahead of the meeting and vote by proxy.

EMPLOYEES

The Directors recognise that engaged and motivated employees are critical to deliver our strategic aims and understand that they are responsible for their professional development and happiness at work. We work hard to directly engage with employees, so they are engaged with the company and understand our business strategy. As at 27 March 2021 we employed 998 people globally (2020: 1,393) with 791 based in the UK (2020: 1,150).

The last year has been difficult for our employees as we worked our way through the unique challenges presented by COVID-19. We acted quickly to safeguard employees by implementing home working and COVID-19 secure measures to ensure that the business remained operational during the pandemic. We utilised furlough for up to 76% of employees; mainly for retail staff but also for some production and head office employees. We undertook a restructuring programme to protect the business and reset our cost base. We are very proud of the way employees responded to the challenges throughout the pandemic and their dedication which kept the business running.

We have kept an open and constructive dialogue with our employees throughout the year utilising employee forums and engagement surveys to get feedback on issues such as inclusion, wellbeing and returning to the office. Following the surveys, we have increased our support to employees around wellbeing, taken steps to improve inclusion and we have also planned our return to the office taking on board this feedback.

We have focused on Diversity and Inclusion this year. We established our Diversity and Inclusion committee formed of a diverse group of employees from across the global business. This committee has given us feedback and helped shape our Diversity and Inclusion strategy and any actions we have taken. We are committed to providing a culture and environment where 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. Our aim is to deliver an environment where difference is valued, and the benefits for all are recognised.

We believe fair and equal reward is vital to our success as an international luxury brand. Full details of our gender pay report can be found on our website. We hold regular reviews of remuneration packages (including long-term incentive schemes) and succession planning within the management team. On 1st April 2021 we became an accredited real Living Wage employer and all of our UK employees now receive this enhanced rate of pay.

We offer training and development to enable everyone to reach their potential and we ensure equality of opportunities for promotion and progression. A system to identify and support high-potential individuals commenced in March 2020, with a Leadership Development Programme to engage and equip future leaders. We launched new virtual training programmes around driving your own development and leading high performing teams to support our employees to perform at their best as we move forward. Our apprenticeship scheme has now seen over 100 apprentices complete the government approved Leather Goods Manufacturing qualification.

Our Company Values help us articulate the way we want to work and the culture we need to succeed.

- Be Open
- Be Bold
- Be Imaginative
- Be Responsible

Customers

Our direct-to-customer distribution model enables us to enhance the customer experience, drive engagement with our customers and build brand loyalty. This is explained further in the Strategic report on pages 8 to 27.

We use data-driven insights and customer research to generate in-depth awareness of our global customers and their buying habits.

We engage with our customers in store, through our digital channels and through events, including the 'My Local' event series, designed to build brand awareness amongst the younger fashion forward urban audience, and the immersive Made to Last installation in Bond Street, designed to bring our responsibility commitments, craft and design ethos to life.

During the last year we have also seen a growth in virtual appointments and "Clientelling", as a way to engage with our customers when stores were closed due to COVID-19 lockdowns. We started tracking these appointments in July 2020, with 6,416 appointments during the period driving £4.1m of sales revenue. Since July 2020, 60% of these appointments were hosted virtually, with a higher average transaction value compared to a walk in sale.

Our customer services team is available 7 days a week to deal with general or online enquiries, as well as offering gifting advice. Information regarding how our operations are affected by COVID-19 is also available on our website, Mulberry.com.

Suppliers

The Directors recognise the key role that suppliers play in providing us with quality goods and services.

We aim to make 50% of our bags in our UK factories. For our finished goods, hardware and raw material suppliers, we aim to balance the establishment of long term, mutually beneficial relationships while ensuring that we optimise cost and manage risk through dual sourcing. Maintaining a high level of product quality is critical and this takes several years to establish with a new supplier through both their technical development process and production capability. Our UK based sourcing team speak to our suppliers weekly, we review performance monthly and we have Mulberry employees permanently based in key factories with a primary focus on quality assurance and control.

During the period ended 27 March 2021, our key focus has been on minimising disruption, managing risk and maintaining continuity within the supply chain through the post-Brexit period and during the impact of COVID-19. All of our suppliers, based in the UK, Europe and Asia have experienced some degree of disruption through various local lockdowns, impacting employee availability and raw material supply. Compounding the disruption were the global logistic delays by sea and air as a result of customs delays post-Brexit and the COVID-19 impact. In general, delays averaging 2-3 weeks were experienced, which have all now returned to normal.

Our Stakeholders

During the COVID-19 period, we have continued to increase our communication and review processes with our key suppliers to ensure transparency over their forward capacity. All suppliers have been affected to various degrees by the crisis, necessitating more frequent contact with both the supplier teams and owners. They have collaborated closely with us when considering and implementing their own restructuring plans. We have taken steps to develop and source our core products from multiple suppliers to allow us to deal with restricted supply. Additionally, we increased our 'on-hand' agile raw material holding by 68% to allow the continuity of finished goods supply when delays were experienced in inbound raw materials.

The swift and effective implementation of COVID-19 control measures within our UK sites significantly reduced the amount of lost capacity through the crisis. Our main distribution centre has remained open throughout the crisis, restructuring to support the growth in online and overseas sales. We took the decision to cease main production at our two UK factories, The Rookery and The Willows for two months at the start of the first lockdown (April-May 2020). We did however repurpose The Willows to enable us to quickly develop and produce protective gowns for the local NHS Trusts, care providers and health professionals.

The post-Brexit logistic disruption proved to be significant but relatively short lived. We continually reviewed the service levels from both carriers and freight forwarders into and out of Europe to ensure that we minimised both delays and duty obligations. As a longer-term strategy, we started the process of establishing our Somerset production and distribution sites as Customs Warehouses with full implementation planned for Q4 2021/22.

We ensure by way of regular audits that suppliers adhere to the Mulberry Global Sourcing Principles, requiring a suitable environment for their workers, including working hours and child labour provisions. Under the UK Modern Slavery Act, UK companies with a turnover of more than £36 million are obliged to publish an annual Slavery and Human Trafficking statement, which can be found on our website, Mulberry.com.

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 and other matters, including their response to the impact of COVID-19 and ways in which we can support them.

COMMUNITIES AND ENVIRONMENT

We actively donate money, product and support to charities in our local communities. In this period, £16,765 of product (at RRP) and £13,705 of cash donations were made through the Charity Committee, our internal mechanism which manages these types of donations.

During the pandemic we continued to contribute to our local community, producing over 15,000 reusable PPE gowns for frontline NHS workers.

Mulberry also made a small number of extra donations in line with Marketing activities. These included a donation of £20,000 to The Felix Project, a London based charity which collects fresh, nutritious food that cannot be sold. They deliver this surplus food to charities and schools so they can provide healthy meals and help the most vulnerable in our society. This donation was made to supplement the proceeds raised from "The £1 Raffle" during the 2020 Festive period.

Made to Last is the name we give to our 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 14 to 17.

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, together with an indicator of the Board's assessment regarding the change in risk level from the prior period are outlined below. The risks have been listed in descending order of level of assessed risk.

Risk	Change in risk level from prior period	Potential impact	Mitigation
COVID-19 Continued disruption from COVID-19, which could directly impact our employees, supply chain, suppliers and customers, with the potential for longer-lasting economic effects, that could continue to impact the economy in the current trading period and beyond.	Unchanged	The impact of further lockdowns due to a new wave of COVID-19 and the potential impact on the business. The impact on the wider economy and the consequential effect on demand. There is not sufficient liquidity to manage operations and meet liabilities as they fall due. The impact of lower tourist footfall due to travel restrictions. The health and safety of our people and customers. The impact on our supply chain in the UK and overseas.	The Group's response is being managed through four key workstreams (Trading, People, Property and Inventory), led by the Management Board. Trading initiatives have been actioned to ensure we optimise digital revenue while stores remain in lockdown. The Group has completed detailed scenario planning to understand the extent to which the Group could withstand a loss of revenue within the limits of its available financial resources. The Group's strong digital channel and international presence outside will offset, in part, the potential loss of international spend. Detailed additional safety standards and procedures have been put in place to allow our stores to operate safely. Our employees are homeworking where possible, using technology to ensure we continue to manage the business. We continue to monitor our supply chain to ensure it remains operational, including the supply of raw materials.

Principal risks and uncertainties

Risk	Change in risk level from prior period	Potential impact	Mitigation
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 debtor may significantly impact the Group's cash balances. The Group's sales and purchases are 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.	Unchanged	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 bought in foreign currency which increases cost of sales. However, revenues earned in foreign currency also appreciate when Sterling weakens from revaluation gains creating some natural currency hedge.	The Group performs regular cash forecast analysis to manage working capital requirements. The Group has a £15.0 million revolving credit facility in place with HSBC until 31 March 2023, in addition to a £4.0 million multi-currency overdraft facility and a USD 1.9m overdraft facility in China, 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	Change in risk level from prior period	Potential impact	Mitigation
Domestic and global economic climate The Group may be impacted by a downturn in the UK or the wider global economic climate.	Unchanged	Significant Mulberry revenue is generated in the UK and, as has been widely reported, the UK retail environment remains challenging. The Group's UK business is subject to a decline in consumer confidence and demand, together with lower tourist footfall, which has reduced spending on luxury goods.	The Group's strategy to increase the proportion of sales from international markets is expected to reduce this risk over time. The Group's strong digital channel and omni-channel capability will offset, in part, softer physical store revenues. The Group continues to optimise the UK store network through selective openings and closures in order to manage the ongoing shift to online shopping.
Global Chinese consumer spending With an element 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.	Increased	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.	The Group is continuing to strengthen its local senior management in Asia, in addition to recently investing in new store openings in China. 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.
Brexit implications Additional costs and complexities arising from the UK's exit from the European Union ("EU").	Unchanged	Mulberry import a significant proportion of its raw materials from the EU. The agreements reached, including the EU-UK Trade and Co-operation agreement will result in increased cost and complexity for the Group.	The Group is currently working with advisers regarding the implementation of a customs warehouse, which will mitigate the increase in costs.

Principal risks and uncertainties

Risk	Change in risk level from prior period	Potential impact	Mitigation
Brand and reputational risk Careful safeguarding of brand reputation is key to maintaining brand position, which could be undermined by actions of supply chain or other partners. Reputational risk may also arise from external social media networks.	Unchanged	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. A deterioration in brand position would lead to a loss of customers, which would negatively impact sales and profits.	The Group makes ongoing investment into product development, marketing, retail estate and the consumer experience. 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. New partners with whom we do business are subject to appropriate due diligence to assess suitability and new suppliers must adhere to Mulberry's Global Sourcing Principles.
Retention and engagement of staff 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.	Unchanged	Loss of key members of the senior management team or other qualified 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 in increased recruitment costs.	This is mitigated by regular reviews of remuneration packages (including long-term incentive schemes) and succession planning within the management team. Employee engagement surveys have resulted in the development of key action plans to address a number of focus areas, in addition to the introduction of a training programme to roll out key employee values. A second survey was carried out in March 2020, the results of which will be used to drive further change. A system to identify and support high-potential individuals was initiated during the period, with a Leadership Development Programme launched to engage and equip future leaders.

Risk	Change in risk level from prior period	Potential impact	Mitigation
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 to improve customer experience is a continuing risk.	Unchanged	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.	The IT function has been strengthened with the appointment of a new Technology and Customer Experience Director, together with increased resource in the IT department. The Group continually reviews its IT and systems capabilities to maintain the integrity and reliability of its business. 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 28 to 29.
Cyber security and General Data Protection Regulation ("GDPR") All business sectors are at risk of increasingly sophisticated cyber security attacks. 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.	Increased	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 GDPR, which came into effect in May 2018, could result in penalties and have an adverse impact on consumer confidence in the Group.	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 must be maintained to ensure these are up to date and best practice. A new senior role was created in 2019 to focus solely on infrastructure and security.

Principal risks and uncertainties

Risk	Change in risk level from prior period	Potential impact	Mitigation
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, as evidenced by the recent COVID-19 outbreak, would have a significant impact on our ability to continue to operate as usual.	Unchanged	This may lead to a significant fall in footfall, or potential closure of a store, or a loss of IT systems.	The Group has developed a 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. A COVID-19 cross-functional committee was implemented in 2020 to regularly update the business on how to limit the impact on business continuity wherever possible, including sourcing alternative supply chains, plans for travel restrictions and making appropriate changes to working arrangements wherever practical.
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').	Unchanged	Any infringement of the Group's IP could lead to a loss of profits and have a negative impact on image.	Trademarks are registered and where any infringements are identified, appropriate legal action is taken.

Risk	Change in risk level from prior period	Potential impact	Mitigation
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. The Group has long been committed to sustainability in its supply chain and manufacturing processes and in 2021 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 has invested in measuring it's Global Scope 1, 2 and 3 carbon footprint, and setting Science Based Targets to clearly define a path to reduce greenhouse gas emissions in line with the Paris Agreement goals.	Unchanged	Leather is a key raw material, which is sourced as a by-product of agriculture. Farming and ranching for meat and leather have been well documented as significant drivers 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. That's why 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. By 2030 our entire leather supply chain will adhere to this transformative sourcing and production model. We will launch our first 'farm to finished product' British bags in 2021. Manufacturing processes, especially around the tanning of leather, utilise chemicals, energy and water, which require careful scrutiny to ensure Mulberry's high ethical standards are not breached. All leather is sourced to meet our high ethical standards, with most coming from the EU.	Mulberry has been a member of the internationally recognised Leather Working Group since 2012. All of the leathers used in our collections are a by-product of food production and a natural alternative to fossil fuel synthetics. Mulberry is a member of the Animal Welfare Group (AWG), a sub-group of the Leather Working Group (LWG), whose principal objective is to provide education and information to its members on the salient aspects of livestock and animal welfare within the leather value chain. In 2020, Mulberry became a founding partner of the Sustainable Leather Foundation, an industry led but consumer focused multi-stakeholder group, committed to improving environmental, social and governance performance of the leather value chain by providing a transparent dashboard, audit and certification standard and technically focused collaboration hubs. For Spring/Summer 2021, 82% of leather was sourced from tanneries with environmental accreditation. By 2022, we're aiming for all leather in Mulberry collections to be sourced from environmentally accredited tanneries.

The Strategic report was approved by the Board of Directors and authorised for issue on 20 July 2021.

THIERRY ANDRETTA
CHIEF EXECUTIVE OFFICER

20 July 2021

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.

THE BOARD OF DIRECTORS

The Board comprises two Executive Directors and six Non-Executive Directors. Thierry Andretta acts as Chief Executive Officer, Charles Anderson as Group Finance Director and Godfrey Davis acts as Non-Executive Chairman.

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.

At the start of the COVID-19 crisis, the Board met every two weeks, using virtual meetings to protect participants and avoid travel, to monitor the performance of the business and the rapidly evolving strategic changes being implemented by the executive team. Once the key actions and decisions had been made, the Board continued to meet monthly to monitor progress and support the executive team.

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.

During the period, the Chairman conducted a survey of all Board members to evaluate the effectiveness and processes of the Board. This did not identify any significant issues but there were refinements and recommendations arising which were implemented.

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 Chris Roberts and Christophe Cornu.

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.

Following the completion of a competitive tender process, the Board appointed Grant Thornton UK LLP as statutory auditor for the Group, and their appointment was approved at the Annual General Meeting on 17 November 2020.

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 have commenced a business systems review and a review of its financial processes and controls, with initial focus of Brexit on our business systems. Remedial actions have been taken to ensure that the business systems and corresponding financial processes and controls are appropriate and are also able to support the international development of the Group. There is an ongoing focus on Brexit and in particular a Customs Warehouse, which we will upgrade over time.

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 3 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.

Corporate governance

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	The strategy and business model adopted by the Group is discussed, agreed and reviewed on a regular basis by the Board as a standing agenda item. The strategy and business model were considered closely in light of the COVID-19 issues to ensure that there was not undue reliance on one territory or channel. A review and updating of the Group's 3 Year Plan and strategy was undertaken in conjunction with setting the Group's Budget for the year 2021/22. 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 website.
2 Seek to understand and meet shareholder needs and expectations	The Chairman seeks to meet shareholders through direct meetings and at the Annual General Meeting. In September 2020, the restrictions as a result of COVID-19 meant that the Company could not hold its usual Annual General Meeting. Shareholders were invited to submit questions ahead of the closed meeting. The Company looks forward to welcoming its shareholders to a physical Annual General Meeting on 8 September 2021. Three Board members have connections with our majority shareholder, Challice, or its owners. A discussion was held with Fraser Group plc following their acquisition of a significant stake in the Group during late 2020 to understand their focus. In addition, the Investor Relations desk communicates to all shareholders and the wider market through the Company's Investor Relations website and through news releases. The team is also available for telephone calls, email communication and meetings with shareholders and investors. During 2020 additional shareholder communication was required as a result of the acquisition of a significant stake in the Group by Fraser Group plc which triggered an offer period. The Group is advised by GCA Altium Ltd., its nominated corporate broker, Barclays Capital and by Headland Consultancy for financial PR matters.

3 Take into account wider stakeholder and social responsibilities and their implications for long-term success	The Group's approach to Sustainability is set at Board level and according to 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. The Group is proud of its "Made to Last" approach to manufacturing and its product repair and renovation service. The Group has a fur free policy, sources cotton through the Better Cotton Initiative and now uses cup-cycled materials (card made from recycled coffee cups) in its packaging. The Group has signed the UN Fashion Industry Charter for Climate Action and is currently assessing its global carbon footprint with a view to determining scientific based targets for carbon reduction. The Group sources from Leather Working Group tanneries which recognise improvements in the environmental impact of leather production. The Group is also a founding partner of the Sustainable Leather Foundation, which considers social and governance issues alongside environmental issues in leather production. 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 Manager 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. The Group is committed to paying the real Living Wage to its UK employees and supporting their health and wellbeing through a variety of HR initiatives. In addition, there are employee committees which meet regularly, a charity fund and each year the Company supports several employee chosen charities with fundraising. During last year, in addition to the Company's usual charitable activities and its donation to the National Emergencies Trust in response to the COVID-19 pandemic, it made donations to and assisted with fund raising for The Felix Project, a charity which provides meals to London's homeless and is continuing to support the Project through employee fundraising.
4 Embed effective risk management, considering both opportunities and threats, throughout the organisation	Principle risks, and plans to mitigate these risks, are set out in the Annual Report and are discussed during Board meetings. These include consideration of economic climate, individual market performance, currency risk, competition, loss of talent and IT, including cybersecurity. Additional risks arising out of the global COVID-19 pandemic and government responses as well as Brexit have also been considered and are embedded in the current strategy and budget.

Corporate governance

5 Maintain the Board as a well-functioning, balanced team led by a Chair	Details of the eight Board members are provided in the Annual Report and on the "Corporate Governance" section of the website. There are two Executive members and six Non-Executive members, of which there are two independent Directors, Christophe Cornu and Julie Gilhart. The Board considers that there is an appropriate balance between Executive and Non-Executive Directors and that there is sufficient independence taking into account the aforesaid connection with the majority shareholder. The Board meets at least six times each year 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. During the COVID-19 crisis the Board met fortnightly, using digital meetings to protect participants and avoid travel, to monitor the performance of the business and the rapidly evolving strategic changes being implemented by the executive team. Once the key actions and decisions had been made, the Board continued to meet monthly to monitor progress and support the executive team. The Board intends to revert to meeting every two months going forward. The Audit Committee meets at least twice a year, to review the half year and full year financial results and to review the internal controls framework of the Group. During the year, the Audit Committee met more frequently to monitor closely the impact of the COVID-19 pandemic. In addition, there was regular communication between the Group Finance Director, the Chairman and the Chair of the Audit Committee. The Nominations and Remuneration Committee meets at least twice a year to consider senior management remuneration and key appointments.
6 Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	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. The Directors' biographies and skill sets are detailed in the Annual Report and within the Corporate Governance section of the investor relations website.

7 Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The Chairman considers the performance of the Board on an annual basis as part of the budget process. The Chairman considers the Group's progress in achieving strategic objectives and the more immediate requirements of the annual plan. During the year, the Chairman requested that Board members raise any issues or concerns relating to the effectiveness and processes of the Board; no issues or concerns were raised.
8 Promote a corporate culture that is based on ethical values and behaviours	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. The Group's values of Be Open; Be Bold; Be Responsible; and Be Creative are embedded throughout its relationship with its employees.
9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	The Directors' roles and responsibilities are summarised below: • Chairman: Ensures the Board and broader management framework is established, operates effectively and is compliant with relevant statutory codes and Group policies. • Chief Executive Officer: The Group's lead decision maker develops and implements the Group's strategy, manages performance and ensures the Board is informed about business matters. • Group Finance Director: 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. • Non-Executives: 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. Further details on the Directors and the Committees are available in the Corporate Governance and Directors' report sections of the Annual Report: • The Roles of the Nominations and Remuneration Committee and the Audit Committee are indicated in the Annual Report. Each Committee has Terms of Reference which are reviewed regularly. • The Board has overall responsibility for the Group's systems of internal financial control and for monitoring their effectiveness.

Corporate governance

10 Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Group reports on its financial performance at least two times each year, at the half year and full year financial results, and provides details of its corporate governance in its Annual Report. Additional updates were provided during the year reflecting the impact of COVID-19 on the Group's business. These reports are available on the "Reports & Results" section of the website and in the Annual Report. The financial results are also communicated via RNS announcements as well as an accompanying financial presentation. Meetings for the financial analysts are held on the day of the results publications for half year and full year. The Chief Executive Officer conducts press interviews, both immediately following the results publications as well as in between results announcements. Senior management also participates in investor roadshows and meetings in between results announcements. Company participants in these meetings are typically the Chairman, Chief Executive Officer and Group Finance Director. The Board pays attention to the votes cast by the shareholders at the Annual General Meeting. In the event that a significant proportion (>20% including proxies) of independent votes were to be cast against a resolution at a Annual General Meeting of the Company, the Board would explain any action it has taken or would take as a result of that vote.

Directors' remuneration report

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 are not subject to audit.

At the period end, the Nominations and Remuneration Committee comprised:

Chris Roberts (Chairman and Non-Executive Director);
Melissa Ong (Non-Executive Director); and
Julie Gilhart (Non-Executive Director)

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.

The Committee meets at least once a year in order to consider and set 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.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

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. As an exception, on becoming Non-Executive Chairman in June 2012, Godfrey Davis retained his vested and unvested options and share awards as they were granted to him whilst he was Chief Executive Officer.

The Non-Executive Directors are appointed for a 12-month term.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

The Company's remuneration policy for Executive Directors considers a number of factors and is designed to:

- 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.

SALARIES, BONUSES AND OTHER INCENTIVE SCHEMES

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 100% of the annual salary.

There are four long term incentive arrangements. These are as follows:

An Unapproved Share Option Scheme, which was introduced in April 2008. Options granted in this scheme typically vest after three years.

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.

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.

Directors' remuneration report

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.

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 27 March 2021 Total £'000
Executive Directors					
Thierry Andretta [1]	**673**	**168**	**385**	**40**	**1,266**
Charles Anderson [3]	**300**	**75**	**27**	**38**	**440**
Non-Executive Directors					
Godfrey Davis	**173**	–	–	–	**173**
Chris Roberts	**43**	–	**1**	–	**44**
Steven Grapstein	**39**	–	–	–	**39**
Melissa Ong	**39**	–	–	–	**39**
Christophe Cornu	**39**	–	–	–	**39**
Julie Gilhart	**39**	–	–	–	**39**
	1,345	**243**	**413**	**78**	**2,079**

	Basic salary/ fees £'000	Bonus £'000	Taxable benefits £'000	Pension contributions[2] £'000	52 weeks ended 28 March 2020 Total £'000
Executive Directors					
Thierry Andretta [1]	673	–	367	40	1,080
Charles Anderson [3]	131		29	16	176
Neil Ritchie	64	–	3	2	69
Non-Executive Directors					
Godfrey Davis	200	–	–	–	200
Chris Roberts	50	–	1	–	51
Steven Grapstein	45	–	1	–	46
Melissa Ong	45	–	1	–	46
Christophe Cornu	45	–	1	–	46
Julie Gilhart	45	–	–	–	45
	1,298	–	403	58	1,759

Notes:
(1) Thierry Andretta was the highest paid Director during the period. He was appointed as Chief Executive Officer 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.

(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.

As part of the cost actions taken in response to COVID-19, a 20% pay-cut for Executive Directors was actioned from the start of April 2020, which was consequently repaid when financial targets were met in December 2020. A salary reduction was also taken by the Non-Executive Directors from April 2020 to November 2020, which has not been repaid.

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

	30 March 2020	Granted	Exercised	**28 March 2021**	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

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:
150,000 options are exercisable from date of grant until 25 November 2029.
100,000 options are exercisable from 30 June 2020 until 25 November 2029.
100,000 options are exercisable from 30 June 2021 until 25 November 2029.

(4) 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.

Directors' remuneration report

(b) Jointly owned shares under the Co-ownership Equity Incentive Plan

	30 March 2020	Granted	Exercised	28 March 2021	Exercise price (£)	Date of exercise	Average market price on exercise (£)
Godfrey Davis	300,000	–	–	300,000	1.458	n/a	n/a

The right to exercise the interest in these shares vested on 9 October 2012 and remained exercisable until 9 October 2019. On 4 October 2019, the Employee Benefit Trust agreed to extend the exercise period until 30 November 2021. The market price of these shares at the date of the award was £1.215.

(c) Options granted under the 2017 Performance Share Plan

	30 March 2020	Granted	Lapsed	28 March 2021	Exercise price (£)
Thierry Andretta (1)	500,000	–	250,000	250,000	nil

Notes:
(1) For the options granted on 25 November 2019, the market price at date of grant was £2.705. These may be exercised up to 10 years from the date of grant upon attainment of relevant performance conditions from the following dates; 250,000 options may be exercised after the Group's financial results for the financial period ended 27 March 2021 have been announced. A further 250,000 options may be exercised after the Group's financial results for the financial period ended 2 April 2022 have been announced.

(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.

Director's 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 27 March 2021.

RESULTS AND DIVIDENDS

The results for the period are set out in the Group income statement. The Directors are not recommending the payment of a final dividend (2020: nil).

GOING CONCERN

In determining whether the Group's accounts can be prepared on a going concern basis, the Directors considered the Group's business activities and cash requirements together with factors likely to affect its performance and financial position, including the current and future anticipated impact of COVID-19. The going concern period reviews the 12-month period from the date of this announcement to 31 July 2022.

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 08 to 27. The principal risks and uncertainties, including the mitigating actions which address these risks, are set out on pages 21 to 27.

The key judgements in relation to the going concern assessment are in respect of the potential ongoing impact of COVID-19 on the Group. They include the timing of the Group's recovery to pre-COVID-19 trading levels in the UK, Europe and North America and the likelihood and impact of further lockdowns in these regions, including their duration and the impact on consumer demand in the Group's markets. When making these judgements, the Directors considered trading levels since the majority of the Group's stores have re-opened and the outlook for the Group against their detailed base case scenario. The Directors have also considered a reverse stress test scenario and compared this to a reasonable worse case downside scenario. These are described in further detail below.

The Group had net cash of £11.8m (2020: £7.2m) and deferred liabilities of £4.7m (2020: £3.0m) at 27 March 2021 and had not drawn down on its revolving credit facility.

BORROWING FACILITIES

The Group has a £15m revolving credit facility with security granted in favour of HSBC banking, which on 15 July 2021 was extended for a further 12-month period from March 2022 to March 2023. Banking covenants have been cautiously set to allow for further lockdowns in the UK, Europe and North America and reduced revenue growth. Covenants are tested on a quarterly basis and contain a net debt to EBITDA ratio and a fixed charge cover ratio. Covenants are tested on a 'frozen GAAP' basis and exclude the impact of IFRS 16. In addition, the Group has a £4.0m overdraft facility and a further USD1.9m overdraft facility in China, which are not committed facilities and therefore not considered by the Directors as part of the going concern assessment. The Group's overdraft is renewed annually and the overdraft in China is renewed annually in July. Further details regarding the security is found in note 38.

The revolving credit facility was not drawn down at the period end and remains undrawn at the date of this report. The Group had net cash of £14.8m at 16 July 2021.

BASE CASE SCENARIO

The Directors' base case scenario assumes that revenues do not recover to pre-COVID-19 levels in the short term and there are no further lockdowns in the Group's markets. The impact of COVID-19 on the wider economy and the removal of the VAT Retail Export Scheme in the UK will also have a consequential effect on demand. The base case scenario assumes a 10% reduction in revenue for the financial period ending 02 April 2022 against the financial period ending 28 March 2020 (pre-COVID-19 pandemic).

The Group is benefiting from further rates relief in the current financial period, but no further relief or Government support has been assumed after that point.

Under this scenario, banking covenants will be met and the revolving credit facility remains undrawn although available to the Group throughout the 12-month going concern period.

REVERSE STRESS TEST AND DOWNSIDE SCENARIO

The Directors have reviewed a reverse stress test scenario that models the decline in sales that the Group would be able to absorb before triggering a breach of banking covenants. It should be noted that the revolving credit facility is not forecast to be drawn down under the reverse stress test, and therefore, despite the potential covenant breach the revolving credit facility would not be required. The Directors believe that this scenario is remote, for the following reasons:

Director's report

- Trading during the first quarter of the period has been ahead of the base case scenario. As demonstrated in previous lockdowns, digital revenues are able to offset some of the lost sales while stores are closed;
- No further lockdowns are currently envisaged in the UK due to the success of the UK vaccination program;
- Revenue in this scenario is comparable with the prior period where the Group was impacted by significant store closures for the majority of the period; and
- Further actions, including revenue opportunities, further cost savings and working capital benefits are available.

The reverse stress test assumes a 20% reduction in revenue against the base case scenario, offset by capex savings and a 23% reduction in discretionary costs (marketing, consumables, travel and other goods not for resale). Inventory production and purchases have been reduced in line with the anticipated demand under this scenario.

Under this scenario, the revolving credit facility remains undrawn although available to the Group throughout the 12-month going concern period, however, the fixed charge cover covenant would be breached in May 2022. Whilst the Directors believe that this scenario is remote, it would allow time for further actions to be taken, including a possible further relaxation of banking covenants. Whilst there is no guarantee that this will be agreed, the Group currently maintains a good relationship with their lender.

The Directors have considered a plausible but remote downside scenario where the UK, Europe and North America experience a 4-month lockdown between October 2021 and January 2022. This scenario assumes an uplift in digital sales while the stores are closed in line with previous trends. No lockdown is assumed in Asia, as early containment measures have proved effective in curbing the pandemic. The impact of this would result in a 7% reduction in Group revenue between October 2021 and January 2022 against the base case scenario.

GOING CONCERN BASIS

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

DIRECTORS AND THEIR INTERESTS

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

Thierry Andretta, 64, was appointed as Chief Executive Officer on 7 April 2015, following his appointment to the Board as an independent Non-Executive Director on 9 June 2014. He has previously held a number of senior roles at brands including Lanvin, Moschino, Kering, LVMH Fashion Group and Céline, and was Chief Executive Officer of Buccellati. He is a Director (gérant) of SCI TMLS and was a Non-Executive Director of Acne Studios Holding AB (until March 2017). Mr Andretta has extensive experience across the luxury sector, with particular focus on international expansion.

Charles Anderson, 51, 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.

Non-Executive Directors

Godfrey Davis, FCA, 72, is Chairman of the Board, having been appointed in June 2012. Prior to this he had performed the role of Chief Executive Officer from 2002 until June 2012. He is a fellow of the Institute of Chartered Accountants in England and Wales and joined Mulberry as Group Finance Director in 1987 after 15 years at Arthur Andersen, where he was an international partner. He is a Director of Pittards plc, King's Schools Taunton Limited and Hestercombe Gardens Limited, and he is a Trustee of Hestercombe Gardens Trust. Mr Davis is an experienced leader of private and publicly owned entities and has a strong understanding of the UK AIM market. He has a deep knowledge of the leather goods sector over many years.

Andrew Christopher Roberts, FCCA, 57, is Chairman of the Nominations and Remuneration Committee (appointed on 7 May 2013). He was appointed to the Board on 6 June 2002. 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, 63, was appointed as a 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 NY Stock Exchange and is the Chairman of their Governance Committee and a member of their Audit 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, 47, was appointed 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 a Director/ Manager 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. 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, Club 21 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, 57, was appointed on 7 May 2013 and is an independent Director. With effect from 1 July 2018 Mr Cornu became Chief Executive Officer of Nestle France SA, having previously served as Chief Executive Officer of Nestlé Suisse SA, and been Chief Commercial Officer for Nestle Nespresso SA. Mr Cornu is a marketing leader with a track record of developing major brands and break through concepts. He is consumer focused, 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, 63, 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, Tomorrow London Ltd and serves an advisor to Global Fashion Agenda and Business of Fashion's Rewiring Group, 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.

Director's report

DIRECTORS INTERESTS

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

	5p ordinary shares 2021	5p ordinary shares 2020
Godfrey Davis	**718,527**	718,527
Steven Grapstein	**10,000**	10,000
Melissa Ong	**10,000**	10,000
Thierry Andretta	**48,689**	3,000

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 27 March 2021 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 27 March 2021 was £2.64 (2020: £1.71) and the range during the period was £1.40 to £2.91 (2020: £1.15 to £3.20).

MOVEMENT IN THE COMPANY'S OWN SHAREHOLDING

Please refer to notes 27 and 28.

EVENTS AFTER THE REPORTING PERIOD

Since the period end, the Group has extended the revolving credit facility with HSBC until March 2023 and renegotiated banking covenants in line with the downside scenario projections described in the Going Concern Statement on page 39. The £15.0m revolving credit facility is secured by fixed and floating debentures over the assets of its subsidiaries, excluding inventory and shares in Mulberry Japan Co. Limited and fixed legal charges over its freehold premises. Covenants are tested on a quarterly basis and contain a net debt to EBITDA ratio, and a fixed charge cover ratio. Covenants are tested on a 'frozen GAAP' basis and exclude the impact of IFRS 16.

On 5th July 2021 the Group announced that its wholly owned subsidiary, Mulberry Company (France) SARL, had agreed to terminate the lease of its store at 275 Rue Saint Honore, Paris, France and exit the property early.

As at 27th March 2021, the book value of the property in the Company's accounts was £7.9m. The consideration, which is receivable once Mulberry have exited the property, expected to be during September 2021, is £13.2m.

BRANCHES
The Group operates branches, as defined in s1046(3) of the Companies Act 2006, in Eire, Netherlands 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 27 March 2021 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

	27 March 2021	28 March 2020
Energy Consumption, including electricity, natural gas, LPG and transport fuel (kWh)	**3,911,562**	**4,661,491**
Scope 1 emissions in metric tonnes CO_2e		
Combustion of gas	252.0	233.4
Combustion of fuel for transport purposes	31.7	53.5
Total Scope 1	283.7	286.9
Scope 2 emissions – Purchased electricity (tonnes CO_2e)	584.1	820.0
Scope 3 emissions – business travel where responsible for fuel (tonnes CO_2e)	7.4	0
Total gross emissions in metric tonnes CO_2e	**875.2**	**1,106.9**
Intensity ratio (CO_2e/£m sales revenue)	**7.61**	**6.66**

Director's report

Due to previous investments in store efficiency and prolonged store closures as a result of COVID-19 restrictions, the Group are not reporting any major energy efficiency activity for the stores this year. The consolidation of our UK manufacturing sites will likely result in greater energy efficiency for our manufacturing processes, and it is the Group's intention to monitor savings and compile and report actions in future years.

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 Chief Executive Officer's Statement on page 09.

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 28 to 34.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is discussed in the Our Stakeholders section of the Annual Report on pages 18 to 20.

CHARITABLE AND POLITICAL DONATIONS

The Group made charitable donations during the period details of which can be found in the "Communities and Environment" section on page 20. 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.

In line with governance best practice, the Audit Committee completed a competitive audit tender process, with three audit firms invited to tender. Grant Thornton UK LLP was the selected as the registered auditor for the Group as a result of this process.

The Directors' Report was approved by the Board of Directors and authorised for issue on 20 July 2021.

CHARLES ANDERSON
GROUP FINANCE DIRECTOR

20 July 2021

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 period. The Directors have prepared the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In preparing the Parent Company 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;
- 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.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 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.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 20 July 2021 and is signed on its behalf by:

THIERRY ANDRETTA
CHIEF EXECUTIVE OFFICER

CHARLES ANDERSON
GROUP FINANCE DIRECTOR

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 27 March 2021, 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 the 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 international accounting standards in conformity with the requirements of the Companies Act 2006. 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 27 March 2021 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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.

Conclusions relating to going concern

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.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation, is included in the key audit matters section of our report.

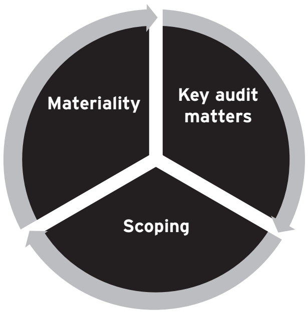
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

The responsibilities of the Directors with respect to going concern are described in the 'Responsibilities of Directors for the financial statements' section of this report.

Our approach to the audit

Overview of our audit approach



Overall materiality:

- Group: £805,000, which represents approximately 0.7% of the Group's revenue.
- Parent company: £523,000, which is 2% of the parent company's total assets, capped at 65% of Group materiality.

Key audit matters were identified as:

- Occurrence of store, digital and wholesale revenue (new this period);
- Going concern basis of accounting (same as previous period); and
- Valuation of right-of-use assets (new this period).

The predecessor auditor's report for the period ended 28 March 2020 included one key audit matter that has not been reported as a key audit matter in our current period's report. This relates to calculation of the right-of-use asset and lease liability in the opening balance sheet upon adoption of International Financial Reporting Standard (IFRS) 16 'Leases'. The prior period was the first period in which the Group implemented IFRS 16 and therefore this matter is not relevant in the current period.

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; Mulberry Korea Company Limited; Mulberry Japan Company Limited; and Mulberry France Services SARL.

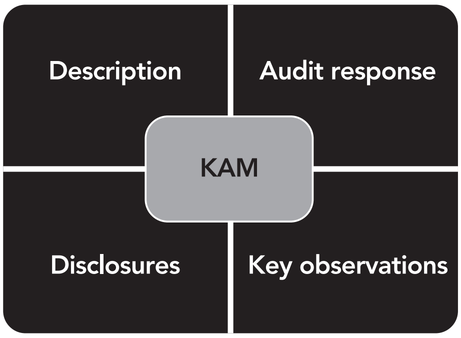
We engaged Grant Thornton Hong Kong as a component auditor to report to us on specific audit procedures in relation to Mulberry (Asia) Limited.

Our work performed over components covered 82% of the Group's revenue and 93% of the Group's profit before tax.

Independent auditor’s report (continued)

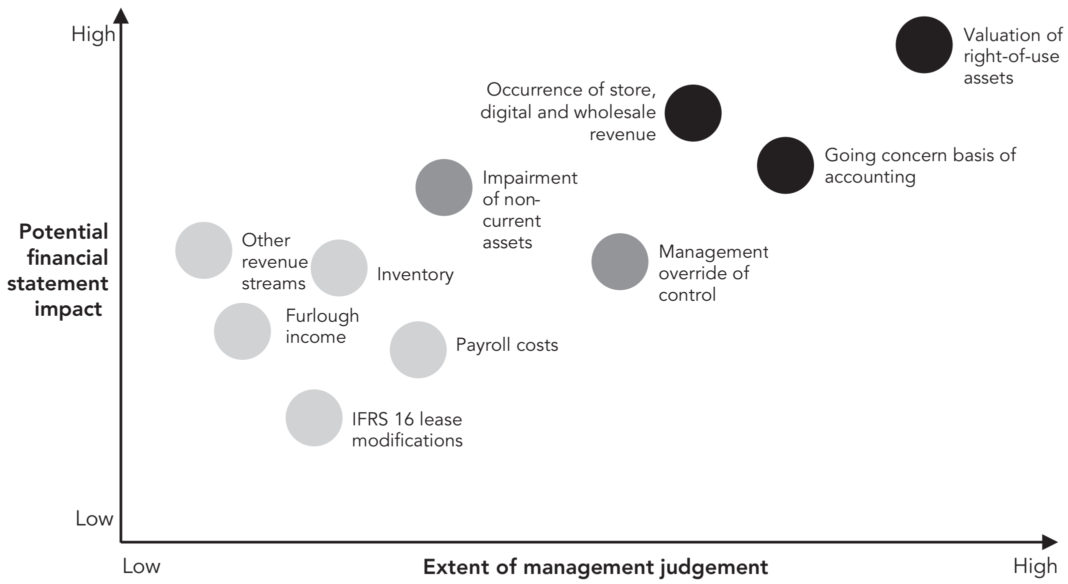
to the members of Mulberry Group PLC

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, significant risks and other risks relevant to the audit.



● Key audit matter ● Significant risk ● Other risk

Key Audit Matter – Group	How our scope addressed the matter – Group
Occurrence of store, digital and wholesale revenue We identified the occurrence of store, digital and wholesale revenues as one of the most significant assessed risks of material misstatement due to fraud. We focused our risk on manual journals within the revenue population. Under ISA (UK) 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements', there is a presumption that there are risks of fraud in revenue recognition. The 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 revenue within the store, digital and wholesale revenue streams are considered non-complex. Manual journals therefore pose a risk of fraud due to their unusual nature.	In responding to the key audit matter, we performed the following audit procedures: • Assessing whether the accounting policies adopted by the Directors are in accordance with the requirements of IFRS 15 'Revenue from Contracts with Customers', and whether management accounted for revenue in accordance with the accounting policies; • Using audit data analytics techniques to identify journal entries and other transactions where revenue and receivables transactions had a financial impact on unexpected balances or classes of transactions and then obtaining sufficient and appropriate evidence to support those transactions within store and digital revenue, including manual journals; and • Substantively testing manual journals to revenue from store, digital and wholesale streams by agreeing a sample of sales transactions to proof of delivery or alternative evidence where appropriate.
Relevant disclosures in the Annual Report and Accounts 2021 • Financial statements: Note 3, Significant accounting policies; and • Financial statements: Note 5, Total revenue and other income and finance income.	**Our results** Our audit work did not identify any material adjustments in relation to the occurrence of store, digital and wholesale revenue.

Independent auditor's report (continued)

to the members of Mulberry Group PLC

Key Audit Matter – Group	How our scope addressed the matter – Group
Going concern basis of accounting We identified the going concern basis of accounting as one of the most significant assessed risks of material misstatement due to error. In assessing whether the financial statements should be prepared on the going concern basis, the Directors are required to consider all available information about the future for a period of at least 12 months from the date of approval of the financial statements. In conducting their assessment, the Directors have concluded that adopting the going concern basis is appropriate. The impact of the COVID-19 pandemic on the Group has been significant. During the period, all of the stores in the Group's portfolio were subject to closure in line with relevant local government restrictions. Stores were closed for a varying length of time, depending on the jurisdiction. The uncertainties arising from the volatility in the retail sector and macro-economic environment (including Brexit), result in a greater level of management judgement in forecasting the Group's future trading and funding position.	In responding to the key audit matter, we performed the following audit procedures: • Obtaining an understanding of how management prepared their base case and sensitised case forecasts for the period to 31 July 2022; • Assessing the accuracy of management's forecasting by comparing the reliability of past forecasts to management's actual results and considering whether management's historic forecasting accuracy impacts upon the reliance we can place upon the forecasts provided; • Obtaining an understanding of key trading, balance sheet and cash flow assumptions and testing those key assumptions to underlying historical financial analysis, post period end trading information and market analysis data; • Assessing the terms of the revised covenants agreed with the bank post period end and challenging management's assessment of a breach of covenant during the going concern period; • Obtaining management's worst-case scenario prepared to assess the ongoing potential impact of COVID-19 on the business. We considered whether the assumptions were consistent with our understanding of the business derived from other detailed audit work undertaken and concluded that the likelihood of this scenario occurring was remote; • Assessing the appropriateness and robustness of management's forecasts by applying our own sensitivities; • Assessing the plausibility of the mitigating actions available to management to continue as a going concern if downside sensitivities were to crystalise; • Performing arithmetical and consistency checks on management's going concern base case model using internal modelling specialists; and • Assessing the adequacy of related disclosures within the annual report.
Relevant disclosures in the Annual Report and Accounts 2021 • Financial statements: Note 3, Significant accounting policies.	**Our results** We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report

Key Audit Matter – Group	How our scope addressed the matter – Group
Valuation of right-of-use assets We identified the valuation of right-of-use assets as one of the most significant assessed risks of material misstatement due to error. The Directors consider each individual store to be a separate cash generating unit (CGU) for impairment purposes and the Directors are required to undertake an impairment assessment where events indicate that the carrying value of the CGU may not be recoverable. The uncertainties inherent within the current economic environment caused by the COVID-19 pandemic, including the closure of non-essential retail outlets and the government's ongoing response to the virus, have been included within management's consideration of quantitative and qualitative impairment indicators. Management have recognised a material impairment charge in the current period of £5,725,000 (2020: £24,947,000). The process for measuring and recognising impairment under International Accounting Standard (IAS) 36 'Impairment of Assets' is complex and requires significant judgement by management, including assumptions of the impact of COVID-19 on the future trading activity for each store and the determination of the appropriate discount rate to be applied to those cashflows, and is therefore susceptible to management bias.	In responding to the key audit matter, we performed the following audit procedures: • Challenging management's assessment of impairment indicators relating to right-of-use assets by assessing whether any stores showed further indicators of impairment such as a decline in performance or performance below budget; • Checking the arithmetical accuracy of a sample of store impairment calculations, including the associated sensitivity analysis; • Using our internal valuation specialists to inform our challenge of management and their valuation expert, that the assumptions used within the discount rates are reasonable and consistent with other similar Groups in the market; • Assessing whether trading, working capital and cash flow assumptions are reasonable based on the historical performance of each different store and that the assumptions are consistent with our knowledge of the business and the going concern review; • Testing the accuracy of management's forecasting through a comparison of budget to actual data and historical variance trends and inspecting the forecast cash flows; • Assessing whether one-off items in the impairment models which management has identified as impacting the current year are actually one-off and the risk of these items being pervasive in the business in the future; • Where we identified significant shortfalls in key performance metrics against budget in prior years, we challenged management and this informed our determination of sensitivities to apply to managements base case scenario; and • Assessing the adequacy of related disclosures within the annual report.
Relevant disclosures in the Annual Report and Accounts 2021 • Financial statements: Note 3, Significant accounting policies; • Financial statements: Note 4, Critical accounting judgements and key sources of estimation uncertainty; and • Financial statements: Note 19, Right-of-use assets.	**Our results** Our audit work did not identify any material misstatements in the valuation of right-of-use assets.

Independent auditor's report (continued)

to the members of Mulberry Group PLC

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	£805,000, which is which is approximately 0.7% of the Group's revenue.	£523,000, which is 2% of the parent company's total assets, capped at the parent company's component materiality, being 65% of Group materiality.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: • Revenue is considered to be the most appropriate benchmark for the Group because revenue is one of the key factors in determining the Group's EBITDA. Revenue is also a more stable benchmark and there is considerable volatility in profit before tax. • Materiality for the Group was consistent with the level that was determined by the predecessor auditor. • The materiality determined was not revised during the audit.	In determining materiality, we made the following significant judgements: • Total assets are considered to be the most appropriate benchmark for the parent company as the parent company's purpose is that of holding the investments in the subsidiary undertakings. The parent company does not undertake any trading activities. • Materiality for the current year is lower than the level that was determined by the predecessor auditor. • The materiality determined was not revised during the audit.

Materiality measure	Group	Parent company
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	£523,000, which is 65% of financial statement materiality.	£340,000, which is 65% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements: • Our previous experience with the Group – as this is our initial audit engagement for the Group, we have limited experience with the Group; • Our risk assessment – we considered the previously reported control deficiencies and the potential impact on the current period's audit when performing our risk assessment procedures. Based on the results of these procedures, we considered the control environment of the Group to be weak; and • History of misstatements – we considered the higher level of previously reported misstatements and the potential impact on the current period's audit.	In determining performance materiality, we made the following significant judgements: • Our previous experience with the parent company – as this is our initial audit engagement for the parent company, we have limited experience with the parent company • Our risk assessment – we considered the previously reported control deficiencies and the potential impact on the current period's audit when performing our risk assessment procedures. Based on the results of these procedures, we considered the control environment of the parent company to be weak; and • History of misstatements – we considered the higher level of previously reported misstatements and the potential impact on the current period's audit.
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.	
	We determined a lower level of specific materiality for the following areas: • Related party transactions; and • Directors' remuneration.	We determined a lower level of specific materiality for the following areas: • Related party transactions; and • Directors' remuneration.

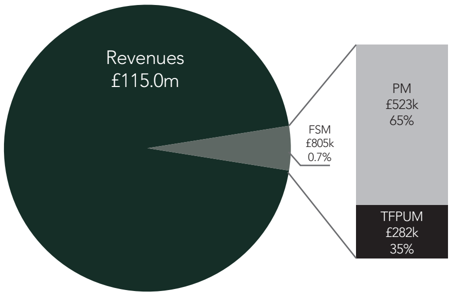
Independent auditor's report (continued)

to the members of Mulberry Group PLC

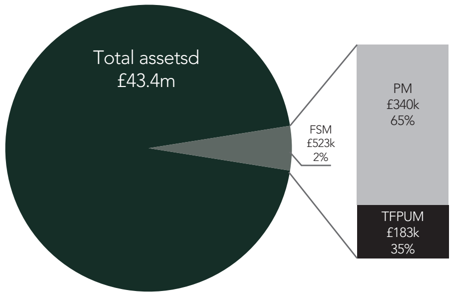
Materiality measure	Group	Parent company
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£40,250 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£26,160 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 tolerance for potential uncorrected misstatements.

Overall materiality – Group



Overall materiality – Parent company



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

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 engagement team obtained an understanding of the Group and its environment, including Group-wide controls, and assessed the risks of material misstatement at the Group level.

– Identifying significant components

In setting our audit scope we determined any individual component which contributed more than 10% to consolidated revenues or consolidated underlying profit before taxation to be financially significant to the Group.

– Type of work to be performed on financial information of parent and other components

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;
- Mulberry Korea Company Limited;
- Mulberry Japan Company Limited; and
- Mulberry France Services SARL.

For all other components across the Group, analytical procedures of the component using Group materiality was completed.

– Performance of our audit

The audit of the Group was carried out by the Grant Thornton UK audit team with the exception of the Mulberry Asia subgroup (containing Mulberry (Asia) Limited and Mulberry Trading (Shanghai) Company Limited). We engaged Grant Thornton Hong Kong to audit the components within the Mulberry Asia subgroup. The Group team performed reviews of the component auditors' work. All work was carried out remotely.

– Communications with component auditors

We determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient, appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. Detailed audit instructions were issued to the component auditors where a full scope audit approach had been identified. The audit instructions detailed the significant risks to be addressed through the audit procedures and indicated the information we required to be reported back to the Group audit team. We were involved in the planning of the audit work for all full scope audit components and communicated with all component auditors throughout the planning, fieldwork and concluding stages of their audit work.

Audit approach	No. of components	% coverage Revenue	% coverage Profit Before Tax
Full-scope audit	3	75%	90%
Specified audit procedures	4	7%	3%
Analytical procedures	15	18%	7%

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 or a material misstatement of the other information. 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.

Independent auditor's report (continued)

to the members of Mulberry Group PLC

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; and
- the 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 its 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 for the financial statements
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.

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.

– Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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 the parent company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework, being international accounting standards in conformity with the Companies Act 2006, FRS 101 'Reduced Disclosure Framework' and the Companies Act 2006.
- We obtained an understanding of how Mulberry Group PLC is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee.
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations related to health and safety, employee matters, environmental matters, and bribery and corruption practices. We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by evaluating 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:
  - journal entries that increased revenues or that reclassified costs from the income statement to the balance sheet; and
  - potential management bias in determining accounting estimates, especially in relation to the calculation of impairment of goodwill, right-of-use assets, intangible assets and investments.
- Our audit procedures involved:
  - evaluation of the design and implementation of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on material manual journals, including those with unusual account combinations and those posted directly to the consolidation that increased revenue or that reclassified costs from the income statement to the balance sheet;
  - challenging assumptions and judgements made by management in its significant accounting estimates; and
  - testing the completeness of the Group's related party transactions disclosures through information obtained at the parent and component entities and testing that these transactions had a valid business purpose.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with the applicable financial reporting framework requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from 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.

Independent auditor's report (continued)

to the members of Mulberry Group PLC

- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify and recognise non-compliance with laws and regulations through the following:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation; and
  - knowledge of the industry in which the client operates.
- 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's financial statements. No matters were identified.

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
20 July 2021

Group income statement

52 weeks ended 27 March 2021

	Note	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Revenue	5	**114,951**	149,321
Cost of sales	21	**(41,879)**	(58,203)
Gross profit		**73,072**	91,118
Impairment charge related to property, plant and equipment	7	**(590)**	(7,143)
Impairment charge related to right-of-use assets	7	**(5,725)**	(24,947)
Store closure credit/(expense)	7	**3,702**	(886)
Lease modification	7	**3,951**	–
Other operating expenses	8	**(71,638)**	(102,255)
Other operating income	5	**6,006**	1,093
Operating profit/(loss)		**8,778**	(43,020)
Share of results of associates	20	**(60)**	49
Finance income	11	**12**	83
Finance expense	12	**(4,176)**	(4,978)
Profit/(loss) before tax		**4,554**	(47,866)
Tax	13	**43**	998
Profit/(loss) for the period		**4,597**	(46,868)
Attributable to:			
Equity holders of the parent		**4,773**	(44,136)
Non-controlling interests		**(176)**	(2,732)
Profit/(loss) for the period		**4,597**	(46,868)
Basic profit/(loss) per share	15	**7.7p**	(78.9p)
Diluted profit/(loss) per share	15	**7.7p**	(78.9p)

All activities arise from continuing operations.

Group statement of comprehensive income

52 weeks ended 27 March 2021

	Note	**52 weeks ended 27 March 2021 £'000**	52 weeks ended 28 March 2020 £'000
Profit/(loss) for the period		**4,597**	(46,868)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	25	**(49)**	608
Gain on cash flow hedges	25	**–**	123
Income tax relating to items that may be classified subsequently to profit or loss		**–**	(129)
Total comprehensive income/(expense) for the period		**4,548**	(46,266)
Attributable to:			
Equity holders of the parent		**4,294**	(43,291)
Non-controlling interests		**254**	(2,975)
Total comprehensive income/(expense) for the period		**4,548**	(46,266)

Group balance sheet

At 27 March 2021

	Note	27 March 2021 £'000	28 March 2020 £'000
Non-current assets			
Intangible assets	16	**14,965**	14,701
Property, plant and equipment	17	**13,608**	16,953
Right-of-use assets	19	**33,511**	45,920
Interests in associates	20	**134**	187
Deferred tax asset	24	**1,234**	1,488
		63,452	79,249
Current assets			
Inventories	21	**31,476**	34,853
Trade and other receivables	22	**12,609**	11,075
Current tax asset		**525**	420
Cash and cash equivalents	22	**11,820**	7,998
		56,430	54,346
Total assets		**119,882**	133,595
Current liabilities			
Trade and other payables	25	**(22,629)**	(21,955)
Lease liabilities	26	**(14,820)**	(15,329)
Borrowings	23	**–**	(3,424)
		(37,449)	(40,708)
Net current assets		**18,981**	13,638
Non-current liabilities			
Lease liabilities	26	**(59,054)**	(76,775)
Borrowings	23	**(4,673)**	(2,591)
		(63,727)	(79,366)
Total liabilities		**(101,176)**	(120,074)
Net assets		**18,706**	13,521
Equity			
Share capital	27	**3,004**	3,004
Share premium account		**12,160**	12,160
Own share reserve	28	**(1,277)**	(1,061)
Capital redemption reserve	28	**154**	154
Foreign exchange reserve	28	**1,274**	1,323
Retained earnings		**6,957**	1,761
Equity attributable to holders of the parent		**22,272**	17,341
Non-controlling interests	29	**(3,566)**	(3,820)
Total equity		**18,706**	13,521

The financial statements of Mulberry Group plc (company number 01180514) were approved by the Board of Directors and authorised for issue on 20 July 2021.

They were signed on its behalf by:

THIERRY ANDRETTA
DIRECTOR

CHARLES ANDERSON
DIRECTOR

Group statement of changes in equity

52 weeks ended 27 March 2021

	Share capital £'000	Share premium account £'000	Own share reserve £'000	Capital redemption reserve £'000	Cash flow hedge reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Balance at 30 March 2019	3,002	12,072	(1,378)	154	(100)	821	67,555	82,126	(1,419)	80,707
Impairment on IFRS 16 transition	–	–	–	–	–	–	(17,770)	(17,770)	–	(17,770)
Loss for the period	–	–	–	–	–	–	(44,136)	(44,136)	(2,732)	(46,868)
Other comprehensive income/(expense) for the period	–	–	–	–	100	745	–	845	(243)	602
Total comprehensive income/(expense) for the period	–	–	–	–	100	745	(44,136)	(43,291)	(2,975)	(46,266)
Issue of share capital	2	88	–	–	–	–	–	90	–	90
Credit for employee share-based payments (note 31)	–	–	–	–	–	–	(24)	(24)	–	(24)
Impairment of shares in trust	–	–	317	–	–	–	(317)	–	–	–
Non-controlling interest foreign exchange	–	–	–	–	–	(243)	–	(243)	–	(243)
Adjustment arising from movement in non-controlling interests (note 29)	–	–	–	–	–	–	(574)	(574)	574	–
Dividends paid (note 14)	–	–	–	–	–	–	(2,973)	(2,973)	–	(2,973)
Balance at 28 March 2020	3,004	12,160	(1,061)	154	–	1,323	1,761	17,341	(3,820)	13,521
Profit/(loss) for the period	–	–	–	–	–	–	4,773	4,773	(176)	4,597
Other comprehensive (expense)/income for the period	–	–	–	–	–	(479)	–	(479)	430	(49)
Total comprehensive (expense)/income for the period	–	–	–	–	–	(479)	4,773	4,294	254	4,548
Charge for employee share-based payments (note 31)	–	–	–	–	–	–	105	105	–	105
Own shares	–	–	101	–	–	–	5	106	–	106
Exercise of share options	–	–	–	–	–	–	(4)	(4)	–	(4)
Release of impairment of shares in trust	–	–	(317)	–	–	–	317	–	–	–
Non-controlling interest foreign exchange	–	–	–	–	–	430	–	430	–	430
Balance at 27 March 2021	**3,004**	**12,160**	**(1,277)**	**154**	**–**	**1,274**	**6,957**	**22,272**	**(3,566)**	**18,706**

Group cash flow statement

52 weeks ended 27 March 2021

	Note	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Operating profit/(loss) for the period		**8,778**	(43,020)
Adjustments for:			
Depreciation and impairment of property, plant and equipment	17	**4,777**	13,627
Depreciation and impairment of right-of-use assets	19	**13,245**	41,551
Amortisation of intangible assets	16	**1,476**	1,165
Gain on lease modifications and disposals		**(10,314)**	–
Loss/(profit) on sale of property, plant and equipment		**188**	(16)
Own shares transferred from trust		**106**	–
Share-based payments (expense)/ credit	31	**105**	(24)
Operating cash inflows before movements in working capital		**18,361**	13,283
Decrease in inventories		**3,420**	5,006
(Increase)/decrease in receivables		**(1,534)**	1,560
Increase in payables		**75**	1,848
Cash generated from operations		**20,322**	21,697
Income taxes received		**201**	1,847
Interest paid		**(3,960)**	(4,978)
Net cash inflow from operating activities		**16,563**	18,566
Investing activities:			
Interest received and gains on foreign exchange contracts		**12**	83
Purchases of property, plant and equipment		**(1,895)**	(5,121)
Proceeds from disposal of property, plant and equipment		**26**	39
Acquisition of intangible assets		**(2,233)**	(1,728)
Net cash used in investing activities		**(4,090)**	(6,727)
Financing activities:			
Dividends paid	14	**–**	(2,973)
Proceeds on issue of shares		**–**	2
Increase in loans from non-controlling interests	23	**167**	783
Increase in loans from related parties	23	**–**	1,707
Repayment of loans from non-controlling interests	23	**–**	(1,090)
Repayment of borrowings	23	**(750)**	(566)
Principle elements of lease payments		**(7,735)**	(14,257)
Settlement of share awards		**(4)**	–
Net cash used in financing activities		**(8,322)**	(16,394)
Net increase/(decrease) in cash and cash equivalents		**4,151**	(4,555)
Cash and cash equivalents at beginning of period		**7,998**	12,377
Effect of foreign exchange rate changes		**(329)**	176
Cash and cash equivalents at end of period	22	**11,820**	7,998

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet position as shown above. Cash and cash equivalents does not include bank overdrafts that are not integral to the cash management of the Group.

1. GENERAL INFORMATION

Mulberry Group plc is a public company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006, and is registered in England and Wales. The address of the registered office is given on page 02. 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 2020. With the exception of the COVID-19-Related Concessions their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

COVID-19-Related Rent Concessions – Amendments to IFRS

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. The Group has applied the amendment to IFRS 16 and has treated unconditional forgiven lease payments as variable lease payments rather than as lease modifications.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

For the period ended 27 March 2021, the financial period runs for the 52 weeks to 27 March 2021 (2020: 52 weeks ended 28 March 2020).

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 39 to 44.

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.

3. SIGNIFICANT ACCOUNTING POLICIES continued
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.

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.

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES continued

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 intangible lease costs were created in 2014 when the Group purchased all of the shares of KJ Saint Honoré SA, a company registered in France. The company owned the rights to a lease on Rue Saint-Honoré, Paris where a flagship store opened in 2015. The transaction was accounted for as an asset acquisition; the costs are not being amortised but are subject to annual impairment review. The intangible is considered to have an indefinite economic life because it is associated with the location of the store. The value is supported by an annual external valuation.

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.

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 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 5%
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.

3. SIGNIFICANT ACCOUNTING POLICIES continued

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 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.

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES continued

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 assumes that 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.

3. SIGNIFICANT ACCOUNTING POLICIES continued

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 a gain in the income statement.
- The Group has applied the COVID-19 practical expedients in respect of unconditional forgiven lease payments which have been treated as variable lease payments and credited to 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.

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES continued

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.

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 and a non-employee. 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 distinguished 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.

3. SIGNIFICANT ACCOUNTING POLICIES continued

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 three 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.

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, provides 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.

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES continued

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

Hedge accounting has not been applied to any of the derivatives outstanding at period end. However, for the prior period, the following accounting policy was applied.

Changes in the fair value of foreign currency derivatives which are designated and effective as hedges of future cash flows are recognised in equity in the cash flow hedge reserve, and subsequently transferred to the carrying amount of the hedged item or the income statement. Realised gains or losses on cash flow hedges are therefore recognised in the income statement in the same period as the hedged item. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument previously recognised in equity is retained in equity until the hedged transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is then transferred to the income statement.

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.

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.

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES continued

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.

Government grants for the Coronavirus Job Retention Scheme ("CJRS")

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. The value is included in Other income.

The Group was entitled to claim under the CJRS scheme for employees who were furloughed during the period of enforced lockdown in the UK. Grant income has been included in Other operating income (see note 5).

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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

Control over Mulberry Japan Co. Limited

Note 43 describes that Mulberry Japan Co. Limited is a subsidiary of the Group which has a 50% ownership interest and 50% of the voting rights.

Based on the requirements of IFRS 10, the Directors of the Company are satisfied that the Group has control over Mulberry Japan Co. Limited and has therefore treated the entity as a subsidiary. Control is demonstrated both by the terms of the shareholders agreement and the relationship the Group has as the provider of distribution rights to Mulberry Japan Co. Limited, such that it has power over the entity, there is exposure to variable returns and there is a link between power and returns.

If this judgement changed, Mulberry Japan Co. Limited would be accounted for as an investment in an associate using the equity method of accounting, rather than as a subsidiary.

Going concern

In determining whether the Group's accounts can be prepared on a going concern basis, the Directors considered the Group's business activities and cash requirements together with factors likely to affect its performance and financial position, including the current and future anticipated impact of COVID-19.

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 08 to 27. The principal risks and uncertainties, including the mitigating actions which address these risks, are set out on pages 21 to 27.

The key judgements in relation to the going concern assessment are in respect of the potential ongoing impact of COVID-19 on the Group. These include the timing of the Group's recovery to pre-COVID-19 trading levels and the likelihood and impact of further lockdowns, including their duration and the impact on consumer demand in the markets in which the Group operates. When making these judgements, the Directors considered trading levels in the period after the majority of the Group's stores re-opened, and the outlook for the Group against their detailed base case forecast and a 'reverse stress test' scenario. This is further discussed within the Director's Report in pages 39 to 44.

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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

The Directors will assess the results of these valuation methods alongside their 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.

Impairment of goodwill

Goodwill is reviewed annually for indicators of impairment that the carrying value 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 their judgement 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 CGU could give rise to a significant impairment of goodwill. See note 16 for further details on the Group's assumptions and associated sensitivities and reasonably possible changes.

Deferred tax assets

Deferred tax assets have been recognised on tax recoverable on UK trading losses which are expected to be recovered against future taxable profits in the following three years, as well as on differences between carrying amounts of assets in the financial statements and the corresponding tax basis used in the computation of taxable profit. In the event that actual future taxable profits differ from current estimates, deferred tax assets may have been over or understated at 27 March 2021. See note 24 for further details.

An increase/decrease of 6% in Group revenue growth in the next three years would lead to an increase/ decrease in deferred tax assets of £800,000.

5. TOTAL REVENUE AND OTHER INCOME AND FINANCE INCOME

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Revenue		
Sale of goods	**114,951**	149,321
Other operating income		
Licence income	**508**	471
Royalty income	**130**	224
Other income [(1)]	**5,368**	398
	6,006	1,093
Finance income		
Interest income on cash balances	**7**	29
Other interest income	**5**	22
Gains on foreign exchange forward contracts	**–**	32
Total revenue and other income and finance income	**120,969**	150,497

(1) Included within Other income is £4,868,000 (2020: £184,000) of grants receivable under HM Revenue & Customs Coronavirus Job Retention Scheme and £471,000 (2020: £nil) from similar overseas schemes.

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, 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 has identified one reportable segment.

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. The distribution of product globally is monitored and optimised at a Group level and effected via the Group's distribution centres in the UK, Europe, North America and Asia. 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 attributable to this segment.

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

6. BUSINESS AND GEOGRAPHICAL SEGMENTS continued

Group income statement

	Note	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Revenue	5		
Retail		**43,586**	89,167
Digital		**56,365**	36,242
Wholesale		**15,000**	23,912
Total revenue		**114,951**	149,321
Cost of sales		**(41,879)**	(58,203)
Gross profit		**73,072**	91,118
Impairment charge related to property, plant and equipment	7	**(590)**	(7,143)
Impairment charge related to right-of-use assets	7	**(5,725)**	(24,947)
Store closure credit/(expense)	7	**3,702**	(886)
Lease modification	7	**3,951**	–
Operating expenses	8	**(71,638)**	(102,255)
Other operating income	5	**6,006**	1,093
Operating profit/(loss)		**8,778**	(43,020)
Share of results of associates	20	**(60)**	49
Finance income	11	**12**	83
Finance expense	12	**(4,176)**	(4,978)
Profit/(loss) before tax		**4,554**	(47,866)
Tax	13	**43**	998
Profit/(loss) for the period		**4,597**	(46,868)
Segment capital expenditure		**3,996**	6,401
Segment depreciation and amortisation[(1)]		**19,498**	56,343
Segment assets[(1)]		**118,648**	131,863
Segment liabilities		**101,176**	120,074

[(1)] The prior year numbers were restated to reflect the correct disclosure presentation.

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.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS continued

(b) Geographical markets

	Sales revenue by geographical market[1]		Non-current assets by geographical market	
	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000	**27 March 2021 £'000**	28 March 2020 £'000
UK	**68,573**	98,813	**50,792**	65,449
Rest of Europe	**15,014**	19,584	**8,487**	9,749
Asia	**24,636**	21,407	**3,362**	3,259
North America	**6,261**	9,038	**811**	792
Rest of world	**467**	479	**–**	–
Total revenue	**114,951**	149,321	**63,452**	79,249

[1] Revenue by geographical market includes wholesale and digital sales based on the location of the customer.

(c) Product categories

Leather accessories account for over 90% of the Group's revenues, of which bags represent over 70% of revenues. Other important product categories include small leather goods, shoes, soft accessories and women's ready-to-wear. Net asset information is not allocated by product category.

7. ALTERNATIVE PERFORMANCE MEASURES

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

Reconciliation to underlying profit/(loss) before tax:	Note	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Profit/(loss) before tax		**4,554**	(47,866)
Restructuring costs		**2,370**	676
Store closure (credit)/costs		**(3,702)**	886
Impairment charge related to property, plant and equipment		**590**	7,143
Impairment charge related to right-of-use assets		**5,725**	24,947
Lease modification		**(3,951)**	–
Licence agreement exit costs		**300**	–
Underlying profit/(loss) before tax – non-GAAP measure		**5,886**	(14,214)
Adjusted basic earnings/(loss) per share	15	**10.5p**	(22.4p)
Adjusted diluted earnings/(loss) per share	15	**10.5p**	(22.4p)

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

7. ALTERNATIVE PERFORMANCE MEASURES continued

In reporting financial information, the Group presents Alternative Performance Measures ("APMs"), which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board of Directors. Some of these measures are also used for the purpose of setting remuneration targets.
The Group makes certain adjustments to the statutory profit or loss measures in order to derive APMs. Adjusting items are those items which, in the opinion of the Directors, should be excluded in order to provide a consistent and comparable view of the performance of the Group's ongoing business. Generally, this will include those items that are largely one-off and material in nature as well as income or expenses relating to acquisitions or disposals of businesses or other transactions of a similar nature. Treatment as an adjusting item provides stakeholders with additional useful information to assess the year-on-year trading performance of the Group.

Restructuring costs

During the period, one-off charges of £2,370,000 (2020: £676,000) were incurred relating to people restructuring costs.

Store closure costs

During the period, two UK and two international stores were closed (2020: one international store) which had not been trading in line with expectations. The stores closure credit relates to the release to the Income Statement of lease liabilities net of lease exit and redundancy costs. The right-of-use and tangible assets for these stores had been fully impaired in the 52 weeks ended March 2020.

Impairment charge related to property, plant and equipment and right-of-use assets

The fixed assets and right-of-use assets of retail stores are subject to impairment based on whether current or future events and conditions suggest that their recoverable amount may be less than their carrying value. The recoverable amount of each store is based on the higher of the value-in-use and fair value less costs to dispose. Value-in-use is calculated from expected future cash flows using suitable discount rates, management assumptions and estimates on future performance. The carrying value for each store is considered net of the carrying value of any cash contribution received in relation to that store. For impairment testing purposes, the Group has determined that each store is a separate cash-generating unit (CGU). Each CGU is tested for impairment if any indicators of impairment have been identified. The value-in-use of each CGU is calculated based on the Group's latest budget and forecast cash flows. Cash flows are discounted using the weighted average cost of capital ("WACC") and are modelled for each store through to their lease expiry or break date. No lease extensions have been assumed when forecasting.
As a result of this assessment impairment charges of £590,000 (2020: £7,143,000) and £5,725,000 (2020: £24,947,000) were recognised in the period against the property, plant and equipment and right-of-use assets respectively for the stores which are impaired.

Lease modification

During the period the Group renegotiated a lease that had 14 years remaining to one where only 9 years remain as at March 2021. The resulting reduction in the lease liability was treated as an IFRS 16 lease modification. The resulting remeasurement of the lease liability was in excess of the right-of-use asset and resulted in a credit of £3,951,000 (2020: £nil) to the Income Statement.

Licence agreement exit costs

During the period the Group incurred charges of £300,000 (2020: £nil) from the write-off of its ready-to-wear and footwear licence relating to final samples and materials on non-renewal of the licence and distribution agreement for these lifestyle products.

8. OTHER OPERATING EXPENSES

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Other operating expenses have been arrived at after charging/(crediting):		
Net foreign exchange gain/(loss)	**388**	(796)
Amortisation of intangible assets (see note 16)	**1,476**	1,165
Depreciation of property, plant and equipment (see note 17)	**4,187**	6,484
Depreciation of right-of-use assets (see note 19)	**7,520**	16,604
Staff costs (see note 10)	**36,330**	44,418
Restructuring costs	**2,370**	676
Loss/(profit) on disposal of property, plant and equipment and right-of-use assets	**188**	(16)
Bad debt (credit)/expense	**(592)**	506
Other operating expenses	**19,771**	33,214
	71,638	102,255

9. AUDITOR'S REMUNERATION

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'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	**345**	140
Fees payable to the Company's auditor and their associates for the audit of the Company's subsidiaries	**47**	276
Additional fees payable to the Company's auditor and their associates for the audit of the March 20 annual accounts	**–**	290
Total audit fees	**392**	706

	£'000	£'000
Other taxation advisory services	**–**	26
Tax compliance	**2**	6
Total non-audit fees	**2**	32

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

9. AUDITOR'S REMUNERATION continued

Grant Thornton UK LLP were appointed as the Group's Auditor at the Annual General Meeting on 17 November. 2020. All fees for the 52 weeks ended 27 March 2021 relate to Grant Thornton UK LLP and their associates.

During the period to March 21 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 will provide tax compliance services to some non-UK subsidiary companies. These services will take place after the signing of this Annual Report.

All fees for the 52 weeks ended 28 March 2020 relate to the Group's previous auditor Deloitte LLP and their associates.

Included in the audit fee for the 52 weeks ended 28 March 2020 are additional audit fees in respect of the 52 weeks ended 30 March 2019 of £47,000.

During the period to March 20 Deloitte 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.

10. STAFF COSTS

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

	52 weeks ended 27 March 2021 Number	52 weeks ended 28 March 2020 Number
Production	**367**	504
Sales and distribution	**490**	648
Administration	**255**	281
	1,112	1,433

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Their aggregate remuneration comprised:		
Wages and salaries	**31,396**	38,934
Social security costs	**3,666**	4,163
Other pension costs (see note 32)	**1,163**	1,345
Share-based payments (see note 31)	**105**	(24)
	36,330	44,418

Details of Directors' remuneration is set out in the Directors' Remuneration Report on pages 35 to 38.

11. FINANCE INCOME

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Gains on foreign exchange forward contracts	–	32
Other interest income	**5**	22
Interest income on cash balances	**7**	29
	12	83

12. FINANCE EXPENSE

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Interest on bank overdraft	**7**	114
Interest arising on adjustment from the hedged item in a designated fair value hedge accounting relationship	–	29
Interest on lease liabilities	**3,992**	4,721
Other interest expense	**39**	29
Interest paid on loans from related parties	**138**	85
	4,176	4,978

13. TAX

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Current tax	–	–
Corporation tax	–	–
Current tax on income	**7**	(194)
Adjustments in respect of prior periods	**(305)**	(418)
Deferred tax (note 24)		
Origination and reversal of temporary differences	**1,613**	190
Adjustments in respect of prior periods	**(1,358)**	(576)
	(43)	(998)

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

13. TAX continued

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

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Profit/(loss) before tax	**4,554**	(47,866)
Tax at the UK corporation tax rate of 19% (2020: 19%)	**865**	(9,095)
Tax effect of share of results of associate	**20**	13
Tax effect of expenses that are not deductible in determining taxable profit	**360**	1,400
Tax effect of differences in overseas tax base	**(74)**	(66)
Change in unrecognised deferred tax assets	**87**	7,749
Effect of different tax rates of subsidiaries operating in other jurisdictions	**363**	(27)
Effect of differences between deferred tax and current tax rates	**–**	22
Adjustments in respect of prior periods	**(1,664)**	(994)
Tax credit for the period	**(43)**	(998)

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. As the 25% rate had not been substantively enacted at 27 March 2021, its effects are not included in these financial statements. This is not expected to have a material impact on the deferred tax balances recognised. 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 three year strategic plan. In the period to 27 March 2021 the Group recognised deferred tax assets of £1,234,000 (2020: £1,488,000) in respect of losses and short term timing differences that are expected to be set off against future taxable income.

At 27 March 2021 the Group did not recognise deferred tax assets of £67,591,000 (2020: £93,300,000) 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.

Current tax prior year adjustments have primarily arisen due to the carry back of losses to a previous year which resulted in a reassessment of corporation tax due. Deferred tax prior period adjustments arose on the recognition of carried forward unrecognised losses used in the year. Adjustments also occurred as a result of finalised capital allowances, provisions and revenue losses compared to the deferred tax recognised on these amounts in the previous year which was based on future profit forecasts.

14. DIVIDENDS

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Dividend for the period ended 28 March 2020 of nil (2019: 5p) per share	**–**	**2,973**
Proposed dividend for the period ended 27 March 2021 of nil per share (2020: nil)	**–**	–

15. EARNINGS PER SHARE ('EPS')

	52 weeks ended 27 March 2021 pence	52 weeks ended 28 March 2020 pence
Basic profit/(loss) per share	**7.7**	(78.9)
Diluted profit/(loss) per share	**7.7**	(78.9)
Underlying basic earnings/(loss) per share	**10.5**	(22.4)
Underlying diluted earnings/(loss) per share	**10.5**	(22.4)

Earnings per share is calculated based on the following data:

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Profit/(loss) for the period for basic and diluted earnings per share	**4,597**	(46,868)
Adjusting items:		
Restructuring costs[1]	**1,931**	584
Store closure credit/(costs)[1]	**(3,611)**	886
Impairment relating to retail assets	**590**	7,143
Impairment charge related to right-of-use assets	**5,725**	24,947
Lease modification[1]	**(3,200)**	–
Licence agreement exit costs[1]	**243**	–
Profit/(loss) for the period for underlying basic and diluted earnings per share	**6,275**	(13,308)

[1] These items are included net of £1,346,000 (2020: £92,000 credit) of the corresponding tax expense.

	52 weeks ended 27 March 2021 Million	52 weeks ended 28 March 2020 Million
Weighted average number of ordinary shares for the purpose of basic EPS	**59.5**	59.4
Effect of dilutive potential ordinary shares: share options	**–**	–
Weighted average number of ordinary shares for the purpose of diluted EPS	**59.5**	59.4

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)

52 weeks ended 27 March 2021

16. INTANGIBLE ASSETS

	Goodwill £'000	Acquired software costs £'000	Lease costs £'000	Total £'000
Cost				
At 31 March 2019	2,538	15,372	8,001	25,911
Additions	–	1,583	–	1,583
Disposals	–	–	–	–
Foreign currency translation	(7)	19	306	318
At 28 March 2020	2,531	16,974	8,307	27,812
Additions	–	2,236	–	2,236
Disposals	–	–	–	–
Foreign currency translation	(97)	(35)	(375)	(507)
At 27 March 2021	**2,434**	**19,175**	**7,932**	**29,541**
Amortisation				
At 31 March 2019	–	11,941	–	11,941
Charge for the period	–	1,165	–	1,165
Disposals	–	–	–	–
Foreign currency translation	–	5	–	5
At 28 March 2020	–	13,111	–	13,111
Charge for the period	–	1,476	–	1,476
Disposals	–	–	–	–
Foreign currency translation	–	(11)	–	(11)
At 27 March 2021	**–**	**14,576**	**–**	**14,576**
Carrying amount				
At 27 March 2021	**2,434**	**4,599**	**7,932**	**14,965**
At 28 March 2020	2,531	3,863	8,307	14,701
At 30 March 2019	2,538	3,431	8,001	13,970

Goodwill

Goodwill represents the opportunity to grow by utilising an established distribution network in Korea. The recoverable amount of the goodwill is determined based on a value-in-use calculation which uses cash flow projections based on financial projections approved by the Directors, and using a pre-tax discount rate of 20.5% per annum (2020: 15.2%). Acquired goodwill is regarded as having an indefinite life and under IAS 36 is not subject to amortisation but is subject to annual tests for impairment.

16. INTANGIBLE ASSETS continued

Key assumptions used in value-in-use calculations

Existing goodwill of £2.4m (2020: £2.6m) is wholly attributable to the acquisition of the Korea business. The recoverable amount of goodwill is determined based on a value-in-use calculation for the individual stores (CGUs) and online sales from the business using cash flow projections to March 2023 from financial budgets approved by the Board. The pre-tax discount rate applied to cash flow projections is 20.5% (2020: 15.2%); turnover growth rates up to March 2025 are between 6% and 8%, and beyond March 2025 are extrapolated using a 2% long term growth rate.

Based on these projections and corresponding discounted cash flows no impairment of goodwill was indicated at 27 March 2021 (2020: £nil).

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, a change in any of the above key assumptions could have a material impact on the carrying value of the cash generating unit. A decrease in the short term growth rate is also a reasonably possible change in a key assumption A 10% decrease (2020: 12%) in the short term growth rate (revenue over three years) would result in a reduction in the headroom from £4.2m to £nil (2020 £2.3m to £nil). This is considered a reasonably possible change.

Acquired software costs

At 27 March 2021, the Group had entered into contractual commitments for the acquisition of software of £199,000 (2020: £59,000). Included within software is £311,000 of projects still in development, where amortisation will not commence until the projects are complete and the assets come into use (2020: £258,000). The carrying value of website development costs within software is £2,316,000 (2020: £2,039,000). The estimated useful life of such assets is estimated as four to five years.

Lease costs

The intangible lease costs were created in 2014 when the Group purchased all of the shares of KJ Saint Honoré SA, a company registered in France. The Company owned the rights to a lease on Rue Saint-Honoré, Paris where a flagship store opened in 2015. The transaction was accounted for as an asset acquisition; the costs are not being amortised but are subject to annual impairment review. The intangible is considered to have an indefinite economic life because it is associated with the location of the store. The value is supported by an annual external valuation.

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

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 31 March 2019	12,158	26,316	9,657	34,734	50	82,915
Additions	168	1,402	579	2,669	–	4,818
Disposals	(2)	(7,923)	(589)	(9,791)	(18)	(18,323)
Foreign currency translation	–	787	44	908	–	1,739
At 28 March 2020	12,324	20,582	9,691	28,520	32	71,149
Additions	–	153	352	1,251	4	1,760
Disposals	–	(1,129)	(1,006)	(5,165)	(6)	(7,306)
Foreign currency translation	–	(709)	(45)	(806)	–	(1,560)
At 27 March 2021	**12,324**	**18,897**	**8,992**	**23,800**	**30**	**64,043**
Accumulated depreciation and impairment						
At 31 March 2019	4,307	19,741	6,803	25,843	50	56,744
Charge for the period	431	1,712	1,166	3,175	–	6,484
Impairment charge	–	3,802	86	3,255	–	7,143
Disposals	–	(7,777)	(559)	(9,272)	(18)	(17,626)
Foreign currency translation	–	644	37	770	–	1,451
At 28 March 2020	4,738	18,122	7,533	23,771	32	54,196
Charge for the period	434	494	919	2,340	–	4,187
Impairment charge	–	342	–	248	–	590
Disposals	–	(1,054)	(1,016)	(5,015)	(6)	(7,091)
Foreign currency translation	–	(679)	(38)	(730)	–	(1,447)
At 27 March 2021	**5,172**	**17,225**	**7,398**	**20,614**	**26**	**50,435**
Carrying amount						
At 27 March 2021	**7,152**	**1,672**	**1,594**	**3,186**	**4**	**13,608**
At 28 March 2020	7,586	2,460	2,158	4,749	–	16,953
At 30 March 2019	7,851	6,575	2,854	8,891	–	26,171

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

At 27 March 2021	**–**	**–**	**13**	**112**	**–**	**125**
At 28 March 2020	–	–	32	42	–	74

17. PROPERTY, PLANT AND EQUIPMENT

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 27 March 2021	**–**	**4**	**4**	**23**	**–**	**31**
At 28 March 2020	–	–	7	4	–	11

Freehold land of £2,029,000 (2020: £2,029,000) and store fixtures and fittings of £125,000 (2020: £325,000) 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 27 March 2021. For the period ended 27 March 2021 the Group reviewed the property, plant and equipment in all of its retail stores.

During the period, an impairment charge of £590,000 (2020: £7,143,000) was identified as part of the Directors' impairment review of the retail store assets relating to 2 stores across the Group portfolio. This was principally caused by reductions in trading performance in the current year compared to budget and uncertainty of the impact of COVID-19 on future trading. In the prior period 40 stores were impaired. The total recoverable amount for these stores at the balance sheet date is considered to be £36,000 (2020: £1,630,000).

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 and the Board approved 3 year strategic plan, and thereafter a nominal growth rate is used.

With regard to the assessment of value-in-use, a change in any of the above key assumptions could have a material impact on the carrying value of the cash generating unit. A 10% decrease in revenue would result in a reduction in the headroom of between £0.1m to £0.2m (2020: £0.5m to £0.6m). This is considered a reasonably possible change in the key assumption.

The growth rates reflect expectations of future changes in the market. In years four and after this is 2%, being the approximate average long term growth rate for the relevant markets. A 10% decrease in the long term growth rate would result in a reduction in headroom of up to £0.1m (2020: up to £0.1m). This is considered a reasonably possible change.

The pre-tax discount rates used in these calculations were between 14.7% and 16.6% (2020: 10.0% and 12.1%). This is based on the Group's weighted average cost of capital adjusted for country specific risks.

18. SUBSIDIARIES

A list of the investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 43 to the Company's separate financial statements.

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

19. RIGHT-OF-USE ASSETS

	Short leasehold land and buildings £'000	Fixtures fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 31 March 2019 – initial application of IFRS	110,969	124	88	111,181
Additions	3,920	–	–	3,920
Modifications	(8,167)	–	–	(8,167)
Disposals	(2,810)	–	–	(2,810)
Foreign currency translation	1,357	–	–	1,357
At 28 March 2020	105,269	124	88	105,481
Additions	1,114	–	–	1,114
Modifications	(201)	–	–	(201)
Disposals	–	–	–	–
Foreign currency translation	443	–	–	443
At 27 March 2021	**106,625**	**124**	**88**	**106,837**
Depreciation				
At 31 March 2019	–	–	–	–
Impairment on transition to IFRS 16	17,770	–	–	17,770
Charge for the period	16,523	46	35	16,604
Impairment charge for the period	24,947	–	–	24,947
Foreign currency translation	240	–	–	240
At 28 March 2020	59,480	46	35	59,561
Charge for the period	7,447	40	33	7,520
Impairment charge for the period	5,725	–	–	5,725
Foreign currency translation	520	–	–	520
At 27 March 2021	**73,172**	**86**	**68**	**73,326**
Carrying amount				
At 27 March 2021	**33,453**	**38**	**20**	**33,511**
At 28 March 2020	45,789	78	53	45,920
At 30 March 2019	–	–	–	–

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 27 March 2021. For the period ended 27 March 2021 the Group reviewed the right-of-use assets for all its retail stores.

19. RIGHT-OF-USE ASSETS continued

During the period, an impairment charge of £5,725,000 (2020: £24,947,000) was identified as part of the Directors' impairment review of 5 retail store assets (2020:40 stores). This was principally caused by reductions in trading performance in the current year compared to budget and uncertainty of the impact of COVID-19 on future trading.

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, and the Board approved 3 year strategic plan, and thereafter a nominal growth rate is used.

With regards to the assessment of value-in-use, a change in any of the above key assumptions could have a material impact on the carrying value of the cash generating unit. A 10% decrease in revenue would result in an increase in the impairment charge of between £1.9m and £2.3m (2020: £3.0m to £4.0m). This considered a reasonably possible change in the key assumption.

The growth rates reflect expectations of future changes in the market. After five years this rate reduces to 2%, being the approximate average long term growth rate for the relevant markets. A 10% decrease in the long term growth rate would result in an increase in the impairment charge of up to £0.1m (2020: £0.4m). This considered a reasonably possible change in the key assumption.

The pre-tax discount rates used in these calculations were between 14.7% and 16.6% (2020: 10.0% and 12.0%).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 a reduction in the impairment charge of between £0.5m and £0.8m (2020 £0.5m to £1m). This is also a reasonably possible change in the key assumption.

The following amounts are recognised in the income statement :

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Depreciation of right-of-use assets	**7,520**	16,604
Impairment charge for the period	**5,725**	24,947
Finance costs of lease liabilities	**3,992**	4,722
Expense relating to short-term leases	**648**	2,475
Expense relating to variable payments not included in the measurement of the lease liability	**8,308**	9,150
	26,198	57,898

The variable lease payments constitute up to 35% of the Group's entire lease payments. The Group expects this ratio to remain constant 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 £20,683,000 (2020: £30,604,000 restated[1])

[1] The prior year number was restated to reflect the correct disclosure presentation.

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

20. INTERESTS IN ASSOCIATES

	27 March 2021 £'000	28 March 2020 £'000
Total assets	**1,809**	1,505
Total liabilities	**(807)**	(485)
Total net assets	**1,002**	1,020

	27 March 2021 £'000	28 March 2020 £'000
Group's share of net assets of associate	**134**	187

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 27 March 2021.

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Total revenue	**1,714**	1,998
(Loss)/profit for the period	**(120)**	98
Group's share of (loss)/profit of associate	**(60)**	49

21. INVENTORIES

	27 March 2021 £'000	28 March 2020 £'000
Raw materials	**3,599**	2,630
Work-in-progress	**588**	831
Finished goods	**27,289**	31,392
	31,476	34,853

Included in cost of sales are write down of inventories as an expense of £3,227,000 (2020:£1,003,000) and cost of inventories recognised as an expense £38,512,000 (2020: £56,899,000).

22. OTHER FINANCIAL ASSETS

Trade and other receivables

	27 March 2021 £'000	28 March 2020 £'000
Amount receivable for the sale of goods	**6,675**	6,722
Allowance for expected credit losses	**(250)**	(809)
	6,425	5,913
Amounts due from related parties (see note 35)	**297**	203
Amounts owed by associate undertakings (see note 35)	**491**	147
Derivative financial instruments	**–**	244
Other debtors	**2,589**	3,274
Prepayments	**2,807**	1,294
	12,609	11,075

Trade receivables

The average credit period taken on the sale of goods is 37 days (2020: 70 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**
27 March 2021					
Expected credit loss	**n/a**	**2%**	**9%**	**11%**	**19%**
Gross carrying amount	**6,675**	**5,669**	**324**	**257**	**425**
Loss allowance	**(250)**	**(113)**	**(28)**	**(29)**	**(80)**
Net trade receivable	**6,425**	**5,556**	**296**	**228**	**345**

	Total £'000	Current £'000	<30 days £'000	31-60 days £'000	>61 days £'000
28 March 2020					
Expected credit loss	n/a	11%	15%	17%	36%
Gross carrying amount	6,722	5,405	841	331	145
Loss allowance	(809)	(574)	(126)	(58)	(52)
Net trade receivable	5,913	4,832	715	273	93

22. OTHER FINANCIAL ASSETS continued

Expected credit losses includes £nil for one franchise partner (2020: £159,000) and a decrease in the rate of general provisions as a result of the reduction in the potential risk of default due to the impact of COVID-19 on wholesale and franchise debtors compared to the previous year.

The Group took early and decisive cash preservation measures across the business including deferral of tax payments and seeking reductions in business rates as a result of UK government support; utilising government support packages offered in many countries where we operate; furloughing up to 73 % of UK employees during the periods the country was in lockdown. The Group also deferred VAT, PAYE and Customs Duty, of which VAT of £694,000 was outstanding at period end and which has now been repaid. Government grants in relation to HM Revenue & Customs CJRS and similar overseas schemes for the period were £5,339,000 (2020 : £184,000). The Group also obtained business rates relief for retailers of £2,600,000 (2020; £nil)

Cash and cash equivalents

	27 March 2021 £'000	28 March 2020 £'000
Cash and cash equivalents	**11,820**	7,998

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.

23. BORROWINGS

	27 March 2021 £'000	28 March 2020 £'000
Bank overdrafts	**–**	750
Loans from related parties (see note 35)	**3,171**	3,698
Loans from non-controlling interests	**1,502**	1,567
Unsecured borrowings at amortised cost	**4,673**	6,015
Amounts due for settlement within 12 months	**–**	3,424
Amounts due for settlement after 12 months	**4,673**	2,591

23. BORROWINGS continued

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

	Loan repayment date	27 March 2021 £'000	28 March 2020 £'000
Related party			
Challice Limited	31 March 2023	**3,171**	–
Challice Limited	31 March 2020	**–**	2,674
Challice Limited	31 March 2021	**–**	1,024
Non-controlling interest			
Onward Holding Co., Limited	17 December 2023	**167**	–
Onward Holding Co., Limited	31 March 2022	**1,335**	783
Onward Global Fashion Co., Limited	31 March 2022	**–**	784
		4,673	5,265

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

Challice Limited	3.0%
Onward Holding Co., Limited	1.0%

During the period the loan with Onward Global Fashion Co., Limited was reassigned to Onward Holding Co., Limited.

	Hong Kong Dollars £'000	Japanese Yen £'000	Chinese Renminbi £'000	Total £'000
Analysis of borrowings by currency:				
Bank overdrafts	–	–	–	–
Loans from related parties	3,171	–	–	3,171
Loans from non-controlling interest	–	1,502	–	1,502
Carrying amount At 27 March 2021	**3,171**	**1,502**	**–**	**4,673**
Analysis of borrowings by currency:				
Bank overdrafts	–	–	750	750
Loans from related parties	3,698	–	–	3,698
Loans from non-controlling interest	–	1,567	–	1,567
Carrying amount At 28 March 2020	3,698	1,567	750	6,015

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

23. BORROWINGS continued

Since the year-end, the Group has extended the revolving credit facility until March 2023 and renegotiated banking covenants to reflect the current COVID-19 world. The £15.0m revolving credit facility is secured by fixed and floating debentures over the assets of its subsidiaries, excluding inventory and shares in Mulberry Japan Co. Limited, and fixed legal charges over its freehold premises, and retains quarterly covenant testing against the Group's leverage and liquidity ratios.

The revolving credit facilities are secured with Group cross guarantees. At 27 March 2021 the Group had £4,673,000 (2020: £5,265,000) of related party loans payable at commercial rates within each country.

24. DEFERRED TAX

	Tax losses £'000	Accelerated tax depreciation £'000	Short term temporary differences £'000	Total £'000
At 31 March 2019	–	1,081	21	1,102
Credit/(charge) to income	1,187	(803)	2	386
At 28 March 2020	1,187	278	23	1,488
Charge to income	(148)	(87)	(19)	(254)
Deferred tax asset as at 27 March 2021	**1,039**	**191**	**4**	**1,234**

£191,000 (2020: £1,465,000) of the deferred tax asset is expected to unwind in more than one year.

At the balance sheet date, the Group has cumulative unused tax losses of £26,925,000 (2020: £32,350,000) arising from overseas territories upon which deferred tax assets are not recognised.

The Group further has UK tax losses totalling £15,397,000 (2020: £16,901,000) arising from UK entities. A deferred tax asset has been recognised in respect of £5,464,000 (2020: £6,247,000) of the UK losses which are expected to be recovered against future taxable profits in the following three years.

Additionally, there are deferred tax asset balances (gross) on short term timing differences (£2,393,000), and fixed asset timing differences (£6,901,000) and IFRS 16 differences (£21,440,000) 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.

25. OTHER FINANCIAL LIABILITIES

Trade and other payables

	27 March 2021 £'000	28 March 2020 £'000
Trade payables	**9,937**	13,742
Accruals [1]	**11,969**	6,548
Other payables	**723**	1,665
	22,629	21,955

[1] Accruals includes £385,000 (2020: £475,000) for a lease liability under an authorised guarantee agreement which became the Group's liability when a sub-lessee went into administration.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 34 days (2020: 14 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. Due to the impact of COVID-19 on the Group's working capital, some payments for trade payables were made later than agreed credit terms after the period end whilst rent and supplier payment terms were being renegotiated.

Foreign exchange contracts are forward contracts, which are used to hedge exchange risk arising from the Group's purchase of overseas sourced raw materials and finished products (note 32). These instruments are for US Dollars and Euros.

Liabilities payable to HM Revenue & Customs at the period end for VAT, PAYE and national insurance contributions were permitted by HM Revenue & Customs to be deferred beyond the normal payment terms as part of government allowances to businesses impacted by COVID-19.

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

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 2.4% to 13.2% (2020: 2.4% to 5.62%) with a weighted average rate of 5.0% (2020 : 4.5%). These rates have been determined based on comparable bond yields and are lease specific varying by territory and lease length.

	27 March 2021 £'000	28 March 2020 £'000
Analysed as		
Current	**14,820**	15,329
Non-current	**59,054**	76,775
	73,874	92,104

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

26. LEASE LIABILITIES continued

Future minimum lease payments at 27 March 2021 are as follows:

	27 March 2021 £'000	28 March 2020 £'000
Maturity analysis;		
Year 1	**16,121**	19,068
Year 2	**13,375**	15,999
Year 3	**12,219**	13,321
Year 4	**10,794**	11,861
Year 5	**9,144**	10,258
Year 6	**8,858**	8,728
Year 7	**6,890**	8,479
Year 8	**4,052**	6,524
Year 9	**3,077**	3,446
Year 10	**–**	2,393
Year 11	**–**	2,316
Year 12	**–**	2,316
Year 13	**–**	2,316
Year 14	**–**	2,316
Year 15	**–**	1,874
Effect of discounting	**(10,656)**	(19,111)
Carrying amount of liability	**73,874**	92,104

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.

During the period the Group renegotiated a lease that had 14 years remaining to one where only 9 years remain as at March 2021. The resulting reduction in the lease liability was treated as an IFRS16 lease modification and resulted in a credit of £3,951,000 (2020 : £nil) to the Income Statement.

27. SHARE CAPITAL

	27 March 2021 £'000	28 March 2020 £'000
Authorised		
65,000,000 ordinary shares of 5p each (2020: 65,000,000)	**3,250**	3,250
Issued and fully paid		
60,077,458 ordinary shares of 5p each (2020: 60,047,458)	**3,004**	3,002

No shares were issued during the period (2020: 30,000 5p ordinary shares).

The Company has not granted any options in respect of 5p ordinary shares during the period (2020: 1,360,000).

28. RESERVES

Own share reserve

The own share reserve represents 576,647 5p ordinary shares (2020: 622,336 5p ordinary shares) at a cost of £1,276,866 (2020: £1,061,083). 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.

On 16 February 2021, following a recommendation from the Remuneration Committee, the Trustees of the Mulberry Group plc Employee Share Trust (the "EST") awarded 45,689 ordinary shares of 5 pence each in the Company ("Ordinary Shares") to Thierry Andretta at nil cost.

During the period, no 5p shares (2020: nil) at a cost of £nil (2020: £nil) were issued to the Mulberry Group plc Employee Share Trust. During the period the previous impairment in the value of the shares was reversed resulting in a credit of £316,952 to retained earnings (2020: debit to retained earnings £316,952) ,reflecting the increase in the market price of the Company. No shares were transferred to satisfy the vesting of shares awards (2020: nil). The maximum number of own shares held during the period was 622,336 (2020: 622,336).

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.

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

28. RESERVES continued

Cash flow hedge and foreign exchange reserves

	Cash flow hedge reserve £'000	Foreign exchange reserve £'000	Total £'000
At 31 March 2019	(100)	821	721
Exchange differences on translating the net assets of foreign operations	–	608	608
Foreign currency forward contracts	123	–	123
Current tax recognised on above	(23)	(106)	(129)
At 28 March 2020	–	1,323	1,323
Exchange differences on translating the net assets of foreign operations	–	(49)	(49)
Foreign currency forward contracts	–	–	–
Current tax recognised on above	–	–	–
At 27 March 2021	**–**	**1,274**	**1,274**

Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss.

Gains/(losses) reclassified from the hedging and translation reserves into profit or loss during the period are included in the following line items in the income statement:

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Cost of sales	**–**	(107)
Other expenses	**–**	111
	–	4

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	Mulberry Korea Co., Ltd £'000	Total £'000
At 31 March 2019	(1,498)	547	(468)	(1,419)
Share of losses for the period	(1,779)	(849)	(104)	(2,732)
Foreign currency translation	(276)	35	(2)	(243)
Adjustment due to change in control	–	–	574	574
At 28 March 2020	(3,553)	(267)	–	(3,820)
Share of profits/(losses) for the period	175	(351)	–	(176)
Foreign currency translation	388	42	–	430
At 27 March 2021	**(3,553)**	**(267)**	**–**	**(3,566)**

The proportion of ownership interests held by non-controlling interests is as follows;

Mulberry (Asia) Limited	40%
Mulberry Japan Co. Limited	50%

On 24 July 2019, the Group purchased the remaining 40% shares in Mulberry Korea Co. Ltd. for 1 Korean Won.

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 (2020: £nil).

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

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.

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

	52 weeks ended 27 March 2021 Number of share options	**52 weeks ended 27 March 2021 Weighted average exercise price (in £)**	52 weeks ended 28 March 2020 Number of share options	52 weeks ended 28 March 2020 Weighted average exercise price (in £)
Outstanding at the beginning of the period	**959,815**	**6.20**	543,315	9.29
Granted during the period	**–**	**–**	450,000	2.70
Forfeited during the period	**(37,000)**	**10.60**	(33,500)	9.41
Exercised during the period	**–**	**–**	–	–
Outstanding at the end of the period	**922,815**	**6.00**	959,815	6.20
Exercisable at the end of the period	**722,815**	**6.90**	659,815	7.80

The options outstanding at 27 March 2021 had a weighted average remaining contractual life of 1 year (2020: 0.4 years).

31. SHARE-BASED PAYMENTS continued

Mulberry Group plc 2008 Deferred Bonus Plan

The plan was established on 8 August 2008 and is open to all employees of Mulberry Group plc and its subsidiaries. The share-based payments charge relates to the cost of matching shares awarded to employees participating in this plan. The vesting period is two 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 matching shares remain unexercised after a period of 10 years from the date of grant, the award expires. The matching shares may be forfeited if the employee leaves the Group prior to vesting.

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

	52 weeks ended 27 March 2021 Number of matching shares	52 weeks ended 28 March 2020 Number of matching shares
Outstanding at the beginning of the period	**2,904**	2,904
Exercised during the period	**(1,571)**	–
Outstanding at the end of the period	**523**	2,904
Exercisable at the end of the period	**523**	2,904

The weighted average share price at the date of exercise for share options exercised during the period was £2.67 (2020: no shares exercised). The options outstanding at 27 March 2021 had a weighted average remaining contractual life of nil years (2020: nil years) and have an exercise price of £nil.

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.

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

31. SHARE-BASED PAYMENTS continued

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

	52 weeks ended 27 March 2021 Number of share options	**52 weeks ended 27 March 2021 Weighted average exercise price (in £)**	52 weeks ended 28 March 2020 Number of share options	52 weeks ended 28 March 2020 Weighted average exercise price (in £)
Outstanding at the beginning of the period	**300,000**	**1.458**	300,000	1.458
Exercised during the period	**–**	**–**	–	–
Outstanding at the end of the period	**300,000**	**1.458**	300,000	1.458
Exercisable at the end of the period	**300,000**	**1.458**	300,000	1.458

The options outstanding at 27 March 2021 had a weighted average remaining contractual life of 0.7 years (2020: 1.7 years) and have an exercise price of £1.458.

Mulberry Group plc 2017 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 28 March 2020 have been announced, and up to 10 periods from the date of grant, upon attainment of the relevant performance conditions.

Further option grants were made on 25 November 2019, of which 426,000 options are exercisable after the financial results for period ended 27 March 2021 have been announced, and 48,000 options are exercisable after the financial results for the period ended 2 April 2022 have been announced.

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

	52 weeks ended 27 March 2021 Number of shares	52 weeks ended 28 March 2020 Number of shares
Outstanding at the beginning of the period	**1,258,000**	360,000
Granted during the period	**–**	910,000
Lapsed during the period	**(380,500)**	(11,500)
Outstanding at the end of the period	**878,000**	1,258,500
Exercisable at the end of the period	**–**	–

31. SHARE-BASED PAYMENTS continued

The Group recognised the following (credit)/expense related to share-based payments:

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Mulberry Group plc 2008 Unapproved Share Option Scheme	**105**	110
Mulberry Group plc 2009 Co-ownership Equity Incentive Plan	**–**	39
Mulberry Group plc 2017 Performance Share Plan	**–**	(173)
Total share option charge/(credit)	**105**	(24)

The Group accounts for its share schemes as equity-settled.

32. RETIREMENT BENEFIT SCHEMES

The Group contributes to personal pension plans for all qualifying employees. The total cost charged to income of £1,162,000 (2020: £1,345,000) represents contributions payable to these personal plans by the Group at rates contractually agreed. As at 27 March 2021, contributions due in respect of the current reporting period which had not been paid over to the plans were £144,000 (2020: £250,000).

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)

52 weeks ended 27 March 2021

33. FINANCIAL INSTRUMENTS continued

Categories of financial instruments

	27 March 2021 £'000	28 March 2020 £'000
Financial assets		
Cash and cash equivalents measured at amortised cost (note 22)	**11,820**	7,998
Trade and other receivables measured at amortised cost (note 22)[1]	**9,802**	9,537
Derivative financial instruments measured at fair value through income statement	**–**	244
	21,622	17,779
Financial liabilities		
Trade and other payables measured at amortised cost (note 25)[1]	**20,824**	19,478
Borrowings (note 23)	**4,673**	6,015
Lease liabilities (note 26)	**73,874**	92,104
	99,371	117,597

(1) The prior year numbers were restated to reflect the correct disclosure presentation.

Fair value measurements

The information set out below provides information about how the Group determines fair values of derivatives in designated hedging relationships. These are within the Level 2 fair value measurement hierarchy derived using observable inputs.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

33. FINANCIAL INSTRUMENTS continued

Financial assets/ financial liabilities	Fair value as at 27 March 2021 £'000	Fair value as at 28 March 2020 £'000	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Derivatives in designated hedging relationships	Assets – £nil and liabilities – £nil	Assets – £nil and liabilities – £nil	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various companies.	n/a	n/a
Derivatives not in designated hedging relationships	Assets – £nil and liabilities – £nil	Assets – £244 and liabilities – £nil	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various companies.	n/a	n/a

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.

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

33. FINANCIAL INSTRUMENTS continued

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.

The following table details the foreign currency contracts outstanding as at the period end:

	Average exchange rate 27 March 2021	Average exchange rate 28 March 2020	**Foreign currency 27 March 2021 £'000**	Foreign currency 28 March 2020 £'000	**Notional value 27 March 2021 £'000**	Notional value 28 March 2020 £'000	**Fair value 27 March 2021 £'000**	Fair value 28 March 2020 £'000
Outstanding contracts								
Cash flow hedges								
Buy US Dollar								
Less than 3 months	**–**	1.2957	**–**	3,000	**–**	2,315	**–**	119
3 to 6 months	**–**	1.2957	**–**	3,000	**–**	2,315	**–**	125
							–	244

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

	Liabilities 27 March 2021 £'000	Liabilities 28 March 2020[(1)] £'000	**Assets 27 March 2021 £'000**	Assets 28 March 2020[(1)] £'000
Euro	**840**	2,242	**4,273**	3,605
US Dollar	**290**	245	**744**	920
South Korean Won	**–**	–	**7**	–
Australian Dollar	**–**	–	**27**	37
Japanese Yen	**–**	–	**39**	6
Canadian Dollar	**–**	–	**47**	41
Swedish Krona	**15**	–	**68**	54
Danish Krone	**28**	–	**86**	81
Swiss Franc	**14**	46	**8**	31

(1) The prior year numbers have been restated to reflect the correct disclosure presentation.

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

33. FINANCIAL INSTRUMENTS continued

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 27 March 2021 £'000	Impact on profit 52 weeks ended 28 March 2020 £'000
Euro	**(312)**	(124)
US Dollar	**(41)**	(62)
South Korean Won	**(1)**	–
Australian Dollar	**(2)**	(3)
Japanese Yen	**(4)**	(1)
Canadian Dollar	**(4)**	(4)
Swedish Krona	**(5)**	(5)
Danish Krone	**(5)**	(7)
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.

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 27 March 2021 would have decreased by £2,000 (2020: profit decreased by £52,000). This is mainly attributable to the Group's exposure to interest rates on its overdraft facility.

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. Due to the impact of COVID-19 on wholesale and franchise customers, where appropriate, payment plans have been negotiated to extend credit terms to reflect the period of store closures.

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

33. FINANCIAL INSTRUMENTS continued

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 22 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 -2.98% (2020: -12.65%).

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**	**2 to 3 years £'000**	**3 to 4 years £'000**	**4 to 5 years £'000**	**Total £'000**
27 March 2021						
Trade and other payables	**(22,629)**	–	–	–	–	**(22,629)**
Borrowings	–	**(1,335)**	**(3,338)**	–	–	**(4,673)**
Derivatives: gross settled						
Cash inflows	–	–	–	–	–	–
Cash outflows	–	–	–	–	–	–

	Less than 1 year £'000	1 to 2 years £'000	2 to 3 years £'000	3 to 4 years £'000	4 to 5 years £'000	Total £'000
28 March 2020						
Trade and other payables	(21,955)	–	–	–	–	(21,955)
Borrowings	(3,424)	(1,024)	(1,567)	–	–	(6,015)
Derivatives: gross settled						
Cash flows	5,085	–	–	–	–	5,085
Cash outflows	(4,631)	–	–	–	–	(4,631)

33. FINANCIAL INSTRUMENTS continued

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. Participating forward derivatives include an element of both put and call options which are valued using the Black Scholes pricing model.

34. NOTES TO THE CASH FLOW STATEMENTS

Cash and cash equivalents

	27 March 2021 £'000	28 March 2020 £'000
Cash and bank balances	**11,820**	7,998
Bank overdrafts (see note 23)	**–**	(750)
	11,820	7,248

Changes in liabilities arising from financing activities

	28 March 2020 £'000	Financing cash flows £'000	Foreign exchange £'000	Disposals and modifications £'000	**27 March 2021 £'000**
Borrowings (note 23)	**750**	**(750)**	**–**	**–**	**–**
Lease liabilities (note 26)[(1)]	**92,104**	**(7,735)**	**(1,146)**	**(9,349)**	**73,874**
Loans from related parties and non-controlling interests (note 23)	**5,265**	**167**	**(759)**	**–**	**4,673**
Total liabilities from financing activities	**98,119**	**(8,318)**	**(1,905)**	**(9,349)**	**78,547**

	30 March 2019 £'000	Financing cash flows £'000	Foreign exchange £'000	Additions and disposals £'000	28 March 2020 £'000
Borrowings (note 23)	1,231	(566)	85	–	750
Lease liabilities (note 26)[(1) (2)]	113,644	(14,257)	(164)	(7,119)	92,104
Loans from related parties and non-controlling interests (note 23)	3,248	1,400	617	–	5,265
Total liabilities from financing activities	118,123	(13,423)	538	(7,119)	98,119

(1) The prior year numbers have been restated to reflect the correct disclosure presentation.

(2) The balance at 30 March 2019 represents the lease liabilities on transition to IFRS 16.

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

35. 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 27 March 2021 £'000	Sale of goods 52 weeks ended 28 March 2020 £'000	**Loan interest payable 52 weeks ended 27 March 2021 £'000**	Loan interest payable 52 weeks ended 28 March 2020 £'000	**Amounts owed (to)/from related parties 27 March 2021 £'000**	Amounts owed (to)/from related parties 28 March 2020 £'000
Mulberry Oslo AS	**1,004**	1,237	**–**	–	**491**	147
Club 21 Pte Limited[1]	**392**	840	**–**	–	**138**	85
Club 21 (Thailand) Co Limited[1]	**422**	465	**–**	–	**133**	62
Club Twenty-One Retail (M) Sdn Bhd[1]	**162**	294	**–**	–	**26**	56
Challice Limited	**–**	–	**138**	85	**(3,171)**	(3,698)

[1] 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.

During the period Mulberry Company (USA) Inc paid rent of £77,594 (2020: £134,222) to Como Holdings USA Inc, a company which is a related party to Challice Limited, the majority shareholder of the Company, and whose Chief Executive Officer is Steven Grapstein. No amounts were outstanding in relation to this at the period end or prior period end.

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 35 to 38.

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Short term employee benefits	**2,001**	1,731
Post-employment benefits	**78**	28
	2,079	1,759

36. 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 27 March 2021 £'000	Sale of goods 52 weeks ended 28 March 2020 £'000	**Amounts owed (to)/from related parties 27 March 2021 £'000**	Amounts owed (to)/from related parties 28 March 2020 £'000
House of Frasers plc(1)	**2,490**	n/a	**23**	n/a
The Flannels Group Limited(1)	**38**	n/a	**21**	n/a

(1) 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 "arm's-length" basis. Additionally, no non-public management information is provided to Frasers Group plc.

Notes to the Group financial statements (continued)

52 weeks ended 27 March 2021

37. 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.

38. EVENTS AFTER THE REPORTING PERIOD

Since the period end, the Group has extended the revolving credit facility with HSBC until March 2023 and renegotiated banking covenants in line with the downside scenario projections described in the Going Concern Statement on page 39 to 40. The £15.0m revolving credit facility is secured by fixed and floating debentures over the assets of its subsidiaries, excluding inventory and shares in Mulberry Japan Co. Limited and fixed legal charges over its freehold premises. Covenants are tested on a quarterly basis and contain a 12 month rolling EBITDA target and a maximum net debt target. Covenants are tested on a 'frozen GAAP' basis and exclude the impact of IFRS 16.

On 5th July 2021 the Group announced that it's wholly owned subsidiary, Mulberry Company (France) SARL, had agreed to terminate the lease of its store at 275 Rue Saint Honore, Paris, France and exit the property early. As at 27th March 2021, the book value of the property in the Company's accounts was £7.9m. The consideration, which is receivable once Mulberry have exited the property, expected to be during September 2021, is £13.2m.

Company Financial Statements

Company balance sheet

As at 27 March 2021

	Note	27 March 2021 £'000	28 March 2020 £'000
Non-current assets			
Investments	43	**10,375**	10,358
Property, plant and equipment	44	**3,429**	3,788
Right-of-use assets	45	**10,614**	12,249
Deferred tax asset	48	**–**	–
		24,418	26,395
Current assets			
Trade and other receivables	46	**19,021**	20,799
Current tax		**–**	21
		19,021	20,820
Total assets		**43,439**	47,215
Current liabilities			
Trade and other payables	47	**(807)**	(285)
Lease liabilities	49	**(1,508)**	(1,445)
		(2,315)	(1,730)
Non-current liabilities			
Lease liabilities	49	**(9,546)**	(11,055)
Total liabilities		**(11,861)**	(12,785)
Net assets		**31,578**	34,430
Capital and reserves			
Called up share capital	27	**3,004**	3,004
Share premium account		**12,160**	12,160
Own share reserve	28	**(1,277)**	(1,061)
Capital redemption reserve	28	**154**	154
Retained earnings		**17,537**	20,173
Total equity		**31,578**	34,430

The Company reported a loss for the financial period ended 27 March 2021 of £3,059,000 (2020: £7,317,000). The financial statements of Mulberry Group plc (company number 01180514) were approved by the Board of Directors and authorised for issue on 20 July 2021.

They were signed on its behalf by:

THIERRY ANDRETTA
DIRECTOR

CHARLES ANDERSON
DIRECTOR

Company statement of changes in equity

52 weeks ended 27 March 2021

	Share capital £'000	Share premium account £'000	Own share reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Balance at 30 March 2019						
As at 30 March 2019	3,002	12,072	(1,378)	154	30,804	44,654
Loss for the period	–	–	–	–	(7,317)	(7,317)
Total comprehensive income for the period	–	–	–	–	(7,317)	(7,317)
Issue of shares	2	88	–	–	–	90
Credit for employee share-based payments	–	–	317	–	(317)	–
Impairment of shares in trust	–	–	–	–	(24)	(24)
Ordinary dividends paid (see note 14)	–	–	–		(2,973)	(2,973)
Balance at 28 March 2020	3,004	12,160	(1,061)	154	20,173	34,430
Loss for the period	–	–	–	–	(3,059)	(3,059)
Total comprehensive expense for the period	–	–	–	–	(3,059)	(3,059)
Charge for employee share-based payments	–	–	–	–	105	105
Own shares	–	–	101	–	5	106
Exercise of share options	–	–	–	–	(4)	(4)
Release of impairment of shares in trust	–	–	(317)	–	317	–
Balance at 27 March 2021	**3,004**	**12,160**	**(1,277)**	**154**	**17,537**	**31,578**

Notes to the Company financial statements

52 weeks ended 27 March 2021

39. 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 37 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, 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 except as noted below. These have been applied consistently throughout the period and the preceding period.

In the current period the Company has applied a number of amendments to IFRS standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2019. With the exception of IFRS 16, their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 16 Leases

Please refer to note 45 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.

40. 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.

40. KEY SOURCES OF ESTIMATION UNCERTAINTY continued

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.

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 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 their 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.

41. 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 27 March 2021 of £3,059,000 (2020: £7,317,000). Included in the loss for the period is net credit of £3,566,000 (2020 £3,781,000 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 consolidated financial statements.

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

Notes to the Company financial statements (continued)

52 weeks ended 27 March 2021

42. STAFF COSTS

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

	52 weeks ended 27 March 2021 Number	52 weeks ended 28 March 2020 Number
Administration	**11**	11
	11	11

	52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Their aggregate remuneration comprised:		
Wages and salaries	**1,612**	1,978
Social security costs	**289**	250
Other pension costs (see note 32)	**10**	26
Share-based payments (see note 31)	**105**	(56)
	2,016	2,198

Employee costs of £827,000 (2020: £737,000) are recharged to Mulberry Company (Design) Limited in respect of the element of time spent by those employees providing services to that company.

Directors' emoluments of the Company are shown in the Directors Report on page 36.

43. INVESTMENTS

	Shares in subsidiaries £'000
Cost	
At 28 March 2020	12,227
Additions	17
Disposals	–
At 27 March 2021	**12,244**
Provision for impairment	
At 28 March 2020	1,869
Charge for the period	–
At 27 March 2021	**1,869**
Net book value	
At 27 March 2021	**10,375**
At 28 March 2020	10,358

43. INVESTMENTS 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 27 March 2021 and 28 March 2020 (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 shops 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	50%π
Mulberry Korea Co., Ltd ¶ (13)	Korea	Establishment and operation of retail stores in Korea	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%

Notes to the Company financial statements (continued)

52 weeks ended 27 March 2021

43. INVESTMENTS continued

	Country of incorporation	Principal activity	Proportion of ownership interest and voting power
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 2018.

Mulberry Japan Co. Limited is 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) 51 Rue Étienne Marcel, 75001, Paris, France

(3) 134 Spring 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) Storchengasse 4, 8001 Zurich, Switzerland

(7) 340 Albert Street, Suite 1400, Ottawa, Ontario K1R 0A5, Canada

(8) 225 George Street, Sydney NSW 2000, Australia

(9) Suite no. 10B, 10/F Tower 2, China Hong Kong City, No. 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong

(10) Shop No B309, Plaza 66, No 1266, West Nanjing Road, Jing'an District, Shanghai, 200041 China

(11) 3-26-8 Sendagaya, Shibuya-ku, Tokyo, Japan 151-0051

(12) Nedre Slottsgate 8, 0157 Oslo, Norway

(13) 3rd Floor, Saman Building, 945, Daechi-dong, Gangnam-gu, Seoul, Korea

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
Mulberry Company (Europe) Limited	02342172
KCS Investments Limited	11363562

44. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 28 March 2020	6,842	7,729	644	15,215
Additions	–	22	–	22
Disposals	–	–	–	–
At 27 March 2021	**6,842**	**7,751**	**644**	**15,237**
Depreciation				
At 28 March 2020	3,518	7,265	644	11,427
Charge for the period	253	128	–	381
Disposals	–	–	–	–
At 27 March 2021	**3,771**	**7,393**	**644**	**11,808**
Net book value				
At 27 March 2021	**3,071**	**358**	**–**	**3,429**
At 28 March 2020	3,324	464	–	3,788

Freehold land of £997,000 (2020: £997,000) has not been depreciated.

At 27 March 2021, the Company had entered into contractual commitments for the acquisition of property of £nil (2020: £nil) and there were assets under the course of construction where depreciation has not yet commenced of £nil (2020: £nil).

Notes to the Company financial statements (continued)

52 weeks ended 27 March 2021

45. RIGHT-OF-USE ASSETS

	Short leasehold land and buildings £'000
Cost	
At 28 March 2020	13,883
At 27 March 2021	**13,883**
Amortisation	
At 28 March 2020	(1,634)
Charge for the period	(1,635)
At 27 March 2021	**(3,269)**
Carrying amount	
At 27 March 2021	**10,614**
At 28 March 2020	12,249

46. TRADE AND OTHER RECEIVABLES

	27 March 2021 £'000	28 March 2020 £'000
Amounts falling due within one year:		
Amounts owed by Group undertakings	**18,740**	20,508
Prepayments and accrued income	**281**	291
	19,021	20,779

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%

47. TRADE AND OTHER PAYABLES

	27 March 2021 £'000	28 March 2020 £'000
Amounts falling due within one year:		
Amounts owed to Group undertakings	**–**	–
Accruals and deferred income	**807**	285
	807	285

Interest is not charged on amounts owed to Group undertakings.

48. DEFERRED TAX

	27 March 2021 £'000	28 March 2020 £'000
Deferred tax – accelerated capital allowances	**–**	–
Deferred tax asset at 28 March 2020	**–**	–
Charge for the period	**–**	–
Deferred tax asset at 27 March 2021	**–**	–

49. 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% (2020: 4.3%). These rates have been determined based on comparable bond yields and are lease specific.

	27 March 2021 £'000	28 March 2020 £'000
Analysed as		
Current	**1,508**	1,445
Non-current	**9,546**	11,055
	11,054	12,500

50. RELATED PARTY TRANSACTIONS

Details of related party transactions are provided in note 35 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.

Notes to the Company financial statements (continued)

52 weeks ended 27 March 2021

51. 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 (2020: £nil).

Since the period end, the Group has extended the revolving credit facility with HSBC until March 2023 which is secured on assets of Mulberry Group plc and other companies within the Group.

An authorised guarantee agreement exists on the assignment of a lease of a UK property to a third party tenant. In the event of a default on rent payments by this tenant, the rent liability of £300,000 would pass to the Mulberry Group PLC. To date, there have been no such default events under this guarantee, and no liability for the rent on this property has been accrued as there is no expectation that any liabilities or cash outflows will arise for the Company as a result of this guarantee.

52. SHARE CAPITAL

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

53. RESERVES

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

54. 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.

55. EVENTS AFTER THE REPORTING PERIOD

Please refer to note 38.

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Mulberry Group plc will be held at Mulberry Group plc's offices, 30 Kensington Church Street, London, W8 4HA on 8 September 2021 at 11 am for the following purposes:

ORDINARY BUSINESS:
To consider and, if thought fit, pass the following resolutions, which will be proposed as ordinary resolutions:

Adoption of financial statements

1. That the report of the Directors and the financial statements for the period ended 27 March 2021 together with the independent auditor's report be received and adopted.

Re-election of retiring Directors

2. That Mr T P Andretta who retires as a Director by rotation in accordance with the Company's Articles of Association be re-elected as a Director.
3. That Mr G P Davis who retires as a Director by rotation in accordance with the Company's Articles of Association be re-elected as a Director.
4. That Ms J Gilhart who retires as a Director by rotation in accordance with the Company's Articles of Association be re-elected as a Director.

Appointment of auditor

5. That Grant Thornton UK LLP be reappointed as auditor of the Company until the conclusion of the next general meeting before which accounts are laid, and that their remuneration be agreed by the Directors.

SPECIAL BUSINESS:
To consider and, if thought fit, pass the following resolutions, of which resolution 6 will be proposed as an ordinary resolution, and resolutions 7 and 8 will be proposed as special resolutions:

Directors' power to allot relevant securities

6. That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 ("the Act") to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") up to an aggregate nominal amount of £1,001,291, provided that, unless previously revoked, varied or extended, this authority shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2022, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

Waiver of statutory pre-emption rights

7. That the Directors be and they are empowered pursuant to Section 570(1) of the Act to allot equity securities (as defined in Section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the Directors under Section 551 of the Act conferred by resolution 6 above, and/or by way of a sale of treasury shares (by virtue of Section 573 of the Act), in each case as if Section 561(1) of the Act did not apply to such allotment, provided that:

   (a) the power conferred by this resolution shall be limited to:

      (i) the allotment of equity securities in connection with an offer of equity securities to the holders of ordinary shares in the capital of the Company in proportion as nearly as practicable to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

(ii) the allotment, otherwise than pursuant to sub-paragraph (i) above, of equity securities up to an aggregate nominal value equal to £300,387; and

(b) unless previously revoked, varied or extended, this power shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2022 except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

Authority to purchase ordinary shares (market purchases)

8. That the Company be and is hereby unconditionally and generally authorised for the purposes of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of its ordinary shares of 5p each ("Ordinary Shares") provided that:

(a) the maximum number of Ordinary Shares authorised to be purchased is 3,003,873;

(b) the minimum price which may be paid for any such Ordinary Share is 5p;

(c) the maximum price which may be paid for an Ordinary Share shall be an amount equal to 105% of the average middle market prices for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and

(d) this authority shall, unless previously renewed, revoked or varied, expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2022, but the Company may enter into a contract for the purchase of Ordinary Shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

By order of the Board

Kate Anthony Wilkinson
Secretary

21 July 2021

Registered office: The Rookery, Chilcompton, Bath, Somerset, BA3 4EH

Notes:

1. All members holding ordinary shares are entitled to attend, speak and vote at the meeting. Such members may appoint a proxy to attend, speak and vote instead of them. The Company recognises that some members may have concerns about attending a physical meeting at this time. The Company will be taking additional precautions in order to safeguard the health and safety of all attendees but would encourage members to consider appointing the Chairman as their proxy to exercise their vote to avoid the need to attend in person. A proxy need not also be a member of the Company but must attend the AGM in order to represent his appointer. Appointing the Chairman as proxy will reduce the number of additional people required to attend the meeting and will assist the Company in ensuring the safety of all attendees. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A form of proxy is enclosed. The notes to the form of proxy include instructions on how to appoint the Chairman of the AGM or another person as proxy. Members are encouraged to appoint the Chairman as their proxy in order to exercise their vote. To be effective the form must reach the Company's registrar, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY by 11 am on 6 September 2021.
2. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those persons registered in the register of members of the Company at 6 pm on 6 September 2021 (or if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
3. Please note that communications regarding the matters set out in this Notice of Annual General Meeting will not be accepted in electronic form other than as specified in the enclosed form of proxy.
4. As at 21 July 2021 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 60,077,458 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 21 July 2021 are 60,077,458.
5. The following documents are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this Notice until the conclusion of the AGM and will also be available for inspection at the place of the AGM from 10.45 am on the day of the AGM until its conclusion:
   (a) the register of Directors' interests in the shares of the Company; and
   (b) copies of the Executive Directors' service contracts with the Company and letters of appointment of the Non-Executive Directors.

EXPLANATORY NOTES TO THE SPECIAL BUSINESS TO BE TRANSACTED AT THE MEETING

Resolution 6 - Directors' power to allot relevant securities

Resolution 6, which will be proposed as an ordinary resolution, grants the Directors authority to allot shares in the capital of the Company and other relevant securities up to an aggregate nominal value of £1,001,291, representing approximately one-third of the nominal value of the issued ordinary share capital of the Company as at 21 July 2021, being the latest practicable date before publication of this Notice. The Directors do not have any present intention of exercising the authorities conferred by this resolution but they consider it desirable that the specified amount of unissued share capital is available for issue so that they can more readily take advantage of possible opportunities in the future.

Unless revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company or the date falling 18 months from the passing of the resolution, whichever is the earlier.

Resolution 7 - waiver of statutory pre-emption rights
Resolution 7, which will be proposed as a special resolution, authorises the Directors in certain circumstances to allot equity securities for cash other than in accordance with statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue or the allotment is limited to a maximum nominal amount of £300,387, representing approximately 10% of the nominal value of the issued ordinary share capital of the Company as at 21 July 2021, being the latest practicable date before publication of this Notice. Unless revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company or 18 months after the passing of the resolution, whichever is the earlier.

The Company may hold any shares it buys back "in treasury" and then sell them at a later date for cash rather than simply cancelling them. Any such sales are required to be made on a pre-emptive, pro-rata basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued ordinary shares on a non pre-emptive basis, resolution 7 will also give the Directors power to sell ordinary shares held in treasury on a non pre-emptive basis, subject always to the limitations noted above.

The Directors consider that the power proposed to be granted by resolution 7 is necessary to retain flexibility in relation to the management of the Company's share capital, although they do not have any intention at the present time of exercising such power.

Resolution 8 - authority to purchase ordinary shares (market purchases)
Resolution 8, which will be proposed as a special resolution, authorises the Directors to make market purchases of up to 3,003,873 ordinary shares (representing approximately 5% of the Company's issued ordinary shares as at 21 July 2021, being the latest practicable date before publication of this Notice). Shares so purchased may be cancelled or held as treasury shares as noted above. The authority will expire at the end of the next Annual General Meeting of the Company or 18 months from the passing of the resolution, whichever is the earlier. The Directors intend to seek renewal of this authority at subsequent Annual General Meetings.

The minimum price that can be paid for an ordinary share is 5p, being the nominal value of an ordinary share. The maximum price that can be paid is 5% over the average of the middle market prices for an ordinary share, derived from the Daily Official List of the London Stock Exchange, for the five business days immediately before the day on which the share is contracted to be purchased.

The Directors intend to exercise this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors (for example, the effect on earnings per share), they believe that such purchases are in the best interests of the Company and shareholders generally. The overall position of the Company will be taken into account before deciding upon this course of action. The decision as to whether any such shares bought back will be cancelled or held in treasury will be made by the Directors on the same basis at the time of the purchase.

Group five year summary

52 weeks ended 27 March 2021

	2017 £'000	2018 £'000	2019 £'000	2020 £'000	**2021 £'000**
Results					
Revenue	168,121	169,718	166,268	149,321	**114,951**
Operating profit/(loss)	8,194	6,736	(4,980)	(43,020)	**8,778**
Profit/(loss) before tax	7,107	6,917	(5,008)	(47,866)	**4,554**
Profit/(loss) attributable to equity shareholders	5,338	6,391	(2,479)	(44,126)	**4,773**
Loss attributable to non-controlling interests	(348)	(1,485)	(2,372)	(2,732)	**(176)**
Assets employed					
Non-current assets	36,667	34,421	41,580	79,249	**63,452**
Current assets	78,584	84,914	67,590	54,346	**56,430**
Current liabilities	(29,607)	(29,707)	(26,693)	(40,708)	**(37,449)**
Non-current liabilities	–	(1,385)	(1,770)	(79,366)	**(63,727)**
Net assets	85,644	88,243	80,707	13,521	**18,706**
Key statistics					
Earnings/(loss) per share	8.4p	8.3p	(8.2p)	(78.9p)	**7.7p**
Diluted earnings/(loss) per share	8.4p	8.2p	(8.2p)	(78.9p)	**7.7p**

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