GROWING STRONGER TOGETHER

ANNUAL REPORT AND ACCOUNTS
2020/2021

OUR PURPOSE

We brighten lives with the joy of the countryside; and fight for the environment that inspires us.

Established by Tom Joule in Britain over three decades ago, Joules is a premium British lifestyle Group, with an authentic heritage, comprising the Joules brand, the Friends of Joules digital marketplace, and Garden Trading, a leading digital-led brand in the home, garden and outdoor category.

www.joulesgroup.com

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this document, including any information as to the Group's strategy, plans or future financial or operating performance, constitutes "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "aims", "plans", "predicts", "may", "will", "seeks", "could", "targets", "assumes", "positioned" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, among other things, the Group's results of operations, financial condition, prospects, growth, strategies and the industries in which the Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond the Group's control. Forward-looking statements are not guarantees of future performance. Even if the Group's actual results of operations, financial condition and the development of the industries in which the Group operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Accordingly, undue reliance should not be placed on these statements.

The forward-looking statements contained in this document speak only as of the date of this document. The Group and its Directors expressly disclaim any obligation or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable law, the AIM Rules for Companies or the Disclosure and Transparency Rules.

Note: The financial information contained in this document, including the financial information presented in a number of tables in this document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figures given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

HIGHLIGHTS

FY21 PERFORMANCE:

Group revenue increased by 4.3% to £199.0 million (FY20: £190.8 million) with strong e-commerce sales growth and the contribution from Garden Trading[1], more than offsetting the impact of enforced store closures, the cancellation of country shows across the UK and the impact of the pandemic on the Group's wholesale customers.

- E-commerce sales increased by 48% to £122.0 million (FY20: £82.7 million). Excluding the acquisition of Garden Trading[2], e-commerce sales increased by 43%. This growth was led by sales through the Group's own websites[3]. E-commerce represented 77% of the Group's retail revenue during the Period (FY20: 56%).
- Overall store and show sales were £36.6 million in the year (FY20: £63.2 million). This performance reflects the forced closure of non-essential retail stores, and cancellation of shows and events as a result of COVID-19. In the Period, our stores were closed for approximately six months of the Period compared with two months in the prior year.
- Wholesale revenue in the Period, including Garden Trading[2], was £35.3 million, a 17% reduction year-on-year (FY20: £42.7 million), reflecting the ongoing impact of COVID-19 on many of the Group's wholesale partners both in the UK and internationally.
- Other revenue more than doubled to £5.1 million (FY20: £2.2 million). This reflects the strong growth of our Friends of Joules digital marketplace and strong performance from several of our licensed product categories and partnerships.
- PBT[4] before exceptional costs was £6.1 million (FY20: loss of £3.9 million).
- Exceptional costs in the Period totalled £4.2 million (FY20: £21.0m) including a £2.9 million (FY20: £20.5 million) non-cash impairment charge, £0.6 million (FY20: nil) Garden Trading acquisition costs and £0.7 million (FY20: £0.5m) restructuring costs.
- Statutory profit before tax was £2.0 million (FY20: loss of £24.8 million).
- Statutory profit after tax was £0.9 million (FY20: loss of 20.3m).
- Group gross margin was 49.0%, down 1.7%pts on the prior year, impacted by a lower proportion of higher margin store sales, increased freight costs and increased duty and transportation cost for deliveries into EU markets following Brexit.
- Basic earnings per share was 0.82 pence (FY20: loss of 21.61 pence).
- 1.7 million active customers[5] (FY20: 1.4 million) and record brand awareness and brand health[6] metrics achieved during the final quarter of the year.
- Net cash[7] of £4.1 million (FY20: £4.5 million).

RECONCILIATION TO STATUTORY PROFIT/LOSS BEFORE TAX:

£MILLION	FY21[8]	FY20 (RESTATED)[9]
PBT/LBT[4] – before exceptional costs	6.1	(3.9)
Exceptional costs	(4.2)	(21.0)
Statutory profit/(loss) before tax	2.0	(24.8)

1 On 9 February 2021 the Group acquired 100% of the issued share capital, and obtained control of, The Garden Trading Company Limited (company number 2854160). The Garden Trading Company Limited is a digitally focused retailer of home and garden products. See Note 3 of the Consolidated Financial Statements.

2 Garden Trading e-commerce revenue in the period since acquisition to 30 May 2021 was £4.3 million, and wholesale revenue was £4.4 million.

3 joules.com, joulesusa.com, tomjoule.de and the Joules ebay store

4 PBT/LBT – before exceptional costs is a non-GAAP measure provided to facilitate comparison across periods, it is stated prior to exceptional costs that are primarily related to non-cash asset impairments in the current and previous periods, see Note 4 of the Consolidated Financial Statements.

5 Customers registered on our database who have transacted in the last 12 months.

6 Brand Awareness and Brand Health are measured as part of an independent YouGov consumer survey.

7 'Net cash' represents gross cash and cash equivalents less total borrowings. See Note 26 of the Consolidated Financial Statements.

8 This year, we are reporting on the 52 weeks ended 30 May 2021 compared to 53 weeks to 31 May 2020 in the prior year. To provide a comparison with last year's 53-week period, the unaudited contribution of the additional week in last year's results was approximately 1% of revenue and profit.

9 For further details of the prior period restatement, refer to the Financial Review section of this report, and Note 1 of the Consolidated Financial Statements


Honey Bee

OUR BRAND VALUES

CONTEMPORARY COUNTRY LOVING
We celebrate our rural roots by designing clothing, accessories and homeware for today's family lifestyle.

INSPIRED BY NATURE
We take inspiration from all of the flora and fauna that can be found in the countryside and along the coasts of Britain.

RESPECT THE ENVIRONMENT
As a brand that was established in the countryside, we see it as our responsibility to look after the world around us.

CONNECT WITH LIFE'S HAPPY FEELINGS
Life is busy. We want to slow down, stop and take pleasure in the simple things that make us happy.

CLOTHES TO ENABLE YOUR LIFESTYLE
We blend style with practicality to create collections that are built to last.

COLOUR AND PRINT
Our Print Team are experts in colour. All of our prints are hand-drawn or hand-painted in-house, and the unique way we use colour and print makes us stand out from the crowd.

CAPTURING THE SEASONS
Spring, summer, autumn and winter. In Britain we're lucky to have four very different seasons. We always look to them for inspiration.

FUN
Our upbeat and positive outlook on life can be seen in everything we do – from the way we use colour and print to our tone of voice and packaging.

ATTENTION TO DETAIL
Our designs capture not only the eye but the imagination. Hidden details are set to surprise and delight people of all ages.

QUALITY
It can be seen in the way we work and felt in what we create.

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STRATEGIC REPORT

DIGGING INTO THE DETAIL

The Joules story began in 1989, when Tom Joule started selling clothing on a stand at a country show in Leicestershire. Tom would constantly brave the elements in pursuit of delivering traditional clothing with a twist. The early days, facing driving rain and howling winds, have made us experts in outwitting the weather and made sure an adventurous spirit is woven throughout everything we create.


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CHAIRMAN'S STATEMENT
JOULES GROUP PLC

IAN FILBY
Non-Executive Chairman

INTRODUCTION

In my Chairman's Statement in the Group's FY20 Annual Report, which was published during the first wave of the coronavirus pandemic, I outlined Joules' initial responses to the unprecedented challenges facing the retail sector. I also expressed my confidence that the relevance of the Joules brand, the flexibility of our business model, and the strength of the Group's financial position meant that Joules was well positioned to withstand the pressures of the pandemic and emerge an even stronger brand and business. Whilst we are not through the pandemic yet, and significant levels of uncertainty persist, the Group's performance and progress over the past 12 months has only strengthened my confidence in these convictions.

> "I am incredibly proud of how the business has adapted in the face of this most testing of circumstances over the last 18 months."

I am incredibly proud of how the business has adapted in the face of this most testing of circumstances over the last 18 months. During this period, the Group has evolved significantly into a digital led, increasingly diversified lifestyle Group. Whilst the Joules brand continues to sit at the centre of the Group, we now operate a second, very exciting brand in Garden Trading, and our Friends of Joules digital marketplace means that we now sell more than 400 other carefully curated brands to our growing customer base, thereby replicating the experience of a bustling market town through the Group's digital channels. This strategic progress and performance during the year is a great testament to the skill, decisiveness, and hard work of our outstanding management team, as well as the forward-looking investments made over many years in the Group's people, product offering, infrastructure, and technology.

FY21 PERFORMANCE OVERVIEW

FY21 Group revenue of £199.0 million (FY20: £190.8 million) and PBT before exceptional costs of £6.1 million were ahead of the Board's initial expectations (see Note 5 of the Consolidated Financial Statements). This pleasing set of results primarily reflects the strong performance of the Group's digital proposition, whilst the store estate was closed for approximately six months of the year, and the Group's growing active customer numbers. Joules is an increasingly digital brand, with 77% of retail revenues generated from digital channels in the year. The Group's strong online proposition continues to be supported and complemented by a portfolio of attractively located stores as well as relationships with selected retail and wholesale partners both in the UK and internationally.

Joules' active customer base, a key metric for the Group, continued to grow and now stands at nearly 1.7 million customers (excluding Garden Trading). This increase reflects the relevance of the brand and its products, effective digital marketing investment, and enhanced levels of brand awareness and engagement.

E-commerce sales during FY21 (the 'Period') increased by 48% against the prior year. This growth reflected a 47% increase in customer traffic to the Joules websites as well as improved customer conversion trends. The strong digital performance continued the momentum delivered in the final quarter of FY20 and was made possible by the Group's strategic investment in its technology platform, which includes the fast-growing 'Friends of Joules' digital marketplace, and enhancement of fulfilment capabilities over recent years.

In addition to successfully driving growth through both the Joules platform and our digital and retail partnerships, the Group further strengthened and diversified its digital proposition and product offer through the acquisition of The Garden Trading Company Limited ('Garden Trading') in February 2021. Garden Trading designs and sells distinctive home, garden and outdoor products through its own digital platform and through more than 1,000 stockists across the UK. Both businesses enjoy a close cultural alignment and the acquisition strengthens Joules' position in the fast-growing home and garden category.

The impact of the pandemic on the Group's performance was most profoundly felt across the store, wholesale and shows channels. Joules stores were closed for approximately half of the 52-week period, and, when open, experienced lower footfall levels than the prior year largely due to physical distancing practices. This was a similar story for many of our wholesale partners in the UK and in our targeted international markets of Germany and the US. All major country shows and events that the business usually attends during the year were also cancelled. The Group was able to mitigate the impact by increasing its digital sales, careful cost management, and utilising

CHAIRMAN'S STATEMENT CONTINUED

support schemes such as the UK Government's Coronavirus Job Retention Scheme (£4.6 million of claims in the Period) and business rates relief (£2.3 million of rates relief in the Period). In addition, the Board is very grateful for the flexibility and support of other stakeholders including employees, landlords and other key suppliers, including Clipper in the UK distribution centre, stock suppliers across our supply base and many other key partners, during the year.

The Group has maintained robust financial discipline through the Period with a strong focus on cash, liquidity and cost control, whilst also maintaining investment in the areas that the Board believe will drive growth over the coming years. The Group had net cash of £4.1 million at the Period end (FY20: £4.5 million). In April 2021, the Group extended the term of its financing facilities with Barclays Bank PLC through to September 2024, taking the opportunity to convert the arrangement to an 'ESG – Sustainability' facility, linked to the achievement of specific sustainability targets, providing further confidence in the financial position of the Group alongside focus and importance of the Responsibly Joules strategy.

The Financial Review section of this Annual Report provides more detail on the Group's financial performance during the year.

DIVIDEND

As a result of the challenges impacting the Period and the continued increased levels of uncertainty facing many consumer sectors, the Board has determined that it would not be appropriate to declare a dividend for the Period. The Board will continue to review the financial position of the Group within the context of the external environment and intends to recommence dividend payments when it is financially prudent to do so.

BOARD OF DIRECTORS

Marc Dench, the Group's Chief Financial Officer ('CFO'), stepped down from his position on the Board on 11 May 2021 following more than five years with the Group. Marc made a significant contribution to the success of the business since its IPO, helping to drive the Group's transition to the digital-led brand it is today. He also played a critical role over the past 12 months in helping Joules to navigate the impact of the COVID-19 pandemic. On behalf of the Board, I would like to place on record our sincere thanks to Marc for his immense skill and leadership during his time with the Group. We wish him every success in the future.

In April 2021 we were delighted to announce the appointment of Caroline York as Marc's successor following a thorough search process. Caroline joined Joules on 26 July 2021 from Moneysupermarket Group Plc, the FTSE250 price comparison business, where she was Finance Director. Prior to Moneysupermarket, Caroline held finance leadership positions at Heathrow and BAA and, before that, held roles at Atos, KPMG and PwC. Caroline's extensive experience in senior finance roles at strong consumer brands and digital-led businesses, as well as property-related businesses, made her the stand-out candidate for the role and the Board is delighted to welcome her to the business.

In the period between Marc standing down from the Board and Caroline joining the Board, the Group appointed Jon Dargie, the Group's Finance Controller, as Interim CFO. During this period, Jon reported directly to the Joules Board.

In our FY20 Annual Results we announced that the role of Tom Joule, Founder and Chief Brand Officer, would be evolving with a reduced working pattern and a primary focus on supporting some of the Group's business development initiatives, such as the establishment of Friends of Joules and acquisition of Garden Trading. During the Period, Friends of Joules has grown significantly and the initial integration of Garden Trading into the Group has been completed successfully. The Group announces that, effective from September 2021, Tom's role will reduce to primarily focus on his responsibilities as a Non-Executive Director of the Group. In addition to his Board responsibilities, Tom will continue to provide an advisory role in relation to some of the Group's business development initiatives, with a total anticipated time commitment of approximately one day per week.

OUTLOOK

The Group has entered FY22 in a strong position with an increased and growing active customer base and brand health metrics for Joules at all-time highs. Since the start of the new financial year, the Group has traded in line with the Board's expectations.

Our Retail channel, comprising e-commerce, stores and shows, has continued to perform well reflecting demand for the Joules brand and the attractive locations of our stores. The Group's home, garden and outdoor ranges – mainly sold under the Garden Trading brand – have performed well and demonstrate the increasing diversification of the Group's revenues.

Wholesale revenue, as anticipated, is lower than pre-pandemic levels. The Board expects wholesale activity to return to more normal levels over the course of the next 12-18 months.

Country shows and events are restarting gradually, and we expect to be back to a normal calendar of events in the coming months.

We look forward with optimism as normality returns to the markets and channels in which we operate. However, we remain vigilant of the potential for further external challenges including possible disruption to international freight over the coming financial year, and the ongoing impact of the pandemic.

Joules is a very strong, differentiated, and highly relevant business that the Board believes is well-positioned to meet consumers' evolving priorities and shopping preferences. In addition, the Group has a robust financial position, well-invested operations, and a clear strategy to continue to expand and grow customer numbers both in the UK and priority international markets.

Over the last 18 months the Group has broadened its product offer, accelerated its digital commerce capability, and scaled several new attractive revenue streams – including Friends of Joules, product licensing and the home, garden and outdoor category. From a channel, product and income perspective, the Group is now more flexible and diversified than ever.

As a result, the Board remains confident in the Group's ability to continue to adapt and react swiftly to what will remain dynamic trading conditions over the coming months and to continue to deliver the brand's exciting, long-term growth.

IAN FILBY
Chairman

UNIQUE BRAND AND FLEXIBLE, DIGITALLY-LED BUSINESS MODEL

OUR BUSINESS MODEL

Joules is a British lifestyle Group. At the centre of our business is the Joules brand. We distribute Joules-branded products to customers seamlessly across multiple channels, enabling customers to engage and shop with the brand wherever, whenever, and however they choose. Our digital platform is supported by well located, enticing stores that enrich the brand, as well as selected retail and wholesale partnerships in the UK and internationally. This flexible and integrated approach balances the brand's exposure to any single route to market in what is set to become an even more dynamic, competitive, and increasingly digital-led retail landscape.

The Group also works with selected licence partners, who are specialists in certain product categories, in order to take the Joules brand's distinctive signature prints and colours into new product categories that are relevant to our customers' lifestyles, such as toiletries, eyewear and homeware. A number of these successful licensing partnerships are now in their fourth year, reflecting the appeal of the Joules brand across non-core lifestyle categories.

The Group also operates a fast-growing digital marketplace, called Friends of Joules, which aims to bring the experience of a bustling market town to consumers on their digital devices. Through Friends of Joules, the Group offers thousands of products to the Group's customer base from a carefully curated selection of more than 400 third-party brands that offer complementary products to those offered by the Joules brand.

Following the acquisition of The Garden Trading Company Limited in February 2021, the Group also now operates the Garden Trading brand. Garden Trading is a fast-growing and digital brand in the attractive home, garden and outdoor category that is highly complementary to the Joules brand. We see significant potential to further develop and grow this category under the Garden Trading brand over the coming years. The acquisition has further strengthened the Group's digital presence and broadened its product offer for consumers

OUR PRODUCTS

- → **WOMENSWEAR**
- → **MENSWEAR**
- → **FOOTWEAR**
- → **ACCESSORIES**
- → **CHILDRENSWEAR**
- → **HOMEWARE**
- → **GIFTING**

The Joules brand offers unique design-led clothing and accessories that reflect our customers' lifestyles come rain or shine. Joules-branded products span womenswear, menswear, footwear, accessories, childrenswear, homeware and gifting. Our designs are distinctive in their signature use of colour and prints that are hand-drawn by our in-house team.

We recognise that Joules-branded products and collections must always have a clear purpose. This means being design rather than fashion led, sourcing responsibly, and taking an innovative approach to make sure that our core products surprise and delight customers through their design detail and diligence on quality.

During the year, the Group significantly expanded the product offer available to customers by expanding the number of third party brands sold on the Friends of Joules marketplace and through the acquisition of Garden Trading, whose products cover the home, garden, outdoor and lighting categories. The Group aims to ensure that all products, whether Joules-branded, sold by a carefully selected partner on Friends of Joules or designed and developed by Garden Trading, all share common lifestyle values, design credentials, quality and attention to detail.

JOULES GROUP – A DIGITAL LIFESTYLE PLATFORM/DESTINATION

HOW OUR CUSTOMERS SHOP WITH THE GROUP:

FRIENDS OF JOULES

An increasingly important component of our digital platform is the fast-growing 'Friends of Joules' digital marketplace, which aims to bring the experience of a bustling market town to consumers on their digital devices. 'Friends of Joules' enables carefully curated third-party brands to offer complementary products to the Joules customer base, enhancing Joules' digital platform with thousands of products from hundreds of creative businesses and providing customers with everything they could ever need for a contemporary country lifestyle.

THE JOULES BRAND

The cornerstone of the Group's success and development is the Joules brand, which stands for family, fun and time off together. We take inspiration from nature and the changing British seasons to reflect and support our customers' lifestyles. Come rain or shine, we add colour to woodland walks, picnics on the beach, cosy nights in and journeys to school. Joules' aim is to brighten its customers' lives with the joy of the countryside.

A core element of the Joules brand is our Responsibly Joules ethos that is central to everything we do. From the day Joules started more than 30 years ago with nothing more than a table in a field, we have always been conscious of our impact on the environment, the wildlife within it, the people we work with, and the communities where we operate. We are proud to champion sustainability and fight for the environment that inspires us.

GARDEN TRADING

The Group was also delighted to strengthen its digital presence and broaden its product offer with the strategic acquisition of Garden Trading in February 2021. Garden Trading is a fast-growing and highly complementary digital brand in the attractive home, garden and outdoor category. We see significant potential to further develop and grow this category under the Garden Trading brand over the coming years.

THIRD PARTY PARTNERSHIPS

The Group also works with selected licence partners who are specialists in certain product categories in order to take the Joules brand's distinctive signature prints and colours into new product categories that are relevant to our customers' lifestyles, such as toiletries, watches and homeware. A number of these successful licensing partnerships are now in their fourth year, reflecting the appeal of the Joules brand across non-core lifestyle categories.

WHERE CAN CUSTOMERS BUY OUR PRODUCTS?

CHANNELS KEY

- Retail Stores & Shows
- Wholesale
- Digital & E-Commerce

Note: This page demonstrates where and how our customers can purchase our products. This does not represent how the Board report on the Group's business. See Note 5 of the Consolidated Financial Statements for details of Segment Reporting.

CHIEF EXECUTIVE'S REPORT
INTRODUCTION AND COVID-19 RESPONSE

NICK JONES
Chief Executive Officer

INTRODUCTION

It is safe to say that FY21 was characterised by trading conditions unlike anything Joules has encountered in its more than 30-year history. Reflecting the impact of the coronavirus pandemic on the lives of consumers, the level of disruption and pace of change in the retail sector over the past 12 months has been truly unprecedented. I am delighted to be able to report that, against this dynamic backdrop, Joules has been able to deliver a very solid financial performance and strong strategic progress. This outcome reflects, firstly, the strength and relevance of the Joules brand to an increasing number of customers and, secondly, the increasing importance of our digital proposition both to customers and within our business model.

Before going into the details of the Group's strategic progress during FY21, I would like to take this opportunity to briefly summarise some of what I believe to be the key 'headlines' for Joules during what was such a testing but ultimately transformational year:

THE JOULES BRAND HAS GONE FROM STRENGTH TO STRENGTH...

During the year we continued to deliver on our brand's clear mission and purpose – to brighten our customers' lives and conduct business in a responsible way. As more and more consumers increasingly valued their leisure time spent outdoors and time doing the things they love with the people they love, our brand has become increasingly relevant to a greater number of customers. Our brand awareness and brand health metrics clearly demonstrate our strong position and continued progress[1].

DIVERSIFIED ATTRACTIVE REVENUE MODEL...

We now offer significantly more products across more categories allowing us to rapidly adapt our digital merchandising to meet changing consumer demands and lifestyle needs. We now provide our customers with more choice and more reasons to visit or return to the Joules website and Joules stores. Expanding the product offer through third party brands on Friends of Joules and licensed ranges such as the Joules sofa collection with DFS allows us to leverage the creativity, supply chain and distribution capabilities of third parties to expand the Joules brand.

JOULES IS AN INCREASINGLY DIGITAL-LED BRAND...

Driven by enhanced digital marketing capabilities, improvements to the online and mobile experience and the positive impact of our Friends of Joules digital marketplace. With 77% of retail sales made online in the Period and whilst stores were closed, Joules is an increasingly digital-led brand. This reflects the market-wide increase in e-commerce penetration, which has been accelerated by enforced closure of stores for approximately six months of the year.

HOWEVER, STORES CONTINUE TO PLAY AN IMPORTANT ROLE IN OUR 'TOTAL RETAIL' SEGMENT GROWTH...

Despite the growth in digital sales and widely publicised impact of the pandemic on stores and footfall, we continue to believe in the value of our stores which are predominantly in attractive local high street and lifestyle locations. When stores were able to remain open; they demonstrated their value in driving both sales, new customers and brand awareness. With the appropriate cost base and flexibility, we believe that stores will continue to play an important role in our ongoing strategy to develop as a leading lifestyle brand. During the Period, excluding concessions and franchises, the number of Joules stores has increased from 128 to 133 and total selling space has increased from 182,000 sqft to 197,000 sqft.

FRIENDS OF JOULES CONTINUES TO GROW AHEAD OF EXPECTATIONS...

During the Period the Friends of Joules digital marketplace continued to scale-up and demonstrate its value to both our business and our customers. The marketplace, which now sells more than 11,000 products – that are highly complementary to Joules' core categories – from over 400 carefully curated sellers, is increasingly bringing the experience of a bustling market town to consumers through their digital devices.

1 Brand awareness and brand health are measured as part of a daily independent YouGov consumer survey. During the Period, brand awareness increased by 2.0%pts to 48%, brand health was up 0.6%pts to 11.1 (the brand health metric runs on scale from –100 to +100).

DIVERSIFIED ATTRACTIVE REVENUE MODEL

We now offer significantly more products across more categories allowing us to rapidly adapt our digital merchandising to meet changing consumer demands and lifestyle needs. We now provide our customers with more choice and more reasons to visit or return to the Joules website. Expanding the product offer through third party brands on Friends of Joules and licensed ranges such as the Joules sofa collection with DFS allows us to leverage the creativity, supply chain and distribution capabilities of third parties to expand the Joules brand.

GARDEN TRADING ACQUISITION FURTHER STRENGTHENS THE GROUP…

The acquisition of The Garden Trading Company Limited ('Garden Trading') in February 2021, provides the Group with a strong position in the complementary and attractive home, garden and outdoor category. Garden Trading and Joules target the same customer base and are closely aligned on their brand values, design approach and selling model, with a strong digital first, retail proposition supported by third party wholesale relationships.

EVEN AGAINST A CHALLENGING TRADING BACKDROP, WE HAVE CONTINUED TO INVEST IN OUR LONG-TERM GROWTH…

We have continued to invest in our digital and fulfilment infrastructure to support our long-term growth plans. During the Period we increased the capacity of our UK distribution centre by 100,000 square feet to support the Group's anticipated e-commerce growth over the medium term. We also completed the construction and fit-out of our new head office, The Joules Barn, which is a modern, flexible and collaborative space that is truly fit for post-COVID-19 working patterns and I believe will be a really important driver of our growth in the coming years.

THE GROUP'S STRATEGIC PROGRESS AND PERFORMANCE WOULD NOT HAVE BEEN POSSIBLE WITHOUT THE HARD WORK, FLEXIBILITY AND, ABOVE ALL, DEDICATION OF OUR OUTSTANDING TEAM…

The talent and dedication of the Joules team has once again been highlighted in a year characterised by disruption to the ways we have been able to work together and interact. I am incredibly proud of, and grateful for, the commitment shown by our people, from our head office teams to those on the front line in our stores, during this challenging period.

RESPONDING TO THE COVID-19 PANDEMIC

The trading conditions in the Period were heavily influenced by the impact of the COVID-19 pandemic on the lives of consumers. Before going any further, it is right to acknowledge the tragic impact that COVID-19 has had on individuals and families across the world, and I would like to extend my deepest sympathy to those in the Joules community who have been affected.

I am proud of how Joules responded and adapted to the disruption caused by the pandemic. This disruption was most profoundly felt during the early stages of the financial year when we operated during and in the immediate aftermath of the first UK-wide national lockdown, and for large parts of the second half of the year when different parts of the UK were faced with varying levels and durations of lockdown restrictions.

The Group was able to mitigate the impact by increasing its digital sales, careful cost management and by utilising support schemes such as the UK Government's Coronavirus Job Retention Scheme through which £4.6 million of claims were made during the Period and business rates relief which provided £2.3 million of relief during the year. In addition, the Board remains very grateful for the flexibility and support from other stakeholders, including landlords, employees and suppliers, including Clipper Logistics in the UK distribution centre, stock suppliers across our supply base and many other key partners.

NAVIGATING THE COVID-19 IMPACT

2020

MARCH–MAY 2020

COVID-19 IMPACT ON OUR BUSINESS

- First national lockdown – all stores closed before 23 March 2020
- Wholesale impacted UK/International
- E-commerce focus with DC constraints

HOW WE ADAPTED AND RESPONDED

- Financial stability – placing/revolving credit facility increase
- Stock suppliers – rephased, reduced
- Cash management – capex, costs
- Carefully managed e-commerce demand with fulfilment capability

JUNE 2020–SEPTEMBER 2020

COVID-19 IMPACT ON OUR BUSINESS

- Continued to satisfy customer demand through our UK e-commerce website, albeit with constrained warehouse capacity due to physical distancing restrictions
- UK stores and all UK wholesale partner stores closed until 15 June 2020. Phased re-opening of stores from 15 June 2020 with all stores open by early August
- Additional operational costs as we made stores as safe as possible for employees and customers

- Re-opened stores perform better than expectations despite lower year-on-year footfall
- All country shows and events cancelled
- Wholesale sales impacted by slower recovery of the wholesale channel

HOW WE ADAPTED AND RESPONDED

- Created an additional 100,000 square feet of capacity at our UK distribution centre to support the Group's anticipated e-commerce growth
- Introduced safeguarding measures as stores re-opened including managing staffing levels to allow for physical distancing, limiting the number of customers in store at any one time, Perspex screens at points of sale, providing PPE for our employees, and enhancing hygiene measures

OCTOBER 2020–DECEMBER 2020

COVID-19 IMPACT ON OUR BUSINESS

- UK Government imposes tiered levels of restrictions impacting our ability to keep open stores in different parts of the UK at different times

2021

- Lower store footfall results from increases in COVID-19 cases
- A four-week national lockdown imposed in England during November resulting in the closure of all Joules stores and those of our UK wholesale partners for the important Black Friday and pre-Christmas trading periods

DECEMBER 2020–APRIL 2021

COVID-19 IMPACT ON OUR BUSINESS

- All UK stores and wholesale partners stores closed from mid-December during the peak Christmas trading season as all countries in the UK enter national lockdowns
- Non-essential retail stores re-open across the UK from mid-April, with England reopen from 12 April

HOW WE ADAPTED AND RESPONDED

- Acquisition of Garden Trading, a digitally-led retailer of home and garden products inspired by the British countryside and lifestyle trends, supporting the Group's strategy to grow its customer base, broaden its product offer and strengthen its digital platform
- New partnership to open a total of six Joules stores (five open at year-end) in Center Parcs villages across the UK and Ireland from April, aligning two outdoor loving, family-focused lifestyle brands

MAY 2021

- Stores open with physical distancing measures

HOW WE ADAPTED AND RESPONDED

- Continued investment in the Friends of Joules digital marketplace provided customers with a broader online offer during the important Christmas gifting season

COVID-19 IMPACT ON OUR BUSINESS

In total, store trading hours were approximately 50% of their typical annual trading time. Partner stores similarly impacted by closures and Government restrictions.

Increased digital demand as e-commerce penetration grew across the retail market.

HOW WE ADAPTED AND RESPONDED

Always prioritising the health, safety, and wellbeing of the Joules community and all our stakeholders.

Additional investment in digital marketing and the online proposition in order to drive digital growth and capture consumer demand.

Continued cash and cost base management, including head office costs and lease renegotiations, as well as utilisation of several of the UK Government's support initiatives including rates relief for stores (£2.3 million) and the Coronavirus Job Retention Scheme for furloughed employees (£4.6 million).

Flexible and seamless remote working leveraging the IT investments made in recent years.

Continuing to support our local communities. Profits from our specially curated 'Rainbow Edit' collection comprising a range of products featuring colourful splashes of bright rainbows and rainbow colours raised more than £105,000 for NHS Charities Together Urgent COVID-19 Appeal during the year.

CHIEF EXECUTIVE'S REPORT FY21 BUSINESS REVIEW

GROWTH STRATEGY

STRATEGIC PROGRESS

The sudden impact of the pandemic on the lives of consumers accelerated pre-existing structural changes in consumer behaviour, including significantly increasing e-commerce penetration across the retail sector. Against this backdrop, in our FY21 Interim announcement, we outlined the pillars of our refocused strategy for the long-term growth and development of Joules as a premium lifestyle brand in the UK and internationally.

STRATEGIC KPIs

Online percentage of Retail

FY17	34.8%
FY18	38.4%
FY19	49.5%
FY20	56.6%
FY21	76.9%

Number of stores[1]

FY17	105
FY18	119
FY19	125
FY20	128
FY21	133

Total selling space[1] ('000 sq ft)

FY17	132
FY18	159
FY19	175
FY20	182
FY21	197

International as percentage of total revenue

FY17	11.5%
FY18	13.1%
FY19	16.1%
FY20	15.5%
FY21	12.6%

Active customer numbers[2] ('000)

FY17	991
FY18	1,230
FY19	1,394
FY20	1,428
FY21	1,670

1 Joules retail stores only, excludes concessions and franchise stores; 33 concessions operated at May 2021 (33 at May 2020 and 2019; five at May 2018 and previous years) and three franchises.

2 Customers registered on our database who have transacted in the last 12 months. FY19 and prior years restated to reflect enhanced customer database matching processes.

STRATEGIC PROGRESS SUMMARY

HIGHLIGHTS AND KPIs

STRONG DISTINCTIVE BRAND

The careful development of our strong, distinctive, and highly relevant brand remains central to all pillars of our growth strategy.

- Brand awareness increased by 2%pts to 48%
- Facebook and Instagram social media followers increased by 96k to 906k
- Continued progress against Responsibly Joules sustainability commitments
- Center Parcs partnership
- More than £105,000 raised for the NHS Charities Together Urgent COVID-19 Appeal during the year

GROW THE ACTIVE CUSTOMER BASE

We aim to, firstly, grow our active customer base and, secondly, increase those customers' frequency of interaction and spend with the brand.

- Total active customers grew by 17% to 1.7 million
- Digital active customers grew by 50% to 1.3 million
- Garden Trading 100,000 active customers

BROADEN THE PRODUCT OFFER

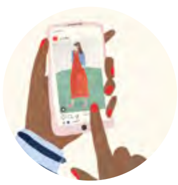
We aim to broaden and expand the product offer available to both existing and new customers, thereby encouraging customers to spend a greater proportion of their 'lifestyle spend' with Joules.

- Friends of Joules continued to expand to now offer >11,000 products from over 400 sellers (FY20: 7,000 products from 200 sellers)
- Additional 1,500 new home, garden, and outdoor lines to the Group's offering following acquisition of Garden Trading
- DFS sales growth greater than 100% yoy with strong growth online led by the continued appeal of the Joules sofa range

STRENGTHEN THE DIGITAL PLATFORM

We aim to continually enhance the Joules digital platform so that it captures and offers customers the complete Joules experience.

- Gross demand on the Joules digital platform increased by 48%
- Website traffic to joules.com increased by 47% year on year
- Joules.com conversion rate also improving by 0.4%pts to 4.4%



LEVERAGE THIRD PARTY PARTNERSHIPS

We aim to develop opportunities to efficiently grow the brand both in the UK and internationally through selected third-party digital and physical retail partners.

- New digitally focused partnership with Marks & Spencer to sell selected womenswear products on marksandspencer.com
- Expanded our partnership with Zalando in Europe

CHIEF EXECUTIVE'S REPORT STRATEGY AND BUSINESS MODEL

OUR STRONG AND DISTINCTIVE BRAND

The golden thread that runs through each pillar of our growth strategy remains the careful development of our strong, distinctive, and highly relevant brand. I believe that this relevance will only grow stronger over the coming years as we expect consumers to feel increasingly loyal and connected to brands that share their personal values. It is for this reason that our Responsibly Joules ethos is more important than ever. We continue to work hard to make sure that we conduct business the right way, and we are committed to fighting for the environment that inspires us. During the year we made further progress against our sustainability priorities including removing all virgin plastics from our packaging and advancing against our target to source only sustainable materials including cotton, leather, rubber, denim and synthetics by 2022. Underlining the importance of, and focus on, our Responsibly Joules priorities, we converted our financing facilities with Barclays Bank PLC to an 'ESG – Sustainability' facility with the financing costs linked to the achievement of sustainability targets. Further details on our Responsibly Joules strategy and activity during the year can be found in the Responsibly Joules section of this Annual Report.

During the year brand awareness increased by 2pts to 48%. Facebook and Instagram social media followers also increased by 96,000 to 906,000 and brand health was at record levels, up 0.6pts to 11.1 (the brand health metric runs on scale from –100 to +100). Brand awareness and brand health are measured as part of an independent YouGov consumer survey. This strong progress in part reflected highly efficient digital marketing, the desirable and visible high street and lifestyle locations of the Group's stores, and greater consumer awareness of our community, sustainability, and charitable activities.

By leveraging the strength and growing relevance of the distinctive Joules brand, the Group is focused on four key strategic drivers that the Board believes will underpin long-term, sustainable growth:

1. GROW OUR ACTIVE CUSTOMER BASE

The Group continues to focus on, firstly, growing its active global digital customer base and secondly, increasing those customers' frequency of interaction and spend with the brand.

During the year, total active customers continued to grow, totalling 1.7 million at the Period-end (FY20: 1.4 million) with 1.3 million of these active customers being digital customers (FY20: 0.9 million). These encouraging metrics reflect continued targeted and effective digital marketing investment, data-led customer communications and offers, and the positive impact of our attractive store portfolio on driving brand awareness. In addition, the significantly broadened product offering through our Friends of Joules digital marketplace continues to drive both customer acquisition and lifetime value by providing increased shopping opportunities with Joules.

Despite this strong growth in customer numbers and customer value, we continue to see significant further headroom to grow and estimate there is an addressable UK market of up to 10 million customers. In addition, we remain excited about the medium to long-term brand growth and customer acquisition opportunities within our target international markets, which we aim to deliver through the continued development of our capital-light digital and wholesale presence.

To support our brand growth and customer acquisition plans we will continue to increase our data-led digital marketing to target and efficiently acquire new digital customers. We will also focus on deepening existing and

DRIVE TOTAL UK BRAND SALES – 'TOTAL RETAIL'

E-commerce – We expect to continue to increase the mix of e-commerce sales as a proportion of our 'Total Retail' sales through ongoing enhancements to our digital platforms

Stores – Joules operates a portfolio of stores across the UK that enables our customers to shop and interact with the brand. As well as being important sales channels, our increasingly digitally enabled stores offer valuable touch points to showcase the brand to both existing and potential customers

Wholesale – We continue to broaden the reach of the Joules brand through selected wholesale partners that are closely aligned with our brand values and product categories – including specialist independents, department stores, destination lifestyle retailers, subscription services and online retailers. Wholesale is an important 'capital light' capability that facilitates our international growth strategy

Country shows and events – Over the past 30 years, Joules has developed a strong brand presence at a wide range of country shows and events across the UK. The channel remains an important part of the Joules brand's heritage and provides real customer connectivity

Marketplaces and concessions – As well as supporting the more traditional concession model, we continue to leverage our wholesale capabilities and relationships to support emerging new retail channels such as online marketplaces and 'fulfilled by' models that provide us with new routes to reach our target customer base in the UK and internationally.

developing new digital retail partnerships and selectively growing our store estate in attractive lifestyle locations. A very exciting example of our store strategy was the partnership we announced in March 2021 to open Joules stores in the six Center Parcs locations in the UK and Republic of Ireland in time for the Summer 2021 holiday season, 5 of these stores were open by 30 May 2021.

2. BROADENING THE PRODUCT OFFER

By broadening our product offer, we enable more customers to live more of their lives in the Joules way. We continue to see significant growth opportunities for Joules through expanding the ranges of products we sell to both existing and new customers, thereby encouraging customers to increase the proportion of their 'lifestyle spend' with Joules.

We remain focused on broadening our distinctive core product ranges, increasing our men's and kids collections, and extending into related product categories such as home, outdoor and garden through a combination of differentiated in-house design, curated brands available through our new Garden Trading brand plus Friends of Joules, and carefully selected licensing partnerships.

During the Period, Friends of Joules continued to expand and is increasingly bringing the experience of a bustling market town to consumers through their digital devices. The platform now offers over 11,000 products from more than 400 sellers across product categories including home, outdoor and garden, gifting, pet and clothing. In addition, following the acquisition of Garden Trading, we have added an additional 1,500 new home, garden, and outdoor lines to the Group's offering.

Our licensed product categories have continued to expand and perform well with a particularly strong performances by the Joules sofa range in partnership with DFS and pet collection in collaboration with Rosewood, as well as the continued development of our successful partnership with Boots, which saw the launch of a children's range of Joules toiletries and gifting products.

3. STRENGTHENING THE DIGITAL PLATFORM

We continue to invest in the Joules digital platform so that it offers customers the complete Joules experience.

During the year, gross demand on the Joules digital platform increased by 48%, with website traffic to joules.com increasing by 47% year on year and the conversion rate also improving by 0.4%pts to 4.4%. These positive trends were supported by the continued expansion of Friends of Joules, effective digital marketing investment, the growth in the active customer base, and continued investments in our e-commerce and mobile proposition, including enhancing site merchandising, product filtering and improving the payment journey for customers by adding various new payment options.

4. LEVERAGE THIRD-PARTY PARTNERSHIPS

In addition to growing the Joules brand through our own retail channels, we continue to see significant opportunities to grow the brand both in the UK and internationally through selected third-party digital and physical retail partners. These third-party relationships provide the opportunity to extend the reach of the Joules brand to a broader customer base utilising the retail and fulfilment platforms of our partners. Our systems and infrastructure have been developed to support a range of third-party models including the more traditional wholesale and retail concession models as well as the emerging marketplace, drop-ship and 'fulfilled by' models.

CHIEF EXECUTIVE'S REPORT CONTINUED

We have strong relationships with around 40 larger digital or multi-site retailers globally and a further 2,000 smaller specialist or independent retailers.

During the year we developed several new digitally focused third-party partnerships including with Marks & Spencer with a curated selection of Joules womenswear products available via the marksandspencer.com e-commerce platform from April 2021. Internationally we expanded our partnership with Zalando in Europe and commenced working with Target in the US on a dropship, marketplace model.

In August 2021 Rimal Patel will join the business in the role of Wholesale & Partnerships Director. Rimal was most recently Online Director at Tesco PLC and before that held senior roles at John Lewis and ShopDirect. Rimal will be responsible for strengthening and driving Joules' partnerships both in the UK and target international markets.

INFRASTRUCTURE AND ORGANISATIONAL DESIGN

Shortly after the end of the Period we completed the construction and fit-out of our new head office in Market Harborough, called The Joules Barn. The opening of The Joules Barn represents a vitally important development in our journey and will enable Joules to be an even more collaborative and creative business whilst maximising the benefits of more flexible working patterns that have developed since the outbreak of the pandemic.

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

In the second half of the Period the Group completed a re-organisation of structures across the Group's head office functions, which had commenced in FY20, as part of the 'Joules Blueprint' business strategy, to review organisational design and introduce clarity around roles and responsibilities.

GARDEN TRADING

The acquisition of Garden Trading in February 2021 was an important milestone for the Group. The acquisition has provided the Group with a strong position in the important and fast-growing home, garden and outdoor market with a brand and team that is closely aligned with Joules' core values customer base and business model. Further detail on the acquisition of Garden Trading is provided in Note 3 of the Consolidated Financial Statements.

The acquisition was driven by a clear strategic rationale helping to progress all pillars of Joules' Growth strategy:

- Grow active customer base: Garden Trading has a fast-growing active customer base, now at over 100,000. The home, outdoor and garden category is highly relevant to the wider Joules customer base.
- Strengthen digital platform: Over half of Garden Trading's sales are direct to consumers via its web platform and through digital marketplaces, including Friends of Joules
- Broaden product offer: Garden Trading brings over 1,500 distinctive, design-led products across home, garden, lighting and outdoor categories. We see opportunities to cross-market to the wider Joules customer base to drive growth in these categories
- Leverage third parties: strong wholesale relationships in UK and Europe have been central to Garden Trading since it started in business. We see opportunities to leverage mutual relationships and to introduce Garden Trading to several of Joules' existing third-party partners in the UK and internationally.

We are delighted with the performance of Garden Trading over the first few months since the acquisition and the transition to Garden Trading operating as part of the Joules Group has been successful with all planned support functions and activities now fully aligned. Looking forward, we see significant potential to grow the home, garden and outdoor category under the Garden Trading brand leveraging Joules resources and capabilities to support this growth.

THE JOULES COMMUNITY

The skill, talent, and dedication of the Joules team during FY21 in the face of such a unique and unprecedented set of challenges has been nothing short of amazing. I would like to thank all my colleagues for their hard work during the year.

We have also continued to receive fantastic support from our suppliers, landlords, business partners, and customers. I would like to take this opportunity to thank everyone across the Joules community for their ongoing support for our business and brand.

NICK JONES
Chief Executive Officer


Joules

FINANCIAL REVIEW
JOULES GROUP PLC

Our FY21 financial year has been overshadowed by the ongoing impact of the COVID-19 global pandemic, with enforced retail store closures across the UK and Europe, remote working for all colleagues and ongoing disruption to global freight markets.

Against this backdrop the Group has delivered a strong financial performance, leveraging historic investments to support significant growth through our already well-established e-commerce channels. Our strong financial position has allowed us to invest in our growth strategy, including driving strong growth of our Friends of Joules digital marketplace platform and the acquisition in February 2021 of The Garden Trading Company Limited ('Garden Trading'), a leading digitally focused outdoor, home and garden brand. As a result, we move into the new financial year with a business model now driven by predominantly digital revenue streams that leverage our brand and platform position, through a broader and more diversified product offer.

The performance in the year has demonstrated how we leverage our two 'special ingredients' – the Joules brand and our lifestyle products – to deliver sales through our digital platform, which comprises: the front end website; warehouse and fulfilment; and, customer insight and digital marketing capability, all of which are areas that we have invested in over recent years.

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

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

IMPACT ON BUSINESS OPERATIONS AND SALES CHANNELS

- Stores were closed for more than half of their potential trading hours. When open, stores traded at approximately 24% below the same period in FY19, with reduced footfall being partially offset by higher conversion rates
- No significant country shows, or events were attended in the year
- Wholesale dispatches were particularly low in the first quarter as our wholesale customers globally just started to reopen during the period. Sales momentum improved through the year, notwithstanding the impact of further lockdowns in the UK and EU
- Gross margins impacted by lower proportion of store sales – with store sales generating a higher gross margin than e-commerce, and an increased level of markdown sales in Q1 and Q4 in the stores channel due to clearing through stock positions held prior to going into lockdown.

OPERATING COSTS

- Lower store sales resulted in lower variable costs, including turnover rents, merchant fees, certain distribution costs, utilities, travel and expenses
- The Government's Coronavirus Job Retention Scheme ('CJRS') subsidised a substantial proportion of payroll costs for store colleagues, and some head office colleagues, that were furloughed whilst stores were closed. Approximately £4.6 million contribution to payroll costs was received in the Period
- Business rates relief, of approximately £2.3 million, was received across the year
- All non-furloughed colleagues agreed to voluntary pay reductions of up to 20% of the salary, that continued through the first quarter. The Directors agreed to additional voluntary pay reductions, as further detailed in the Directors' Remuneration Report
- Many of the Group's landlords either waived or reduced rent for the time that stores were unable to trade. The benefit from reduced rents is reflected within the IFRS 16 (Leases) accounting.

ACTIONS TAKEN TO PRESERVE CASH AND ENHANCE THE GROUP'S FINANCIAL POSITION AND LIQUIDITY

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

FINANCIAL POSITION AND LIQUIDITY

At 30 May 2021 the Group had net cash of £4.1 million (FY20: £4.5 million), comprising cash of £18.0 million and total borrowings of £13.9 million (excluding lease liabilities). The Group had total liquidity headroom of £38.1 million at 30 May 2021, comprising cash of £18.0 million and £20.1 million of undrawn committed financial facilities.

In April 2021, the Group extended the term of its £25 million revolving credit facility ('RCF') and £9.5 million term loan with Barclays Bank PLC, taking the opportunity to convert the RCF arrangement to an 'ESG – Sustainability' facility linked to the achievement of certain sustainability targets, providing further confidence in the financial position of the Group alongside focus on, and importance of, the Responsibly Joules strategy. Both facilities now expire in September 2024.

The Directors have concluded that it is appropriate to prepare the financial statements on the going concern basis. Further detail on the financial position, liquidity and going concern assessment is provided later within this Financial Review, the Directors' Report and Note 1 of the Consolidated Financial Statements.

ACQUISITION OF GARDEN TRADING

On 9 February 2021 the Group announced the acquisition of Garden Trading, a digitally led retailer of home and garden products inspired by the British countryside and lifestyle trends.

Total consideration for the acquisition was up to £12.5 million (on a cash free, debt free basis subject to a normalised level of working capital), with £9 million upfront consideration consisting of £4.5 million cash and £4.5 million of Joules Group plc Ordinary Shares (2.83 million new Joules ordinary shares of 1 pence each), and up to £3.5 million deferred consideration (of which at least £3.0 million will be paid in cash and the rest either in cash or Ordinary Shares, at the Group's discretion), subject to Garden Trading meeting certain targets over the period to 30 November 2021.

Garden Trading's results have been consolidated as part of the Group since acquisition with its results being reported across the Retail and Wholesale segments.

Further detail on the acquisition of Garden Trading is provided in Note 3 of the Consolidated Financial Statements.

GROUP RESULTS

PERIOD ENDED £MILLION	MAY 2021 52 WEEKS	RESTATED MAY 2020 53 WEEKS
Revenue	**199.0**	190.8
Gross profit	**97.5**	96.8
Operating expenses	**(72.1)**	(79.8)
Depreciation and amortisation*	**(16.0)**	(19.5)
Share-based compensation	**(1.7)**	0.4
Administrative expenses	**(89.8)**	(98.9)
Operating profit/(loss) – before exceptional costs	**7.7**	(2.1)
Finance costs	**(1.6)**	(1.8)
Profit/(loss) before tax – before exceptional costs	**6.1**	(3.9)
Gross margin percentage	*49.0%*	*50.7%*
Reconciliation to statutory results		
Operating profit/(loss) – before exceptional costs	**7.7**	(2.1)
Exceptional costs	**(4.2)**	(21.0)
Operating profit/(loss)	**3.6**	(23.0)
Net finance costs	**(1.6)**	(1.8)
Statutory profit/(loss) before tax	**2.0**	(24.8)
EBITDA reconciliation		
Operating profit/loss – before exceptional costs	**7.7**	(2.1)
Depreciation and amortisation	**16.0**	19.5
EBITDA – before exceptional costs	**23.7**	17.4

* Depreciation of Right-of-Use asset was £8.0 million (FY20: 12.6 million)

Group revenue increased by 4.3% to £199.0 million from £190.8 million last year, with strong growth in Joules' e-commerce and the contribution from Garden Trading, more than offsetting the impact of enforced store closures, the cancellation of country shows across the UK and the impact of the pandemic on the Group's wholesale customers. This year, we are reporting on the 52 weeks ended 30 May 2021 compared to 53 weeks to 31 May 2020 in the prior year. To provide a comparison with last year's 53-week period, the unaudited contribution of the additional week in last year's results was approximately 1% of revenue and profit.

Group gross margin of 49.0% was 1.7pts lower than the prior year. Gross margin was impacted by several headwinds over the Period:

- Lower proportion of store sales in the Retail segment with stores closed for more than half of the Period and lower stores margin rate when open due to higher markdown sales in stores in Q1 and Q4 as stores cleared through pre-lockdown stock positions. Historically stores deliver a higher gross margin rate than other retail channels.

FINANCIAL REVIEW CONTINUED

- Increased freight costs as the result of disruption in global freight markets impacting inbound deliveries through the final quarter of the Period
- Increased duty and transportation costs for deliveries into EU markets following Brexit

PBT – before exceptional costs was £6.1 million against a loss of £(3.9) million in the prior period. The strong sales performance of our digital platform (e-commerce and 'Friends of Joules') and licensed product ranges, together with furlough scheme (CJRS) contributions, business rates relief and continued focus on managing costs more than offset the impact of lost revenue from the enforced closures of our own stores and those of many of our wholesale partners. Statutory PBT was £2.0 million against a Statutory loss before tax of £(24.8) million last year. Exceptional costs of £4.2 million (FY20: £21.0m) were incurred in the Period, primarily in relation to non-cash impairments of store lease right-of-use assets.

CHANNEL REVIEW – REVENUE AND MARGIN

PERIOD ENDED £MILLION	MAY 2021 52 WEEKS	MAY 2020 53 WEEKS	VARIANCE %
E-commerce	**122.0**	82.7	48%
Stores	**35.1**	59.6	(41)%
Shows	**1.5**	3.6	(59)%
Retail	**158.6**	145.9	9%
Wholesale	**35.3**	42.7	(17)%
Other	**5.1**	2.2	130%
Group revenue	**199.0**	190.8	4%
Memo: International	**25.0**	29.5	(15)%
Gross margin %	**49.0%**	50.7%	
Retail	**52.3%**	56.9%	
Wholesale	**26.8%**	27.1%	

RETAIL

'Total Retail' revenue of £158.6 million was 8.7% above the prior year (FY20: £145.9m) with strong e-commerce sales growth more than offsetting the impact of enforced store closures and the cancellation of country shows and events that the Group normally attends.

Joules retail revenue segment comprises:

- E-commerce: the sale of Joules and Garden Trading branded products through the Group's own websites and via carefully selected third-party websites including Next, John Lewis, Zalando. Note, third-party 'Friends of Joules' products sold through the Joules website are reported within the 'Other' revenue segment based on the net commission received
- Stores: the sale of Joules branded products through the Group's own retail stores and a small number of concessions with John Lewis for Joules womenswear
- Country shows and events: Joules has retail presence at events such as Badminton, Burghley and CarFest

E-COMMERCE

Total e-commerce sales increased by 48% to £122.0 million (FY20: £82.7m). Excluding Garden Trading, e-commerce sales increased by 43%. This growth was led by sales through the Group's own websites (joules.com, joulesusa.com, tomjoule.de and the Joules ebay store). E-commerce represented 77% of the Group's retail revenue during the Period (FY20: 56%).

Traffic to the Joules website was up by more than 47% and conversion rate also improved. This performance reflects the market-wide trend towards online shopping, as well as the Group's:

- customer insight and digital marketing capability – to attract new customers to the brand and to provide compelling content and offers to existing customers. Digital active customers, those who have transacted online, increased to 1.3 million in the Period (FY20: 0.9 million), making up more than two-thirds of our total active customer base
- ongoing improvements to the online customer experience – including enhancements to site navigation, search and checkout experience

- increasing range and breadth of products available on the Joules website, including more than 11,000 products from third party sellers via the Friends of Joules digital marketplace. Gross platform demand (which includes the sale of Joules products and the gross sales value from Friends of Joules) increased by nearly 50% in the Period
- investment in warehousing and fulfilment capability over recent years

Garden Trading's retail revenue, which is all e-commerce, for the post-acquisition period was £4.3 million, this represents pro forma growth of over 100% on the equivalent prior year period. This performance was a result of increased awareness of the brand, a growing active customer base – now at over 100,000, an expanded product collection and increased market demand for the home, garden and outdoor category.

STORES

Overall store sales were £35.1 million in the year (FY20: £59.6m). This result reflects the forced closure of non-essential retail stores. In the current year, our stores were closed for more than half of the year compared with two months in the prior year.

When allowed to open, stores traded at approximately 24% below the same period in FY19 and experienced reduced footfall against historic levels, in part the result of social distancing measures, the impact of which was partly offset by higher conversion rates.

WHOLESALE

Wholesale revenue in the Period was £35.3 million, a 17% reduction year on year (FY20: £42.7m), reflecting the ongoing impact of COVID-19 on many of the Group's wholesale partners both in the UK and internationally.

In the UK, wholesale revenue, excluding Garden Trading, was £15.2 million (FY20: £21.2m) with an approximately 40% reduction in Autumn/Winter 2020 which was particularly impacted by COVID-19, and an improved trend in Spring/Summer 2021 which was in line with the prior equivalent season. Garden Trading wholesale revenue, for the post-acquisition period, was £4.4 million.

Internationally, our wholesale sales were £15.8 million (FY20: £21.5m). COVID-19 impacted all markets in the first quarter where we proactively cancelled or reduced a significant proportion of our early Autumn/Winter 2020 deliveries across all markets. Despatches to Germany, along with other European markets, have continued to be impacted by lockdown measures and further impacted in the second half of the year by Brexit which has resulted in shipping and customs clearance delays.

OTHER REVENUE

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

Other revenue more than doubled to £5.1 million (FY20: £2.2m). This reflects the strong growth of our Friends of Joules digital marketplace, contributing £2.0 million to other revenue (FY20: £0.4 million), and strong performance from several of our licensed product categories and partners.

Friends of Joules now has over 11,000 products, across 293 categories, from over 400 third party sellers. These products are merchandised alongside Joules products on the Joules websites and promoted to Joules' growing active customer.

INTERNATIONAL

Total international revenue, which includes revenue in international markets across retail and wholesale channels, decreased by 15.2% to £25.0 million (FY20: £29.5 million) and now comprises 12.6% of the Group's total revenue (FY20: 15.5%).

Wholesale sales were impacted by COVID-19 across all markets for the first quarter and in European markets through most of the year with national and regional lockdowns. European markets were further impacted by Brexit in the second half with disruption to delivery times.

Notwithstanding the specific challenges in the current Period, the Joules brand continues to resonate with customers in our target international markets. E-commerce sales continued to grow in the US and Germany, despite having to close our German market website for a five-week period to avoid the risk of disruption to customer orders in the initial weeks following Brexit.

ADMINISTRATIVE EXPENSES

Total administrative expenses before exceptional costs decreased by 9.2% to £89.8 million (FY20: £98.9m).

PERIOD ENDED £MILLION	MAY 2021 52 WEEKS	MAY 2020 53 WEEKS
Operating expenses	**72.1**	79.8
Depreciation and amortisation*	**16.0**	19.5
Share-based compensation	**1.7**	(0.4)
Administrative expenses – before exceptional costs	**89.8**	98.9
Exceptional costs	**4.2**	21.0
Total Administrative expenses	**93.9**	119.9

* Depreciation of Right-of-Use asset was £8.0 million (FY20: 12.6 million)

OPERATING EXPENSES

Operating expenses decreased by 9.7% to £72.1 million (FY20: £79.8 million). The movement in the Period reflected the support received from the Government via the Job Retention Scheme (£4.6 million) and rates rebates (£2.3 million), as well as lower direct sales variable costs and the Group's ongoing cost management.

Sales costs which primarily relate to commissions paid to third-party retail partners and wholesale sales agents, decreased by 8.2% to £11.2 million (FY20: £12.2 million), in line with the lower third-party sales experienced in the Period.

Marketing expenditure was up by 22% to £11.3 million (FY20: £9.3m). Investment in digital and social marketing was increased to drive customer acquisition and digital sales, which was partly offset by the reduction in marketing expenditure in other channels.

FINANCIAL REVIEW CONTINUED

Store costs decreased by 55% to £8.1 million (FY20: £17.9 million). Underlying store costs were mitigated by business rates relief and the payments received from the CJRS when store colleagues were furloughed. Store costs exclude rent expenditure which is accounted for under IFRS 16 (Leases) with the exception of turnover only store rent and short-term leases of £0.4 million (FY20: £0.3 million).

Distribution costs increased by 35% to £12.4 million (FY20: £9.2 million). The increase in distribution costs is due to the increase in e-commerce sales and the resulting increase in variable warehouse related costs.

Head office costs decreased by 6.7% to £29.1 million (FY20: £31.2 million) as the result of continued cost management activities, CJRS income for furloughed colleagues and the constraints of the global pandemic reducing travel and related costs.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation reduced by £3.4 million to £16.0 million (FY20: £19.4m), with lower right-of-use asset depreciation more than offsetting an increase in underlying depreciation and amortisation.

Underlying depreciation and amortisation increased to £8.0 million (FY20: £6.8 million) the increase being primarily due to higher amortisation following the completion of a number of technology initiatives in the prior financial year, including further developments to our digital platform, the launch of the 'Friends of Joules' digital marketplace and roll-out of a new digitally integrated store point of sales solution.

Right-of-use asset depreciation decreased by £4.6 million to £8.0 million (FY20: £12.6 million). The decrease was the result of a reduction in the right-of-use asset following impairment write-downs in the prior financial period and the renegotiation of several leases in the period which resulted in reductions in underlying lease costs and several leases falling outside of the scope of IFRS 16. This was partly offset by a lease extension for our UK warehouse.

SHARE-BASED COMPENSATION

Share-based compensation was £1.7 million in the Period (FY20: £0.4m income).

In the current Period, the Executive Directors and several senior executives, waived options outstanding under the Long Term Incentive Plans ('LTIPs') due to vest following the three-year periods ending FY21 and FY22, reducing the number of shares under option and the share based compensation provision. Several new share plan arrangements were established in the Period, including a new LTIP for the three-year period to FY23 and an All Employee Share Plan.

Share-based compensation in each period can fluctuate based on projected performance outcomes against the LTIP targets, the share price at reporting date and movement in the charge required for National Insurance contributions.

EXCEPTIONAL ADMINISTRATIVE EXPENSE

A total exceptional expense of £4.2 million (FY20: £21.0m) has been booked by the Group in the Period as detailed below and in Note 4 of the Consolidated Financial Statements.

PERIOD ENDED £MILLION	MAY 21	MAY 20
Right-of-use asset – impairment	1.8	16.2
Property, plant and equipment and intangible assets – impairment	1.1	4.3
Non-cash exceptional	**2.9**	20.5
Acquisition costs	0.6	nil
Restructuring costs	0.7	0.5
Other exceptional costs	**1.3**	0.5
Total exceptional costs	**4.2**	21.0

The Group regularly conducts a review of its assets to identify if there are any impairments to the carrying value of the assets. Following this review at the Period end, a non-cash exceptional impairment charge of £2.9 million has been recognised (FY20: £20.5m), which is net of prior year impairment charge reversals of £0.8 million (FY20: nil), the majority of which relates to the Group's stores. The stores with impairment reversals were written back to their recoverable amount after a thorough review of forecast performance on a store-by-store basis to determine which impairment reversals were appropriate to recognise.

The COVID-19 pandemic and the resulting enforced closure of the Group's retail stores and anticipated lower footfall to retail stores when reopened, results in lower cash flow forecasts for stores and a resulting impairment to the right-of-use asset and fixed assets of certain stores.

In the second half of the year the Group incurred further exceptional costs of £1.3 million, of which £0.6 million were professional fees related to the acquisition of Garden Trading, and £0.7 million were restructuring costs (FY20: £0.5 million). The restructuring costs related to a re-organisation of structures across the Group's head office functions which commenced in FY20 and was completed in the Period as part of the 'Joules Blueprint' business strategy to review organisational design and introduce clarity around roles and responsibilities.

FINANCE COSTS

Net finance costs were £1.6 million (FY20: £1.8 million). Net finance costs consist of £0.4 million interest and facility charges on the Group's revolving credit facility and term loan with Barclays Bank PLC (FY20: £0.4 million) and £1.2 million interest on lease liabilities (FY20: £1.4 million).

TAXATION

The Group tax charge for the Period was £1.1 million (FY20: £4.6 million credit). The effective tax rate for the Period was 78.1% (FY20: 17.8%), which was significantly higher than the applicable UK corporation tax rate due to the impact of recalculating the deferred tax liability on Garden Trading intangibles (following the UK tax rate being increased from 19% to 25% from April 2023), plus non-deductible expenditure (including £0.6m of Garden Trading acquisition costs), share based compensation charges and a prior year deferred tax charge, mostly arising on fixed asset timing differences.

CASH FLOW

Free cash flow, prior to the capital expenditure on our new head office development and the acquisition consideration for Garden Trading, was £11.1 million inflow in the period (FY20: £7.3 million outflow). Net cash flow after the capital expenditure on the new head office, the acquisition consideration for Garden Trading and the repayment of borrowings was £7.0 million outflow in the Period (FY20: £10.1 million outflow).

The improvement against the comparable period reflects higher EBITDA for the trading reasons detailed above and the benefit of the Government's COVID-19 support measures; the receipt of corporation tax overpaid on account in the prior year; deferral of a proportion of lease rental payments in agreement with landlords; and, continued robust working capital management.

£MILLION	FY21	FY20
EBITDA (before exceptional costs)	23.7	17.4
Share-based compensation	1.7	(0.4)
Lease repayments – IFRS 16	(11.3)	(12.3)
Cash exceptional costs	(1.3)	(0.5)
Net working capital – change	4.3	(2.4)
Operating free cash flow	17.1	1.8
Interest paid – borrowings	(0.3)	(0.4)
Interest paid – lease liability	(1.2)	(1.4)
Tax received/(paid)	3.0	(0.9)
Cash from Operating activities	18.6	(0.9)
Capital expenditure – core	(7.5)	(6.4)
Free cash flow (core capex)	11.1	(7.3)
Capital expenditure – new head office	(6.1)	(7.3)
Acquisition of Garden Trading	(4.2)	-
Free cash flow	(0.8)	(14.6)
Net cash from financing	(7.8)	24.7
Net cash flow	(7.0)	(10.1)
Memo: Total capital expenditure	(13.6)	(13.7)
Net cash	4.1	4.5

CAPITAL EXPENDITURE

Core capital expenditure in the year was £7.5 million (FY20: £6.4m). Major areas of capital expenditure included a capacity upgrade programme at our UK warehouse, alongside developments to the Joules website and other core technology platforms.

The development of our new head office, The Joules Barn, was completed in June 2021. During the Period, capital expenditure on the new head office was £6.1million (FY20: £7.3m).

INVENTORY

Group Inventory at the end of the Period was £47.5 million (FY19: £35.3m). The increase in the Period is due in part to the acquisition of Garden Trading as well as an increased holding of current and future season inventory with last year impacted by actions taken to rephase stock levels due to the closure of the Group's stores during the UK's initial lockdown.

DIVIDEND

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

NET CASH AND LIQUIDITY

Net cash at the end of the Period was £4.1 million (FY20: £4.5 million) representing cash of £18.0 million (FY20: £26.2 million) and borrowings of £13.9 million (FY20: £21.7 million).

The Group's total liquidity headroom at 30 May 2021 was £38.1 million (FY20: £52.5m), comprising £18.0 million cash balances (FY20: £26.2m) and £20.1 million undrawn committed financing facilities (FY20: £26.3m). The decrease in liquidity headroom is driven by the Group not seeking an extension to its temporary 12 month, £15 million revolving credit facility with Barclays Bank PLC (which was put in place in April 2020 and expired in April 2021), and the investment in Garden Trading during the Period.

FINANCIAL REVIEW CONTINUED

LEASE LIABILITY (IFRS 16)

The Group's total lease liability at 30 May 2021 was £39.8 million, a reduction of £6.9 million since the year ended 31 May 2020.

The repayment of lease liabilities of £11.3 million in the Period was partly offset by lease additions of £4.3 million, primarily relating to a lease extension for the Group's UK distribution centre, the renegotiation of certain store leases on more favourable terms and the addition of the lease for Garden Trading's warehouse and showroom.

LEASE LIABILITY BY TYPE: £MILLION	30 MAY 2021	31 MAY 2020	INCREASE/ (DECREASE)
Store leases	**31.8**	37.7	(5.9)
Commercial property leases	**7.4**	8.3	(0.9)
Other leases	**0.6**	0.7	(0.1)
Total liability	**39.8**	46.7	(6.9)

FINANCING FACILITIES

At the end of the Period the Group had total available facilities of £34.0 million of which £13.9 million was drawn.

FACILITY £MILLION	AVAILABLE FACILITY MAY 2021	DRAWN FACILITY MAY 2021	MATURITY
Revolving credit facility ('RCF')	**25.0**	5.1	September 2024
Term loan	**9.0**	8.8	September 2024
Total facilities/ borrowings	**34.0**	13.9	

The Group has a £25 million revolving credit facility provided by Barclays Bank PLC ('Barclays') to fund seasonal working capital requirements. In April 2021, the Group agreed an extension of this facility with Barclays, extending the maturity date from July 2022 to September 2024.

In April 2020, the Group established an additional short-term revolving credit facility of £15 million with Barclays, to provide additional financial headroom over the year to March 2021. This facility has not been renewed by the Group.

The development of the Group's new head office, which is now complete, is part funded through a £9.0 million loan from Barclays. The loan is repayable by way of quarterly payments of £264,000 and a final bullet payment in September 2024.

EARNINGS PER SHARE

Statutory basic earnings per share for the Period, were 0.82 pence (FY20: loss per share 21.61 pence). The weighted number of Ordinary Shares in issue for the Period was 109 million an increase of 15 million Ordinary Shares compared to the prior period. The increase in Ordinary Shares follows the equity placing completed in April 2020 and the share consideration element of the Garden Trading acquisition in February 2021.

BREXIT

The Group was well prepared for the additional operational and administrative requirements that came into effect at the end of the transitional arrangement with the EU on 1 January 2021. Notwithstanding this preparation, the Group's sales to EU customers, wholesale and consumers, were impacted by logistics disruption and higher costs to serve, including higher courier costs, duty and other taxes. The total impact to profit in the Period is estimated at £0.8 to £1.0 million against the comparable period.

After several months of trading under the new arrangements, the logistics challenges are starting to normalise, but the increased costs are anticipated to only partly revert to historic levels. The Group will continue to evaluate and implement options to mitigate the adverse impact including a potential increase in selling prices and structural changes to the Group's logistics.

GOING CONCERN AND VIABILITY STATEMENT – IMPACT OF COVID-19

As for many businesses in the retail sector, the Group has continued to be significantly impacted by COVID-19 during the Period. The impact, and management's response, is set out in further detail within the CEO's report and the Financial Review.

Despite the easing of the UK's lockdown and the re-opening of non-essential retail in mid-April 2021, the retail sector continues to face significant uncertainties, including short-term and potentially more fundamental long-term changes in consumer behaviour as well as the potential for ongoing operational disruption. Given these uncertainties, the Directors have undertaken a comprehensive assessment to consider the going concern and longer-term viability of the Group and Company. In making their assessment the Directors have considered the following:

- The Group's financial position, as at the date of this report, and its committed borrowing facilities available for the time period under consideration
- The support from the Group's shareholders and bank, including the successful equity placing that was completed in the early stages of the UK lockdown during the prior period and the financing facility extension that was completed in April 2021
- Alternative sources of financing, including sale & leaseback of freehold property and asset financing that might reasonably be assumed to be available to the Group – noting that any financing from these sources has not been included within the forecasts that support the going concern assessment
- Financial commitments, including capital commitments, lease commitments, stock purchases and other non-variable/non-discretionary costs. In respect of property leases, the Directors note the relatively short lease commitments, of less than three years on average, that the Group has across its store portfolio together with recent and ongoing progress on renewing leases on favourable terms
- The extent of potential Government support initiatives including business rates relief and the Coronavirus Job Retention Scheme (CJRS)
- Strength of brand, reflected in active customer growth, brand awareness and brand health metrics – as detailed more fully in the Strategic Review

- The flexibility and agility of the Group's business model, as described in the Strategic Review, noting that over two thirds of the Group's retail sales are via e-commerce and that the Group has diversified sources of revenue, operating across several channels and geographic markets, with owned and third-party channels including wholesale and marketplaces. Newer income streams of brand licensing and the Group's Friends of Joules digital marketplace and from Garden Trading following the acquisition in February 2021 provide additional comfort on the strength of the brand and diversity of income channels.

The Directors have also considered the trading performance of the Group's stores as they have re-opened following the easing of the UK's lockdown restrictions on 12 April 2021, as well as the performance of the Group's e-commerce channel, which has continued to exceed management's expectations during the Period.

The Directors have reviewed management's business plan forecasts that cover the period to 26 May 2024, being the Group's strategic plan horizon. The forecasts have been produced on the following basis:

- **Base plan** – a gradual sales recovery post the end of the UK's third lockdown in April 2021, continuing the trend experienced since the UK's lockdown restrictions were eased in mid-April 2021, reflecting management's estimates for the speed and extent of recovery across its different sales channels and markets. It reflects stores being open throughout the period under review initially trading significantly below the comparative pre-COVID-19 period, improving to approximately 80% of pre-COVID-19 sales levels by the end of FY22, with modest growth thereafter. Third-party wholesale channels are assumed to follow a similar trajectory. The Group's e-commerce sales are forecast to grow at double-digit levels reflecting performance over recent years and experienced during the UK's latest lockdown in January to March 2021.

- **Downside scenario** – the 'Base plan' adjusted to reflect a further UK lockdown for three months during October to December 2021 with all non-essential retail closed during the Group's key trading period, followed by a much slower recovery of the Group's stores channel with total store revenues only achieving approximately 60% of the pre-COVID-19 levels by the end of FY24. E-commerce sales growth is assumed to be at half of the 'Base plan' levels and wholesale sales are assumed to reduce significantly during FY22 compared to the 'Base plan'.

Within each forecast, management have reflected financial commitments and the impact of realised or anticipated cost savings from discretionary and variable costs. No Government support or subsidies, other than those announced and committed at the date of this report, are included.

The Directors have also stress tested the forecast to consider situations under which the Company would have insufficient liquidity under its current secured borrowing facilities and/or it would not meet its banking covenant tests. One such 'Stress test scenario' is that of an even further extended potential COVID-19 related lockdown in the UK for up to six months, with a material disruption to retail store operations during the full peak Autumn/Winter 2021 trading season resulting in significantly reduced store channel revenue and lower receipts from the Group's wholesale channels. The Stress test scenario assumes e-commerce revenue growth in line with the 'Downside scenario' noting that loyal customers would no longer be able to access the brand via the store environment – as demonstrated during the previous UK lockdowns, plus ongoing income from Garden Trading, brand licensing and digital marketplace activities which was in excess of £25 million in FY21. The Stress test scenario assumes that the Group would only reduce directly related variable sales costs during the period and does not assume any further cost mitigation actions which would be available to the Group. No additional Government support or subsidies to offset costs or support cash flow are assumed in this scenario.

The Directors believe, with reference to the considerations noted above, that, firstly the likelihood of this situation arising in its most extreme form is remote and, secondly, that they anticipate that the Group would be able to adapt and respond to mitigate the impacts and continue to trade and meet its obligations through the period of consideration.

GOING CONCERN

The Base plan and Downside scenario forecasts indicate that the Group will remain within its available committed borrowing facilities and in compliance with covenants throughout the forthcoming 12-month period. Under the Downside scenario, the Group has more than £20 million available liquidity headroom through-out the period under consideration and has EBITDA headroom of £2.7 million against its May 2022 year end covenant test and headroom of £5.6 million at its first covenant test in the period at the end of November 2021.

The Group would also remain within its borrowing facilities and comply with covenants under the Stress test through this period.

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

VIABILITY STATEMENT

The Directors have considered the Group's prospects and viability over a three-year period to 26 May 2024. This three-year period is considered appropriate as i) this is the Group's longer term strategic planning period and ii) the Group's £25 million revolving credit facility with Barclays Bank PLC, has recently been extended out to September 2024 which covers the three-year period of the review.

As set out in detail in the 'Going concern and viability statement – impact of COVID-19' section above, the Directors have produced and reviewed forecasts which consider the impact of further UK lockdowns (of both 3- and 6-month periods), slow recovery thereafter and no additional Government support or subsidies.

Under the Base plan and the Downside scenarios, outlined in more detail above, the Group will remain within its available committed borrowing facilities and in compliance with covenants throughout the forecast period.

Based on this assessment, the Directors have a reasonable expectation that the Group will continue in operation and meet all its liabilities as they fall during the period up to 26 May 2024.

PRINCIPAL RISKS AND UNCERTAINTIES

Set out below are the principal risks and uncertainties that the Directors consider could impact the business. The Board regularly reviews the potential risks facing the Group and the controls in place to mitigate any potential adverse impacts. The Board also recognises that the nature and scope of risks can change and that there may be other risks to which the Group is exposed and so the list is not intended to be exhaustive.

The Corporate Governance Report includes an overview of our approach to risk management and internal control systems and processes.

EXTERNAL RISKS

External risks reflect those risks where we are unable to influence the likelihood of the risk arising and therefore focus is on minimising the impact should the risk arise.

RISK AND IMPACT	MITIGATING FACTORS
GLOBAL/REGIONAL PANDEMIC (I.E. COVID-19)	
As the current global pandemic COVID-19 has shown, the implications of such an event are extreme, sudden and are challenging to mitigate. The impacts of a global (or regional) pandemic include: • Supply chain disruption – supplier factory closures and freight disruption • Customer demand reduction – general consumer mobility restrictions exacerbated by enforced store closures and/or in-store restrictions • Supplier impact – increased risk of failure of key suppliers • Employee – health and wellbeing implications plus restrictions on ability to undertake day-to-day operations • Management decision making – potential to be impacted if several members of the senior leadership team were to become incapacitated.	Our response to mitigate the immediate and longer-term impacts of COVID-19 are detailed within the CEO's Report and Financial Review. As evidenced by COVID-19, mitigation of the impacts of a global pandemic is very challenging. To navigate the challenges and mitigate the potential adverse impacts on the Group, the following have been well established across the business: • Business Continuity task force, with delegated decision-making authority, established to rapidly respond to and manage through crisis situations • Well invested, modern IT infrastructure to support remote and agile working • Ongoing investment in the Group's digital platforms and warehouse fulfilment capabilities to ensure customer demand and delivery proposition are met • Ongoing geographic diversification of supplier base and enhanced supplier due diligence • Short lease terms across store portfolio mitigating adverse financial impact of customer demand reduction • Outsourced UK distribution centre operations to Clipper Logistics plc providing access to their disaster recovery capability and capacity.
ECONOMY	
The majority of the Group's revenue is generated from sales in the UK to UK customers. A deterioration in the UK economy may adversely impact consumer confidence and spending on discretionary items. A reduction in consumer expenditure could materially and adversely affect the Group's financial condition, operations and business prospects. Any significant change in inflation rates in the UK economy could further impact on consumer expenditure and increase the economic risk. COVID-19 is also increasing the likelihood and impact of this risk.	As a premium lifestyle brand with a strong e-commerce channel, a geographically disperse retail store portfolio and long-standing wholesale customer accounts, the Directors consider that the UK business would be less affected by a reduction in consumer expenditure than many other clothing retailers. In addition, the property portfolio has short lease terms, providing relative flexibility to close or relocate stores should this become necessary.

RISK AND IMPACT	MITIGATING FACTORS
COMPETITOR ACTIONS	
New competitors, existing clothing retailers or lifestyle brands may target our segment of the market. Existing competitors may increase their level of discounting or promotions and/or expand their presence in new channels. These actions could adversely impact our sales and profits.	Joules differentiates from competitors through its strong brand and products that are known for their quality, details, colour and prints. Our large customer database allows the Group to communicate effectively with customers, developing customer engagement and loyalty. The expansion of the Group's product and category offer and the diversification of revenue sources, with new income streams from the Group's Friends of Joules market place, Joules branded licence arrangements and following the acquisition of Garden Trading in the Period, help to mitigate this risk.
FOREIGN EXCHANGE	
The Group purchases the majority of its product inventory from overseas and is therefore exposed to foreign currency risk, primarily the US Dollar. Without mitigation, input costs may fluctuate in the short term, creating uncertainty as to profits and cash flows. Brexit has increased volatility in this area that may be sustained or worsen going forward.	The Group's Treasury Policy sets out the parameters and procedures relating to foreign currency hedging. We currently seek to hedge a material proportion of forecasted US Dollar requirement 12–24 months ahead using forward contracts. The Group's US wholesale business generates US Dollar cash flows which provide a degree of natural hedging.
REGULATORY AND POLITICAL	
New regulations or compliance requirements may be introduced from time to time. These may have a material impact on the cost base or operational complexity of the business. Non-compliance with the regulation could result in financial penalties. Recent and ongoing US/China trade negotiations with the threat of additional US tariffs on China manufactured products, as well as the continuing uncertainty surrounding Brexit, have increased the risk and uncertainty in this area.	The Group has processes in place to monitor and report to the Board on new regulations and compliance requirements that could have an impact on the business. The impact of any new regulation is evaluated and reflected in the Group's financial forecasts and planning. The Group is seeking to diversify its supplier base to help mitigate this risk.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

RISK AND IMPACT	MITIGATING FACTORS
BREXIT The exit of the UK from the EU has added complexity across many areas of the Group's operations that impacted on our ability to get products to customers in a timely manner and on product profit margins. Specific risk areas that are associated with the UK's exit from the EU include: • Political uncertainty: The level of economic and consumer uncertainty has increased due to the UK's exit from the EU. • Changes in customs duty and VAT regimes: Goods being imported to and exported from the EU are subject to a different duty and VAT regime, which results in increased costs to the Group. • Additional paperwork and administration are also required in order to move product into and out of both the UK and the EU. • Supply chain costs and delays: Brexit, combined with the impact of the COVID-19 pandemic, has had a significant impact on global supply chains resulting in both disruption and significant cost increases associated with the inbound and outbound movements of goods. • Employment of EU nationals: EU nationals living in the UK no longer have automatic rights to remain working in the UK. This could restrict the Group's ability to retain and recruit appropriate talent. • Foreign exchange fluctuations: The Group's exposure to fluctuations in foreign exchange rates, in particular the strength of Sterling relative to the US Dollar, is increased as a result of the impact of Brexit. • Regulation and compliance: The regulatory regime applicable to the manufacture and sale of products may increase in complexity if the UK adopts a different framework from the current EU based legislation.	The Group has a Brexit 'task force' that was originally established to undertake contingency planning for a potential 'no deal' Brexit. The Brexit task force has continued to monitor the impact on the Group now that the UK has left the EU and has been managing the immediate challenges on the Group's operations whilst also seeking to optimise the Group's future structure and trading relationships with EU partners. Mitigating steps taken: • Political uncertainty: The Directors and Brexit task force continue to monitor the impact of ongoing changes. • Changes in customs duty and VAT regimes: An assessment of the Group's operations was undertaken to identify changes required and any additional costs. • Paperwork (e.g. commercial invoices) has been automated to improve efficiency where possible. • Supply chain delays: The business has achieved Authorised Economic Operator status and has implemented Customs bonded status for the Group's main UK distribution centre which assist in mitigating the adverse duty impacts and supply chain delays. This area is under ongoing review to improve efficiency of the Group's operations. • Employment of EU nationals: All EU nationals working for the Group have been consulted on the implications of Brexit and support continues to be provided with applying for settled status. • Foreign exchange fluctuations: As noted above the Group seeks to hedge a material proportion of forecasted US Dollar requirement 12–24 months ahead using forward contracts. • Regulation and compliance: Ongoing legal advice is being taken in this area to ensure continued compliance with relevant UK and EU regulations.

INTERNAL RISKS

Internal risks reflect those where we can influence the likelihood of the risk arising and the impact should the risk arise.

RISK AND IMPACT	MITIGATING FACTORS
BRAND AND REPUTATION The strength of our brand and its reputation are very important to the success of the Group. Failure to protect and manage this could reduce the confidence and trust that customers place in the business, which could have a detrimental impact on sales, profits and business prospects. Our brand may be undermined or damaged by our actions or those of our partners or through infringement of our intellectual property ('IP').	Brand and reputation are monitored closely by senior management and the Board. The Group's public relations are actively managed and customer feedback, both direct and indirect, is carefully monitored. We carefully consider each new trade customer with whom we do business and monitor on an ongoing basis. We actively monitor for potential IP infringements and have a process to determine the appropriate course of action to protect our brand and IP vigorously.
PRODUCT SOURCING The Group's products are predominantly manufactured overseas. Failure to carry out sufficient due diligence and to act in the event of any negative findings, especially in relation to ethical or quality related issues, could adversely impact our brand and reputation.	The Group has a policy and process for the selection of new suppliers. This includes a review of compliance with laws and regulations and that suppliers meet generally accepted standards of good practice. In addition, suppliers are required to sign up to the Joules code of conduct. The Group operates a programme of ethical audits across the product supply base supported by a third-party agency.
DESIGN As with all clothing and lifestyle brands there is a risk that our offer will not satisfy the needs of our customers or that we fail to correctly identify trends that are important to our customer base. These outcomes may result in lower sales, excess inventories and/or higher markdowns.	Joules has a long established in-house creative and design team who have a high level of awareness and understanding of our target customer segment. A large proportion of our product range is anchored in classic products that are evolved season to season. Early feedback from our trade customers can allow us to further refine our product range ahead of significant purchase commitments.
KEY MANAGEMENT Our business performance is linked to the performance of our people and to the leadership of key individuals. The loss of a key individual whether at management level or within a specialist skill set could have a detrimental effect on our operations and, in some cases, the creative vision for the brand.	The Group's remuneration policy, which includes a long-term incentive scheme and performance-related pay, is designed to attract and retain key management. The Group operates learning and development programmes to increase the opportunities for internal succession.
IT SECURITY AND SYSTEMS AVAILABILITY Non-availability of the Group's IT systems, including the e-commerce websites, for a prolonged period could result in business disruption, loss of sales and reputational damage.	Malicious attacks, data breaches or viruses could lead to business interruption and reputational damage. A business continuity plan exists to minimise the impact of a loss of key systems and to recover the use of the system and associated data. A regular assessment of vulnerability to malicious attacks is performed and any weaknesses rectified. All Group employees are made aware of the Group's IT security policies and we deploy a suite of tools (including email filtering and antivirus software) to protect against such events.
SUPPLY CHAIN The disruption to any material element of the Group's supply chain, in particular the UK central distribution centre ('UK DC'), could impact sales and impact on our ability to supply our consumers, stores and wholesale customers.	The Group outsourced its UK DC operations to Clipper Logistics plc ('Clipper') in the prior period, this provides access to Clipper's business continuity arrangements in the event of the loss of the UK distribution centre. In addition, the Group maintains insurance cover at an appropriate level to protect against the impact of such an interruption.
GARDEN TRADING ACQUISITION AND INTEGRATION During the Period the Group acquired 100% of the share capital of The Garden Trading Company Limited. Significant financial investment has been made in the acquisition and the successful integration and development of the Garden Trading business will be key for the delivery of the Group's overall strategy.	At the same time as undertaking extensive financial, legal and operational due diligence prior to the acquisition, the Group also established an integration project team that has continued to be focused post-acquisition on delivering a successful transition of Garden Trading into the Joules Group. The Directors are working closely with the management team at Garden Trading to monitor the current and future trading performance of the business.

"From the day we started with nothing more than a table in a field, to the Joules you know and love today, we've always been conscious of our impact on the environment, the wildlife within it and the people we work with. That's why we're committed to protecting, respecting and giving back — because we wouldn't be us without them"

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ALIGNMENT

The United Nations Sustainable Development Goals ('SDGs') are a universal urgent call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere. Launched in 2015 and targeting 2030, the goals cover the three dimensions of sustainable development: economic growth, social inclusion and environmental protection.

We use these goals as a blueprint for our Responsibly Joules strategy, focusing on the ones that are most relevant to our industry and our business, and where we can make the most positive impact.

To guide us on our journey, we have four pillars that outline everything we stand for and everything we're working towards; Sustainable Sourcing, Respecting our Environment, Charitably Joules and Our Joules Family.

The next page of this Report gives a brief introduction to each of the four pillars, and the remainder of this Report goes into further detail in respect of each pillar. In each section we have referenced the SDGs that we are aligning with for each pillar.

SOCIAL RESPONSIBILITY
RESPONSIBLY JOULES

RESPONSIBLY JOULES STRATEGY

Our Responsibly Joules strategy sets out our approach to corporate social responsibility, reflecting on how we want our business to operate; fairly, responsibly, and sustainably. We work hard to make sure that what we do is right – not just for us, but also for the people we work with, the communities we're based in, and the world around us. We are committed to 'fighting for the environment' in everything that we do and therefore are implementing targets and processes to ensure we meet the best possible social and environmental standards over the coming years.

GOVERNANCE

Our Responsibly Joules strategy is driven by our steering group, comprising;

- Our dedicated Responsibly Joules team
- Directors and stakeholders from across the business.

It is chaired by our Commercial Director and reports directly into our Operating Board and the Group PLC Board. This structure ensures that our Responsibly Joules strategy aligns with our broader corporate strategy and is disseminated through the business so that it is at the heart of everything that we do.

HIGHLIGHTS

- In May 2021 we established a new ESG-linked financing facility with Barclays Bank PLC, linking our financing agreement to our performance against three Sustainability Performance Targets (SPTs) aligned with our Responsibly Joules work.
- We took part in the Material Change Index, published in May 2021, and achieved 'Level 3 – Maturing' status, recognising Joules as an emerging leader in sustainable materials sourcing.
- Introduced our 'Joules Blueprint' to create clarity about the direction of the business and the part that each individual has to play in that, improving colleague engagement and collaboration.

WE PLAN, MANAGE AND REPORT OUR RESPONSIBLY JOULES PROGRESS UNDER FOUR PILLARS:

Protecting · Respecting · Growing · Together

RESPONSIBLY JOULES

SUSTAINABLE SOURCING	RESPECTING OUR ENVIRONMENT	CHARITABLY JOULES	OUR JOULES FAMILY
Partnering with our suppliers to create distinctive products made with care, consideration and respect	Managing and reducing our impact on the environment and protecting it for future generations	Championing the causes close to our hearts by inspiring and generating positive change to make a real difference	Creating a vibrant and supportive team that live and breathe our values every day

"DOING THE RIGHT THING" "GIVING SOMETHING BACK"

RESPONSIBLY JOULES CONTINUED

1 PILLAR 1: SUSTAINABLE SOURCING

Sustainable sourcing is about understanding and improving the social and environmental impacts of our products and the processes used to make them. This includes moving to more sustainable materials, reducing our use of resources and ensuring that all our suppliers adhere to our strict ethical trading policy.

Our Sustainable Sourcing strategy defines how we are working to make our products and manage our supply chain better, so that we are not only minimising the negative impact of our operations but we are also working towards having a positive impact for the future.

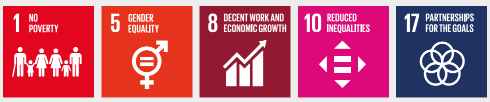
ACHIEVEMENTS THIS YEAR INCLUDE:

- We launched our sustainable materials strategy and targets in September 2020 and achieved 'Level 3 – Maturing' status in the Material Change Index published in May 2021, recognising Joules as an emerging leader in sustainable materials sourcing.
- In FY21 46% of the total consumption of our key raw materials came from more sustainable sources, up from 17% in FY20, +169% vs LY.
- In FY21 78% of our total cotton consumption was sourced as more sustainable through the Better Cotton Initiative (BCI) and organic cotton, +130% vs LY.
- We made significant ethical compliance improvements; relaunching our Ethical Trading Policy, continuing our work with the Ethical Trading Initiative (ETI) and launching a pilot with transparency tool TrusTrace to improve supply chain traceability.

FOCUS AREAS FOR THE YEAR AHEAD:

- We are working towards graduation to full Ethical Trading Initiative (ETI) membership in the coming months, validating the work we have done over the past year and guiding our ethical compliance future strategy.
- Commitment to map all tier 2 suppliers by the end of FY22 with the support of supply chain transparency tool TrusTrace.
- Continue to work towards our sustainable materials targets for end of 2022, building on the great work achieved for cotton and leather to increase our use of sustainable materials for our other key materials including polyester, viscose and wool.
- Start work on measuring the indirect carbon impact from our supply chain, working with our suppliers and strategic partners to reduce our impact on the climate.

ETHICAL SOURCING



Ethical trading is an integral part of our Responsibly Joules commitments. To ensure we deliver the very best quality products, we work with suppliers based in countries across the world. All our suppliers must comply with our Ethical Trading Policy based on guidelines set out by the Ethical Trading Initiative ('ETI') and the Base Code of Labour Standards as supported by the UN International Labour Organisation ('UN ILO').

ETHICAL TRADING POLICY UPDATE

In February, we updated and relaunched our ethical trading policy (the 'Policy') at our virtual supplier conference. The updated Policy demonstrates our commitments to minimise the social and ethical impact of our business, outlines our expectations for our suppliers and strategic partners, and is aligned with industry best practice and the most widely recognised industry guidance on ethical trade.

Alongside our updated Policy we have also realigned our ethical trading processes in the last year to ensure compliance with this Policy is upheld. All suppliers of Joules products are independently audited annually against legal requirements and the ETI Base Code using SMETA or BSCI audit methodologies. Suppliers are graded based on these audit results and this information is used by our buying, sourcing and ethical teams to access supply chain performance and aid decision making. Joules works closely with all suppliers to support them to make continuous improvements and new suppliers are thoroughly assessed and evaluated as part of an onboarding process.

ETHICAL TRADING INITIATIVE (ETI) PROGRESS

We are proud members of the Ethical Trading Initiative ('ETI'), an alliance of companies and voluntary organisations working to improve the lives of workers worldwide. As members of the ETI we commit to acting responsibly and promoting decent work.

Unfortunately, due to the global COVID-19 pandemic our ETI annual reporting and therefore graduation to full membership was postponed. However, in June 2020 we completed the ETI Enhanced Expectations survey which was established to ensure workers' rights were maintained during the pandemic. We also continued to prioritise our work with the ETI as a foundation member to meet requirements needed and are hoping to graduate to full membership in the coming months.

COVID-19 ETHICAL SOURCING RESPONSE

We are proud to be signatories to the International Labour Organization's ('ILO') Call to Action "COVID-19: Action in the Global Garment Industry" in June 2020. This call to action commits the signatories to take action to protect garment workers' income, health and employment during the COVID-19 crisis, and to work together to establish sustainable systems of social protection for a more just and resilient garment industry.

We have engaged in the work of this Call to Action throughout the year and have participated in calls assessing risk across all of our sourcing territories, taking further action when needed to ensure our suppliers are protecting their workers accordingly against the ETI guidance.

SUSTAINABLE SOURCING

Sustainable sourcing is an integral part of our Responsibly Joules commitments. In order to reduce the environmental impact of our sourcing we work with our suppliers to create quality products made from more sustainable raw materials, improve efficiency and reduce our use of resources including fresh water and energy.

SUSTAINABLE MATERIALS

We recognise that the raw materials that go into our products have the biggest contribution to our overall impact, therefore we are working hard to produce all our products using more sustainable materials. In FY21 around 50% of Joules' products contained one or more sustainable materials, and we've set ourselves some ambitious targets to reach 100% of our key raw materials to be from more sustainable sources by the end of 2022.

In FY21 we sourced 46% of our key raw materials from more sustainable sources, +169% vs FY20.

RAW MATERIAL TARGET	FY21 %	FY20 %
100% of **cotton** sourced as more sustainable cotton by end of 2022	78%	40%
100% of **leather** footwear and accessories sourced from LWG certified tanneries by end of 2020	78%	71%
100% of **polyester** materials to contain recycled content by end of 2022	13%	0.3%
100% of **polyamide** materials to contain recycled content by end of 2022	10%	0%
100% of **man-made cellulosic fibres** to be from sustainable sources by end of 2022	4%	2.5%
100% of **wool** to be from sustainable sources by end of 2022	0%	0%
100% of key raw materials to be from sustainable sources by end of 2022	46%	17%

We made great progress in FY21 to increase our mix of sustainable materials and start to introduce more sustainable materials and products. Key highlights include:

- 78% of all the leather used in our footwear and accessories sourced from Leather Working Group ('LWG') certified tanneries;
- the introduction of LENZING™ EcoVero™ viscose into our womenswear range;
- the significant increase in use of recycled polyester, which was introduced across our outerwear, knitwear and accessories ranges as well as continued use in our swimwear range;
- the introduction of FSC rubber in our sustainable 'Coast' pumps.

Sustainable materials focus areas of FY22 include continuing to increase our use of recycled polyester and polyamide, introducing certified responsible wool and increasing our mix of organic cotton.

TEXTILE EXCHANGE'S CORPORATE FIBER & MATERIALS BENCHMARK PROGRAM

In order to support the work we are doing to move to sustainable materials in October 2020 we completed the Textile Exchange's Corporate Fiber & Materials Benchmark program. This enables us to measure the impact of the materials we source and ensure that we are prioritising the correct materials using their preferred fibres framework.

By completing this Joules was included in the 2020 Material Change Index ('MCI') launched in May 2021 and we are really proud to have achieved 'Level 3 – Maturing' status, recognising Joules as a company with emerging leadership in sustainable materials sourcing. We are proud to have taken part in this programme and will now use this to support our continued work to achieve our targets.

SUPPLY CHAIN TRANSPARENCY

With everything that has happened in the last year Joules has also recognised a need to improve the transparency of our supply chain beyond our tier 1 suppliers, to ensure that the principles of our Responsibly Joules Policies are upheld throughout the supply chain. We have therefore initiated a pilot with supply chain transparency tool TrusTrace to support this. The tool will provide a platform for us to engage with our suppliers, track factory environmental and audit information, launch product level traceability requests and manage materials certifications. In FY22 we aim to roll this out to all tier 1 suppliers and map all of our tier 2 supply base.

RESPONSIBLY JOULES CONTINUED

2 PILLAR 2: FIGHTING FOR THE ENVIRONMENT

A love of the countryside is, and always will be, at the heart of the Joules brand. We create quality products built-to-last, perfect for enjoying the great outdoors (or the great indoors). Respecting and considering the environment that we constantly draw inspiration from is fundamental to our business.

Fighting for the environment is about identifying environmental impacts across our business, including our stores and offices, carbon emissions, packaging and waste, and taking action to minimise any negative impact and work toward having a positive impact for the future.

ACHIEVEMENTS THIS YEAR INCLUDE:

- In April 2021 we established a new ESG-linked financing facility with Barclays Bank PLC ('Barclays'), linking our financing agreement to our performance against three Sustainability Performance Targets (SPTs) aligned with our Responsibly Joules work.
- In the last year we have internally launched our new Joules Blueprint, with 'fighting for the environment' embedded in everything we do. This includes a host of Responsibly Joules projects and the launch of a new 'Fighting for the Environment' action group made up of colleagues from across the business.
- We have continued to make great progress in moving to sustainable packaging, in the last year we launched new FSC certified and recyclable welly boxes and 100% recycled and recyclable garment polybags.

FOCUS AREAS FOR THE YEAR AHEAD:

- Continue work to achieve fully sustainable packaging by implementing closed loop plastic recycling with our partner Duo, recycling garment polybag waste into new e-commerce mail bags.
- Establish strategy and roadmap the delivery of our 'fighting for the environment' targets and projects, with performance measured quarterly and downloaded to the operating board.
- Roll out of Responsibly Joules Policies and objectives internally to increase colleague engagement and empower all areas of the business to reduce their social and environmental impact.

CARBON INTENSITY

The Group's commitment to reduce the impact that our operations have on the climate has taken a step forward during the year by embedding our commitment to fighting for the environment as a key initiative in the Joules Blueprint 'One plan'.

As part of our ESG-linked financing with Barclays we have committed to reducing our Scope 1 and Scope 2 carbon intensity by 25% over the next 3 years, from a FY20 baseline.

STREAMLINED ENERGY AND CARBON REPORTING

The Group reports on all the greenhouse gas ('GHG') emission sources as required under the Streamlined Energy and Carbon Reporting ('SECR') legislation.

The methodology used to calculate our emissions is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), based on the operational control approach i.e. where the Group operates the facility or asset. Data has been calculated using BEIS 2020 emission factors for all carbon streams. All emission and energy usage reported is UK based which complies with the requirements for large unquoted companies.

UK GHG EMISSIONS DATA	FY21	FY20
Scope 1 (tonnes CO_2e)[2]		
Combustion of fuel and operation of facilities, refrigeration	**187**	200
Scope 2 (tonnes CO_2e)[3]		
Electricity, heat, steam and cooling purchased for own use	**987**	1,061
Total Scope 1 and Scope 2 emissions	**1,174**	1,261
Intensity metric (tonnes of CO_2e per £m of sales)	**5.9**	8.6

1. Figures represent a 12-month period ending at or around the financial year end. The amounts above have been prepared on a pro-forma basis to reflect closure of stores during the Period, to allow comparison year on year.
2. Scope 1: Emissions associated with our direct activities, such as heating our stores, offices, warehouses, and company cars.
3. Scope 2: Emissions from the electricity we purchase.

During the year, our reported UK GHG emissions were impacted by the following:

- COVID-19 – with our stores closed for more than half of their potential trading hours and most colleagues working from home, our direct business operations were reduced resulting in a reduction in our GHG emissions across this period
- An increased focus on incremental changes made across the organisation to reduce energy consumption whilst there has been limited use of some buildings, with a view to also set us up for long-term success towards energy reduction targets i.e. installation of LED lighting, thermostats and timers.

As mentioned above, as part of our ESG-linked financing with Barclays, we have set targets and we are working to minimise our carbon impact for Scopes 1 and 2. However we also know that we have a responsibility to measure our Scope 3 indirect carbon impact and work with our suppliers to reduce the emissions from our supply chain. Work has started on this next stage and is a priority focus for our CSR team over the coming year.

We are committed to reducing Scope 3 carbon emissions from freight and logistics and work has already started on this. We are aiming to do this by continuing to drive greater freight efficiency through consolidation, simplified DC operations and moving away from airfreight shipments. In the last 12 months we have reduced our carbon intensity by 10% vs FY20 and –32% vs. FY19. Our focus for FY22 is to continue working with our freight partners on their sustainability initiatives, in particular reducing miles travelled by streamlining ports at specific origins and creating more efficient return to stock processes.

WASTE

As part of our commitment to 'fight for the environment' we have set targets for the management of our waste across our head office, stores and warehouses. We are working hard to reduce the amount of waste generated and also within that the amount recycled.

- During the year, UK store operations have resulted in 56.8 tonnes of waste being collected, with 99.72% of that waste being diverted from landfill and 51.40% being recycled. These metrics are reflective of the fact that stores were closed for significant periods during the period.
- Our target is to reduce overall waste by 10-15% over the next three years from a normalised FY20 baseline
- The amount of waste that is recycled (via traceable and ethical recycling routes) is also a key target for the Group going forward. Our target is to increase the amount of waste recycled to 70% over the next three years from a normalised FY20 baseline
- The scope of waste to be measured will include all offices, showrooms, stores and distribution warehouses (including third-party operated).

PACKAGING AND PLASTICS

Packaging and plastics are another key area of focus for delivering on our 'fighting for the environment' commitments. We have therefore been working hard to minimise the total amount of packaging used by Joules and to move to sustainable materials in our packaging. We have set the following targets to help achieve this:

- 100% of Joules licensed products paper and card packaging to be FSC or recycled and recyclable in line with Joules own brand product packaging by end of 2022
- 100% of plastic used in Joules own brand product and supply chain packaging to contain at least 30% recycled content by end of 2022
- 100% of LDPE garment polybag waste from our warehouse and store operations to be recycled back into new Joules packaging by end of 2022

We have made great progress against these targets in FY21. From Autumn/Winter 20 we introduced 100% recycled and recyclable LDPE garment polybags for all Joules own brand products. We have also initiated a trial of a new click and collect bag which is made from 50% GreenPE and 50% recycled LDPE, with the goal for the waste used in these bags to be collected and recycled from our own facilities, creating a closed loop system.

We also continued to use our 'Hello Sugar' GreenPE mailbags for our online orders.

NEW JOULES HEAD OFFICE

In June 2021 we opened our new Joules head office 'The Joules Barn' for use by our colleagues with the official opening to come later this year in line with government guidance. We worked hard to deliver a high quality, efficient building that has less impact on the environment. The design concept included the use of much of the existing building, upgraded to meet current standards and ensuring use of existing space, saving on the sourcing of energy intensive construction materials and processes. The new building was engineered to reduce the environmental impact of construction. It is built to the latest thermal efficiency standards reducing the carbon footprint and the building envelope has been designed with fixed windows which ensures the heating and cooling system is operating to maximum efficiency and lower energy use. Lighting is LED with controls in place to ensure efficient use. Building energy use is reduced further with the installation of roof mounted solar PVs producing electricity which is fed back into the buildings electrical circuit. Energy monitoring is provided through the Building Management System so complete control can be managed by the user. Externally the site has provision for the installation of electric car charging for use by the building's users, and care has been taken to support the local environment and nature, with green space, tree planting and a bug hotel.

3 PILLAR 3: CHARITABLY JOULES

Our Joules stores sit at the heart of many communities and as such, we believe that we have an important role to play in supporting them. Through our Charitably Joules programme, we support charities which play crucial roles in the lives of children, young adults and families across the country, as well as charities that share our purpose of fighting for the environment.

ACHIEVEMENTS THIS YEAR INCLUDE:

- We've raised a total of £285,000 for our charities throughout the year
- Continued support with our customers and communities in the fight against COVID-19, raising vital funds for NHS Charities Together Urgent COVID-19 Appeal through face covering sales. Our total donation since April 2020 now stands at over £160,000
- In September 2020 we introduced online donations with Adyen Giving to our Joules.com checkout – offering online shoppers a chance to add a one-click donation to our charity partners. Since launch this has raised over £35,000
- We placed our purpose at the heart of our Christmas campaign, celebrating the season of giving with The Woodland Trust by launching our 'Woodland Tale' digital advert and our Woodland Edit. For every piece sold from the edit we planted a tree. For Black Friday we continued our campaign, planting a tree for every order placed on the day.
- Record fundraising for Joules in The Prince's Trust Future Steps challenge – despite stores being closed and head office working remotely resulting in fewer teams signing up, we raised over £10,000 in the month, more than any other year for the challenge!

FOCUS AREAS FOR THE YEAR AHEAD:

- Throughout this coming year we will continue to champion the causes that matter to our customers and focus on delivering on our brand purpose of 'brightening lives with the joy of the countryside and fighting for the environment that inspires us'.
- Plant over 80,000 trees through our partnership with the Woodland Trust, to reach our target of 250,000 trees by the end of 2022
- In 2022 we're spreading our wings in support of the RSPB. We have lovingly designed a collection across our women's and children's ranges that reflects some of the UK's winged residents that the RSPB fight for every day. On an even chirpier note, with every purchase made from this collection we'll be making a donation to help give nature a better home.
- We will work to spotlight another fantastic charity this Christmas, watch this space!
- Following the success of our online donations initiative we'll be looking to introduce this to JoulesUSA.com

Through our Charitably Joules work, we are proud to have long-term partnerships with the following five charities:

- The Woodland Trust
- The Prince's Trust
- Hospice UK
- Farms for City Children
- Nuzzlets

COVID-19 has had a huge impact on the way we're able to fundraise for our charity partners, but this hasn't stopped us. We've adapted our approach and implemented new ways to ensure we're still able to raise funds to support vital work and raise awareness of the causes that matter most to us.

CHRISTMAS WITH THE WOODLAND TRUST

Last year we launched our commitment to plant 250,000 trees by the end of 2022 with the Woodland Trust, supporting their vital woodland creation and conservation efforts.

Whilst our tree planting success continues, this year we wanted to bring the importance of protecting our woodlands to life for our customers, so we placed the Woodland Trust at the heart of our biggest campaign of the year, Christmas.

Together we celebrated the season of giving by launching our 'Woodland Tale' digital advert, highlighting the endangered species that rely on our woodlands and the need to protect them. Alongside this we launched our 'Woodland Edit', for every piece sold from the edit we planted a tree. We also balanced commerciality with conscience on Black Friday, planting a tree for every order placed on the day.

We're delighted with the response we received from our customers and colleagues – our purpose was truly placed at the heart of our Christmas activity and it showed.

THE PRINCE'S TRUST AND FUTURE STEPS

For the fourth year we enthusiastically took part in The Prince's Trust Future Steps Challenge – encouraging Joules colleagues to team up and get moving throughout February, taking at least 10,000 steps a day and fundraising for a fantastic cause alongside. All of the Trust's partners are encouraged to take part, creating a little friendly rivalry to see who comes out on top!

With the backdrop of a global pandemic and closed stores we knew the challenge would be a little tougher for people this year but we're thrilled to say our teams delivered incredibly. With fewer teams than previous years we hit our highest fundraising total yet! Here are a few highlights...

- A record fundraising year from teams, raising over £10,000
- Joules came in 6th place on the overall fundraising leaderboard of over 50 corporate partners
- Our highest stepping team was 'The Steppers Remix' with 2,765,345 steps taken collectively
- Our highest fundraising team was 'The Merch Sole Sisters' raising £1,093.75

4 PILLAR 4: OUR JOULES FAMILY

We have continued our focus on supporting all our colleagues through what has been a particularly demanding year. Our colleagues have adapted well to remote working and whilst this has at times proved challenging, there have been some significant achievements. It has enabled us to move forward in terms of new and more flexible ways of working, we have seen real efficiency gains in terms of more structured and effective meetings alongside allowing colleagues to have increased focused uninterrupted time to complete more complex tasks. Working flexibly across teams has really enabled colleagues' individual needs to be met in an informal way.

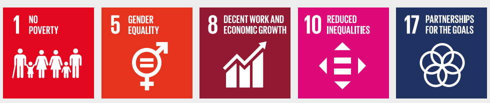
We have been engaging with our colleagues on a more frequent basis and have taken regular feedback to help drive action across the business.

HIGHLIGHTS

- We introduced our 'Joules Blueprint' to create clarity about the direction of the business and the part that each individual has to play in that.
- We introduced bi-weekly updates directly from our CEO Nick, because our colleagues told us they wanted consistent, honest and open communication, displaying real transparency around how and what the business is doing.
- As part of our new ways of working, core hours were introduced between the hours of 10-4 to allow colleagues flexibility to plan their day accordingly and not be overloaded with meetings.
- We launched our Diversity and Inclusion Action Group and set out our 'Inclusively Joules' charter (see pages 46–47 of this Report)

FOCUS AREAS FOR THE YEAR AHEAD:

- Build on the launch of our Blueprint to ensure we maintain momentum to enable the achievement of our strategic objectives.
- Ensure a smooth transition into our new head office building whilst maintaining our 'remote first' approach with individual flexibility in ways of working which has proved popular with our colleagues over the last year.
- Continue our focus on maximising the use of technology both to support remote working and communication but also to introduce automation to streamline processes.
- Enhance candidate experience and increase inclusivity by broadening our approach to recruitment, updating our careers website, replacing our current ATS and building on the progress we have made to improve our colleague journey.
- Accelerate our early careers offering by use of the government Kickstart programme in addition to exploring apprenticeships and graduate opportunities.



ACHIEVEMENTS THIS YEAR INCLUDE:

BLUEPRINT

- This has and continues to be a collaborative process driven by feedback from our colleagues.
- As part of our 'One Strong Team' initiative to have clear roles and responsibilities, we conducted an organisation redesign to create a structure which is fit for purpose and can be scaled up for future growth.

COMMUNICATION

- We successfully launched our Colleague Forum to provide an avenue for Colleagues to share their views via elected members and support with the strengthening of our communication across Joules.
- We launched the Diversity and Inclusion Action Group to not only voice ideas on how Joules can become a more diverse and inclusive employer, but also hold us accountable for our actions.

WELLBEING

- We found that colleagues wanted more support with wellbeing. As a result of this, we have introduced a bigger and better employee assistance programme, managed by an external provider (BHSF) for all colleagues to access as well as providing additional wellbeing and support information on our internal learning platform, Fuse.
- We also introduced Mental Health First Aiders across all areas of the business.
- Throughout periods of lockdown we held multiple series of sessions to support our furloughed colleagues, one of which was our 'Retail Welly Camp', a range of sessions to help keep colleagues updated on business activity, learn some new skills, get ready for when stores reopened and of course to have a bit of fun whilst doing so.

TRAINING

- From our engagement survey colleagues expressed their views around lack of training in certain areas. Since then, we have continued to increase our L&D offering and have utilised our learning and development platform, Fuse, to provide additional training material that can be accessible at any time.
- More 'lunch 'n learns' have been hosted to not only gain valuable on the job skills, but also raise awareness on other important topics.
- We have accelerated our Apprenticeship learning programme, which is continuing to prove popular, with our colleagues achieving fantastic results.

OUR INCLUSIVELY JOULES CHARTER

Here at Joules, family and community are at the heart of everything we do. As we move towards building a better, more inclusive future for our people and our customers, we have set out a charter of commitments that outline the actions we will take to become a company that makes all people we communicate with feel included, respected and heard.

We have set out five key streams that outline these commitments to make sure our inclusion goals are met. These will be upheld by our Inclusively Joules Action Group, which is made up of colleagues, customers and advisers who will hold us to account and ensure that we're creating sustainable, meaningful change every step of the way.

We know that this is just the beginning of our journey, but we're confident that if we join together, we can make Joules a more inclusive brand for everybody.

REPRESENTATION

We will seek out a broader and more inclusive representation of the Joules brand to be reflective of the society we live in today, from our colleagues and our models to the locations we use in our images. We will also endeavour to foster a more diverse mix of partnerships within our Friends of Joules initiative. It will be an expectation for all our partners and suppliers to uphold the principles that underpin inclusion, both in the workplace and in the community.

CONVERSATION

We will encourage inclusion and diversity to be a continuous, living, breathing topic for our colleagues and communities. This will be made possible by providing platforms for people to share their stories and experiences. Our Inclusively Joules Action Group will oversee ensuring this momentum is constant.

EDUCATION

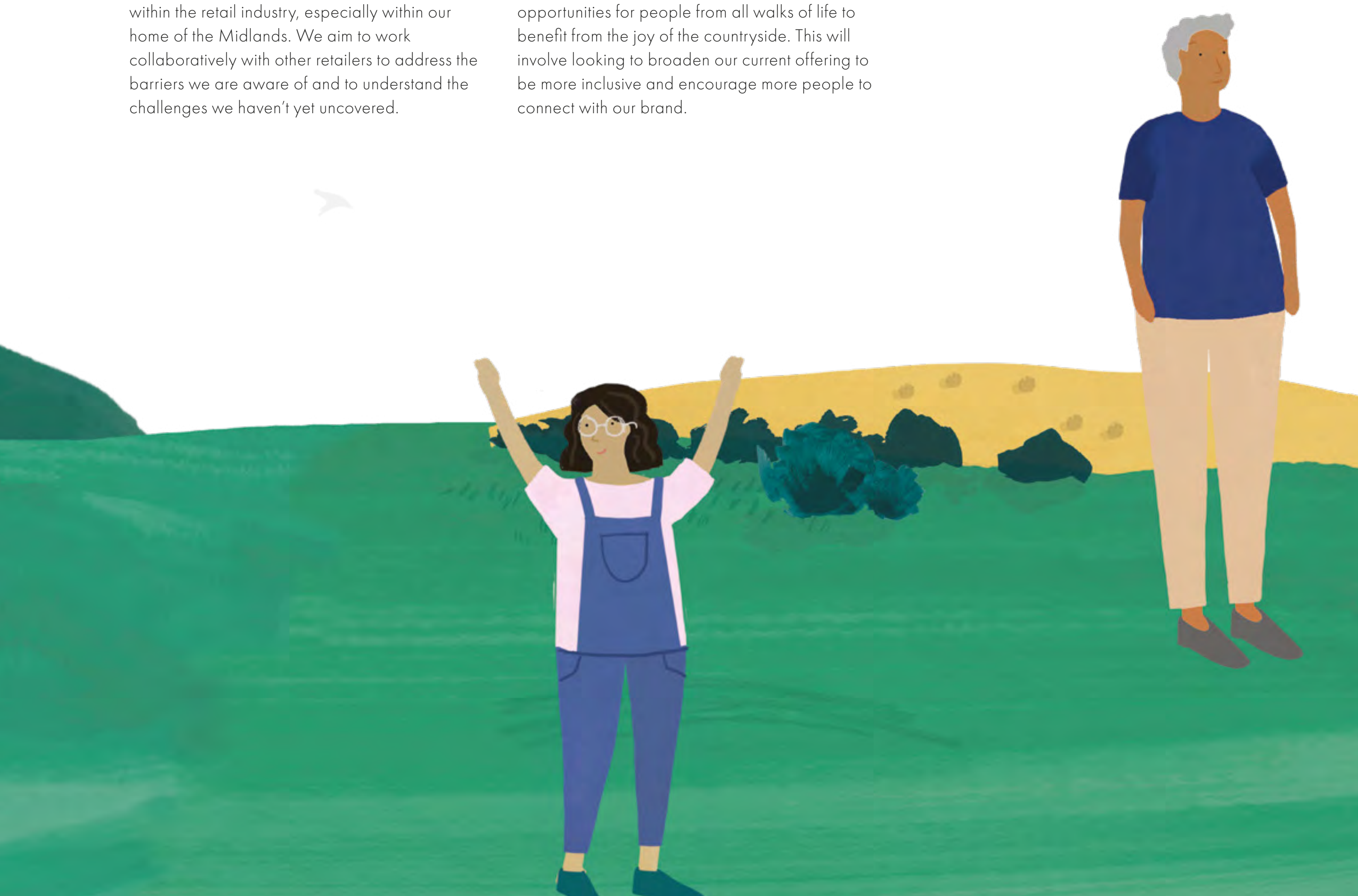
We will support our colleagues to understand the importance of inclusion and what this means to us here at Joules, as well as providing a platform to learn about the history of the many cultures in our community. Diversity and inclusion principles will become central to our onboarding process as well as to our learning and leadership programmes.

INDUSTRY CHANGE

We aspire to become a leading voice for change within the retail industry, especially within our home of the Midlands. We aim to work collaboratively with other retailers to address the barriers we are aware of and to understand the challenges we haven't yet uncovered.

ACCESS AND OPPORTUNITY

We will continue to strive to create more opportunities for people from all walks of life to benefit from the joy of the countryside. This will involve looking to broaden our current offering to be more inclusive and encourage more people to connect with our brand.



SECTION 172 STATEMENT

INTRODUCTION

The Board is mindful of all stakeholders when making decisions of strategic importance.

Stakeholder engagement is central to the formulation and execution of our strategy and is critical in achieving long-term sustainable success. The needs of our different stakeholders as well as the consequences of any decision in the long term are well-considered by the Board. It is not always possible to provide positive outcomes for all stakeholders and the Board sometimes has to make decisions based on the competing priorities of stakeholders. Our stakeholder engagement processes enable our Board to understand what matters to stakeholders and carefully consider all the relevant factors and select the course of action that best leads to the high standards of business conduct and success of Joules in the long term.

KEY STAKEHOLDERS

The Board considers its key stakeholders to be its employees, customers, suppliers, the communities in which it operates, the environment, governments and industry bodies and its shareholders.

S172(1) STATEMENT:

In accordance with section 172(1) of the Companies Act 2006, a Director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard, amongst other matters, to:

(a) the likely consequences of any decision in the long term

(b) the interests of the company's employees

(c) the need to foster the company's business relationships with customers

(d) the impact of the company's operations on the community and the environment

(e) the desirability of the company maintaining a reputation for high standards of business conduct

(f) the need to act fairly between members of the company.

The following disclosure describes how the Directors of the Group have taken account of the matters set out in section 172(1) (a) to (f) and forms the Directors' statement required under section 172 of the Companies Act 2006.

HOW THE GROUP ENGAGES WITH ITS KEY STAKEHOLDERS:

STAKEHOLDER	ENGAGEMENT EXAMPLES AND FURTHER REFERENCES WITHIN THIS ANNUAL REPORT
EMPLOYEES	• Comprehensive digital onboarding and induction plans for new joiners • Company-wide digital learning and development platform for learning, sharing, career development and collaboration • Annual Company-wide and independently analysed employee engagement survey • Regular Company-wide colleague updates (currently twice a month) • Annual retail store manager conference to enhance communication and share best practice • A colleague forum has been established in the Period to cover areas including inclusivity, feedback and improvement suggestions. See also: Our Joules Family within the Responsibly Joules section of this annual report.
CUSTOMERS	• Regular customer feedback forums and focus groups are conducted to provide customer insight • Product feedback requests for online purchases • Interaction with customers in stores on a daily basis and through targeted in-store customer engagement events • Relevant targeted marketing campaigns, engaging social media content and a Joules customer facing blog • Customer service support function assists with all customer queries with follow-up on customer satisfaction on the resolution of their query. See also: CEO's report section of this annual report.

STAKEHOLDER	ENGAGEMENT EXAMPLES AND FURTHER REFERENCES WITHIN THIS ANNUAL REPORT
SHAREHOLDERS	• Individual meetings with institutional shareholders throughout the year and particularly following interim and full year results • Shareholders are invited to submit questions to the Board at the Group's Annual General Meeting • Investor information and Company financial reports and updates published via the Group's corporate website • With Tom Joule as a founder shareholder committed to the future of the business, we maintain a relationship with all of our shareholders to allow us to take a long-term view in the management of the business. This involvement is central to ensuring we act fairly in considering the needs of all shareholders, along with other stakeholders. See also: Governance Framework section of this Report.
COMMUNITIES AND ENVIRONMENT	• Charitably Joules programme in place supporting the local communities where our stores are based and the surrounding environment • The following charitable partnerships are in place: – The Prince's Trust – Hospice UK – Farms for City Children – Nuzzlets – The Woodland Trust • Various environmental initiatives including beach cleans, tree planting projects, green packaging alternatives and sustainable product sourcing. • Continued support for the fight against COVID-19 by building on the previously curated Joules "Rainbow Edit" of products which included a selection of rainbow themed products, the profits from sales of which were donated to NHS COVID-19 support charities, by raising further funds through the sale of face coverings, with a total of over £160,000 raised to date. See also: Responsibly Joules section of this Report.
PARTNERS & SUPPLIERS	• Comprehensive assessment and onboarding process for all new Joules product suppliers • Ongoing supplier training programme including more challenging compliance areas, delivered by our third-party supplier audit partner • Annual supplier conference, held virtually on the last two occasions, to provide suppliers with an update on the Group's strategy and future plans • Annual independent compliance audits for product suppliers using the SMETA or BSCI audit process • Regular account management meetings are held with senior representatives from our larger non-product suppliers • Periodic supplier surveys covering topical matters, for example Brexit readiness, COVID-19 impacts See also: Sustainable Sourcing section within the Responsibly Joules section of this Report

SECTION 172 STATEMENT CONTINUED

STAKEHOLDER	ENGAGEMENT EXAMPLES AND FURTHER REFERENCES WITHIN THIS ANNUAL REPORT
GOVERNMENTS (AND TAX AUTHORITIES) AND INDUSTRY BODIES	• The Group has processes in place to monitor new regulations and compliance requirements that may impact the business – including for example product regulations, financial accounting and reporting updates and tax accounting and reporting compliance • Group management engage regularly with industry bodies including the British Retail Consortium, The Retail Trust, the Better Cotton Initiative and the Ethical Trade Initiative See also: Principal Risks & Uncertainties section of this Report.

KEY BOARD DECISIONS IN FY21:

BOARD DECISION	CONSIDERATIONS
The Board reviewed the Group's financing facilities in light of the business' current and future operations, successful management through the COVID-19 pandemic to date and the Group's current and forecast cash flow requirements and agreed: 1) not to seek to extend the temporary £15 million 12 month increase in the revolving credit facility (RCF) with Barclays Bank PLC that was secured in the prior period, resulting in an overall reduction of the Group's RCF from £40 million to £25 million. 2) to extend the term of the remaining £25m RCF out to September 2024 in line with the Board's long term planning and to transfer the arrangement to an ESG linked facility which is aligned to the Group's Responsibly Joules targets.	The Board considered the funding requirements to support the Group's strategic objectives. Consideration was given to the Group's short, medium and long-term growth plans to deliver shareholder value maximisation, whilst also maintaining a strong relationship with the Group's bank, Barclays Bank PLC. In addition, the Directors were mindful of the Responsibly Joules ambitions of the Group and therefore linked an element of the interest rate payable on the extended facility to ESG targets, to demonstrate the Group's commitment to all internal and external stakeholders in this area.
The Board took the decision to continue to postpone any dividends during the Period in light of the on-going impact of COVID-19 on the Group's operations	The requirement to preserve short term cash flow in light of the impact of COVID-19 on the Group's operations and therefore ensure long term viability of the business and long-term shareholder value.

BOARD DECISION	CONSIDERATIONS
The Board continued to review the response of the business to the impact of COVID-19 on key stakeholders and approved the following actions:	The requirement to prioritise the welfare and health & safety of all colleagues and customers, whilst taking in to account the impact of lockdown on childcare arrangements, work/life balance and mental health.
• Colleague welfare: closure of stores and offices in line with the UK Government's lockdowns, top-up of the Government's 80% furlough pay to 90% for the duration of furlough status, comprehensive support for colleagues whilst working remotely from home including financial support, enhanced and extended flexible working arrangements for all colleagues, access to IT equipment and work station set-up advice and tools and support to assist with mental health challenges • Customers: increased engagement via website and social media platforms, extended product returns policy up to 365 days and maintained comprehensive risk assessments and social distancing operations in stores when open • Suppliers/Partners: collaborative and fair rescheduling of stock purchases and payment terms. • The continued agreement of fair and appropriate settlements with store landlords.	The requirement to support suppliers and partners, in particular small and local businesses, through lockdown and the financial impact on trading, whilst taking in to account the need to have strong and stable suppliers to support the long-term viability of the business.
The Board reviewed the results of the recent employee engagement pulse survey and agreed a number of initiatives to be carried out by the senior leadership team.	Consideration of the feedback provided by employees who completed the survey. Taking appropriate action is critical for employees to engage in the process and for positive changes to be implemented.
The Board confirmed the appointment of a new Chief Financial Officer.	The need to recruit an appropriately experienced and talented individual who was the right fit for the culture of the business and understood the values of the Joules Brand, as well as the strategic growth aspirations of the Board and the requirements of shareholders and the market. The need to also consider long-term succession planning in terms of future Board development.

This statement was reviewed and approved by the Board on 2 August 2021.

CORPORATE GOVERNANCE

READY, SET... GO!

When designing a garment, we constantly think about our customers – where will the item be worn, when and with what? After shapes and colours, we will consider what functional features and details will add practicality whilst not compromising the style.

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BOARD OF DIRECTORS

IAN FILBY
NON-EXECUTIVE CHAIRMAN

Ian joined Joules in 2018 following almost eight years as Chief Executive Officer at DFS Furniture plc. He is on the board of the British Retail Consortium ('BRC') and Chairman of the BRC Policy Board. He is also a Trustee of Pennies charity, Chairman of Her Spirit and Director of IFF Life and Business Solutions Ltd. Ian has more than 40 years of retail experience, largely at Alliance Boots, where his last two roles were Retail Brand Development Director and Trading Director. He has also held the roles of Chairman of Sofology, Interim Chief Executive Officer of Nectar and Non-Executive Chairman of Shoe Zone plc.

TOM JOULE
FOUNDER AND CHIEF BRAND OFFICER

Tom founded Joules in 1989 selling practical, high-quality garments at shows and events around the UK. Tom's entrepreneurial spirit, and flair in giving products personality to match Joules' customers' colourful and uplifting outlook, has been central to the brand's continued success and expansion. With Joules now a global lifestyle brand, in his current role, Tom is focused on connecting with the Joules customer and category product direction. Since 2010, Tom has featured regularly in Drapers 100 Most Influential People in Fashion Retail. In 2015 he was a finalist in the Fashion Entrepreneur of the Year category at the Great British Entrepreneur Awards.

NICK JONES
CHIEF EXECUTIVE OFFICER

Nick was appointed CEO of Joules in 2019. Prior to joining the business, he was SVP-Commercial at Asda and a member of the Executive Board, having previously held roles as Managing Director of George, and as Commercial Director. During his time at Asda, Nick was responsible for the performance of the grocer's trading divisions across food, general merchandise and clothing, and helped drive significant innovation and digital transformation across the business.

Nick has over 25 years' experience in developing retail brands and strategy, and also previously held a number of senior and director roles at leading British retailer Marks & Spencer.

Nick is an alumnus of Harvard University, having completed a Personal Leadership and Development course at Harvard Business School.

CAROLINE YORK
CHIEF FINANCIAL OFFICER

Caroline joined Joules on 26 July 2021 and was appointed Chief Financial Officer shortly thereafter. She joins from Moneysupermarket Group Plc, the FTSE250 price comparison business, where she held the position of Finance Director.

Caroline is a chartered accountant and has over 16 years' experience in finance leadership positions at Heathrow and BAA and, before that, held roles at Atos KPMG and PwC.

DAVID STEAD
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

David joined the Board in April 2016 and chairs the Audit Committee. David is currently Independent Non-Executive Director at Card Factory plc and Senior Independent Non-Executive Director at Naked Wines plc. At both companies he is also Chair of the Audit Committee and a member of the Nomination and Remuneration Committees. He has many years' experience as a director of companies in the UK retail sector. David was the CFO of Dunelm Group plc for 12 years from 2003 to 2015. Prior to this, David served as Finance Director for Boots The Chemists and Boots Healthcare International between 1991 and 2003. David is a chartered accountant, having spent the early part of his career with KPMG.

JILL LITTLE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Jill joined the Board in April 2016 and chairs the Remuneration Committee. Jill was previously the Senior Independent Non-Executive Director of Shaftesbury plc and chaired their Remuneration Committee. Jill was Chairman of the National Trust Commercial Advisory Group and was on the board of Nobia AB, as a Non-Executive Director. Jill has spent the majority of her career in the retail industry, firstly at Simpsons of Piccadilly and then at the John Lewis Partnership (1975 to 2012). Jill became Merchandise Director on the board of John Lewis, moving roles to become the Strategy and International Director where she was responsible for developing the long-term strategy and international expansion of John Lewis. Thereafter Jill became Business Development Director of the John Lewis Partnership. Jill is also a Non-Executive Director of Loungers Plc.

GOVERNANCE FRAMEWORK

CHAIRMAN'S INTRODUCTION

I have pleasure in introducing the Joules Group plc Corporate Governance Statement. The Board is committed to supporting high standards of corporate governance and during the financial year ended 30 May 2021 ('FY21') the Board continued to adopt the Quoted Companies Alliance Corporate Governance Code (the 'Code'). In this section of the Annual Report, we set out our governance framework and describe the work we have done to ensure good corporate governance throughout Joules Group plc and its subsidiaries (the 'Group').

The Board is committed to a strong ethical corporate culture and ensuring the culture within the business is consistent with Joules' strategic objectives and business model. The Board achieves this by:

- Encouraging diversity, inclusion and equal opportunities for all employees, as outlined in the Responsibly Joules section of this Report
- Investment in training and development
- Regular updates from the Board's Executive Directors and communication with employees e.g. weekly internal communications emails, bi-monthly Group-wide video updates and an annual conference for store managers and the wider business
- Appropriate induction for new employees
- Investment in the recently opened new head office, providing a vibrant and creative environment consistent with the Group's values.

The Board monitors and assesses the culture in the business through an externally managed employee engagement survey which is carried out at least annually. The results of this survey are reviewed by the Board and senior management to identify areas of focus – either to maintain and improve on strengths or to develop actions and initiatives to address any areas of concern.

There have been changes in the Board during the year with Marc Dench resigning as Chief Financial Officer ('CFO') with effect from 11th May 2021 and his replacement, Caroline York, joining on 26 July 2021.

During the period between Marc departing and Caroline joining the business, Jon Dargie the Group Financial Controller, acted as interim CFO. Marc Dench also remained available to the Group on a consultancy basis to provide support and advice.

In addition, as announced on 3 August, from September 2021 Tom Joule's role will change to that of a Non-Executive Director. He will also remain available as a strategic adviser to the Chief Executive Officer regarding the development of Friends of Joules and the Garden Trading business.

IAN FILBY

Non-Executive Chairman

BOARD SIZE AND COMPOSITION

For FY21, up to the date of Marc Dench's resignation on 11 May 2021, the Board comprised of six Directors: a Non-Executive Chairman, two further Non-Executive Directors and three Executive Directors. For the remainder of FY21 the Board comprised five Directors: a Non-Executive Chairman, two further Non-Executive Directors and two Executive Directors.

ROLE OF THE BOARD

The Board is collectively responsible for the long-term success of the Group. It provides entrepreneurial leadership, sets Group strategy, upholds the Group's culture and values, reviews management performance and ensures that the Group's obligations to shareholders are understood and met.

HOW THE BOARD OPERATES

The Executive Directors are responsible for business operations and for ensuring that the necessary financial and human resources are in place to carry out the Group's strategic aims. The Non-Executive Directors' role is to provide an independent view of the Group's business and to constructively challenge management and help develop proposals on strategy. The Board as a whole reviews all strategic issues and key strategic decisions on a regular basis. Control over the performance of the Group is maintained through evaluation of financial information; the monitoring of performance against key budgetary targets; and by monitoring the return on strategic investments.

The Chairman takes responsibility for ensuring that the Directors receive accurate, timely and clear information.

Directors are aware of their right to have any concerns recorded in the Board minutes.

MATTERS RESERVED FOR THE BOARD

Certain matters are reserved for approval by the Board, these include:

- Strategy and business plans – including the annual budget
- Acquisitions and disposals of businesses (including minority interests)
- Changes in share capital and dividends
- Board and Committee membership and delegation of authority
- Remuneration and employment benefits for the Executive Directors
- Corporate statutory reporting
- Appointment of auditors
- New debt facilities
- Major capital and revenue commitments
- Corporate governance, policy approval, internal control and risk management
- Certain litigation matters in line with the Joules litigation reporting policy
- Corporate social responsibilities

GOVERNANCE FRAMEWORK CONTINUED

BOARD MEETINGS

The Board has met eleven times in the reporting period. For all Board meetings an agenda is established, and a Board pack is circulated at least 48 hours ahead of the meeting. As a minimum, the items covered include:

- Financial performance review
- Management accounts and KPIs
- Update on governance, finance, legal and risk matters
- Updates on significant business initiatives
- Proposals on any major items of capital expenditure
- Health and safety
- Compliance with banking covenants and cash flow forecast

The Board receives reports from the Executive Directors to enable it to be informed of and supervise the matters within its remit. The Board considers at least annually the Group's strategic plan and, on a regular rolling basis, the Board receives presentations from management on key areas of the Group's operations.

The following table shows Directors' attendance at scheduled Board and Committee meetings in the Period under review:

	BOARD	AUDIT	REMUNERATION	NOMINATION
Ian Filby	11/11	3/3	4/4	2/2
Tom Joule	11/11	–	–	–
Nick Jones	11/11	–	–	–
Marc Dench	10/11	–	–	–
David Stead	11/11	3/3	4/4	2/2
Jill Little	11/11	3/3	4/4	2/2

BOARD DECISIONS AND ACTIVITY DURING THE YEAR

The Board has a schedule of regular business, financial and operational matters, and each Board Committee has compiled a schedule of work, to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year. The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information to enable the Board to discharge its duties. The Company Secretary compiles the Board and Committee papers which are circulated to Directors at least 48 hours prior to meetings. The Company Secretary also ensures that any feedback or suggestions for improvement on Board papers are fed back to management. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted.

BOARD COMMITTEES

The Board has delegated specific responsibilities to the Audit, Remuneration and Nomination Committees. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities, with copies available on the Company's website (www.joulesgroup.com) or upon request from the Company Secretary. The terms of reference of each Committee were put in place at the time of the Company's admission to the Alternative Investment Market ('AIM') on 26 May 2016 and they are kept under review to ensure they remain appropriate and reflect any changes in legislation, regulation or best-practice. Each Committee comprises Non-Executive Directors of the Company. The Company Secretary is the secretary of the Audit and Nomination Committees and the Group General Counsel is secretary of the Remuneration Committee.

BOARD EFFECTIVENESS

The skills and experience of the Board are set out in their biographical details in the Board of Directors section of this Annual Report. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance.

SEPARATION OF DUTIES

There is a clear division of responsibilities between the Chairman and CEO. Ian Filby, the Chairman, leads the Board and is responsible for its effectiveness and governance. He sets the Board agenda and ensures that sufficient time is allocated to important matters, in particular strategic issues. Nick Jones, the CEO is responsible for the day-to-day management of Joules' operations and the recommendation of strategy to the Board. Nick is then responsible for implementing that strategy supported by the wider management team.

The Non-Executive Directors have responsibility for determining the remuneration of Executive Directors and have the primary role in appointing and, where necessary, removing Executive Directors, and in succession planning.

INDUCTION OF NEW DIRECTORS

On joining the Board, new Directors undergo an induction programme which is tailored to the existing knowledge and experience of the Director concerned, including store and office visits; meetings with key employees; and presentations from management on topics such as strategy, finance and risk. The Chairman is responsible for this process supported by the Company Secretary.

TIME COMMITMENTS

The Board is satisfied that the Chairman and each of the Non-Executive and Executive Directors continue to be able to devote sufficient time to meet their Board responsibilities and carry out the Company's business.

EVALUATION

The planned formal evaluation of the Board which was due to take place during the Period has been delayed until autumn 2021. It was considered appropriate to delay this evaluation to allow the Board to focus on supporting the Company through the challenges presented by COVID-19, and to allow time for Caroline York to settle into her new role as CFO.

The Chairman will continue to meet regularly with the Non-Executive Directors without the Executive Directors being present and the Senior Independent Non-Executive Director will also meet with his fellow Non-Executive Director, at least annually, and also on such other occasions as are deemed appropriate, to appraise the Chairman's performance.

DEVELOPMENT

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Group's advisers where appropriate. Executive Directors are subject to the Group's performance development review process through which their performance against objectives is reviewed and their personal and professional development needs considered.

EXTERNAL APPOINTMENTS

In the appropriate circumstances, the Board may authorise Executive Directors to take non-executive positions in other companies and organisations provided the time commitment does not conflict with the Director's duties to the Company. The appointment to such positions is subject to Board approval.

CONFLICTS OF INTEREST

At each meeting, the Board considers Directors' conflicts of interest. The Company's Articles of Association provide for the Board to authorise any actual or potential conflicts of interest.

INDEPENDENT PROFESSIONAL ADVICE

Directors have access to independent professional advice at the Company's expense. In addition, they have access to the advice and services of the Company Secretary who is responsible for advising the Board on corporate governance matters.

ELECTION OF DIRECTORS

In accordance with best practice, all Directors will offer themselves for election at each Annual General Meeting ('AGM').

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control system include:

- Day-to-day management of the activities of the Group by the Executive Directors
- Preparation of a detailed annual budget including an integrated profit and loss, balance sheet and cash flow. The budget is approved by the Board
- Monthly reporting of performance against the budget is prepared and reviewed by the Board
- A schedule of delegated authority is maintained which defines levels of approval authority over such items as capital expenditure, commercial contracts, litigation and treasury matters
- Maintenance of a risk register which is reviewed at least annually by the Board.

The Group continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available.

BOARD DIVERSITY

The Board does not have a formal Board diversity policy but plans to continue to review the need for such a policy annually, taking into account the size of the Board and skills required.

RELATIONS WITH SHAREHOLDERS

The Group maintains communication with institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full year preliminary results. In normal years, all shareholders are invited to attend the AGM at which the Group's activities will be considered and questions answered.

In 2020, due to the COVID-19 situation, the AGM was held as a closed meeting and shareholders were unable to attend the AGM as usual but were invited to submit questions to the Executive Directors in advance of the AGM. Answers to questions submitted were published on the Group's website (www.joulesgroup.com) in advance of the AGM.

Subject to any COVID-19 restrictions on indoor gatherings which may be in place at the time, we hope to be able to welcome shareholders to our 2021 AGM.

The Senior Independent Director is available to shareholders if they have concerns, which contact through the normal channels of Chairman, Chief Executive or other Executive Directors fails to resolve, or for which such contact is inappropriate.

ANNUAL GENERAL MEETING

The Company's AGM will take place on 5 October 2021. The Annual Report and Accounts and Notice of the AGM will be sent to shareholders at least 20 working days prior to this date.

AUDIT COMMITTEE REPORT JOULES GROUP PLC

On behalf of the Board, I am pleased to present the Audit Committee Report for the period ended 30 May 2021 (the 'Period').

The Audit Committee's primary role is to ensure that the Group's financial reporting and audit processes are effective and that its risk management systems and controls are effective. This includes:

- monitoring the financial integrity of the financial statements of the Group and the involvement of the Group's external auditors in the external audit process
- providing oversight and advice to the Board in relation to current and potential future risk exposures of the Group
- reviewing and approving various formal reporting requirements and promoting a risk awareness culture within the Group
- providing advice to the Board as to whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Company's position and performance, business model and strategy.

MEMBERS OF THE AUDIT COMMITTEE

The Committee consists of three Non-Executive Directors: David Stead (Chair), Ian Filby and Jill Little. The external auditor (Deloitte LLP), the Chief Executive Officer, Founder & Chief Brand Officer, and Chief Financial Officer also attend Committee meetings by invitation. The Committee has met four times since 5 August 2020, being the date the Group's last Annual Report was approved.

The Board is satisfied that I, as Chairman of the Committee, have recent and relevant financial experience. I am a chartered accountant and I have served as Finance Director in a number of companies including Dunelm Group plc. I report formally to the Board, as appropriate, on issues discussed by the Audit Committee and I present the Committee's recommendations.

The Committee also takes time to meet with the external auditors without any Executive Directors or senior management present.

DUTIES

The duties of the Audit Committee are set out in its terms of reference, which are available on the Company website (www.joulesgroup.com) and are also available on request from the Company Secretary.

The Committee meets a minimum of twice per year.

The main focus areas and items of business considered by the Audit Committee are:

- Review of the key areas of judgement and estimation which have been used by management in preparing the financial statements, in conjunction with input from the external auditors
- Consideration of the external audit report and the external auditor's management letter which includes observations on the Group's financial control environment
- Review of the risk management and internal control systems, and of the Company's risk register
- Review of the need for an internal audit function
- Review of taxation matters of the Group
- Review any whistleblowing reports
- Review of the implications of forthcoming updates or changes to accounting standards
- Review the Consolidated Financial Statements and the Annual Report and assess whether, taken as a whole, the Report and Accounts are fair, balanced and understandable and provide the information necessary for stakeholders to assess the Company's position and performance, business model and strategy.

In relation to the integrity of the financial statements for the year ended 30 May 2021, the Committee also reviewed and considered the following specific areas:

- The impact of COVID-19 on the business and the actions taken during the year, for example, claims made under the Government's Coronavirus Job Retention Scheme
- The acquisition of The Garden Trading Company Limited in the Period including the valuation of the business, acquisition accounting and treatment of contingent consideration
- The approach to judgemental items such as asset impairments, returns provision and obsolete stock provisions
- The classification of exceptional items, including store and other asset impairments, and restructuring and acquisition costs

ROLE OF THE EXTERNAL AUDITOR

The Audit Committee monitors the Company's relationship with the external auditor, Deloitte LLP, to ensure that external auditor independence and objectivity are maintained. As part of its review the Committee monitors the provision of non-audit services by the external auditor. The breakdown of fees between audit and non-audit services is provided in Note 7 of the Group's Consolidated Financial Statements. The non-audit fees related to payroll services provided in the year with regards to the Group's Irish activities. These services have now ceased. The Committee concluded in the Period that, unless approved in advance by the Audit Committee, the external auditors will not be permitted to perform any non-audit services for the Group during the year ending May 2022.

The Committee also assesses the external auditor's performance. Having reviewed the external auditor's independence and performance, the Audit Committee recommends that Deloitte LLP be re-appointed as the Company's external auditor at the next AGM.

AUDIT PROCESS

The external auditor prepares an audit plan that sets out the scope of the audit, key areas of audit focus, audit materiality and the timetable for audit work. This plan is reviewed and agreed in advance by the Audit Committee. Following the completion of its work, the external auditor presents its findings to the Audit Committee for discussion.

INTERNAL AUDIT

At present the Group does not have an internal audit function. This will be kept under review as the business evolves.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has a framework of risk management and internal control systems, policies and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. The Committee has reviewed the framework and is satisfied that risk management is appropriate for the size of business; the internal control framework continues to evolve and will be a key focus in the coming year. Specific areas assessed during the Period via the risk management framework include:

- Risks around potential data breaches, including IT and cyber security and data protection requirements
- Ethical sourcing arrangements
- Disruption to supply chain and distribution network
- Health and safety arrangements
- An external third-party review of Coronavirus Job Retention Scheme claims made during the Period.

WHISTLEBLOWING

The Group has a whistleblowing policy in place which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. Whistleblowing is a standing item on the Committee's agenda, and updates are provided at each meeting as necessary, or a minimum of twice per year. During the Period, there were no incidents for consideration.

GOING CONCERN

The Directors have prepared detailed financial forecasts with a supporting business plan covering the medium-term future. These forecasts capture both the base plan and downside scenarios. Further detail on the going concern review is provided in the Directors' Report section of this Annual Report. Both the base plan and downside scenario forecasts indicate that the Group will remain in compliance with covenants throughout the forecast period. As such, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

DAVID STEAD

Audit Committee Chairman

NOMINATION COMMITTEE REPORT

On behalf of the Board I am pleased to present the Nomination Committee Report for the period ended 30 May 2021.

MEMBERS OF THE NOMINATION COMMITTEE

The Nomination Committee consists of three Non-Executive Directors; Ian Filby (Chair), David Stead and Jill Little. Executive Directors attend by invitation.

DUTIES

In carrying out its duties, the Nomination Committee is primarily responsible for:

- Identifying and nominating candidates to fill Board vacancies
- Evaluating the structure and composition of the Board with regard to the balance of skills, diversity, knowledge and experience and making recommendations accordingly
- Drafting the job descriptions of all Board members
- Reviewing the time requirements of Non-Executive Directors
- Giving full consideration to succession planning
- Reviewing the leadership of the Group

The Committee is scheduled to meet once a year but it will meet more frequently if required.

The Committee reports to the Board on how it has discharged its responsibilities. The Committee's written terms of reference are available on the Group's website (www.joulesgroup.com).

ACTIVITY DURING THE YEAR

The primary activity of the Committee during the year centred around the recruitment of a successor to Marc Dench as Chief Financial Officer. A full search was conducted using a highly regarded firm of independent recruitment consultants (Spencer Stuart), and with the involvement of all members of the Board. The outcome of the search was the selection of Caroline York to succeed Marc, as announced on 7 April 2021.

In addition, the Committee responded to a request from Tom Joule to transition his role from Chief Brand Officer to Non-Executive Director. Recognising the importance of Tom's input to the Group, as announced on 3rd August 2021, the Committee has agreed a new arrangement whereby Tom will continue to serve on the Board in a non-executive capacity, whilst also remaining available as a strategic adviser to the Chief Executive Officer with regards to the development of Friends of Joules and the Garden Trading business. This additional commitment from Tom, beyond the scope of what would normally be expected of a Non-Executive Director, is estimated at one day per month.

Looking ahead, the Committee intends to focus its work in the forthcoming year on the following areas:

- Reviewing the structure and composition of the Board and its Committees
- Succession planning for the Board and the Joules' senior leadership team

TERMS OF REFERENCE

The Committee will keep its terms of reference under review with the main objective of ensuring that an appropriate management framework and governance structure is in place.

IAN FILBY

Nomination Committee Chairman

DIRECTORS' REMUNERATION REPORT STATEMENT FROM THE CHAIR OF THE REMUNERATION COMMITTEE

Dear Shareholders

On behalf of the Board, I am pleased to present the Directors' Remuneration Report (the 'Report') for the period ended 30 May 2021 ('FY21' or the 'Period'). Although the Company is listed on the Alternative Investment Market, and therefore not subject to the reporting regulations of fully listed companies in the UK, the Remuneration Committee has taken account of the regulations in the preparation of the Report as a matter of best practice. The information contained in this Report is unaudited.

This Report is presented as:

- Directors' Remuneration Policy Report – setting out the parameters within which the remuneration arrangements for Directors operate; and
- An Annual Report on Remuneration – setting out the remuneration earned by Directors in respect of FY21 and how we intend to apply the Policy for FY22.

This Directors' Remuneration Report will be put to an advisory shareholder vote at the forthcoming Annual General Meeting on 5 October 2021.

OUR APPROACH TO REMUNERATION – KEY PRINCIPLES

We take a rigorous and disciplined approach to ensure that the remuneration package for Executive Directors rewards the delivery of both short and long-term financial and strategic business goals that are consistent with the creation of shareholder value.

Our policy on executive remuneration is designed to:

- include a competitive mix of base salary and short and long-term incentives, with an appropriate proportion of the package determined by stretching targets linked to the Group's performance;
- promote the long-term success of the Group, in line with our strategy and focus on profitability and growth; and
- provide appropriate alignment between the interests of shareholders and executives, which is further enhanced through shareholding guidelines and the deferral of a proportion of the annual bonus as shares.

FY21 ANNUAL BONUS AND FY19 LTIP OUTCOME

As discussed in detail elsewhere in this Report, FY21 was a challenging year for the Group due to the COVID-19 pandemic. During the Period, the Group was able to mitigate the impact of the pandemic by taking a number of measures, including utilising Government support through the Coronavirus Job Retention Scheme (£4.6 million) and business rates relief (£2.3 million). This support has been taken into account by the Remuneration Committee when determining the Director's remuneration for the year.

The annual bonus for FY21 was based on six performance measures: net cash, profit before tax ('PBT'), colleague engagement, e-commerce reported revenue growth, number of active e-commerce customers and finalising the long-term digital and US strategy for the Group. Although the Group delivered good performance against targets in relation to most of these measures, the Remuneration Committee took the difficult decision that no bonus would be paid to Executive Directors in light of the impact of COVID-19 on the Group, the Government support received during the year and external stakeholder views.

The Company's third long-term incentive awards were granted under the Long-Term Incentive Plan ('LTIP') in July 2018 ('FY19 LTIP') with vesting based on performance assessed over the period of three financial years ended on 30 May 2021. During the Period the Directors waived their FY19 LTIPs, as explained later in this Report, and therefore these awards will not vest.

EXECUTIVE DIRECTOR SALARIES

Executive Directors' base salaries were reviewed in April 2021 alongside the wider workforce. Given the current economic uncertainty as a result of COVID-19, it was decided that Executive Director salaries would remain unchanged and will be reviewed later in the year. Therefore, the current base salaries for Nick Jones and Tom Joule remain at £420,000 and £170,850. Tom's salary reflects his part-time working hours (full time equivalent: £341,700). No salary increase was awarded to Marc Dench prior to his departure from the Group on 11 May 2021.

FY21 LTIP AWARDS

At the time of preparation of the FY20 Directors' Remuneration Report, the arrangements for the Executive Director LTIP for FY21 were still being finalised. Following engagement with major shareholders, the FY21 LTIP awards were granted on 9 October 2020. Mindful of the critical time for the business, whilst navigating the pandemic, and the need to retain and motivate the Directors, the FY21 LTIP awards utilised the Committee's exceptional LTIP limit, which allow awards of up to 300% of salary to be granted, and contain an additional performance condition linked to the grant value above the normal LTIP limit. Further details are set out herein.

BOARD CHANGES

As announced on 28 January 2021, Marc Dench resigned from his role during the year, stepping down from the Board and leaving the business on 11 May 2021. The remuneration arrangements in respect of Marc's departure, which are in line with the Group's Directors' Remuneration Policy, are summarised below:

- **Existing LTIP Awards:** As Marc Dench resigned from his role during the year, his existing LTIP award (being the FY21 LTIP) has lapsed. Marc's FY19 and FY20 LTIP awards were waived during the year.
- **FY21 bonus:** No bonus is payable to Executive Directors in respect of FY21.
- **Existing deferred bonus awards:** Marc will retain his existing deferred share awards. In recognition of the fact that Marc was in service for the whole of the applicable bonus years, and that the deferred awards are not subject to further performance conditions, no reduction to the awards will be made as a result of Marc leaving before the end of the deferral period, which will vest in accordance with the originally anticipated timelines.

As announced on 7 April 2021, Caroline York joined Joules on 26 July 2021 and has succeeded Marc Dench as Chief Financial Officer. The remuneration arrangements for Caroline are in line with the Group's Directors' Remuneration Policy. Caroline's base salary is set at £250,000, the level required to secure her in role, taking into account her previous employment, and her salary will be kept under review to take account of her development in role. Caroline will be entitled to an annual bonus and LTIP opportunity for FY22 of 100% of base salary. The FY22 annual bonus opportunity will be pro-rated for the period of time served during the year. Given the one-off nature of the FY21 LTIP, Caroline will also be granted a delayed award under the FY21 LTIP, on a pro rata basis to reflect the

DIRECTORS' REMUNERATION REPORT
STATEMENT FROM THE CHAIR OF THE REMUNERATION COMMITTEE
CONTINUED

proportion of the performance period during which she will be in role. The performance conditions for this award are consistent with all other participants. Caroline will be entitled to pension contributions of 3% of salary, in line with the contributions provided to the wider workforce.

As announced on 3 August 2021, Tom Joule's role will change from Chief Brand Officer to Non-Executive Director with effect from September 2021. Tom will also remain available as a strategic adviser to the CEO with regards to the development of Friends of Joules and the Garden Trading business. Tom will be paid his existing salary until the date his role changes, but he will not be included in the Executive Director LTIP or bonus arrangements for FY22. Tom's new remuneration arrangements for the remainder of FY22 are currently being finalised, but will be in line with the arrangements in place for the other Non-Executive Directors, and will be fully disclosed in the FY22 Director's Remuneration Report.

REMUNERATION FOR THE YEAR COMMENCING 31 MAY 2021 ('FY22')

A summary of the proposed application of our Remuneration Policy for FY22 is set out below:

- Base salaries were reviewed in April 2021. Given the current economic uncertainty as a result of COVID-19, it was decided that Executive Director salaries would remain unchanged and will be reviewed later in the year.
- The maximum annual bonus opportunity for FY22 will be 100% of salary for Caroline York and 150% of salary for Nick Jones. Tom Joule will not participate in the FY22 annual bonus. The annual bonus will be subject to the achievement of certain targets which are currently being finalised. These targets will be disclosed in full in the FY22 Directors' Remuneration Report. The Committee will have full discretion over the award and, in particular, will consider any payment in the context of overall business performance
- The maximum LTIP opportunity for FY22 is 100% of salary for Caroline York and 150% of salary for Nick Jones. Tom Joule will not participate in the FY22 LTIP. These awards will be subject to certain targets, which are currently being finalised. Details will be included in the regulatory announcement that accompanies the awards and will be fully disclosed in the FY22 Directors' Remuneration Report. Reflecting best practice, the vesting of the awards will also be subject to a further underpin, that the vesting reflects the underlying financial performance of the Group over the performance period.

In determining remuneration packages and arrangements the Remuneration Committee adopts the principles set out in the Quoted Companies Alliance ('QCA') Corporate Governance Code and evolving best practice.

We remain committed to a responsible approach to executive pay as I trust that this Remuneration Report demonstrates and hope that we can rely on your continued support at our Annual General Meeting.

JILL LITTLE
Remuneration Committee Chairman

DIRECTORS' REMUNERATION POLICY REPORT

The following section sets out our Directors' Remuneration Policy (the 'Policy').

The aim of the Policy is to align the interests of Executive Directors with the Group's strategic vision and the long-term creation of shareholder value. The Policy is intended to remunerate Executive Directors competitively and appropriately for effective delivery of the strategy and allows them to share in this success and the value delivered to shareholders.

EXECUTIVE DIRECTORS' REMUNERATION POLICY

The table below sets out the elements of Executive Directors' compensation and how each element operates, as well as the maximum opportunity for each element and any applicable performance measures.

FIXED REMUNERATION

ELEMENT, PURPOSE AND STRATEGIC LINK	OPERATION	MAXIMUM OPPORTUNITY
BASIC SALARY To provide a competitive base salary for the markets in which the Group operates to attract and retain Executive Directors of a suitable calibre.	Usually reviewed annually taking account of: • Group performance • Role, experience and individual performance • Competitive salary levels and market forces • Pay and conditions elsewhere in the Group	Increases will normally be in line with the range of salary increases awarded (in percentage terms) to other Group employees. Increases above this level may be awarded to take account of individual circumstances, such as: • Promotion • Change in scope or increase in responsibilities • An individual's development or performance in role • Alignment with the market over time • A change in the size or complexity of the business
BENEFITS To provide market-competitive benefits as part of the total remuneration package.	Executive Directors currently receive private medical insurance, company car or allowance, staff discounts and the right to participate in the Save As You Earn ('SAYE') scheme. Other benefits may be provided based on individual circumstances. For example, relocation or travel expenses.	Whilst the Committee has not set a maximum level of benefits that Executive Directors may receive, the value of benefits is set at a level which the Committee considers appropriate, considering market practice and individual circumstances.
RETIREMENT BENEFITS To provide an appropriate level of retirement benefit (or cash allowance equivalent).	Executive Directors are eligible to participate in the Group defined contribution pension plan. Executive Directors may be permitted to take the benefit as cash in lieu of pension contributions.	In the case of any Executive Director appointed before 27 May 2019 (currently Tom Joule only), the Group contributes up to 5% of salary. In the case of any external appointment as Executive Director on or after 27 May 2019 (currently Nick Jones and Caroline York), the Group contributes up to a percentage of salary not exceeding the retirement benefit provision for the wider workforce (currently 3% of salary).

DIRECTORS' REMUNERATION POLICY REPORT CONTINUED

VARIABLE REMUNERATION

ELEMENT, PURPOSE AND STRATEGIC LINK	OPERATION	MAXIMUM OPPORTUNITY AND PERFORMANCE METRICS
ANNUAL BONUS Rewards performance against targets which support the strategic direction of the Group. Deferral provides a retention element through share ownership and direct alignment with shareholders' interests.	Awards are based on performance (typically measured over one year) against targets determined by the Committee at the start of the Period. Pay-out levels are determined by the Committee after the year end. The Committee has discretion to amend pay-outs should any formulaic output not reflect their assessment of performance. A proportion of any bonus is paid in cash with the balance paid in the form of shares (subject to a de minimis amount of £10,000) usually deferred for three years. Deferred share awards may include dividend equivalents earned between the grant and vesting date.	Overall maximum is up to 150% of base salary under the Policy. **Performance measure:** Targets are set annually and aligned with key financial, strategic and/or individual targets with the weightings between these measures determined by the Committee each year considering the Group's priorities at the time.
LONG-TERM INCENTIVE PLAN ('LTIP') To create alignment between the interests of Executive Directors and shareholders through the delivery of performance-based awards in Group shares	Awards can be made in the form of conditional share awards or nil cost options over shares. Vesting is subject to the achievement of specified performance conditions normally over three years. Awards may be structured as a 'Qualifying LTIP' comprising of an HMRC tax-qualifying option and an LTIP award, with the vesting of the LTIP award scaled back to take account of any gain made on the exercise of the tax-qualifying option. The Committee has discretion to vary the formulaic vesting output applying to any LTIP award granted from FY21 onwards where it believes the outcome does not reflect the Committee's overall assessment of business performance or is not appropriate in the context of circumstances that were unexpected or unforeseen at the date of grant. This discretion does not apply to any tax-qualifying options granted as part of a Qualifying LTIP award as described below where such discretion would not be permitted in accordance with the applicable tax legislation. Awards may include dividend equivalents earned between the grant and vesting date.	Normal maximum is up to 150% of base salary under the Policy. In exceptional circumstances, awards of up to 300% of salary may be granted. Where an award is structured as a Qualifying LTIP, the shares subject to the tax-qualifying option element are excluded for the purposes of this limit, reflecting the scale back. Currently none of the Executive Director awards are structured as a Qualifying LTIP. **Performance measure:** Set to reflect longer-term strategy and business performance. Performance measures and their weighting are reviewed annually to maintain appropriateness and relevance. For threshold levels of performance, 25% of the award will vest rising to 100% for maximum performance. Below the threshold, the award will not vest.

FURTHER INFORMATION IN RELATION TO THE EXECUTIVE DIRECTORS' REMUNERATION POLICY

EXPLANATION OF PERFORMANCE MEASURES CHOSEN FOR ELEMENTS OF REMUNERATION

Performance measures are selected for the annual bonus and long-term incentive plan to reflect the Group's strategy. Stretching performance targets are set each year by the Committee, considering several different factors. Stretch targets for the maximum awards under the annual bonus are set against outperformance of internal Company forecasts.

Due to the ongoing uncertainty as a result of the pandemic, the Committee has not yet finalised the performance measures and targets for the FY22 LTIP and annual bonus. However, the Committee will disclose details of the targets in full in the FY22 Directors' Remuneration Report and, in the case of the FY22 LTIP, in the regulatory announcement that accompanies the awards. Consistent with previous awards, the vesting of the FY22 awards will also be subject to a further underpin, that the vesting reflects the underlying financial performance of the Group over the performance period.

The Committee retains the discretion to adjust or set different performance measures or targets where it considers it appropriate to do so. For example, to reflect a change in strategy, a material acquisition and/or a divestment of a Group business or change in prevailing market conditions and to assess performance on a fair and consistent basis from year to year. Awards may be adjusted in the event of a variation of share capital in accordance with the rules of the deferred bonus plan ('DBP') and LTIP.

APPLICATION OF MALUS AND CLAWBACK

The malus and clawback provisions described below relate to awards in respect of FY21 and future years. The malus and clawback provisions which apply to prior years' awards are set out in earlier Directors' Remuneration Reports.

The 'Clawback Period' is:

i) in respect of the LTIP: a period of two years after the vesting of an LTIP award, and

ii) in respect of the annual bonus: up to three years following the payment of the cash element, and until the vesting date for any deferred share award.

During the Clawback Period, the Committee may require the repayment of all or some of the award if there is corporate failure, a material error or misstatement of the financial results, gross misconduct, reputational damage, a material failure of risk management or if information comes to light which, had it been known, would have affected a decision as to the extent to which an award would have vested. The same provisions apply for the application of malus.

OPERATION OF SHARE PLANS

The Committee may operate the Company's share plans in accordance with their terms. This includes the ability to amend the terms of awards under those plans in accordance with the plan rules in the event of a variation of share capital, and to settle awards, in whole or in part, in cash or grant awards as cash equivalents (although the Committee would only settle or grant an Executive Director's award in cash in exceptional circumstances such as where there was a regulatory restriction on the delivery of shares).

SHAREHOLDING GUIDELINES

To promote further alignment with shareholders' interests and share ownership, each Executive Director is required to build and maintain a shareholding equal to two times the value of their annual base salary. Until this guideline is met Executive Directors will be required to retain half of any shares which vest under the deferred bonus or LTIP (after sales to cover tax).

LEGACY REMUNERATION

The Committee has the right to settle remuneration arrangements that were put in place prior to this Policy coming into effect and in respect of remuneration awarded to individuals prior to becoming an Executive Director (and which was not awarded in anticipation of becoming an Executive Director).

NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY

The remuneration policy for the Chairman and Non-Executive Directors is to pay fees necessary to attract the individual of the calibre required, taking into consideration the size and complexity of the business and the time commitment of the role, without paying more than is necessary. Details are set out in the table below:

APPROACH TO SETTING FEES	• The fees of the Non-Executive Directors are agreed by the Chairman and CEO and the fees for the Chairman are determined by the Board as a whole. • Fees are set taking into account the level of responsibility, relevant experience and specialist knowledge of each Non-Executive Director and fees at companies of a similar size and complexity.
BASIS OF FEES	• Non-Executive Directors are paid a basic fee for membership of the Board with additional fees being paid for chairmanship of Board Committees. • Additional fees may also be paid for other Board responsibilities or roles. • Fees are normally paid in cash.
OTHER	• Non-Executive Directors may be eligible to receive benefits such as travel, the use of secretarial support and other expenses relevant to the performance of their roles. • Neither the Chairman nor any of the Non-Executive Directors are eligible to participate in any of the Group's incentive arrangements.

DIRECTORS' REMUNERATION POLICY REPORT CONTINUED

APPROACH TO RECRUITMENT REMUNERATION

The Policy aims to facilitate the appointment of individuals of sufficient calibre to lead the business and execute the strategy effectively for the benefit of shareholders. When appointing a new Executive Director the Committee seeks to ensure that arrangements are in the best interests of the Group and not to pay more than is appropriate. The Committee will take into consideration relevant factors, which may include the calibre of the individual, their existing remuneration package, and their specific circumstances, including the jurisdiction from which they are recruited.

The Committee will typically seek to align the remuneration package with the Group's Remuneration Policy. The Committee may make payments or awards to recognise or 'buy-out' remuneration packages forfeited on leaving a previous employer. The Committee's intention is that such awards would be made on a 'like-for-like' basis as those forfeited.

The remuneration package for a newly appointed Chairman or Non-Executive Director will normally be in line with the structure set out in the Non-Executive Directors' Remuneration Policy.

SERVICE CONTRACTS

Each of the Executive Directors has a service contract with the Group. The notice period of Executive Directors' service will not exceed 12 months. All Non-Executive Directors have fixed term agreements with the Group for no more than three years which may be extended at the Board's discretion and subject to re-election by shareholders at the AGM. Details of the Directors' current service contracts, and fixed term agreements, are set out below:

NAME	COMMENCEMENT	NOTICE PERIOD
Tom Joule*	20 May 2016	12 months
Nick Jones	2 September 2019	12 months
Caroline York	26 July 2021	6 months
Ian Filby	1 August 2021	3 months
Jill Little	22 May 2019	1 month
David Stead	11 April 2019	1 month

*The intention is that Tom Joule will move onto a new agreement with effect from September 2021 to reflect the change in his role to Non-Executive Director.

PAYMENTS FOR LOSS OF OFFICE

Payments for loss of office will be in line with the provisions of the Executive Directors' service contracts and the rules of the share plans. In general, 'good leaver' provisions will apply in circumstances of death, injury, ill-health, disability, change of control or for any other reason at the Committee's discretion, taking into account performance (in the case of long-term incentive awards) and the proportion of the vesting period served. Where a payment is made then the leaver provisions would be determined at the time of the award.

In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement, legal fees and under the terms of the SAYE plan. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of the Director's office or employment.

Where the Committee retains discretion, it will be used to provide flexibility in certain situations, considering the circumstances of the Director's departure and performance. There is no entitlement to any compensation in the event of Non-Executive Directors' contracts not being renewed or the agreement terminating earlier.

CONSULTATION WITH SHAREHOLDERS

The Committee will consider shareholder feedback received on remuneration matters. The Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be made to the Policy.

ANNUAL REPORT ON REMUNERATION

SINGLE TOTAL FIGURE OF REMUNERATION

The table below details the total remuneration earned by each Director in respect of FY21 and FY20.

£'000	SALARIES/FEES		TAXABLE BENEFITS		PENSION[3]		ANNUAL BONUS (INCLUDING DEFERRED BONUS)		LTIP		ONE-OFF AWARDS[4]		TOTAL REMUNERATION[5]	
	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20
Executive Directors														
Tom Joule	**170.9**	284.8	**10.8**	21.0	**8.5**	17.1	**–**	–	**–**	–	**–**	–	**190.2**	322.9
Colin Porter[1]	**n/a**	146.6	**n/a**	12.6	**n/a**	7.3	**n/a**	–	**n/a**	–	**n/a**	–	**n/a**	166.5
Nick Jones[1]	**420.0**	294.0	**17.3**	12.6	**12.6**	9.5	**–**	–	**–**	–	**–**	223.1	**449.9**	539.2
Marc Dench[2]	**270.3**	256.8	**20.5**	16.7	**13.5**	12.8	**–**	–	**–**	–	**–**	33.8	**304.3**	320.1
Non-Executive Directors														
Ian Filby	**100.0**	120.0	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**100.0**	120.0
Jill Little	**41.7**	50.0	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**41.7**	50.0
David Stead	**45.8**	45.8	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**45.8**	45.8
Total	**1048.7**	1198.0	**48.6**	62.9	**34.6**	46.7	**0**	0	**0**	0	**0**	256.9	**1131.9**	1564.5

1. Colin Porter retired as CEO, and Nick Jones was appointed as CEO, with effect from 30 September 2019. Nick Jones' remuneration in the table above reflects his remuneration from 2 September 2019, the date on which he joined the Company. Colin Porter's remuneration in the table above reflects his remuneration to his last day of employment with the Company, which was 31 October 2019.
2. Marc Dench resigned as CFO and as an employee of Joules with effect from 11 May 2021.
3. Includes sums paid into a pension scheme and/or pension allowance
4. The one-off awards reflect one-off share awards granted in FY20. For Marc Dench, this was an award in respect of salary waived during the year. For Nick Jones, this includes his buyout award and an award in respect of salary waived during FY20. In response to shareholder feedback, during FY21 Nick Jones and Marc Dench both agreed to waive the awards in lieu of salary.
5. Once the value of the waived awards in lieu of salary (referred to at footnote 4 above) have been deducted, the total remuneration for FY20 for Nick Jones and Marc Dench was £487k and £286k respectively.

EXPLANATORY NOTES TO THE SINGLE TOTAL FIGURE OF REMUNERATION TABLE

BASE SALARIES

A salary review took place in April 2021 together with the wider workforce. Given the unprecedented COVID-19 situation, it was decided that the Executive Director salaries would remain the same. Accordingly, each Executive Director's rate of salary with effect from 1 April 2021 remains the same as at 1 April 2020 as set out in the following table.

EXECUTIVE DIRECTOR	BASE SALARY AT 1 APRIL 2021	BASE SALARY AT 1 APRIL 2020
Tom Joule*	**£341,700**	£341,700
Nick Jones	**£420,000**	£420,000
Marc Dench	**£270,300**	£270,300

* With effect from 1 June 2020, Tom Joule moved to a reduced working pattern, with a time commitment of approximately 50%. Tom's salary has been pro rated accordingly, his salary is therefore £170,850.

Each of the Executive Directors agreed to take a pay reduction to assist the business with cash flow during the COVID-19 crisis. Tom Joule took a 100% pay reduction for the months of April and May 2020. Nick Jones and Marc Dench each took a 30% pay reduction for the months of April–July 2020 (inclusive). This action was greatly supportive of the business at the time. However, in light of strong performance in FY21, it was subsequently agreed that the sums waived in respect of FY21 (June and July 2020 for Nick Jones and Marc Dench) would be repaid. In the single total figure of remuneration table, salaries for FY20 and FY21 represent the total figure paid or payable in respect of the relevant financial year.

TAXABLE BENEFITS

The taxable benefits for the Executive Directors included a company car or car allowance, private fuel, clothing allowance and private medical insurance.

ANNUAL REPORT ON REMUNERATION CONTINUED

ANNUAL BONUS

For FY21 the maximum annual bonus opportunity for the Executive Directors was 100% of base salary for Tom Joule and Marc Dench and 150% of base salary for Nick Jones based on six performance measures: net cash, PBT, colleague engagement, e-commerce reported revenue growth, number of active e-commerce customers and finalising the long-term digital and US strategy for the Group.

The structure and targets for the FY21 annual bonus, are set out in the table below.

In light of COVID-19 and the ongoing uncertainty affecting the retail sector, the Committee determined that it was not possible to set appropriately robust threshold and maximum targets. As such, a target performance level was set, and the Remuneration Committee completed a discretionary assessment based on performance relative to this level.

PERFORMANCE MEASURE	TARGET	ACTUAL PERFORMANCE
PBT (stated before IFRS 16, share-based compensation and exceptional items)	£6.5 million	£8.3 million
Net cash (as disclosed in statutory reporting)	Net cash >£0 at year end FY21.	£4.1 million
Colleague Engagement (based on April 2021 survey)	BCI score: 715 (mid 2*)	BCI Score: 716 (mid 2*)
E-commerce reported revenue growth (not including Garden Trading)	21%	48%
Active e-commerce customers (not including Garden Trading)	1,037,000	1.3 million
Long-term digital and international strategy for the Group documented and approved by the Board	Finalised and approved by the Board by end of year	Documenting the strategy is a work in progress

Although the Group delivered good performance against targets in relation to most of these measures, the Remuneration Committee determined that no bonus would be paid to Executive Directors in light of the impact of COVID-19 on the Group and the Government support received during the year.

LONG-TERM INCENTIVES

Long-term incentives vesting in respect of performance in FY21

Tom Joule and Marc Dench were granted awards under the Joules 2016 Long Term Incentive Plan on 26 July 2018 ('FY19 LTIP'). Each award was subject to a performance condition based on i) the Company's earnings per share ('EPS') and ii) international revenue, in the financial year ended 30 May 2021, being the final financial year of a three-year performance period. Tom and Marc waived their existing LTIP Awards during the year, so the FY19 LTIP will not vest.

Long-term incentive awards granted during FY21

In FY21, the Committee granted LTIP awards as set out in the table below. The share price used to calculate the awards was £1.25, being based on a premium of around 12% to the share price on the day prior to the day the awards were granted.

The FY21 LTIP consists of an award at the 'normal' level with performance conditions based on cumulative, adjusted EPS (diluted shares) ('Cumulative EPS Target') and, given the exceptional circumstances as a result of COVID-19 and in order to provide a motivating incentive for the executive team, the Committee decided to utilise the new exceptional LTIP limit by introducing an additional 'superstretch' performance condition, based on the share price at the end of the performance period. The intention of the award is to focus participants on what the Committee believes to be challenging EPS and share price targets over the next three-year period during a critical time for the Company.

The superstretch share price element of the awards was offered on the basis that it will only vest if the maximum target is achieved or exceeded under the Cumulative EPS Target. The FY21 LTIP awards granted were as follows:

FY21 LTIP	DATE OF GRANT	% OF SALARY	NUMBER OF SHARES
Tom Joule	9 October 2020	200%	273,360
Marc Dench*	9 October 2020	250%	540,600
Nick Jones	9 October 2020	300%	1,008,000

* As Marc Dench resigned from his role during the year, his FY21 LTIP has lapsed in full.

Vesting of the awards will be based upon achievement against two targets as summarised below.

TARGET ELEMENTS	% OF AWARD	THRESHOLD 25% VESTING OF AWARD	MAXIMUM 100% VESTING OF AWARD
Cumulative EPS[1]	50%	23 pence	35 pence
Share Price[2]	50%	£2 (in addition to Cumulative EPS of 35p)	£4 (in addition to Cumulative EPS of 35p)

1 Cumulative, diluted, adjusted earnings per share ('EPS') for the period FY21–FY23. Adjusted EPS represents statutory EPS calculated before the impact of share-based payments, IFRS 16 and exceptional administrative expenses.

2 Calculated based on 90-day volume weighted average price of Joules shares to the end of the performance period (FY23).

The share price element of the award will only vest if the maximum under the Cumulative EPS Target has been met or exceeded. The Remuneration Committee has the discretion to reduce the extent of vesting if, in its opinion, the extent of vesting is not reflective of underlying financial performance over the performance period or to ensure the value of the award on vesting does not exceed £5 million.

DEFERRED BONUS AWARDS GRANTED IN FY21

As the FY20 annual bonus did not pay out, the Executive Directors did not receive deferred bonus awards in FY21.

NON-EXECUTIVE DIRECTOR FEES

The Non-Executive Directors agreed to waive or defer part or all of their fee to assist the business with cash flow during the COVID-19 crisis for the last two months of FY20 and/or the first two months of FY21. The fees stated in the single total figure of remuneration table include deferred amounts but exclude any amounts which were waived.

PAYMENTS MADE TO FORMER DIRECTORS AND PAYMENTS FOR LOSS OF OFFICE MADE DURING THE YEAR

Marc Dench was an Executive Director and employee of the Company until 11 May 2021. Marc worked his notice period and left the business as an employee on 11 May 2021, he was paid up to the end of the financial year as he agreed to remain available to the Company on a consultancy basis until July 2021 to assist with the preparation of the accounts and the transition to the new CFO. The single total figure of remuneration table includes all remuneration earned by him in respect of FY21.

No other payments were made in the year to any former Director of the Group and no payments were made in the year for loss of office.

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS

The interests of the Directors and their immediate families in the Group's Ordinary Shares as at 30 May 2021 (or, if earlier, the date of their retirement or resignation) were as follows:

	BENEFICIALLY OWNED AT 31 MAY 2020 NO. OF SHARES	BENEFICIALLY OWNED AT 30 MAY 2021[2] NO. OF SHARES	UNVESTED SHARE AWARDS SUBJECT TO PERFORMANCE CONDITIONS AS AT 30 MAY 2021	UNVESTED SHARE AWARDS NOT SUBJECT TO PERFORMANCE CONDITIONS[1] AS AT 30 MAY 2021[2]	VESTED, UNEXERCISED SHARE AWARDS AS AT 30 MAY 2021[2]	NUMBER OF AWARDS COUNTING TOWARDS SHAREHOLDING REQUIREMENT[3] AS AT 30 MAY 2021[2]	SHAREHOLDING GUIDELINES MET[4]
Executive Directors							
Tom Joule	29,498,433	24,248,433	273,360	87,995	51,455	24,322,342	Yes
Nick Jones	93,750	93,750	1,008,000	128,618	nil	161,918	No
Non-Executive Directors							
Ian Filby	nil	50,000	n/a	n/a	n/a	n/a	n/a
Jill Little	25,625	38,125	n/a	n/a	n/a	n/a	n/a
David Stead	31,250	68,750	n/a	n/a	n/a	n/a	n/a
Former Directors							
Marc Dench	281,398	309,206	nil	106,065	nil	n/a	n/a

1 Includes: Deferred bonus share awards and, in the case of Nick Jones, the 'joining award' granted to him as part compensation for share awards which would have vested had he remained with his former employer.

2 Or, if earlier, date of retirement or resignation.

3 Equal to the total of beneficially owned shares, unvested share awards not subject to performance conditions (on a net of tax basis) and vested but unexercised share awards (on a net of tax basis).

4 Calculated based on the shareholding requirement of 200% of salary, a closing share price of £2.78 on Friday 28 May 2021 and the Executive Director's base salary at 30 May 2021.

The interests of the current Directors and their immediate families in the Group's Ordinary Shares did not change between 30 May 2021 and the date this Report was approved on 2 August 2021.

ANNUAL REPORT ON REMUNERATION CONTINUED

IMPLEMENTATION OF POLICY FOR FY22

BASE SALARY

As noted previously, Executive Directors' base salaries were reviewed in April 2021 alongside the wider workforce. Given the current economic uncertainty as a result of COVID-19, it was decided that Executive Directors' salaries would remain unchanged and will be reviewed later in the year.

EXECUTIVE DIRECTOR	BASE SALARY AT 1 APRIL 2021[2]	BASE SALARY AS AT 1 JUNE 2020	BASE SALARY AT 1 APRIL 2020
Tom Joule[1]	**£341,700**	£341,700	£341,700
Nick Jones	**£420,000**	£420,000	£420,000
Caroline York	**£250,000**	n/a	n/a

1 With effect from 1 June 2020, Tom Joule moved to a reduced working pattern, with a time commitment of approximately 50%. The table above sets out Tom's full time equivalent salary, his prorated salary is £170,850.

2 Or commencement of employment date in the case of Caroline York

ANNUAL BONUS

For FY22 the annual bonus opportunity will be up to a maximum of 100% of salary for Caroline York, and 150% of salary for Nick Jones. Tom Joule will not be included in the bonus arrangement for FY22 due to his planned move to a Non-Executive role from September 2021. The annual bonus will be subject to the achievement of certain targets, with payment made half in cash and half deferred into shares (vesting after a further three years).

The FY22 annual bonus targets are in the process of being finalised by the Committee and are not disclosed in advance due to commercial confidentiality reasons, but will be disclosed when we report the performance out-turn in the FY22 Directors' Remuneration Report.

LONG-TERM INCENTIVE

For FY22, the Committee intends to grant LTIP awards of 150% of salary for Nick Jones and 100% of salary for Caroline York. Tom Joule will not participate in the FY22 LTIP. The performance targets for the FY22 LTIP awards are in the process of being finalised by the Committee and will be disclosed in the regulatory announcement that accompanies the awards and will be fully disclosed in the FY22 Directors' Remuneration Report.

In addition to the performance targets, the vesting of the awards will also be subject to a further underpin, that the vesting reflects the underlying financial performance of the Group over the performance period. In line with the Policy, the Committee will have discretion to vary the formulaic vesting output applying to the awards.

NON-EXECUTIVE DIRECTOR FEES

Details of Non-Executive Directors' fees for FY22 are set out below:

- Chairman's fee: £120,000
- Non-Executive Director fee: £45,000
- Additional fee for chair of a Board Committee: £5,000
- Additional fee for Senior Independent Director: £5,000

Details of the remuneration arrangements for Tom Joule from September 2021, when he moves to his new Non-Executive role, are in the process of being finalised, and will be disclosed in the FY22 Directors' Remuneration Report.

DIRECTORS' REMUNERATION REPORT GOVERNANCE

SHAREHOLDER APPROVAL OF THE DIRECTORS' REMUNERATION REPORT

At the 2020 Annual General Meeting, the votes in respect of the FY20 Directors' Remuneration Report were as follows.

FY21 DIRECTORS' REMUNERATION REPORT	NUMBER	%
For	61,528,929	72.18
Against	23,714,197	27.82
Withheld	4,181,698	N/A

As part of an engagement exercise last year, shareholder feedback raised concerns about the share awards granted to Nick Jones and Marc Dench in April 2020 in lieu of salary they had waived during FY20. In response to this feedback, the awards were waived by Nick and Marc.

REMUNERATION COMMITTEE

The members of the Committee are Jill Little (Chair), Ian Filby and David Stead. The Group's General Counsel attends the meeting as secretary to the Committee. The Committee meets at least once a year and has responsibility for:

- Maintaining the Remuneration Policy;
- Reviewing and determining the remuneration packages of the Executive Directors;
- Monitoring the level and structure of the remuneration of Senior Management; and
- Production of the Annual Report on Directors' remuneration.

The Executive Directors also attend meetings when required and provide information and support as requested. No Executive Director is present when his remuneration package is considered.

The duties of the Remuneration Committee are set out in its terms of reference, which are available on the Group's website (www.joulesgroup.com) and are also available on request from the Company Secretary.

This Report was approved by the Board on 2 August 2021.

JILL LITTLE

Remuneration Committee Chairman

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and Auditor's Report, for the 52 weeks ended 30 May 2021 ('FY21'). The Governance Framework Section also forms part of this Directors' Report.

DIRECTORS

The Directors of the Company during the period under review, and subsequently to the date of this Report, were:

Ian Filby
Tom Joule
Nick Jones
Marc Dench (resigned with effect from 11 May 2021)
Caroline York (joined 26 July 2021)
David Stead
Jill Little

RESULTS AND DIVIDENDS

Results for the Period ended 30 May 2021 are set out in the Consolidated Income Statement on page 84. The Directors are not recommending a dividend for FY21.

ARTICLES OF ASSOCIATION

A copy of the full Articles of Association ('Articles') are available on request from the Company Secretary and are also available on the Group's website www.joulesgroup.com. Any amendments to the Articles can be made by a special resolution of the Shareholders.

SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDERS

Details of the issued share capital, together with details of the movements during the year, are shown in Note 21 to the Consolidated Financial Statements. The Company has one class of Ordinary Shares and each Ordinary Share carries the right to one vote at general meetings of the Company.

At 30 May 2021 the Company had been notified of the following substantial shareholders comprising 3% or more of the issued Ordinary Share capital of the Company:

	% OF ISSUED SHARE CAPITAL
Tom Joule (and related trusts)	21.74%
Blackrock	12.21%
Octopus Investments	10.41%
Canaccord Genuity	10.06%
Aberdeen Standard	6.67%
Janus Henderson	4.31%
Columbia Threadneedle Investments	3.99%
River and Mercantile Asset Management	3.15%

There have been no significant changes to substantial shareholders since the year end.

ACQUISITION OF THE COMPANY'S OWN SHARES

At the Annual General Meeting ('AGM') held on 23 September 2020, the Company was authorised, in accordance with section 701 of the Companies Act 2006 (the 'Act'), to make market purchases (within the meaning of section 693(4) of the Act) of up to 10,813,592 Ordinary Shares (being approximately 10 per cent of the Share Capital) on such terms and in such manner as the Directors of the Company may from time to time determine. This authority was not used during the year or up to the date of this report. Shareholders will be asked to renew this authority at the AGM as detailed in the next AGM Notice. The Company held no treasury shares during the year.

DIRECTORS' INTERESTS

Details of the Directors' beneficial interests are set out in the Directors' Remuneration Report.

DIRECTORS' INDEMNITIES AND DIRECTORS AND OFFICERS' LIABILITY INSURANCE

The Company has purchased directors' and officers' liability insurance during the year as allowed by the Company's Articles.

FINANCIAL RISK MANAGEMENT

Details of the Directors' assessment of the principal risks and uncertainties which could impact the business are outlined in the Principal Risks and Uncertainties section of this Annual Report. The Board manages internal risk through the ongoing review of the Group's risk register and the Board manages external risk through the monitoring of the economic and regulatory environment and market conditions.

GOING CONCERN AND VIABILITY STATEMENT – IMPACT OF COVID-19

As for many businesses in the retail sector, the Group has continued to be significantly impacted by COVID-19 during the Period. The impact and management's response is set out in further detail within the Chief Executive's Report and the Financial Review.

Despite the easing of the UK's lockdown and the re-opening of non essential retail in mid-April 2021, the retail sector continues to face significant uncertainties, including short-term and potentially more fundamental long-term changes in consumer behaviour as well as the potential for ongoing operational disruption. Given these uncertainties, the Directors have undertaken a comprehensive assessment to consider the going concern and longer-term viability of the Group and Company. In making their assessment the Directors have considered the following:

- The Group's financial position, as at the date of this Report, and its committed borrowing facilities available for the time period under consideration;
- The support from the Group's shareholders and bank, including the successful equity placing that was completed in the early stages of the UK lockdown during the prior period, and the financing facility extension that was completed in April 2021;
- Alternative sources of financing, including sale & leaseback of freehold property and asset financing that might reasonably be assumed to be available to the Group – noting that any financing from these sources has not been included within the forecasts that support the going concern assessment;

- Financial commitments, including capital commitments, lease commitments, stock purchases and other non-variable/non-discretionary costs. In respect of property leases, the Directors note the relatively short lease commitments, of less than three years on average, that the Group has across its store portfolio together with recent and on-going progress on renewing leases on favourable terms;
- The extent of potential Government support initiatives including business rates relief and the Coronavirus Job Retention Scheme ('CJRS');
- Strength of brand, reflected in active customer growth, brand awareness and brand health metrics – as detailed more fully in the Strategic Review;
- The flexibility and agility of the Group's business model, as described in the Strategic Review, noting that over two-thirds of the Group's retail sales are via e-commerce and that the Group has diversified sources of revenue, operating across several channels and geographic markets, with owned and third-party channels including wholesale and marketplaces. Newer income streams of brand licensing and the Group's Friends of Joules digital marketplace, and from Garden Trading, following the acquisition in February 2021, provide additional comfort on the strength of the brand and diversity of income channels.

The Directors have also considered the trading performance of the Group's stores as they have reopened following the easing of the UK's lockdown restrictions on 12 April 2021, as well as the performance of the Group's e-commerce channel, which has continued to exceed management's expectations during the Period.

The Directors have reviewed management's business plan forecasts that cover the period to 26 May 2024, being the Group's strategic plan horizon. The forecasts have been produced on the following basis:

- **Base plan** – a gradual sales recovery post-COVID-19, continuing the trend experienced since the UK's lockdown restrictions were eased in mid-April 2021, reflecting management's estimates for the speed and extent of recovery across its different sales channels and markets. It reflects stores being open throughout the period under review initially trading significantly below the comparative pre-COVID-19 period, improving to approximately 80% of pre-COVID-19 sales levels by the end of FY22, with modest growth thereafter. Third-party wholesale channels are assumed to follow a similar trajectory. The Group's e-commerce sales are forecast to grow at double-digit levels reflecting performance over recent years and experienced during the UK's latest lockdown in January to March 2021;
- **Downside scenario** – the 'base plan' adjusted to reflect a further UK lockdown for three months during October to December 2021 with all non-essential retail closed during the Group's key trading period, followed by a much slower recovery of the Group's stores channel with total store revenues only achieving approximately 60% of the pre-COVID-19 levels by the end of FY24. Ecommerce sales growth is assumed to be at half of the 'Base plan' levels and wholesale sales are assumed to reduce significantly during FY22 compared to the 'Base plan'.

Within each forecast, management have reflected financial commitments and the impact of realised or anticipated cost savings from discretionary and variable costs. No Government support or subsidies, other than those announced and committed at the date of this Report, are included.

The Directors have also stress tested the forecast to consider situations under which the Company would have insufficient liquidity under its current secured borrowing facilities and/or it would not meet its banking covenant tests. One such 'stress test scenario' is that of an even further extended potential COVID-19 related lockdown in the UK for up to six months, with a material disruption to retail store operations during the peak Autumn/Winter 2021 trading season resulting in significantly reduced store channel revenue and lower receipts from the Group's wholesale channels. The stress test scenario assumes e-commerce revenue growth in line with the 'downside scenario' noting that loyal customers would no longer access the brand via the store environment – as demonstrated during the previous UK lockdowns, plus ongoing income from Garden Trading, brand licensing and digital marketplace activities. The stress test scenario assumes that the Group would only reduce directly related variable sales costs during the period and does not assume any further cost mitigation actions which would be available to the Group. No additional Government support or subsidies to offset costs or support cash flow are assumed in this scenario.

The Directors believe, with reference to the considerations noted above, that, firstly the likelihood of this situation arising in its most extreme form is remote and, secondly, that they anticipate that the Group would be able to adapt and respond to mitigate the impacts and continue to trade and meet its obligations through the period of consideration.

GOING CONCERN

The base plan and downside scenario forecasts indicate that the Group will remain within its available committed borrowing facilities and in compliance with covenants throughout the forthcoming 12-month period. Under the downside scenario, the Group has more than £20 million available liquidity headroom throughout the period under consideration and has EBITDA headroom of £2.7 million against its May 2022 year-end covenant test, and headroom of £5.6 million at its first covenant test in the period at the end of November 2021.

The Group would also remain within its borrowing facilities and comply with covenants under the stress test through this period.

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

VIABILITY STATEMENT

The Directors have considered the Group's prospects and viability over a three-year period to 26 May 2024. This three-year period is considered appropriate as i) this is the Group's longer term strategic planning period and ii) the Group's £25 million revolving credit facility with Barclays Bank PLC, has recently been extended out to September 2024 which covers the three-year period of the review.

As set out in detail in the "Going concern and viability statement – impact of COVID-19" section above, the Directors have produced and reviewed forecasts which consider the impact of further UK lockdowns (of both 3- and 6-month periods), slow recovery thereafter and no additional Government support or subsidies.

DIRECTORS' REPORT CONTINUED

Under the Base plan and the Downside scenarios, outlined in more detail above, the Group will remain within its available committed borrowing facilities and in compliance with covenants throughout the forecast period.

Based on this assessment, the Directors have a reasonable expectation that the Group will continue in operation and meet all its liabilities as they fall due during the period up to 26 May 2024.

POST BALANCE SHEET EVENTS

Since the Period end, the Group has disposed of the property acquired as part of the acquisition of The Garden Trading Company Limited, which was recognised as an asset held for sale in the Consolidated Statement of Financial Position as at 30 May 2021.

Completion of the new head office for the Group took place in June 2021.

ANNUAL GENERAL MEETING

The Company's AGM will be held on 5 October 2021.

FUTURE DEVELOPMENTS IN THE BUSINESS OF THE COMPANY

The Strategic Report in Chapter 1 of this Annual Report sets out the likely future developments of the Company.

CHANGE OF CONTROL

So far as the Directors are aware, there are no arrangements in place that the operation of which at a later date may result in a change of control of the Company.

BRANCHES OUTSIDE THE UK

In addition to subsidiary companies in the USA, China, Republic of Ireland and Hong Kong, the Group has branches in France and the Republic of Ireland.

POLITICAL DONATIONS

No political donations were made during the period under review.

STAKEHOLDER ENGAGEMENT

The Directors recognise that communication with the Group's employees is essential and the Group places importance on the contributions and views of its employees. Details of employee involvement are set out in the Responsibly Joules section of this Report and in the section 172(1) statement.

The section 172(1) statement, together with the Responsibly Joules section of this Report, also details how the Directors have engaged with shareholders, customers, partners and suppliers during the year to ensure that positive business relationships are nurtured.

DISABLED EMPLOYEES

Details of the Group's policy in relation to disabled employees is set out in the Responsibly Joules section of this Report.

STREAMLINED ENERGY AND CARBON REPORTING

Our streamlined energy and carbon reporting is set out in the Responsibly Joules section of this Report.

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who is a Director at the date of approval of this Report confirms that:

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

AUDITOR

The auditor, Deloitte LLP, have indicated their willingness to continue in office and a resolution seeking to re-appoint them will be proposed at the AGM.

JONATHAN DARGIE
Company Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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 position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 2 August 2021 and is signed on its behalf by:

NICK JONES
Chief Executive Officer

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CONSOLIDATED FINANCIAL STATEMENTS

LET’S TAKE A CLOSER LOOK

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOULES GROUP PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. OPINION

In our opinion:

- the financial statements of Joules Group plc (the 'company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the company's affairs as at 30 May 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 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and company statement of financial position;
- the consolidated and company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 40.

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 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

3. SUMMARY OF OUR AUDIT APPROACH

KEY AUDIT MATTER	The key audit matter that we identified in the current period was: • Store impairment
MATERIALITY	The materiality that we used for the group financial statements was £0.5m. We have determined our materiality benchmark using a range of measures with consideration of financial performance and position, using revenue, net assets, and profit before tax.
SCOPING	In aggregate, our procedures have covered 99% of total revenue, 97% of total assets and 95% of total liabilities across the group.
SIGNIFICANT CHANGES IN OUR APPROACH	We previously determined that accuracy and completeness of the returns provision was a key audit matter due to the estimations used in the calculation. A new data-driven methodology was developed by the group for the period-ended 30 May 2021 and, along with the knowledge and understanding gained from auditing the returns provision in the prior period, we have concluded that the accuracy and completeness of the returns provision is no longer a key audit matter. The acquisition made in the period has led to additional audit procedures being performed on the acquisition accounting and balances significant to the component. There has been no other significant change in component scoping with the group engagement team completing all work on components where required.

4. CONCLUSIONS RELATING TO GOING CONCERN

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

Our evaluation of the directors' assessment of the group's and company's ability to continue to adopt the going concern basis of accounting included:

- Assessing financing facilities including nature of facilities, repayment terms and covenants;
- Challenging the assumptions used in the forecasts such as revenue growth by benchmarking against historical and market information;
- Evaluating the level of headroom in the forecasts (cash and covenants);
- Assessing the sensitivity analysis prepared by management including the effect of Covid-19 on the business and potential periods of store closures;
- Testing the model used to prepare the forecasts, testing of clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management; and
- Evaluating the appropriateness of the going concern disclosures in the financial statements.

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 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.

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

5. 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 which 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.

5.1. STORE IMPAIRMENT

Key audit matter description	As at 30 May 2021 the group held £27.7m (2020: £20.5m) of property, plant and equipment and £28.3m (2020: £32.5m) of right of use assets, of which, on a combined basis, £22.9m (2020: £27.1m) related to stores. Impairment charges of £2.8m (2020: £15.2m) and reversal of previously recognised impairment charges of £0.8m (2020: nil) have been recognised within these values. Under IAS 36 'Impairment of Assets', the group is required to complete an impairment review of its store portfolio where there are indicators of impairment. At 30 May 2021, consistent with the prior year, the impact of Covid-19 on store performance has been identified as an impairment trigger. As set out in note 4 to the financial statements, the group has estimated the recoverable amounts of store assets based on their value in use. The store impairment review involves management making several estimates to determine the value in use of each of the stores (being the net present value of the forecast cash flows). This is compared to the book value of that store's assets, to identify whether any impairment or potential reversal of previously recognised impairment is required. In making this assessment, management determines each store to be a cash generating unit. The key audit matter relates to the appropriateness of management's estimate of future trading performance of the stores, which is used to derive the value in use. Value in use is calculated from cash flow projections and relies upon management's assumptions and estimates of future trading performance, the recovery of stores from the period of lockdown and the revival of the UK economy, and the associated discount rates. The initial impairment calculation for the period ended 30 May 2021 performed by management only included right of use assets, however this was subsequently amended to include associated PPE. The initial impairment model also had errors in relation to the WACC rate used, growth rates and no consideration of impairment reversals; these were corrected in management's revised model. The revised impairment model utilises the forecasts included in the Board's base plan, which covers the periods up to May 2024. As disclosed in note 1 to the financial statements, the model is sensitive to changes in forecast performance and growth rates, most notably sales and margin.

How the scope of our audit responded to the key audit matter	Our audit procedures in relation to store impairment included: • Obtaining an understanding of relevant controls around the impairment review process; • Evaluating the reasonableness of management's determination of a cash generating unit in the context of the definition under IAS 36; • Testing the completeness of the assets included in the impairment review; • Assessing the methodology applied in performing the revised impairment review with reference to the requirements of IAS 36 'Impairment of Assets'; • Evaluating management's sensitivity analysis in relation to the key assumptions used in the cash flow forecasts; and • Assessing the appropriateness of the group's disclosures regarding the store impairment in the financial statements. Specifically in relation to the risk associated with management's estimate of future trading performance of the stores, our audit procedures included: • Challenging the key assumptions utilised in the cash flow forecasts (including store sales and margins) with reference to the historical trading performance, market expectations, and our understanding of the group's strategic initiatives; • Assessing the growth rates and discount rates applied to the store cash flows, comparing the rates used to third party evidence with consideration of recovery from the Covid-19 UK lockdowns and benchmarking against our independently estimated discount rates; • Challenging the consistency of management's model with other areas of the financial statements in the current and previous periods, including going concern forecast; and • Assessing the uplift in service potential of the assets where impairment reversals have been recorded.
Key observations	From the work performed, we concluded that the level of impairment charge and reversal of previously recognised impairment on the store estate is appropriate.

6. OUR APPLICATION OF MATERIALITY

6.1. MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	GROUP FINANCIAL STATEMENTS	COMPANY FINANCIAL STATEMENTS
Materiality	£0.5m (2020: £0.4m)	£0.3m (2020: £0.3m)
Basis for determining materiality	The materiality that we used for the group financial statements was £0.5m. We have determined our materiality benchmark using a range of measures with consideration of financial performance and position, using revenue, net assets, and profit before tax. This is consistent with the prior year. Materiality represents 0.25% of revenue, 0.38% of net assets and 25% of profit before tax.	Company materiality equates to 3% of net assets, which is capped at 66% of group materiality. This is consistent with the prior year.
Rationale for the benchmark applied	Materiality is a professional judgement and we considered a number of different benchmarks used by investors and other users of the financial statements in determining this value. The increase in materiality of 20% reflects the improved trading performance and position of the group.	Net assets has been used as the benchmark as the company operates primarily as a holding company for the group and we therefore consider this as the key metric for the Company. We capped materiality at 66% of group materiality to reduce the risk of a material error arising as a result of the consolidation of the Company's result in the group financial statements.

6.2. PERFORMANCE MATERIALITY

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	GROUP FINANCIAL STATEMENTS	COMPANY FINANCIAL STATEMENTS
Performance materiality	65% (2020: 70%) of group materiality	65% (2020: 70%) of company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. the quality of the control environment and not being able to rely on controls; b. the level of corrected and uncorrected misstatements identified in the prior year audit; and c. the change in key finance personnel.	

6.3. ERROR REPORTING THRESHOLD

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £25,000 (2020: £20,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1. IDENTIFICATION AND SCOPING OF COMPONENTS

The group's main operations are within the UK with non-significant components in the US, Hong Kong, and China. As disclosed in note 2 of the Financial statements, on 9 February 2021 the Group acquired 100% of the issued share capital and obtained control of The Garden Trading Company Limited. Aside from this change, the group structure is consistent with the prior period and there are no significant sub-consolidations.

We have concluded that Joules Limited is the only financially significant component within the group. Joules Limited contributes 90% (2020: 90%) of the group's total revenue and represents 61% (2020: 87%) of the group's net assets before consolidation eliminations.

The US component and newly acquired component, The Garden Trading Company Ltd, have been subject to specified audit procedures on certain balances such as inventory, trade receivables and revenue in the current period. The US component contributes 9% (2019: 8%) of the group's total revenue. The Garden Trading Company Ltd contributed 4% of the group's total revenue. Other components were subject to review procedures on material balances.

In aggregate, our procedures have covered 99% of total revenue (2020: 99% of total revenue), 97% of total assets (2020: 98% of total assets) and 95% of total liabilities (2020: 96% of total liabilities) across the group.

The range of component materialities used were between £0.2m (2020: £0.1m) and £0.3m (2020: £0.3m), representing between 50-95% of group performance materiality. All the audit work was undertaken directly by the group engagement team and no component auditors were used.

At the group level we also tested all consolidation adjustments and carried out analytical procedures to confirm our conclusion that there were no significant risk of misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified balances.

7.2. OUR CONSIDERATION OF THE CONTROL ENVIRONMENT

As part of our control environment understanding, we considered the key IT systems relevant to the audit. We have tested key IT systems including the group's ERP, stock management system and point of sale interface.

We have not relied on key IT controls and have performed a fully substantive audit over all areas of the financial statements. We were also unable to rely on controls over business processes as we have not been able to obtain detailed evidence of the controls occurring in the period or found that the controls do not fully address our identified risks of material misstatement.

8. OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of our audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. RESPONSIBILITIES OF DIRECTORS

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

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 company or to cease operations, or have no realistic alternative but to do so.

10. 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. EXTENT TO WHICH 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. IDENTIFYING AND ASSESSING POTENTIAL RISKS RELATED TO IRREGULARITIES

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, IT, and impairment specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas; impairment of store assets and the returns provision. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, tax legislation and pension legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These include employment law and health and safety regulations.

11.2. AUDIT RESPONSE TO RISKS IDENTIFIED

As a result of performing the above, we identified store impairments as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with all relevant regulatory authorities;
- in addressing the risk of fraud through the returns provision, we tested the underlying data used within the model and assessed post year end returns to determine the appropriateness of the provision; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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 period 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.

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

13. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

13.1. ADEQUACY OF EXPLANATIONS RECEIVED AND ACCOUNTING RECORDS

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. DIRECTORS' REMUNERATION

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. 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.

KATE WAITE FCA (SENIOR STATUTORY AUDITOR)
For and on behalf of Deloitte LLP
Statutory Auditor
St Albans
2 August 2021

CONSOLIDATED INCOME STATEMENT
JOULES GROUP PLC

	NOTE	52 WEEKS ENDED 30 MAY 2021 £'000	RESTATED 53 WEEKS ENDED 31 MAY 2020 £'000
REVENUE	2	**199,007**	**190,808**
Cost of sales	7	(101,505)	(93,997)
GROSS PROFIT		**97,502**	**96,811**
Other administrative expenses	7	(88,126)	(99,273)
Share-based compensation	30	(1,653)	371
Exceptional administrative expenses	4	(4,162)	(20,950)
Total administrative expenses		**(93,941)**	**(119,852)**
OPERATING PROFIT/(LOSS)		**3,561**	**(23,041)**
Finance costs	8	(1,583)	(1,774)
PROFIT/(LOSS) BEFORE TAX		**1,978**	**(24,815)**
Income tax (expense)/credit	9	(1,085)	4,539
PROFIT/(LOSS) FOR THE PERIOD		**893**	**(20,276)**
Basic earnings/(loss) per share (pence)	29	0.82	(21.61)
Diluted earnings/(loss) per share (pence)	29	0.81	(21.61)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
JOULES GROUP PLC

	NOTE	52 WEEKS ENDED 30 MAY 2021 £'000	RESTATED 53 WEEKS ENDED 31 MAY 2020 £'000
PROFIT/(LOSS) FOR THE PERIOD		**893**	**(20,276)**
Items that may be reclassified subsequently to profit or loss:			
Net loss arising on changes in fair value of hedging instruments entered into for cash flow hedges	23	(4,286)	(2,425)
Gains arising during the period on deferred tax on cash flow hedges	23	753	472
Gains/(losses) arising during the period on deferred tax on share options	20	123	(177)
Net foreign exchange (loss)/gain on translation of foreign operations	23	(1,900)	732
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD		**(4,417)**	**(21,674)**

Note on prior year restatement: For further details of prior year balances, refer to Note 1– Significant Accounting Policies.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JOULES GROUP PLC

	NOTE	30 MAY 2021 £'000	RESTATED 31 MAY 2020 £'000
NON-CURRENT ASSETS			
Goodwill	13	5,531	–
Intangibles	11	25,566	20,507
Property, plant and equipment	10	27,737	20,547
Right-of-use assets	12	28,287	32,523
Derivative financial instruments	15	–	383
Deferred tax	20	908	3,034
TOTAL NON-CURRENT ASSETS		**88,029**	**76,994**
CURRENT ASSETS			
Inventories	14	46,624	32,938
Right-of-return asset	14	925	2,364
Trade and other receivables	16	14,996	9,226
Current corporation tax receivable		–	2,099
Cash and cash equivalents	25	17,997	26,243
Derivative financial instruments	15	–	928
Asset held for sale	3	4,800	–
TOTAL CURRENT ASSETS		**85,342**	**73,798**
TOTAL ASSETS		**173,371**	**150,792**
CURRENT LIABILITIES			
Trade and other payables	17	58,750	31,678
Lease liabilities	12	9,360	11,047
Current corporation tax payable		520	–
Borrowings	19	6,196	12,924
Provisions	18	2,940	2,368
Right of return provision	18	2,026	5,129
Asset held for sale – lease liability	3	2,400	–
Derivative financial instruments	15	3,129	–
Other financial liabilities	3	5,646	–
TOTAL CURRENT LIABILITIES		**90,967**	**63,146**
NON-CURRENT LIABILITIES			
Borrowings	19	7,724	8,780
Lease liabilities	12	30,451	35,635
Derivative financial instruments	15	–	473
TOTAL NON-CURRENT LIABILITIES		**38,175**	**44,888**
TOTAL LIABILITIES		**129,142**	**108,034**
NET ASSETS		**44,229**	**42,758**
EQUITIES			
Share capital	21	1,116	1,081
Hedging reserve	23	(2,804)	999
Translation reserve	23	(650)	1,250
EBT reserve	24	(769)	(769)
Merger reserve	22	(125,807)	(125,807)
Retained earnings	22	141,818	139,496
Share premium	22	26,508	26,508
Other reserve	3	4,817	–
TOTAL EQUITY		**44,229**	**42,758**

Note on prior year restatement: For further details of prior year balances, refer to Note 1- Significant Accounting Policies.

These financial statements of Joules Group plc (Company Registration Number 10164829) were approved by the Board of Directors and authorised for issue on 2 August 2021 and were signed on behalf of the Board of Directors by:

NICHOLAS JONES
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
JOULES GROUP PLC

	MERGER RESERVE £'000	OTHER RESERVE £'000	HEDGING RESERVE £'000	TRANSLATION RESERVE £'000	EBT RESERVE £'000	SHARE CAPITAL £'000	SHARE PREMIUM £'000	RETAINED EARNINGS £'000	**TOTAL EQUITY £'000**
BALANCE AT 26 MAY 2019	**(125,807)**	**–**	**2,631**	**518**	**(322)**	**878**	**11,410**	**162,085**	**51,393**
Loss for the period	–	–	–	–	–	–	–	(20,276)	**(20,276)**
Other comprehensive income/(loss) for the period	–	–	(1,953)	732	–	–	–	(177)	**(1,398)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**–**	**–**	**(1,953)**	**732**	**–**	**–**	**–**	**(20,453)**	**(21,674)**
Basis adjustment to hedged inventory	–	–	321	–	–	–	–	–	**321**
EBT share purchases and commitments	–	–	–	–	(1,171)	–	–	–	**(1,171)**
Share-based compensation options satisfied through the EBT reserve	–	–	–	–	724	–	–	(349)	**375**
Dividends issued (note 31)	–	–	–	–	–	–	–	(1,202)	**(1,202)**
Shares issued (note 21)	–	–	–	–	–	203	15,098	–	**15,301**
Debit to equity for equity-settled share-based compensation excl. NI (note 30)	–	–	–	–	–	–	–	(267)	**(267)**
Debit to equity for cash paid on net-settled withheld share-based compensation	–	–	–	–	–	–	–	(318)	**(318)**
RESTATED BALANCE AT 31 MAY 2020	**(125,807)**	**–**	**999**	**1,250**	**(769)**	**1,081**	**26,508**	**139,496**	**42,758**
Profit for the period	–	–	–	–	–	–	–	893	**893**
Other comprehensive (expense) for the period	–	–	(4,286)	(1,900)	–	–	–	–	**(6,186)**
Gains arising during the period on deferred tax on cash flow hedges	–	–	753	–	–	–	–	–	**753**
Gains arising during the period on deferred tax on share options	–	–	–	–	–	–	–	123	**123**
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD	**–**	**–**	**(3,533)**	**(1,900)**	**–**	**–**	**–**	**1,016**	**(4,417)**
On acquisition of subsidiary	–	4,817	–	–	–	–	–	–	**4,817**
Basis adjustment to hedged inventory	–		(270)	–	–	–	–	–	**(270)**
Shares issued (Note 21)	–		–	–	–	35		–	**35**
Credit to equity for equity-settled share-based compensation excl. NI (Note 30)	–		–	–	–	–	–	1,306	**1,306**
BALANCE AT 30 MAY 2021	**(125,807)**	**4,817**	**(2,804)**	**(650)**	**(769)**	**1,116**	**26,508**	**141,818**	**44,229**

Note: For further details on the restatement and prior year balances, refer to Note 1 – Significant Accounting Policies.

CONSOLIDATED CASH FLOW STATEMENT
JOULES GROUP PLC

	NOTE	52 WEEKS ENDED 30 MAY 2021 £'000	RESTATED 53 WEEKS ENDED 31 MAY 2020 £'000
CASH GENERATED FROM OPERATIONS			
Profit/(Loss) for the period		893	(20,276)
Adjustments for:			
Depreciation of property, plant and equipment	10	2,583	3,018
Depreciation of right–of use assets	12	7,995	12,645
Amortisation	11	5,432	3,803
Exceptional administrative expenses – impairment	4	2,896	20,446
Share–based compensation	30	1,653	(371)
Finance cost expense	8	1,583	1,774
Income tax expense/(credit)	9	1,085	(4,539)
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL		**24,120**	**16,500**
(Increase)/decrease in inventory and right of return asset		(10,065)	624
(Increase)/decrease in receivables		(3,708)	8,537
Increase/(decrease) in payables and right of return provision		18,078	(11,573)
CASH GENERATED BY OPERATIONS		**28,425**	**14,088**
Bank interest paid	8	(340)	**(366)**
Interest paid on lease liabilities	8	(1,243)	(1,408)
Tax refunded/(paid)		2,989	(931)
NET CASH FROM OPERATING ACTIVITIES		**29,831**	**11,383**
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets		(13,562)	(13,686)
Acquisition of subsidiary	3	(4,156)	–
NET CASH FROM INVESTING ACTIVITIES		**(17,718)**	**(13,686)**
Cash flow from financing activities			
Purchase of EBT shares		–	(1,171)
Issue of shares		–	15,570
Capital element of lease repayments	12	(11,299)	(12,306)
Repayment of borrowings	26	(7,784)	(348)
Proceeds from borrowings	26	–	11,850
Dividend paid	31	–	(1,202)
NET CASH FROM FINANCING ACTIVITIES		**(19,083)**	**12,393**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	26	**(6,970)**	**10,090**
Cash and cash equivalents at beginning of period		26,243	16,013
Effect of foreign exchange rate changes		(1,276)	140
CASH AND CASH EQUIVALENTS AT END OF PERIOD	25	**17,997**	**26,243**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JOULES GROUP PLC

1. SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The particular accounting policies adopted and applied are described below.

The Group financial statements comprise the financial information of the parent undertaking and its subsidiary undertakings.

Joules Group plc is a public company limited by shares whose principal activities are the design and sale of lifestyle clothing, related accessories and a homeware range, through the multi-channel business structure including retail stores, e-commerce, country shows and events and wholesale. The company's registered office is The Joules Barn, Rockingham Road, Market Harborough, Leicestershire, LE16 7QD.

For the year ended 30 May 2021 the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

Subsidiary Name	COMPANIES HOUSE REGISTRATION NUMBER
Joules Investments Holdings Limited	08752970
Joules Limited	02934327
Joules Developments Limited	11250107
Joules Property Limited	11250113
The Garden Trading Company Limited	02854160

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

Adoption of new and revised standards

There have been no new IFRSs adopted in the current year which have materially impacted the Group's financial statements.

New accounting standards, amendments and interpretations in issue but not yet effective

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

BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) 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 prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The principal accounting policies adopted are set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns 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.

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 over the entity.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Intragroup balances are repayable on demand.

RESTATEMENT OF PRIOR PERIOD BALANCES

An adjustment has been made to the prior periods' Income Statement and Statement of Financial Position to exceptional administrative expenses, right-of-use assets and related tax balances in relation to the treatment of prior year impairment considerations due to inconsistency between the prior period impairment model and the IFRS 16 assumption on the term of the lease. The effect on specific financial statement line items within the Consolidated Income Statement and Consolidated Statement of Financial Position is as follows:

Consolidated Income Statement:

		31-MAY-20	
	REPORTED £'000	ADJUSTMENT £'000	RESTATED £'000
Exceptional administrative expenses	(21,480)	530	20,950
Income tax credit/ (expense)	4,640	(101)	4,539
(Loss) for the period	(20,705)	429	(20,276)

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Consolidated Statement of Financial Position:

		31-MAY-20	
	REPORTED £'000	ADJUSTMENT £'000	RESTATED £'000
Right-of-use assets	31,993	530	32,523
Deferred tax asset	3,135	(101)	3,034
Retained Earnings	139,067	429	139,496

GOING CONCERN

As for many businesses in the retail sector, the Group has been significantly impacted by COVID-19. The impact and management's initial response is set out in detail within the CEO's report and the Financial Review.

Despite the easing of the UK's lockdown and the re-opening of non-essential retail in mid-April 2021, the retail sector continues to face significant uncertainties, including short-term and potentially more fundamental long-term changes in consumer behaviour as well as the potential for ongoing operational disruption. Given these uncertainties, the Directors have undertaken a comprehensive assessment to consider the going concern and longer-term viability of the Group and Company. In making their assessment the Directors have considered the following:

- The Group's financial position, as at the date of this report, and its committed borrowing facilities available for the time period under consideration
- The support from the Group's shareholders and bank, including the successful equity placing that was completed in the early stages of the UK lockdown during the prior period and the financing facility extension that was completed in April 2021
- Alternative sources of financing, including sale & leaseback of freehold property and asset financing that might reasonably be assumed to be available to the Group – noting that any financing from these sources has not been included within the forecasts that support the going concern assessment
- Financial commitments, including capital commitments, lease commitments, stock purchases and other non-variable/non-discretionary costs. In respect of property leases, the Directors note the relatively short lease commitments, of less than three years on average, that the Group has across its store portfolio together with recent and on-going progress on renewing leases on favourable terms
- The extent of potential Government support initiatives including business rates relief and the Coronavirus Job Retention Scheme (CJRS)
- Strength of brand, reflected in active customer growth, brand awareness and brand health metrics – as detailed more fully in the Strategic Review
- The flexibility and agility of the Group's business model, as described in the Strategic Review, noting that over two thirds of the Group's retail sales are via e-commerce and that the Group has diversified sources of revenue, operating across several channels and geographic markets, with owned and third-party channels including wholesale and marketplaces. Newer income streams of brand licensing and the Group's Friends of Joules digital marketplace and from Garden Trading following the acquisition in February 2021 provide additional comfort on the strength of the brand and diversity of income channels

The Directors have also considered the trading performance of the Group's stores as they have re-opened following the easing of the UK's lockdown restrictions on 12 April 2021, as well as the performance of the Group's e-commerce channel, which has continued to exceed management's expectations during the Period.

The Directors have reviewed management's business plan forecasts that cover the period to 26 May 2024, being the Group's strategic plan horizon. The forecasts have been produced on the following basis:

- Base plan – a gradual sales recovery post the end of the UK's third lockdown in April 2021, continuing the trend experienced since the UK's lockdown restrictions were eased in mid-April 2021, reflecting management's estimates for the speed and extent of recovery across its different sales channels and markets. It reflects stores being open throughout the period under review initially trading significantly below the comparative pre-COVID-19 period, improving to approximately 80% of pre-COVID-19 sales levels by the end of FY22, with modest growth thereafter. Third-party wholesale channels are assumed to follow a similar trajectory. The Group's e-commerce sales are forecast to grow at double-digit levels reflecting performance over recent years and experienced during the UK's latest lockdown in January to March 2021.
- Downside scenario – the 'Base plan' adjusted to reflect a further UK lockdown for three months during October to December 2021 with all non-essential retail closed during the Group's key trading period, followed by a much slower recovery of the Group's stores channel with total store revenues only achieving approximately 60% of the pre-COVID-19 levels by the end of FY24. Ecommerce sales growth is assumed to be at half of the 'Base plan' levels and wholesale sales are assumed to reduce significantly during FY22 compared to the 'Base plan'.

Within each forecast, management have reflected financial commitments and the impact of realised or anticipated cost savings from discretionary and variable costs. No Government support or subsidies, other than those announced and committed at the date of this report, are included.

The Directors have also stress tested the forecast to consider situations under which the Company would have insufficient liquidity under its current secured borrowing facilities and/or it would not meet its banking covenant tests. One such 'Stress test scenario' is that of an even further extended potential COVID-19 related lockdown in the UK for up to six months, with a material disruption to retail store operations during the full peak Autumn/Winter 2021 trading season resulting in significantly reduced store channel revenue and lower receipts from the Group's Wholesale channels. The Stress test scenario assumes e-commerce revenue growth in line with the 'Downside scenario' noting that loyal customers would no longer be able to access the brand via the store environment – as demonstrated during the previous UK lockdowns, plus ongoing income from Garden Trading, brand licensing and digital marketplace activities. The Stress test scenario assumes that the Group would only reduce directly related variable sales costs during the period and does not assume any further cost mitigation actions which would be available to the Group. No additional Government support or subsidies to offset costs or support cash flow are assumed in this scenario.

The Directors believe, with reference to the considerations noted above, that, firstly the likelihood of this situation arising in its most extreme form is remote and, secondly, that they anticipate that the Group would be able to adapt and respond to mitigate the impacts and continue to trade and meet its obligations through the period of consideration.

The Base plan and Downside scenario forecasts indicate that the Group will remain within its available committed borrowing facilities and in compliance with covenants throughout the forthcoming 12-month period. Under the Downside scenario, the Group has more than £20 million available liquidity headroom through-out the period under consideration and has EBITDA headroom of £2.7 million against its May 2022 year end covenant test and headroom of £5.6 million at its first covenant test in the period at the end of November 2021.

The Group would also remain within its borrowing facilities and comply with covenants under the Stress test through this period.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

SALE OF GOODS AND REVENUE RECOGNITION

The Group's contracts with customers for the sale of products generally includes one performance obligation being the delivery of the goods. The Group has concluded that revenue from the sale of product, including products sold through concessions, should be recognised at the point in time when control of the asset is transferred to the customer i.e. on the delivery of the product. Concession revenues are settled net of commissions or other fees payable. Revenue from the sale of products and concession revenue is reported within the Retail segment in Note 5.

Wholesale revenues from the sale of goods are recognised at the point the control of the inventory has passed to the customer, which depends on the specific terms of the sales transaction and which is typically on delivery. Wholesale revenues are reported within the Wholesale segment in Note 5.

Royalties on licensed products are recognised on a straight-line basis as license income over the period of the invoice, which is typically invoiced quarterly. Any additional royalties due are accrued as earned based on sales statements received from product license partners, to reflect delivery of the product. Royalties revenue is reported within the Other segment in Note 5.

Net commission received from digital marketplace sales is recognised in one performance obligation being the provision of payment services. The group considers itself an agent in these transactions. The group has concluded that the revenue should be recognised at the point the performance obligation has been met. Commission is reported within the Other segment in Note 5.

Revenue is measured at the fair value of the consideration received or expected to be receivable. Revenue is recorded excluding Value Added Tax and is reduced for actual and estimated customer returns, discounts, rebates and other similar allowances.

OPERATING PROFIT

Operating profit is presented in the Consolidated Income Statement as a "non-GAAP measure" of performance, and is calculated as profit before finance charges and taxation. There have been no changes to this definition from the prior period.

RETURNS PROVISION

Present obligations for the actual and estimated customer returns are recognised and measured as provisions when it is probable that the Group will be required to settle the obligation under sales contracts. Returns provisions in existence at the statement of financial position date are expected to be utilised within 12 months. The provision is recalculated at each statement of financial position date taking into account recent sales and anticipated levels of returns. The standard returns policy for Joules products is 28 days or 14 days depending on the product type. At the period end returns are not expected to have a material impact on revenue recognised in the financial statements.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed-rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

GOVERNMENT GRANTS

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 the Income Statement on a systematic basis over the periods in which the Group recognises expenses and related costs for which the grants are intended to compensate, within administrative expenses.

BUSINESS COMBINATIONS

Acquisitions of subsidiaries 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 values 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 in exchange for control of the acquiree. 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, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

The consideration transferred by the Group when acquiring The Garden Trading Company Limited includes a contingent consideration arrangement. The contingent consideration is measured at its acquisition-date fair value and is included as part of the consideration transferred. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments will be adjusted retrospectively, with corresponding adjustments against goodwill. The 'measurement period' will not exceed one year from the acquisition date and will be based on facts and circumstances that existed at the acquisition date.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

GOODWILL

Goodwill is initially recognised and measured as set out above.

The value of goodwill recognised on acquisition is not amortised, however management will review for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, an impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

PROPERTY, PLANT AND EQUIPMENT

Land and buildings held for use in the production or supply of goods or for administrative purposes, are stated in the Statement of Financial Position at their fair value, being the deemed cost at the date of acquisition, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Assets in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease term, whichever is the shorter.

Land and Buildings – Buildings straight line over 25 years, Land non-depreciating

Fixtures and fittings – straight line over 3-5 years

Motor vehicles – straight line over 4 years

INTANGIBLE ASSETS

Trademarks and other intangibles

Trademarks and other intangibles are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives. The balances disclosed in Note 11 relate to items such as registered trademarks, logos and domain names.

IT systems

Software and IT represent computer systems and processes used by the Group in order to generate future economic value through normal business operations. The underlying assets are amortised over the period from which the Group expects to benefit, which is typically between three to eight years.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired on the acquisition of The Garden Trading Company Limited include a tradename (useful life of 15 years) and customer relationships (useful life of 10 years).

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

At each Statement of Financial Position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. 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 it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

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 immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

LEASES

The Group leases its stores and offices where it operates, with the exception of the new head office development of which the Group owns the freehold land and building development. Other lease contracts include office equipment and motor vehicles.

On entering into a contract, the Group assesses whether a contract is a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The Group recognises a right-of-use asset and a lease liability on the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability, adjusting for any lease payments made on or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The assets are depreciated over the full lease term using the straight-line method. Right-of-use assets are reviewed for indicators of impairment.

The lease liability is initially measured at the present value of the lease payments that are outstanding at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate for the same term as the underlying lease. Lease payments included in the measurement of the liability contain fixed payments, break fees where appropriate, less any lease incentives receivable as at the commencement date. Lease modifications result in a remeasurement of the lease liability.

Depreciation is recognised under administrative expenses and the interest expense is recognised under finance costs in the Consolidated Income Statement.

The Group has elected to use the exemption not to recognise the right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and for leases where the total value of minimum lease payments is below £5,000. The payments associated with these leases are recognised as administrative expenses on a straight-line basis over the lease term, the total amount expensed in the period amounted to £505,000. The Group has not applied the practical expedient in relation to COVID-19 rent concessions, modifications to lease arrangements during the period are shown in Note 12.

INVENTORIES

Inventory is carried in the financial statements at the lower of cost and net realisable value. Cost includes product purchase price and associated inward transportation costs. Net realisable value is based on estimated selling price less further costs incurred to disposal.

TAXATION

Income tax credit/expense represents the sum of the tax currently receivable/payable and deferred tax.

CURRENT TAX

The tax currently receivable/payable is based on taxable profit for the year. Taxable profit differs from net profit reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

DEFERRED TAX

Deferred tax is recognised on temporary 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.

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.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws enacted by the end of the reporting period.

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.

CURRENT AND DEFERRED TAX FOR THE YEAR

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

FOREIGN CURRENCIES

Transactions entered into by the Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transaction occurs. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the Consolidated Statement of Comprehensive Income. The assets and liabilities of overseas subsidiaries denominated in a foreign currency, including fair value adjustments arising on consolidation, are translated at foreign exchange rates ruling at the statement of financial position date. The revenues and expenses of overseas subsidiaries are translated into sterling using average foreign exchange rates ruling at the date of transaction. Foreign exchange differences arising on retranslation are recognised in the retranslation reserve in equity.

PENSIONS

The Group operates a defined contribution pension scheme. Contributions payable for the period are recognised as an expense when employees have rendered service entitling them to the contributions.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation, net of any third-party recoveries that can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

LEASE DILAPIDATION

The Group recognises obligations arising from lease contracts where it is required to restore leased properties to their pre-lease condition upon the expiry of leases. In line with IFRS 16, each lease dilapidation provision is capitalised within the right-of-use asset of each lease and depreciated over the life of the lease where any dilapidation costs could be reasonably estimated at the commencement date.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

FINANCIAL ASSETS

Loans and receivables

Trade and other receivables originated by the Company are stated at amortised cost as reduced by appropriate allowances for doubtful debts using the Expected Credit Loss model, as detailed in Note 16 'Trade and other receivables'.

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Trade and other receivables'. They are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents are measured at transaction cost, based on the relevant exchange rates at the statement of financial position date and include overdrafts where these are used on a day-to-day basis to manage cash.

Other financial liabilities

Other financial liabilities, including loans payable, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost.

Loans payable

Interest-bearing loans are initially recorded on the day that the loans are advanced at the net proceeds received.

At subsequent reporting dates, interest-bearing borrowings are measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on the accrual basis in the Statement of Comprehensive Income 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.

Trade payables

Trade payables are stated at amortised cost.

Derivative financial instruments and cash flow hedges

The Group holds derivative financial instruments to hedge its foreign currency exposure to US dollar (USD), particularly in relation to the purchase of inventory, to protect against the risk of fluctuation in USD exchange rates and the impact on margin this could have. These derivatives, classified as cash flow hedges, are initially recognised at fair value and then re-measured at fair value at the end of each reporting date. Hedging relationships are documented at inception and the effectiveness in offsetting changes in cash flows is tested throughout their duration. Changes in the value of cash flow hedges are recognised in other comprehensive income and any ineffective portion is immediately recognised in the Income Statement. If the firm commitment or forecast transaction that is the subject of a cash flow hedge results in the recognition of a non-financial asset or liability, then at the time the asset is recognised, the associated gains or losses on the derivative that had been previously recognised on other comprehensive income are included in the initial measurement of the asset or liability (reclassified to the balance sheet). For hedges that do not result in the recognition of an asset or liability, amounts deferred in other comprehensive income are recognised in the Statement of Comprehensive Income in the same period in which the hedged item affects net profit.

Share-based compensation

Equity-settled share-based compensation transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. On cancellation of an award, a charge is recognised in the Consolidated Income Statement which is based on management's estimate of how many instruments are expected to vest at the original future vesting date, on the date of cancellation.

The fair value determined at the grant date of the equity-settled share-based compensation is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Statement of Financial Position date, the Group revises its estimate of the number of equity instruments expected to vest as a result of 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.

Shares held by EBT

During the year ended 26 May 2019, Joules Group plc set up an Employee Benefit Trust ("EBT") to provide for the issue of shares to Group employees, principally under share option schemes. Shares in the Company held by the EBT are included in the Balance Sheet at cost, including any directly attributable incremental costs, as a deduction from equity.

Exceptional administrative expenses

Exceptional administrative expenses are those that, in management's judgement, should be disclosed by virtue of their nature or amount. Exceptional administrative expenses will typically include material items that are significant in nature, which are expected to be non-recurring and are important to users in understanding the business.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

In accordance with IAS 1 the Group is required to disclose critical accounting judgements and key sources of estimation uncertainty. The Directors do not consider there to be any material critical accounting judgements, and have identified the following key estimates below:

RETURNS PROVISION – RATE OF RETURN

In preparing the financial statements the Directors have made estimates with regard to the variable consideration element within product sales as a result of returns. The Directors have used their accumulated historical knowledge of returns to model the level of provision required and have also taken into account the extension of the returns policy and the impact for the period that stores were closed.

The rate of returns expected in relation to e-commerce sales is considered to be a source of estimation uncertainty. Sensitivity analysis has been carried out on the rate of return used at the period end using a reasonable change in rate:

An increase/decrease of 3% in the expected rate of return for e-commerce sales would increase/decrease the returns provision by £320,000.

IMPAIRMENT TESTING – REVENUE GROWTH AND MARGIN ASSUMPTIONS

The value in use of CGUs in relation to stores have been calculated based on discounted cash flow forecasts using internal store profitability models, which have been forecasted for the next three years. If a store's break date/lease end date is within more than three years, the assumption has been taken to use Year 3 forecasts, with no growth rates assumed, which will also be discounted further using the WACC rate of 14%. The key assumptions in the value in use calculations are considered to be revenue growth rates and gross profit margins.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

IMPAIRMENT TESTING – VALUE IN USE CALCULATIONS

Value in use calculations

A key estimate in relation to the impairment charge and impairment reversal recognised for right-of use assets, and property plant and equipment, is the value in use for each separate cash-generating unit ("CGU"). Each CGU comprises the right-of use asset for each store, as well as any fixtures and fittings associated with each store. As at 30 May 2021 the group held £25.6 million (2020: £20.5 million) of property, plant and equipment and £28.3 million (2020: £32.5 million) of right of use assets, of which, on a combined basis, £22.9 million (2020: £27.1 million) related to stores. Impairment charges of £2.8 million (2020: £15.8 million) and reversal of previously recognised impairment charges of £0.8 million (2020: nil) have been recognised within these values. The value in use is calculated from expected future cash flows based on the most recent financial forecasts approved by management (see going concern disclosures in Note 1 for further information). These forecasts are discounted at a pre-tax rate that reflects management's current assessment of the time value of money. Future cash flows include an apportionment of relevant head office costs, and only include direct revenues from store sales. The forecast is prepared on a 'top down' basis and has been attributed to individual stores based on their historical performance relative to the rest of the store estate and store type. Cashflows generated by eCommerce are within a separate CGU.

The discount rate used for the value in use calculation, together with the forecast revenue and gross margin, are considered to be the key sources of estimation uncertainty. Sensitivity analysis has been carried out on the impairment calculations using reasonably possible changes in assumptions, including a change to the discount rates, and changes to the revenue and gross margin assumptions in the base financial plan.

KEY ASSUMPTION	REASONABLY POSSIBLE CHANGE	IMPACT ON IMPAIRMENT CHARGE INCREASE/ (DECREASE) £'000	IMPACT ON IMPAIRMENT REVERSAL DECREASE/ (INCREASE) £'000
Discount rate	Increase of 3% (from 14% to 17%)	407	238
Discount rate	Decrease of 3% (from 14% to 11%)	(319)	(270)
Gross Margin	2% reduction in gross profit margin from year 1 onwards	655	304
Gross Margin	2% increase in gross profit margin from year 1 onwards	(499)	(377)
Revenue growth	Reduction in growth of 3% in year one of the three-year plan.*	645	297
Revenue growth	Increase in growth of 3% in year one of the three-year plan.*	(483)	(368)

* This impacts subsequent year's cashflow forecast which are calculated using year 1 revenues as a base

In combination, a reduction in revenue growth of 3% in year one of the three-year plan* and an increase of 3% in the discount rate (from 14% to 17%) would increase the impairment charge by £1,220,000 and reduce the reversal by £543,000.

In combination, a reduction in revenue growth of 3% in year one of the three-year plan* and 2% reduction in gross margin from year 1 onward would increase impairment charge by £1,566,000 and reduce the impairment reversal by £608,000.

Further reasonably possible changes of the other assumptions, including reducing the long-term growth rate to 0% across all stores, would not result in a material increase to the impairment charge, either individually or in combination.

2. REVENUE

The Group derives its revenue from customers for the transfer of goods at a point in time in the following segment. The disclosure of revenue by product line is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (see Note 5).

	52 WEEKS ENDED 30 MAY 2021 £'000	53 WEEKS ENDED 31 MAY 2020 £'000
Retail	158,588	145,898
Wholesale	35,305	42,668
Other	5,114	2,242
	199,007	**190,808**

3. ACQUISITION OF A SUBSIDIARY (PROVISIONAL)

On 9 February 2021, the Group acquired 100% of the issued share capital and obtained control of The Garden Trading Company Limited. The Garden Trading Company Limited is a digitally focused retailer of home and garden products and qualifies as a business as defined in IFRS 3. The Garden Trading Company Limited was acquired to support the Group's strategy to grow its customer base, broaden its product offer and strengthen its digital platform.

The amounts in respect of the identifiable assets acquired and liabilities assumed are set out in the table below.

	£'000
Financial assets	8,575
Inventory	1,997
Property, plant and equipment	371
Identifiable intangible assets	6,662
Financial liabilities	(5,121)
Deferred tax liabilities	(1,590)
Total identifiable assets acquired and liabilities assumed	10,854
Goodwill	5,531
TOTAL CONSIDERATION	**16.385**
Satisfied by:	
Cash	5,860
Equity instrument (2,828,535 ordinary shares of Joules Group plc)	4,879
Contingent consideration arrangement	5,646
TOTAL CONSIDERATION TRANSFERRED	**16,385**
Net cash outflow arising on acquisition:	
Cash consideration paid to date	5,489
Less: cash and cash equivalent balances acquired	(1,333)
	4,156

The potential undiscounted amount of all future payments that the Group could be required to make in respect of this contingent liability is estimated to be between £nil and £5.7million. Due to the contingent consideration being due within one year, the impact of discounting is considered to be insignificant.

The goodwill of £5.5million arising from the acquisition consists of savings from acquiring an existing workforce, as well as technology and contract related costs. None of the goodwill is expected to be deductible for income tax purposes.

The fair value of the 2,828,535 ordinary shares issued as part of the consideration paid for The Garden Trading Company Limited of £4.9million was determined on the basis of multiplying the number of shares issued by the share price at the acquisition date.

The contingent consideration arrangement consists of two elements. The first element requires two earn-out targets to be met, and the second element is contingent on the sale of a property. The potential undiscounted amount of all future payments that Joules Group plc could be required to make under the contingent consideration arrangement is between £nil and £5.7million.

Financial assets acquired includes £4.8million recognised in respect of a property acquired as part of the acquisition, which meets the criteria of an asset held for sale under IFRS 5. A lease liability of £2.4million has also been recognised which is included within the financial liabilities above.

Acquisition-related costs (included in exceptional administrative expenses) amount to £0.6million.

The Garden Trading Company Limited contributed £8.7million to revenue and £1.8million to the Group's profit for the period between the date of acquisition and the reporting date. If the acquisition of The Garden Trading Company Limited had been completed on the first day of the financial year, Group revenues for the year would have been £212.3 million and Group profit before tax and exceptional administrative expenses would have been £8.2 million.

4. EXCEPTIONAL ADMINISTRATIVE EXPENSES

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

	52 WEEKS ENDED 30 MAY 2021 £'000	RESTATED 53 WEEKS ENDED 31 MAY 2020 £'000
Impairment of assets relating to stores	1,989	15,222
Impairment of other fixed assets	907	5,224
Acquisition costs	589	–
Restructuring costs	677	504
	4,162	**20,950**

STORE IMPAIRMENTS

Retail stores are subject to impairment based on whether current or future events and conditions suggest that their recoverable amount may be less than their carrying value.

The recoverable amount of each store is based on the higher of the value in use and fair value less costs to dispose. As all of the Group's retail stores are leasehold, only the value in use has been considered in each impairment assessment. Value in use is calculated from expected future cash flows using suitable discount rates, management assumptions and estimates on future performance. The carrying value for each store is considered net of the carrying value of any cash contribution received in relation to that store.

For impairment testing purposes, the Group has determined that each store is a separate CGU. Each CGU is tested for impairment if any indicators of impairment have been identified.

The value in use of each CGU is calculated based on the Group's latest budget and forecast cash flows. Cash flows are discounted using the weighted average cost of capital ("WACC") of 14% 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 an impairment charge of £2,624,000 (2020: £12,614,000) and reversals of £840,000 (2020: £nil) were recognised in the period against the right-of-use asset for the stores which are impaired. The impairment charge relates to 31 separate CGUs (2020: 79) and impairment reversals relate to 13 stores (2020: nil). The stores with impairment reversals were written back to their recoverable amount. An impairment charge of £205,000 (2020: £2,608,000) has also been recognised in relation to fixtures and fittings associated with these stores.

FIXED ASSETS

An in-depth review of other fixed assets has also been performed as part of the 'Joules Blueprint' strategy to identify any which are not fit for purpose with new strategic pillars established.

This has resulted in an impairment charge of £591,000 (2020: £141,000) relating to intangible fixed assets that are impaired, and £316,000 (2020: £1,510,000) relating to property, plant and equipment.

ACQUISITION COSTS

During the Period one-off charges of £589,000 were incurred relating to acquisition costs of The Garden Trading Company Limited. Further details on the acquisition are within Note 3.

RESTRUCTURING COSTS

During the Period total amounts recognised of £677,000 (2020: £504,000) related to group restructuring costs. The restructuring costs related to a re-organisation of structures across the Group's head office functions which commenced in FY20 and was completed in the Period as part of the 'Joules Blueprint' business strategy to review organisational design and introduce clarity around roles and responsibilities.

5. SEGMENT REPORTING

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

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

The accounting policies of the reportable segments are the same as described in Note 1. Information regarding the results of each reportable segment is included below. Operating results being earnings before exceptional administrative expenses, share-based compensation, interest and taxation are used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries. Performance of The Garden Trading Company Limited has been allocated appropriately within the Retail and Wholesale segments.

All income and expenses are allocated to reportable segments with the exception of share-based compensation, exceptional administrative expenses and finance costs. There are no discontinued operations in the period.

52 WEEKS ENDED 30 MAY 2021	RETAIL £'000	WHOLESALE £'000	OTHER £'000	TOTAL £'000
REVENUE	**158,588**	**35,305**	**5,114**	**199,007**
Cost of sales	(75,656)	(25,849)	–	(101,505)
GROSS PROFIT	**82,932**	**9,456**	**5,114**	**97,502**
Administration expenses	(38,371)	(9,319)	(24,426)	(72,116)
Depreciation and amortisation	(9,033)	(276)	(6,701)	(16,010)
OPERATING RESULT	**35,528**	**(139)**	**(26,013)**	**9,376**
Costs unallocated to segments:				
Share-based compensation (incl. NI)				(1,653)
Exceptional administrative expenses				(4,162)
Finance costs				(1,583)
PROFIT BEFORE TAX				**1,978**

RESTATED 53 WEEKS ENDED 31 MAY 2020	RETAIL £'000	WHOLESALE £'000	OTHER £'000	TOTAL £'000
Revenue	145,898	42,668	2,242	190,808
Cost of sales	(62,880)	(31,117)	–	(93,997)
GROSS PROFIT	**83,018**	**11,551**	**2,242**	**96,811**
Administration expenses	(42,423)	(12,219)	(25,165)	(79,807)
Depreciation and amortisation	(13,964)	(773)	(4,729)	(19,466)
OPERATING RESULT	**26,631**	**(1,441)**	**(27,652)**	**(2,462)**
Costs unallocated to segments:				
Share-based compensation (incl. NI)				371
Exceptional administrative expenses				(20,950)
Finance costs				(1,774)
LOSS BEFORE TAX				**(24,815)**

5. SEGMENT REPORTING CONTINUED

GEOGRAPHICAL INFORMATION

The Group's revenue from external customers and non-current assets by geographical location is as detailed below.

	UK £'000	INTERNATIONAL £'000	TOTAL £'000
52 weeks ended 30 May 2021			
Revenue	174,000	25,007	**199,007**
Non-current assets	87,128	901	**88,029**
53 weeks ended 31 May 2020			
Revenue	161,307	29,501	**190,808**
Non-current assets	75,983	1,011	**76,994**

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	52 WEEKS ENDED 30 MAY 2021 £'000	53 WEEKS ENDED 31 MAY 2020 £'000
Staff costs during the period		
Wages and salaries	27,490	31,546
Social security costs	2,343	3,002
Other pension costs	688	763
Equity-settled share-based compensation charges	1,653	(371)
	32,174	34,940

Staff costs above are net of amounts received in respect of government job retention scheme grants totalling £4.6 million (2020: £2.4million).

	NUMBER	NUMBER
The average number of employees (including Executive Directors) was:		
Head office	551	573
Stores and Shows	1,139	1,235
Warehousing	–	128
	1,690	1,936

DIRECTORS' REMUNERATION

The tables below detail the total remuneration earned by each Executive Director:

52 WEEKS ENDED 30 MAY 2021	SALARIES/FEES £'000[2]	TAXABLE BENEFITS £'000	PENSION £'000	ANNUAL BONUS (INCLUDING DEFERRED BONUS) £'000	LTIP £'000	ONE-OFF AWARDS £'000	TOTAL REMUNERATION £'000
Executive Directors							
T S L Joule	170.9	10.8	8.5	–	–	–	190.2
N Jones	420.0	17.3	12.6	–	–	–	449.9
M S Dench[1]	270.3	20.5	13.5	–	–	_	304.3
Non-Executive Directors							
I F Filby	100.0	–	–	–	–	–	100.0
J C Little	41.7	–	–	–	–	–	41.7
D A Stead	45.8	–	–	–	–	–	45.8
TOTAL	**1,048.7**	**48.6**	**34.6**	**–**	**–**	**–**	**1,131.9**

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES CONTINUED

53 WEEKS ENDED 31 MAY 2020	SALARIES/ FEES £'000[2]	TAXABLE BENEFITS £'000	PENSION £'000	ANNUAL BONUS (INCLUDING DEFERRED BONUS) £'000	LTIP £'000	ONE-OFF AWARDS £'000[5]	TOTAL REMUNERATION £'000[3]
Executive Directors							
T S L Joule	284.8	21.0	17.1	–	–	–	322.9
C N Porter[4]	146.6	12.6	7.3	–	–	–	166.5
N Jones[4]	294.0	12.6	9.5	–	–	223.1	539.2
M S Dench[1]	256.8	16.7	12.8	–	–	33.8	320.1
Non-Executive Directors							
I F Filby	120.0	–	–	–	–	–	120.0
J C Little	50.0	–	–	–	–	–	50.0
D A Stead	45.8	–	–	–	–	–	45.8
TOTAL	**1,198.0**	**62.9**	**46.7**	**–**	**–**	**256.9**	**1,564.5**

1 Marc Dench resigned as CFO and as an employee of Joules with effect from 11 May 2021.

2 Nick Jones and Marc Dench waived the payment of a proportion of their salary for the last 2 months of FY20 and the first 2 months of FY21. It has subsequently been agreed that salary waived by Nick and Marc in FY21 will be repaid. The Non-Executive Directors deferred or waived the payment of a proportion of their fees for the last 2 months of FY20 and the first 2 months of FY21. The figures above represent the total figure payable in respect of the financial year (including any deferred sums).

3 Once the value of the waived awards in lieu of salary (referred to at footnote 5 below) have been deducted, the total remuneration for FY20 for Nick Jones and Marc Dench was £487k and £286k respectively.

4 Colin Porter retired as CEO, and Nick Jones was appointed as CEO, with effect from 30 September 2019. Nick Jones' remuneration in the table above reflects his remuneration from 2 September 2019, the date on which he joined the Company. Colin Porter's remuneration in the table above reflects his remuneration to his last day of employment with the Company, which was 31 October 2019.

5 The one-off awards reflect one-off share awards granted in FY20. For Marc Dench this was an award in respect of salary waived during the year. For Nick Jones, this includes his buyout award and an award in respect of salary waived during FY20. In response to shareholder feedback, during FY21 Nick Jones and Marc Dench both agreed to waive the awards in lieu of salary.

The number of directors to whom retirement benefits have accrued during the period was 3 (2020: 3).

7. PROFIT FOR THE YEAR

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

	52 WEEKS ENDED 30 MAY 2021 £'000	53 WEEKS ENDED 31 MAY 2020 £'000
Cost of inventories recognised as expense	**83,223**	79,850
Write down of inventory in the period	**1,556**	682
Transportation, carriage and packaging	**14,597**	11,499
Property rent and service charges*	**1,133**	792
Government business rates relief	**(2,251)**	(815)
Depreciation of property, plant and equipment	**2,583**	3,018
Depreciation of Right-of-use assets	**7,995**	12,645
Amortisation of intangible assets	**5,432**	3,803
Staff costs (see Note 6)	**30,522**	35,311
Share-based compensation	**1,653**	(371)
Exceptional administrative expenses (see Note 4)	**4,162**	20,950

7. PROFIT FOR THE YEAR CONTINUED

AUDITOR'S REMUNERATION	52 WEEKS ENDED 30 MAY 2021 £'000	53 WEEKS ENDED 31 MAY 2020 £'000
The analysis of auditor's remuneration is as follows:		
Audit of these financial statements	225	141
TOTAL AUDIT FEES	225	141
Other services pursuant to legislation:		
Tax advice	–	8
Audit related assurance services	–	5
Remuneration and share plan advisory	6	20
TOTAL NON–AUDIT FEES	**6**	**33**

NON-AUDIT SERVICES

The general policy in respect of non-audit work by the external auditors is that they should not be requested to carry out a prohibited non-audit service as defined under provision 5.120–5.127 of the Financial Reporting Council's Ethical Standard and/or non-audit services on any material activity of the Group where they may, in the future, be required to give an audit opinion or act as management, in accordance with the Audit Practices Board's Ethical Standard for Auditors.

In certain limited areas, it is in the Group's and its shareholders' interests to engage the external audit firm to deliver certain services.

To protect auditor objectivity and independence management approves each individual non-audit service. The level of non-audit fees are monitored to ensure they do not exceed 70% of the average annual statutory audit fees payable annually.

8. FINANCE COSTS

	52 WEEKS ENDED 30 MAY 2021 £'000	53 WEEKS ENDED 31 MAY 2020 £'000
Credit facility interest	146	258
Term loan interest	194	108
Lease liability interest	1,243	1,408
TOTAL	**1,583**	**1,774**

9. INCOME TAX

a) Analysis of charge in the period	52 WEEKS ENDED 30 MAY 2021 £'000	RESTATED 53 WEEKS ENDED 31 MAY 2020 £'000
Current tax		
UK corporation tax based on the profit/loss for the period	–	(3,029)
Adjustment in respect of prior periods	(365)	(5)
Overseas tax	37	275
TOTAL CURRENT TAX (CREDIT)	**(328)**	**(2,759)**
Deferred taxation (Note 20)		
Origination and reversal of temporary differences	608	(1,333)
Deferred tax on share–based compensation	596	(251)
Effect of adjustment in tax rate	209	(196)
TOTAL DEFERRED TAXATION CHARGE/(CREDIT)	**1,413**	**(1,780)**
TAX CHARGE/(CREDIT) FOR THE PERIOD (NOTE 9B)	**1,085**	**(4,539)**

9. INCOME TAX CONTINUED

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income.

	52 WEEKS ENDED 30 MAY 2021 £'000	53 WEEKS ENDED 31 MAY 2020 £'000
Deferred taxation (Note 20)		
(Loss) arising during the period on deferred tax on cash flow hedges	(753)	(472)
Deferred tax on unexercised share options	(123)	177
TOTAL INCOME TAX (LOSS) RECOGNISED IN OTHER COMPREHENSIVE INCOME	**(876)**	**(295)**

b) Factors affecting the tax charge for the period There are reconciling items between the expected tax charge and the actual which are shown below:	52 WEEKS ENDED 30 MAY 2021 £'000	RESTATED 53 WEEKS ENDED 31 MAY 2020 £'000
PROFIT/(LOSS) BEFORE TAXATION	**1,978**	**(24,815)**
UK corporation tax at the standard rate	19.0%	19.0%
Profit multiplied by the standard rate in the UK	376	(4,715)
Effects of:		
Expenses not deductible for tax purposes and other permanent differences	134	725
Adjustments in respect of prior period	231	(3,285)
Difference in overseas tax rate	9	21
Effect of adjustment in deferred tax rate	212	(196)
Share-based compensation	123	(300)
Losses carried back	–	3,160
R&D expenditure credits	–	33
IFRS 16 practical expedient on transition adjustment	–	18
TAX EXPENSE/(CREDIT) FOR THE PERIOD (NOTE 9A)	**1,085**	**(4,539)**

The current tax credit in the prior period includes a reversal of the prior year corporation tax charge for the 52 weeks ended 26 May 2019, following a carry back of tax losses generated for the 53 weeks ended 31 May 2020.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset at 30 May 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2020: 19%).

10. PROPERTY, PLANT AND EQUIPMENT

	LAND & BUILDINGS £'000	FIXTURES AND FITTINGS £'000	MOTOR VEHICLES £'000	TOTAL £'000
COST				
At 26 May 2019	7,391	29,450	59	36,900
Additions	7,280	3,095	63	10,438
At 31 May 2020	**14,671**	**32,545**	**122**	**47,338**
Additions	6,887	3,149	–	10,036
Exchange differences	–	(113)	–	(113)
Acquisition of subsidiary	203	168	–	371
At 30 May 2021	**21,761**	**35,749**	**122**	**57,632**
ACCUMULATED DEPRECIATION				
At 26 May 2019	**–**	**19,596**	**59**	**19,655**
Charge for the period	–	2,980	38	3,018
Impairment	–	4,118	–	4,118
At 31 May 2020	**–**	**26,694**	**97**	**26,791**
Charge for the period	16	2,560	7	2,583
Impairment	–	521	–	521
At 30 May 2021	**16**	**29,775**	**104**	**29,895**
NET BOOK VALUE				
At 26 May 2019	7,391	9,854	–	17,245
At 31 May 2020	14,671	5,851	25	20,547
At 30 May 2021	**21,745**	**5,974**	**18**	**27,737**

PROPERTY, PLANT AND EQUIPMENT

Land & buildings comprise of land, buildings and capitalised borrowing costs in relation to the ongoing development of the site intended for use as the Group's new head office, which is under construction and is therefore not being depreciated. The amount of borrowing costs capitalised in the year amounted to £112,000 (2020: £112,000). The amount of expenditure recognised in the carrying amount of land and buildings above in relation to the new head office whilst in the course of its construction is £20,813,000 (2020: £13,996,000). Completion of the new head office for the Group took place in June 2021.

During the Period, the Group carried out a review of the recoverable amount of property, plant and equipment. The review led to the recognition of an impairment loss of £521,000 (2020: £4,118,000), which was recognised within exceptional administrative expenses in the Consolidated Income Statement.

11. INTANGIBLE ASSETS (EXCLUDING GOODWILL)

	TRADEMARKS AND OTHER INTANGIBLES £'000	IT SYSTEMS £'000	TOTAL £'000
COST			
At 26 May 2019	1,178	23,442	24,620
Additions	81	7,508	7,589
At 31 May 2020	**1,259**	**30,950**	**32,209**
Additions	44	4,395	4,439
Acquired on acquisition of subsidiary	6,622	21	6,643
At 30 May 2021	**7,925**	**35,366**	**43,291**
ACCUMULATED AMORTISATION			
At 26 May 2019	397	7,361	7,758
Charge for the period	124	3,679	3,803
Impairment	–	141	141
At 31 May 2020	**521**	**11,181**	**11,702**
Charge for the period	256	5,176	5,432
Impairment	–	591	591
At 30 May 2021	**777**	**16,948**	**17,725**
NET BOOK VALUE			
At 26 May 2019	781	16,081	16,862
At 31 May 2020	738	19,769	20,507
At 30 May 2021	**7,148**	**18,418**	**25,566**

INTANGIBLE ASSETS

During the year, the Group carried out a review of intangible assets as part of the 'Joules Blueprint' strategy to identify any which are not fit for purpose with new strategic pillars established. The review led to the recognition of an impairment loss of £591,000 (2020: £141,000), which was recognised within exceptional administrative expenses, under impairment of other fixed assets, in the Consolidated Income Statement.

12. LEASES

Right-of-use assets:	LAND AND BUILDINGS £'000	FIXTURES AND FITTINGS £'000	MOTOR VEHICLES £'000	IT EQUIPMENT £'000	TOTAL £'000
Balance as at 27 May 2019	**57,465**	**199**	**356**	**646**	**58,666**
Additions	1,381	–	131	–	1,512
Disposals	(533)	–	–	–	(533)
Impairment	(16,187)	–	–	–	(16,187)
Modifications	1,710	–	–	–	1,710
Depreciation of Right-of-use assets	(11,976)	(97)	(249)	(323)	(12,645)
Restated Balance as at 31 May 2020	**31,860**	**102**	**238**	**323**	**32,523**
Additions	4,122	–	–	142	4,264
Impairment	(1,784)	–	–	–	(1,784)
Modifications	1,279	–	–	–	1,279
Depreciation of Right–of–use assets	(7,438)	(81)	(139)	(337)	(7,995)
Balance as at 30 May 2021	**28,039**	**21**	**99**	**128**	**28,287**

Lease liabilities:	LAND AND BUILDINGS £'000	FIXTURES AND FITTINGS £'000	MOTOR VEHICLES £'000	IT EQUIPMENT £'000	TOTAL £'000
Balance as at 27 May 2019	**55,176**	**199**	**356**	**646**	**56,377**
Additions	1,292	–	130	–	1,422
Disposals	(521)	–	–	–	(521)
Modifications	1,376	3	16	13	1,408
Interest expense related to lease liabilities	1,710	–	–	–	1,710
Repayment of lease liabilities (including interest)	(13,020)	(94)	(265)	(335)	(13,714)
Balance as at 31 May 2020	**46,013**	**108**	**237**	**324**	**46,682**
Additions	3,630	–	–	142	3,772
Disposals	(265)	–	–	–	(265)
Interest expense related to lease liabilities	1,221	3	5	14	1,243
Modifications	921	–	–	–	921
Repayment of lease liabilities (including interest)	(11,964)	(27)	(203)	(348)	(12,542)
Balance as at 30 May 2021	**39,556**	**84**	**39**	**132**	**39,811**

An impairment charge of £2,624,000 (2020: £16,187,000) and reversals of £840,000 (2020: £nil) were recognised in the period against the right-of-use assets which are impaired (see Note 4 for further details).

13. GOODWILL

	TOTAL £'000
COST	
At 31 May 2020	**–**
Recognised on acquisition of subsidiary (see Note 3)	5,531
At 30 May 2021	**5,531**
Accumulated impairment loss	
At 31 May 2020	**–**
Impairment losses for the year	–
At 30 May 2021	**–**
CARRYING AMOUNT	
At 31 May 2020	**–**
At 30 May 2021	**5,531**

14. INVENTORIES

	30 MAY 2021 £'000	31 MAY 2020 £'000
Goods for resale	31,409	29,475
Goods in transit	15,215	3,463
	46,624	**32,938**

The cost of inventories recognised as an expense during the year in respect of continuing operations in the 52 weeks ended 30 May 2021 was £83,223,000 (2020: £80,489,000). The cost of inventories recognised as an expense includes £1,556,000 for the 52 weeks ended 30 May 2021 (2020: £682,000) in respect of write-downs of inventory to net realisable value. Inventories are stated after provisions for impairment of £1,853,000 (2020: £941,000).

Product is purchased on a seasonal basis with the intention of selling it within 12 months of the purchase date. Any aged stock is appropriately provided for.

	30 MAY 2021 £'000	31 MAY 2020 £'000
Right of return asset	**925**	2,364
	925	2,364

The right of return asset represents the Group's right to recover products from customers where customers exercise their right of return. The Group uses its accumulated historical experience to estimate the number of returns using the expected value method.

15. DERIVATIVE FINANCIAL INSTRUMENTS

FORWARD CONTRACTS AND OPTIONS

The Group enters into forward foreign exchange contracts and options to manage the risk associated with anticipated sale and purchase transactions which are denominated in foreign currencies.

As at 30 May 2021, the Group had 93 (2020: 78) forward foreign exchange contracts outstanding. Derivative financial instruments are carried at fair value, further detailed on Note 27.

The following table details the USD foreign currency contracts outstanding as at the balance sheet date.

	AVERAGE EXCHANGE RATE		FOREIGN CURRENCY		NOTIONAL VALUE		FAIR VALUE	
OUTSTANDING CONTRACTS	2021 £/$	2020 £/$	2021 $'000	2020 $'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Buy US Dollars								
Less than 3 months	1.338	1.245	30,000	21,809	22,422	17,876	(1,279)	129
3 to 6 months	1.342	1.229	18,000	26,309	13,411	21,782	(724)	(129)
6 months and above	1.370	1.282	45,000	28,809	32,844	22,801	(1,126)	838
	1.350	**1.254**	**93,000**	*76,927*	**68,677**	**62,459**	**(3,129)**	**838**

The Company does not hold Euro to GBP forward options (2020: nil). The US Dollar spot rate at 30 May 2021 was $1.4173/£1.

The fair value of cash flow hedges of the Group as at 30 May 2021 was an asset of £nil (2020: £1,311,000) and a liability of £3,129,000 (2020: £473,000) resulting in a net liability of £3,129,000 (2020: £838,000), further detailed in Note 27.

The ineffective component of the cash flow hedge is insignificant and therefore the entire value of the continuing hedges at the year-end is recognised within the cash flow hedge reserve.

16. TRADE AND OTHER RECEIVABLES

	30 MAY 2021 £'000	31 MAY 2020 £'000
Trade receivables – gross	9,889	5,913
Less: allowance for expected credit losses (calculated under IFRS 9)	(350)	(940)
Trade receivables – net	**9,539**	**4,973**
Other receivables	1,117	1,359
Prepayments	4,340	2,894
TOTAL TRADE AND OTHER RECEIVABLES	**14,996**	**9,226**

All of the Other receivables and Prepayment balances above are deemed to be current and do not include impaired assets. Amounts within prepayments do not include payments made over one year in advance. The maximum exposure to credit risk at the reporting date is the carrying value of each class of asset.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Accordingly, the Directors believe that there is no further credit provision risk required in excess of the allowance for doubtful debts.

Trade receivables balances relate to balances owed by wholesale customers at the Period end where the standard credit period on sales of goods is 30 days. Interest may be charged on outstanding trade receivables. The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of trading conditions at the reporting date. All trade receivable balances are assessed individually.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

16. TRADE AND OTHER RECEIVABLES CONTINUED

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base:

30 MAY 2021	NOT PAST DUE £000	<30 £000	31-60 £000	>61 £000	TOTAL £000
Expected credit loss rate	0%	3%	23%	36%	4%
Gross carrying amount	7,925	1,061	225	678	9,889
Loss allowance	(21)	(32)	(51)	(246)	(350)
NET TRADE RECEIVABLES	**7,904**	**1,029**	**174**	**432**	**9,539**

As at the date of the approval of these financial statements a total of £6,439,000 has been received in relation to the above trade receivables as follows: £5,146,000 not past due, £948,000 <30 days past due, £157,000 31-60 days past due and £188,000 and >61 days past due.

31 MAY 2020	NOT PAST DUE £000	<30 £000	31-60 £000	>61 £000	TOTAL £000
Expected credit loss	0%	12%	16%	51%	15%
Gross carrying amount	2,440	675	1,615	1,183	5,913
Loss allowance	–	(82)	(260)	(598)	(940)
NET TRADE RECEIVABLES	**2,440**	**593**	**1,355**	**585**	**4,973**

Movement in expected credit losses

	2021 £'000	2020 £'000
Balance at beginning of period under IFRS 9	(940)	(325)
Movement in loss allowance recognised in profit or loss during the year	(262)	(921)
Receivables written off during the year as uncollectable	47	143
Amounts recovered	805	163
BALANCE AT END OF PERIOD	**(350)**	**(940)**

The table above details the movement in the lifetime expected credit losses that have been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

17. TRADE AND OTHER PAYABLES

	30 MAY 2021 £'000	31 MAY 2020 £'000
Trade payables	25,505	14,777
Other taxation and social security	5,883	2,989
Deferred income	1,309	1,431
Other payables	579	1,353
Accruals	25,474	11,128
	58,750	**31,678**

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the fair value of trade and other payables is not materially different from the carrying value.

17. TRADE AND OTHER PAYABLES CONTINUED

GIFT CARD LIABILITY

Gift cards constitute a contractual liability and therefore require a disclosure of the value of the outstanding liability at the end of the period and the amount recognised during the period for performance obligations met. The below amounts are included within deferred income above:

	30 MAY 2021 £'000	31 MAY 2020 £'000
Opening balance	1,431	1,108
New issues	2,287	4,013
Redeemed	(2,409)	(3,690)
CLOSING BALANCE	**1,309**	**1,431**

It is expected that largely all of the revenue deferred during the period will be recognised within two years.

18. PROVISIONS

Dilapidations provision at the period end is as follows:

	30 MAY 2021 £'000	31 MAY 2020 £'000
Balance brought forward	2,368	247
Additional provision during the period	604	2,121
Utilisation of provision	(32)	–
BALANCE AT END OF PERIOD	**2,940**	**2,368**

Dilapidation costs are estimated at the commencement date of each lease. For retail stores, the dilapidations provision is calculated using an average cost per store based on the most recent dilapidation costs incurred from stores exited, whereas estimated dilapidation costs for other non-retail leases are based on management's accumulated historical knowledge of buildings of similar size and purpose. The provision is expected to be utilised within three years.

The right of return provision at the period end is as follows:

	30 MAY 2021 £'000	31 MAY 2020 £'000
Balance brought forward	5,129	1,548
Additional provision during the period	1,607	5,129
Utilisation of provision	(4,710)	(1,548)
BALANCE AT END OF PERIOD	**2,026**	**5,129**

The right of return provision relates to the customer's right to return products following purchase. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. The Group uses its accumulated historical experience to estimate the number of returns using the expected value method. The provision is expected to be utilised within one year.

19. BORROWINGS

SUMMARY OF BORROWING ARRANGEMENTS

The Credit facility relates to one Revolving Credit Facility with Barclays Bank PLC that totals £25.0 million, in which amounts drawn down are generally repayable within three months. In April 2020 an extension to the facility of £15 million was provided by Barclays Bank PLC for a 12-month period, this expired in April 2021.

In April 2021 the remaining £25 million facility was renegotiated with Barclays Bank PLC and as a result the term was extended out from July 2022 and now matures in September 2024. As part of the April 2021 renegotiation of the RCF, the Group entered into a new financing agreement which links the margin on the facility with Joules' performance against three Sustainability Performance Targets (SPTs) that are aligned with Joules' ESG focus areas. Under the terms of the agreement, Joules will benefit from a lower interest rate loan margin if the Group delivers on those targets.

The term loan facility with Barclays Bank PLC is being used by the Group to part fund the development of the Group's new head office premises. The term loan facility is secured against the new head office land and buildings asset and £8,780,000 of it was drawn down as at the period end (2020: £9,044,000).

The weighted average interest rates paid during the period were as follows:

	52 WEEKS ENDED 30 MAY 2021 %	53 WEEKS ENDED 31 MAY 2020 %
Credit facility	**2.4%**	2.4%
Term loan	**1.55%**	1.9%

	30 MAY 2021 £'000	31 MAY 2020 £'000
Credit facility	5,140	12,660
Term loan	8,780	9,044
	13,920	**21,704**
Borrowings are repayable as follows:		
Credit facility		
Within one year	5,140	12,660
Term loan		
Within one year	1,056	264
Between one and two years	1,056	1,056
Between two and five years	6,668	7,724
	8,780	**9,044**
Total borrowings		
Within one year	6,196	12,924
Between one and two years	1,056	1,056
Between two and five years	6,668	7,724
	13,920	**21,704**

20. DEFERRED TAXATION

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

GROUP	FIXED ASSET TIMING DIFFERENCES £'000	SHORT-TERM TIMING DIFFERENCES £'000	OTHER TIMING DIFFERENCES £'000	LOSSES £'000	**TOTAL £'000**
Balance as at 26 May 2019	333	(31)	657	–	959
Credit/(charge) to Income Statement	327	(566)	–	2,019	1,780
Credit/(charge) to other comprehensive income	–	472	(177)	–	295
RESTATED BALANCE AS AT 31 MAY 2020	**660**	**(125)**	**480**	**2,019**	**3,034**
Acquisition of subsidiary	(1,337)	–	(253)	–	(1,590)
Credit/(charge) to Income Statement	133	(79)	(227)	(1,239)	(1,412)
Credit to other comprehensive income	–	753	12	111	876
BALANCE AS AT 31 MAY 2021	**(544)**	**549**	**12**	**891**	**908**

There is no unprovided deferred tax in the current period for the Group (2020: £nil). The deferred tax asset on tax losses recognised in the current period is expected to be utilised against future taxable profits. The deferred tax asset on fixed asset and other timing differences is expected to reverse in future periods.

21. CALLED UP SHARE CAPITAL

	30 MAY 2021 £'000	31 MAY 2020 £'000
Allotted and issued		
111,543,593 Ordinary shares of £0.01 each (2020: 108,135,920)	1,116	1,081
Authorised		
148,485,165 Ordinary shares of £0.01 each (2020: 148,485,165)	1,485	1,485

During the period new ordinary shares were issued to employees that left the business from the following share schemes: SAYE: nil shares (2020: 42,387), ESOP: nil shares (2020: 28,718), DBP: 107,132 shares (2020: nil), and LTIP: 14,384 shares (2020: 289,615).

During the period 2,828,535 ordinary shares were issued as part of the consideration paid in relation to the acquisition of The Garden Trading Company Limited.

All ordinary shares carry equal rights.

22. OTHER RESERVES

MERGER RESERVE

The Company was incorporated on 1 May 2016. The acquisition of Joules Investments Holdings Limited by Joules Group plc on 31 May 2016 was accounted for using reverse acquisition accounting principles. As a result, a merger reserve of £125,807,000 was created upon acquisition and AIM listing of the Group on 31 May 2016.

RETAINED EARNINGS

The movement on retained earnings is as set out in the Consolidated Statement of Changes in Equity. Retained earnings represent cumulative profits or losses, net of dividends and other adjustments.

OTHER RESERVE

The recognition of an other reserve has arisen in the Period as a result of the acquisition of The Garden Trading Company Limited. The amount recognised of £4,817,000 represents the fair value of shares included within the consideration of the acquisition at a premium over the nominal amount and is not distributable.

SHARE PREMIUM

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses incurred by the Company. On 31 May 2016 in an initial public offering Joules Group plc issued 7,175,851 ordinary £0.01 shares at a price of £1.60, resulting in a share premium of £11,409,603.

During 2020, Joules Group plc undertook a placing of Ordinary Shares to certain existing shareholders and institutional and other investors, including Directors of the Company. The purpose of the placing was to secure cash proceeds in order to maintain sufficient working capital during the start of the COVID-19 outbreak and be able to emerge relatively stronger from this unprecedented situation. The placing resulted in an additional £15,098,000 being recognised in share premium.

	£'000
Balance at 31 May 2020	**26,508**
Balance at 30 May 2021	**26,508**

23. HEDGING AND TRANSLATION RESERVE

GROUP	HEDGING RESERVE £'000	TRANSLATION RESERVE £'000
Balance as at 26 May 2019	**2,631**	**518**
Gain arising on changes in fair value on hedging instruments during the period	(2,631)	–
Other comprehensive income for the period	837	732
Deferred tax related to losses recognised in other comprehensive income during the period	(159)	–
Basis adjustment to hedged inventory	321	–
BALANCE AS AT 31 MAY 2020	**999**	**1,250**
Other comprehensive (expense) for the period	(4,286)	(1,900)
Deferred tax related to gains/(losses) recognised in other comprehensive income during the period	753	–
Basis adjustment to hedged inventory	(270)	–
BALANCE AS AT 30 MAY 2021	**(2,804)**	**(650)**

HEDGING RESERVE

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

TRANSLATION RESERVE

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

24. EBT RESERVE

During the year ended 26 May 2019, the Group set up an Employee Benefit Trust ("EBT"). The EBT has an independent trustee resident in Jersey.

At 30 May 2021 the EBT held 291,469 (2020: 291,469) ordinary shares of 1p each in the Company purchased for a total consideration of £769,000 (2020: £769,000).

The consideration paid for the ordinary shares of 1p each in the Company held by the EBT at 30 May 2021 has been shown as an EBT reserve and presented within equity for the Company and the Group. All other assets, liabilities, income and costs of the EBT have been incorporated into the accounts of the Company and the Group.

24. EBT RESERVE CONTINUED

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

	2021		2020	
	SHARES	£'000	SHARES	£'000
Shares purchased by EBT in the year	–	–	453,277	1,171
Shares issued on employee option exercises	–	–	(280,108)	(724)

25. CASH AND CASH EQUIVALENTS

	30 MAY 2021 £'000	31 MAY 2020 £'000
Cash and cash at bank	17,997	26,243

26. ANALYSIS OF NET CASH/NET DEBT

	AT 31 MAY 2020 £'000	CASH FLOW £'000	NON-CASH CHANGES £'000	AT 30 MAY 2021 £'000
Cash at bank and in hand	26,243	(6,970)	(1,276)	17,997
Net cash per statement of cash flows	**26,243**	**(6,970)**	**(1,276)**	**17,997**
Borrowings	(21,704)	7,784	–	(13,920)
Net cash before lease liabilities	**4,539**	**814**	**(1,276)**	**4,077**
Lease liabilities	(46,682)	12,542	(5,671)	(39,811)
Contingent consideration	–	–	(5,646)	(5,646)
NET DEBT AFTER LEASE LIABILITIES	**(42,143)**	**13,356**	**(12,593)**	**(41,380)**

Non-cash changes relate to movements in interest on borrowings, the retranslation of foreign currency balances at the end of the period and lease acquisitions, disposals and modifications.

27. FINANCIAL INSTRUMENTS

CATEGORIES OF FINANCIAL INSTRUMENTS	NOTE	30 MAY 2021 £'000	31 MAY 2020 £'000
Carrying value of financial assets at amortised cost:			
Cash and cash equivalents	25	17,997	26,243
Trade receivables	16	9,539	4,973
		27,536	**31,216**
Carrying value of financial assets at fair value:			
Cash flow hedges	15	–	1,311
Asset held for sale	3	4,800	–
TOTAL FINANCIAL ASSETS		**32,336**	**35,527**
Financial liabilities held at amortised cost:			
Trade payables	17	(25,505)	(14,777)
Accruals	17	(26,053)	(12,481)
Borrowings	19	(13,920)	(21,704)
Lease liabilities	12	(39,811)	(46,682)
		(105,289)	**(95,644)**
Financial liabilities held at fair value:			
Cash flow hedges	15	(3,129)	(473)
Contingent consideration	3	(5,646)	–
Asset held for sale – lease liability	3	(2,400)	–
TOTAL FINANCIAL LIABILITIES		**(116,464)**	**(96,117)**

27. FINANCIAL INSTRUMENTS CONTINUED

INTEREST RATE SENSITIVITY ANALYSIS

If interest rates on all borrowings had been 1% higher/lower and all other variables were held constant, the Group's profit for the period ended 52 weeks to 30 May 2021 would decrease/increase by £88,000 (2020: £106,000). This has been calculated by applying the amended interest rate to the weighted average rate of borrowings for the period to 30 May 2021 for borrowings at the period end, other than borrowings which are held at a fixed interest rate as those borrowings are not sensitive to external variables, such as movement in interest rates.

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Group is mainly exposed to fluctuations in the US $, which is used for stock purchases. If the USD exchange rate strengthened/weakened by 10 percent and all other variables were held constant, the Group's profit for the period ended 52 weeks to 30 May 2021 would increase/decrease by £547,000 and £669,000 respectively (2020: £208,000 and £138,000). This has been calculated by applying the amended currency rate to the USD value of financial assets and financial liabilities held at the period end, an amended rate has not been applied to USD purchases in the period as they have been effectively hedged against currency fluctuations via forward contracts.

EXPECTED CREDIT LOSS SENSITIVITY

Deterioration in the ability of customers to afford their payments will have an impact on the Group's Expected Credit Loss ("ECL").

In the eight weeks following the year end date, £6,915,000 of the £9,889,000 Joules Group plc's customer and other trade receivables have been settled.

LIQUIDITY AND INTEREST RISK TABLES

The following tables detail the Group's remaining contractual maturity for its derivative and non-derivative financial liabilities with agreed repayment periods. 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. To the extent that interest flows are floating rates, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	LESS THAN 1 MONTH £'000	1-3 MONTHS £'000	3 MONTHS TO 1 YEAR £'000	1-5 YEARS £'000	TOTAL £'000
30 MAY 2021						
Credit facility	2.4	(9)	(18)	(5,113)	–	(5,140)
Term loan	1.55	–	(297)	(885)	(7,598)	(8,780)
Trade payables	–	(23,470)	(174)	(1,861)	–	(25,505)
Accruals	–	(12,280)	(10,555)	(2,639)	–	(25,474)
Contingent consideration	–	–	–	(5,646)	–	(5,646)
Lease liabilities	2.5	(780)	(2,340)	(6,240)	(30,451)	(39,811)
NON-DERIVATIVE FINANCIAL INSTRUMENTS		**(36,539)**	**(13,384)**	**(22,384)**	**(38,049)**	**(110,356)**
DERIVATIVE FINANCIAL INSTRUMENTS		**(9,662)**	**(12,760)**	**(46,255)**	**–**	**(68,677)**
TOTAL CONTRACTUAL CASH FLOWS		**(46,201)**	**(26,144)**	**(68,639)**	**(38,049)**	**(179,033)**
31 MAY 2020						
Credit facility	2.4	(25)	(51)	(12,736)	–	(12,812)
Term loan	1.9	–	(49)	(411)	(9,199)	(9,659)
Finance leases	–	(6,379)	(8,398)	–	–	(14,777)
Trade payables	–	(5,564)	(4,451)	(1,113)	–	(11,128)
Accruals	2.5	(921)	(1,841)	(8,285)	(35,635)	(46,682)
NON-DERIVATIVE FINANCIAL INSTRUMENTS		**(12,889)**	**(14,790)**	**(22,545)**	**(44,834)**	**(95,058)**
DERIVATIVE FINANCIAL INSTRUMENTS		**(5,427)**	**(20,798)**	**(31,765)**	**(4,469)**	**(62,459)**
TOTAL CONTRACTUAL CASH FLOWS		**(18,316)**	**(35,588)**	**(54,310)**	**(49,303)**	**(157,517)**

The Group has significant financial assets in trade debtors which are easily convertible to cash. In addition, the above table includes derivative financial instruments where there would be corresponding cash inflows on maturity of the forward contract.

27. FINANCIAL INSTRUMENTS CONTINUED

CARRYING VALUE OF FINANCIAL ASSETS

The Directors have assessed that, on the basis of the net assets of the owing companies, net receivables are fully recoverable. A significant decrease in the net assets and trade of the owing company or a decline in the financial position of customers would trigger an impairment review.

CREDIT RISK

In the opinion of the Directors, the only financial instrument that is subject to credit risk is the trade receivables. The Directors believe that the Expected Credit Loss provision as disclosed in Note 16 represents the Directors' best estimate of the maximum exposure to credit risk at period-end.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments are measured in accordance with the accounting policy set out in Note 1. Foreign currency forward contracts and options are considered Level 2, and contingent consideration arising on the acquisition of The Garden Trading Limited is considered Level 3. In the opinion of the Directors, the fair value of the financial assets and liabilities are equal to their book values.

LIQUIDITY RISK MANAGEMENT

The Directors believe that the receivables are not impaired and that the owing companies have sufficient net assets to repay the balances. Therefore, the Directors believe that liquidity risk is minimal.

CAPITAL RISK MANAGEMENT

The Directors maintain detailed cash forecasts which are frequently revised to actuals to ensure that the Group has sufficient liquid resources to meet its requirements.

FOREIGN CURRENCY ASSETS AND LIABILITIES

Included within the Consolidated Statement of Financial Position are £12,268,000 (2020: £11,980,000) of assets and £4,817,000 (2020: £4,105,000) of liabilities relating to the overseas subsidiaries which have been translated in the consolidation at the period-end rate. These balances are subject to movements in exchange rates, as shown in the statement of changes in equity. The Directors do not believe the risk is significant enough to warrant hedging against the investments in overseas subsidiaries.

Also included within the above table are foreign denominated external trade payables and receivables of £10,103,000 (2020: 3,714,000) and £834,000 (2020: £5,850,000) respectively.

28. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

The Directors control 24,499,058 shares (2020: 30,420,923 shares) in Joules Group plc, which represents 22% (2020: 28.0%) of the issued share capital.

The remuneration of the Directors of the Group is disclosed in Note 6 and the Directors' Remuneration Report. No other employees are considered to be key management personnel as defined by IAS 24. In addition, Directors participate in share schemes and dividend payments, further details of which can be found in note 30 and 31 respectively.

29. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing profit attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period.

For the calculation of diluted earnings per share, the weighted average number of shares in issue is further adjusted to assume conversion of all potentially dilutive ordinary shares. The Company has one category of potentially dilutive ordinary shares, being management shares not yet vested.

During the 53 weeks ended 31 May 2020, diluted loss per share was capped at the basic loss per share as the impact of dilution cannot result in a reduction in the loss per share.

	52 WEEKS ENDED 30 MAY 2021	RESTATED 53 WEEKS ENDED 31 MAY 2020
Basic earnings/(loss) per share (pence)	0.82	(21.61)
Diluted earnings/(loss) per share (pence)	0.81	(21.61)
The calculation of basic and diluted earnings/(loss) per share is based on the following data:		
EARNINGS	£'000	£'000
Earnings/(loss) for the purpose of basic and diluted earnings per share	893	(20,276)
NUMBER OF SHARES		
Weighted number of ordinary shares for the purpose of basic earnings per share	109,185,216	93,829,041
Potentially dilutive share awards	1,047,593	929,026
Weighted number of ordinary shares for the purpose of diluted earnings per share	110,232,809	94,758,067

30. SHARE-BASED COMPENSATION

SUMMARY OF MOVEMENT IN AWARDS

NUMBER OF SHARES	DBP	ESOP	LTIP	SAYE	TOTAL
OUTSTANDING AT 31 MAY 2020	**571,887**	**77,404**	**3,360,919**	**643,770**	**4,653,980**
Granted during the year	11,594	823,705	3,798,625	387,370	5,021,294
Lapsed during the year	–	–	–	(171,503)	(171,503)
Cancelled during the year	–	(34,159)	(2,520,945)	(162,329)	(2,717,433)
Exercised during the year	(107,132)	–	(590,593)	–	(697,725)
OUTSTANDING AT 30 MAY 2021	**476,349**	**866,950**	**4,048,006**	**697,308**	**6,088,613**
EXERCISABLE AT 30 MAY 2021	**51,455**	**46,551**	**57,755**	**24,603**	**180,364**

As part of measures taken by the Group to preserve cash during the COVID-19 crisis, Marc Dench, Nick Jones and the Group's employees agreed to take a pay reduction and were granted options on 6 April 2020 over 107,859 ordinary shares in Joules Group plc with a value commensurate with the value of the salaries waived. In response to shareholder feedback, during the period the Board agreed to waive their FY20 LTIP awards in lieu of salary.

All share options were valued using the Black-Scholes model. Expected volatility was determined by management, using comparator volatility as a basis for share options granted in 2016, 2017, 2018, 2019 and 2020 and Joules historic volatility data for the share options granted in 2020 and 2021. The expected life of the options was determined based on management's best estimate. The expected dividend yield was based on the anticipated dividend policy of the Company over the expected life of the options. The risk-free rate of return input into the model was a zero-coupon government bond with a life in line with the expected life of the options.

The fair value of the total shares issued during the period and measured as at issue date is £5,942,501.

The inputs into the model were as follows:

	DBP	ESOP	LTIP	SAYE
Weighted average share price	£2.32	£1.71	£0.23	£2.42
Weighted average exercise price	£0.01	£1.53	£0.01	£1.95
No. of employees	4	18	602	108
Shares under option	715,613	1,589,002	9,314,433	1,813,440
Expected volatility	28%–78%	28%–71%	28%–124%	28%–71%
Expected life (Years)	3	3	3	3
Risk-free rate	0.08%–0.44%	0.05%–0.55%	0.07%–0.55%	0.08%–0.55%
Possibility of ceasing employment before vesting	0%	0%	0%–7.5%	10%–15%
Expectations of meeting performance criteria	100%	100%	95%	95%
Expected dividend yield	0%–1.9%	0%–1.9%	0%–1.9%	0%–1.9%

The Group recognised a net expense of £1,303,000 during the year (2020: credit of £246,000) relating to cash settled and equity settled share-based compensation. Including associated employer's National Insurance contributions which in the year was an expense of £350,000 (2020: £125,000 credit), the Group recognised a total expense of £1,653,000 during the year (2020: credit of £371,000).

DEFERRED BONUS PLAN ("DBP")

The DBP operates in conjunction with the Group's annual bonus plan. The number of ordinary shares subject to a DBP award will be the number of shares that have a market value equal to the value of the annual bonus deferred into a DBP award. DBP awards take the form of nil-cost options, vest on the third anniversary of the date on which the relevant annual bonus was determined and are normally exercisable until the tenth anniversary of the grant date.

EXECUTIVE SHARE OPTION PLAN ("ESOP")

The Group operated a share option scheme during the period for certain employees under the Executive Share Option Plan ("ESOP"). The different options vest between two years and three years and have an exercise life between three and ten years from grant date. All option schemes are subject to continued employment over the vesting period.

30. SHARE-BASED COMPENSATION CONTINUED

LONG TERM INCENTIVE PLAN ("LTIP")

The Board approved Long Term Incentive Plan 2016 ("LTIP 2016") allows the grant of options to Executive Directors and senior management of the Group in the form of nil-cost options over ordinary shares in Joules Group plc. The options are exercisable three years after the date of grant subject to achieving certain stretching targets.

The target of share option awards granted to the Executive Directors and members of the operating board in 2018 is 80% based on an EPS target in the final year of the relevant performance period, being the financial year ending May 2021 and 20% of the target is based on achieving specified international revenue targets.

The share option awards granted to the Executive Directors, members of the operating board and some senior managers in 2019 are based upon achievement against four targets in the year ending May 2022: US revenue, UK digital sales, colleague engagement and EPS.

The share option awards granted to the Executive Directors, members of the operating board and some senior managers in FY21 are based upon achievement against two targets, to be delivered in the final year of the performance period (FY23). 50% of the awards will be subject to adjusted, diluted EPS, and 50% subject to the volume weighted average price of Shares in the last 90 days of the performance period.

For other senior management awards the target is based on the cumulative PBT over the three years to May 2021, May 2022 and May 2023. The calculation includes an assumption that 10% of senior managers on the scheme would cease employment before vesting.

SAVE AS YOU EARN SCHEME ("SAYE")

Under the terms of the SAYE scheme, the Board grants options to purchase ordinary shares in the Company to employees who enter into the HMRC-approved SAYE scheme for a term of three years. Options are granted at up to 20% discount to the market price of the shares on the day preceding the date of offer and are exercisable for a period of six months after completion of the SAYE contract.

31. DIVIDENDS

	30 MAY 2021		31 MAY 2020	
	PENCE PER SHARE	£000	PENCE PER SHARE	£000
Interim dividend paid in the financial year	–	–	–	–
Final dividend proposed, not accrued, payable subject to approval at AGM	–	–	–	–
TOTAL	**–**	**–**	–	–

The Directors are not proposing a dividend this year.

32. POST-BALANCE SHEET EVENT

Since the period end, the Group has disposed of the property acquired as part of the acquisition of The Garden Trading Company Limited, which was recognised as an asset held for sale in the Consolidated Statement of Financial Position as at 30 May 2021.

Completion of the new head office for the Group took place in June 2021.

COMPANY STATEMENT OF FINANCIAL POSITION
JOULES GROUP PLC

	NOTE	30 MAY 2021 £'000	31 MAY 2020 £'000
NON-CURRENT ASSETS			
Investments	34	156,331	139,980
TOTAL NON-CURRENT ASSETS		**156,331**	**139,980**
CURRENT ASSETS			
Cash and cash equivalents		–	95
Other receivables	35	14,652	14,315
TOTAL CURRENT ASSETS		**14,652**	**14,410**
TOTAL ASSETS		**170,983**	**154,390**
CURRENT LIABILITIES			
Other payables	36	20,864	7,685
TOTAL CURRENT LIABILITIES		**20,864**	**7,685**
TOTAL ASSETS LESS CURRENT LIABILITIES		**150,119**	**146,705**
CAPITAL AND RESERVES			
Called up share capital	37	1,116	1,081
Share premium	38	26,508	26,508
EBT reserve	24	(769)	(769)
Retained earnings		118,447	119,885
Other reserve		4,817	–
SHAREHOLDERS' FUNDS		**150,119**	**146,705**

The parent company loss for the period was £1,438,000 (2020: loss of £797,000).

These financial statements of Joules Group plc (Company Registration Number 10164829) were approved by the Board of Directors and authorised for issue on 2 August 2021 and were signed on behalf of the Board of Directors by

NICHOLAS JONES
Chief Executive Officer

COMPANY STATEMENT OF CHANGES IN EQUITY
JOULES GROUP PLC

	NOTE	SHARE CAPITAL £'000	SHARE PREMIUM £'000	RETAINED EARNINGS £'000	EBT RESERVE £'000	OTHER RESERVE £'000	TOTAL EQUITY £'000
BALANCE AT 26 MAY 2019		**878**	**11,410**	**122,233**	**(322)**	–	**134,200**
Shares issues		203	15,098	–	–	–	15,301
EBT share purchases and commitments	22	–	–	–	(1,171)	–	(1,171)
Share-based compensation options satisfied through the EBT reserve		–	–	(349)	724	–	375
Dividend paid	29	–	–	(1,202)	–	–	(1,202)
Loss for the year and total comprehensive expense		–	–	(797)	–	–	(797)
BALANCE AT 31 MAY 2020		**1,081**	**26,508**	**119,885**	**(769)**	–	**146,705**
Shares issued		35	–	–	–	–	35
Loss for the year and total comprehensive expense		–	–	(1,438)	–	–	(1,438)
Acquisition of subsidiary		–	–	–	–	4,817	4,817
BALANCE AT 30 MAY 2021		**1,116**	**26,508**	**118,447**	**(769)**	**4,817**	**150,119**

33. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

These separate financial statements of Joules Group plc were prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101).

The Company's financial statements are presented in GBP.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- Share-based compensation;
- financial instruments;
- capital management;
- presentation of comparative information in respect of certain assets;
- presentation of a cashflow statements;
- standards not yet effective;
- certain related parties transactions; and
- business combinations.

As permitted by section 408 of the Companies Act 2006, the profit and loss account is not presented. The loss for the year amounted to £1,438,000, (2020: loss of £797,000).

Director remuneration for the period was £216,000 (2020: £216,000) in relation to Non-Executive Directors, further detailed in Note 6.

Auditor remuneration for the period was £225,000 (2020: £141,000), further detailed in Note 7.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are the same as those set out in Note 1 to the consolidated financial statements except as set out below.

INVESTMENTS

Fixed asset investments are stated at cost less provisions for diminution in value.

GOING CONCERN

Going concern for the Company has been considered along with the Group by the Directors. The consideration is set out in note 1 of the consolidated financial statements.

SHARES HELD BY EBT

The Joules Group plc Employee Benefit Trust ("EBT") is set up to provide for the issue of shares to Group employees, principally under share option schemes. Shares in the Company held by the EBT are included in the Balance Sheet at cost, including any directly attributable incremental costs, as a deduction from equity.

OTHER RESERVE

The recognition of an other reserve has arisen in the Period as a result of the acquisition of The Garden Trading Company Limited. The amount recognised of £4,817,000 represents the fair value of shares included within the consideration of the acquisition at a premium over the nominal amount and is not distributable.

AMOUNTS OWED TO/FROM GROUP UNDERTAKINGS

Amounts owed to/from group undertakings are recorded at amortised cost. The terms of the intercompany balances are at nil interest and are repayable on demand.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

There were no critical accounting judgements that would have a significant effect on the amounts recognised in the parent company financial statements or key sources of estimation uncertainty at the balance sheet date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year. There were also no sources of estimation uncertainty.

34. INVESTMENTS

	£'000
Cost and Net Book Value	
At 31 May 2020	139,980
Acquisition of subsidiary	16,351
At 30 May 2021	156,331

On 31 May 2016 Joules Group plc acquired the entire share capital of Joules Investments Holdings Limited.
On 9 February Joules Group plc acquired the entire share capital of The Garden Trading Company Limited (see Note 3 for further details).

34. INVESTMENTS CONTINUED

The Company's subsidiaries, as at the period end are shown in the table below. All subsidiaries have been in existence for the whole of the reporting period, with the exception of The Garden Trading Company Limited.

SUBSIDIARIES

As at the period-end the Group has the following subsidiaries, those marked with * being indirect holdings:

SUBSIDIARY NAME	NATURE OF BUSINESS	PLACE OF INCORPORATION AND OPERATION	REGISTERED ADDRESS	PROPORTION OF OWNERSHIP INTEREST	PROPORTION OF VOTING POWER HELD
Joules Investments Holdings Limited	Holding company	England and Wales	The Joules Barn, Rockingham Road, Market Harborough	100%	100%
Joules Limited*	Retailer	England and Wales	The Joules Barn, Rockingham Road, Market Harborough	100%	100%
Joules Hong Kong Limited*	Overseas trading entity	Hong Kong	18/F, United Centre, 95 Queensway, Admiralty, Hong Kong	100%	100%
Joules Clothing Shanghai Company Limited*	Overseas office	China	Room 1401–1404, No.432 West Huaihai Road, Changning District, Shanghai, China	100%	100%
Joules USA Inc.*	Overseas trading entity	USA	103 Foulk Road, Suite 202, Wilmington, DE19803, USA	100%	100%
Joules Developments Limited*	Non-trading entity	England and Wales	The Joules Barn, Rockingham Road, Market Harborough	100%	100%
Joules Property Limited*	Non-trading entity	England and Wales	The Joules Barn, Rockingham Road, Market Harborough	100%	100%
Tom Joule Europe Limited*	Non-trading entity	Republic of Ireland	Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin	100%	100%
The Garden Trading Company Limited	Retailer	England and Wales	The Joules Barn, Rockingham Road, Market Harborough	100%	100%

35. OTHER DEBTORS

	30 MAY 2021 £'000	31 MAY 2020 £'000
Amounts owed by group undertakings	14,557	14,187
Prepayments	42	63
Other receivables	53	65
	14,652	14,315

Amounts owed by group undertakings are in relation to the placing of shares in April 2020. The terms of the intercompany balance receivable is at nil interest, payable on demand.

36. OTHER PAYABLES

	30 MAY 2021 £'000	31 MAY 2020 £'000
Trade payables	–	180
Payables due to subsidiary	14,551	7,466
Accruals	667	39
Contingent consideration	5,646	–
	20,864	7,685

The payables due to subsidiary is in relation to administrative expenses and dividends paid by Joules Limited on behalf of Joules Group plc. The terms of the intercompany balance receivable is at nil interest, payable on demand. Contingent consideration in relation to the acquisition of The Garden Trading Company Limited is furthered detailed in Note 3.

37. CALLED UP SHARE CAPITAL

	30 MAY 2021 £'000	31 MAY 2020 £'000
Allotted and issued		
111,527,276 Ordinary shares of £0.01 each (2020: 108,135,920)	**1,116**	1,081
Authorised		
148,485,165 Ordinary shares of £0.01 each (2020: 148,485,165)	**1,485**	1,485

During the period new ordinary shares were issued to employees that left the business from the following share schemes: SAYE: nil shares (2020: 42,387), ESOP: nil shares (2020: 28,718), DBP: 107,132 shares (2020: nil), and LTIP: 14,384 shares (2020: 289,615).

The company was incorporated on 1 May 2016. The acquisition of Joules Investments Holdings Limited by Joules Group plc on 31 May 2016 has been accounted for using reverse acquisition accounting principles. As a result, a merger reserve of £125,807,000 was created upon acquisition and AIM listing of the Group on 31 May 2016.

During the period 2,828,535 ordinary shares were issued as part of the consideration paid in relation to the acquisition of The Garden Trading Company Limited.

All ordinary shares carry equal rights.

38. SHARE PREMIUM

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses incurred by the Company. On 31 May 2016 in an initial public offering Joules Group plc issued 7,175,851 ordinary £0.01 shares at a price of £1.60, resulting in share premium of £11,409,603.

During 2020, Joules Group plc undertook a placing of Ordinary Shares to certain existing shareholders and institutional and other investors, including Directors of the Company. The purpose of the placing was to secure cash proceeds in order to maintain sufficient working capital during the start of the COVID-19 outbreak and be able to emerge relatively stronger from this unprecedented situation. The placing resulted in an additional £15,098,000 being recognised in share premium.

	£'000
Balance at 31 May 2020	26,508
Balance at 30 May 2021	26,508

39. DIVIDEND

No dividend was paid during the year (see Note 31).

40. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the disclosure not to disclose related party transactions with wholly owned fellow group companies. Related party transactions with key management personnel (which are the Directors) are shown in Note 28 of the Consolidated Financial Statements.

COMPANY INFORMATION
JOULES GROUP PLC

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Registered in England and Wales number: 10164829

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