For Immediate Release **26 March 2019**

MOSS BROS.

GROUP PLC

Unaudited preliminary results for the 52 weeks ended 26 January 2019

Moss Bros Group PLC ("the Group"), the 'first choice for men's tailoring', today announces its Preliminary Results, covering the period from 28 January 2018 to 26 January 2019.

Financial Headlines

- Total Group revenue, excluding VAT, was down 2.1% on the previous year at £129.0m (2017/18: £131.7m).
- Group like-for-like* sales of £140.2m, including VAT, down 4.3% (2017/18: up 1.6%):
  - Like-for-like* retail sales including e-commerce down 3.6% (2017/18: up 2.9%)
  - Like-for-like* hire sales down 9.3% (2017/18: down 6.2%)
- E-commerce sales including VAT up 19.6% (2017/18: up 13.5%) now represent 14.5% of total sales (2017/18 12.0%)
- Adjusted**** loss before tax of £0.4m (2017/18: profit before tax £6.7m restated***).
- Statutory loss before tax of £4.2m after adjusting items of £3.8m, including store fixed asset impairment charges and dilapidation provisions of £2.6m and reorganisation and employee related charges of £1.2m (2017/18: Profit £6.7m restated***).
- Adjusted EBITDA** of £6.6m (2017/18: EBITDA** £13.3m restated***), impacted by lower retail store sales, weaker sterling and significant cost headwinds. Mitigating actions have been taken and are gaining traction.
- Gross margin 2.3% lower at 57.5% (2017/18: 59.8%), due to both the impact of the weaker pound during the first half and our proactive response to competitor discounting during the second half.
- Average lease length across the store portfolio is 50 months (2017/18: 55 months) and 33 months (2017/18: 38 months) to next break option, providing flexibility within our store portfolio.
- Ongoing strong cash position of £10.9m (27 January 2018: £17.5m) through close management of working capital, and after the recovery of our stock position by £2.0m, a further £6.2m of capital investment across the business, and a dividend payment of £3.5m.
- Cash generated from operating activities of £3.0m (2017/18: £12.6m).
- Basic earnings per share of -3.83 pence (2017/18: 5.33 pence).
- Given the volatile trading environment, the Board is not recommending a final dividend payment, to give the business maximum flexibility for investment, whilst retaining a strong debt free balance sheet. The total dividend for the year is 1.5 pence per share (2017/18: total dividend 4.0 pence). We will review our Dividend Policy throughout the year, considering the overall yield, balanced against the wider investment needs of the business.

Operational Commentary

- A challenging year impacted by a range of both internal and external factors:
  - in the first half, early season stock shortages in spring 2018 caused significant trading issues, which were fully resolved by April 2018. However, footfall was then significantly impacted by a combination of abnormally cold and then hot weather and sporting event success distracting customers from shopping across the summer.
  - in the second half, particularly post Black Friday the Group saw positive customer responses to deeper discounting as we actively sought to ensure we maintained our 'share of voice' in an increasingly promotion driven marketplace. Gross profit was however impacted as a result.
- Benefits were realised from ongoing investment in driving our e-commerce channel, through increased personalisation and more targeted customer acquisition and retention programmes. E-commerce channel performance now contributes materially more to overall revenue than the prior year.
- 'Tailor Me' custom tailoring service increased in volume and value in our stores and we continue to grow the presence of Moss own brands on online retail marketplaces.
- The UK retail environment continues to be highly volatile with the combined challenge of weak consumer demand and substantial external cost headwinds.

Current trading

- Trading performance has strengthened overall in the first 8 weeks of the new financial year, but remains volatile.
- Total sales are up 3.6% on last year, driven by growth in e-commerce and wholesale channels and the benefit of no recurrence of last year's stock issues.
- Retail like-for-like* sales including e-commerce, including VAT, in the first 8 weeks of the new financial year are up 3.9%.
- E-commerce sales, including VAT, in the first 8 weeks of the year are up 20.1%, demonstrating a continuation of the strong performance seen during 2018/19.
- Hire like-for-like*, reported on a 'cash taken' basis, was down 13.4% in the first 8 weeks of the year. Hire sales continue to be challenging, although Hire peak season is still to come.
- Early responses to the Spring/Summer 2019 ranges across Retail have been positive.

Commenting on the results and outlook, Brian Brick, Chief Executive Officer, said:

"It has been an extremely challenging year for the business on many fronts, but I am confident that we have made significant progress in a number of areas of the business. However, it is disappointing to be reporting an adjusted loss before tax for the Group for the first time since 2010/11.

As previously reported, we suffered from a combination of a significant stock shortage and extremes of weather, alongside sporting distraction in the first half, which impacted footfall into our stores. Whilst we were able to improve our performance in the second half of the year, this was in part as a result of adopting a more aggressive trading stance in reaction to competitor activity. We saw positive sales momentum during the fourth quarter, but as a consequence of deeper discounting, the gross margin rates which we achieved were lower than planned.

Our e-commerce and our fledgling marketplace businesses performed well throughout the year. Tailor Me, our bespoke suit offer, continues to grow and brings our tailoring credentials to life in our stores.

We opened a small number of new stores and closed marginal stores where appropriate. Investment was focussed on both the physical store environment and new customer acquisition and retention, via our continually improving e-commerce platform.

Looking forward, in common with many UK retailers, we continue to anticipate an extremely challenging retail landscape, particularly within our physical stores, as a result of reduced footfall and rising costs. Alongside the macro trend of more retail transactions moving online, we expect the uncertain consumer environment and significant cost headwinds to continue.

In spite of the challenging backdrop, we have overall, made a good start to the new financial year. The early response to the 2019 Spring/Summer retail range has been positive and the continued progress of our e-commerce channel provides us with the confidence to increase investment in this area.

We remain EBITDA** positive and debt free. The board's decision not to recommend payment of a final dividend has been made in order to offer the business maximum flexibility for investment, whilst retaining a strong debt free balance sheet."

*Like-for-like (including VAT) represents financial information for e-commerce and stores open during both the current and prior financial periods and compares 52 weeks against 52 weeks, except for stores refitted in the period, where the period closed for refit is excluded from both the current and prior financial periods. Like-for-like Hire and Tailor Me sales are calculated on cash receipts in the period, before adjustment for the movement in the level of deposits held.

**EBITDA is earnings before interest, tax, depreciation, amortisation and adjusting items.

***FY 2017/18 has been restated to reflect the adjustment resulting from the implementation of IFRS15 – Revenue from Contracts with Customers as detailed in note 3.

**** Adjusting items are set out in note 6. There were no adjusting items in FY 2017/18.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

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CHAIRMAN'S STATEMENT

It's been a challenging year for the Company, but one where we have remained committed to investing in and enhancing our specialist credentials as 'the first choice for men's tailoring'. Although we fully resolved all of the stock issues that the business faced in the first half of the year with our supplier consolidation, external factors such as the World Cup and extremely hot weather significantly dented anticipated footfall. External cost headwinds and a more fragile consumer market throughout the period also led to a fall in gross margin rates. As a result, the business reported a reduction in its full year profit before tax, recording a small adjusted loss before tax of £0.4m, compared with a profit of £6.7m restated*** in the previous year. EBITDA before adjusting items** declined to £6.6m, compared with £13.3m restated*** in the previous year.

In spite of the tough external environment, we took the decision to continue to invest in our brands, making progress in the fundamental elements that positively differentiate us and the development of new propositions such as Tailor Me. Whilst total sales fell by 2.1% year on year, there was an improving trend in the fourth quarter. Total like-for-like* sales including VAT reflected an overall decrease of 4.3% on the prior year. Like-for like retail sales, including e-commerce, were 3.6% lower than the previous year, but again on an improving trend.

Physical stores, notably those in the most high-profile retail locations, underperformed as a result of reduced footfall. More positively, the strong momentum of our e-commerce channel, up 19.6% on the year, was maintained throughout the period. E-commerce sales generated 14.5% of Group revenue (up from 12.0% last year) during the period and have performed consistently well across the year. Hire sales, which account for less than 11.5% of Group revenue, were 9.3% lower on a like for like basis.

Overall, trading gross margins fell by 2.3% compared to last year, as a result of a combination of increased promotional activity, particularly from late October onwards, exchange rate impact during the first half and a favourable exchange rate variance during the second half versus the same period last year.

Although the retail environment continued to be one of the most competitive we have seen for some time, we remained focused on our multi-branded and segmented pricing architecture. We continued to modernise our offer and maintain our relevance in the suit market. A number of small competitors and a large departmental store went into administration and although this provided short term challenges with heavy promotional discounting in local areas to clear stock, this will provide an opportunity to grow share in the medium term.

We continued to face previously highlighted external cost pressures in 2018, including increases in the National Living Wage, the National Minimum Wage, the Apprenticeship Levy, the revaluation of business rates, higher energy taxes and increased purchasing costs due to the combined effects of a devalued pound and commodity inflation. We have carefully managed our cost base throughout the year but took the decision to continue to invest in our brands and product proposition, to ensure that we remain both relevant and competitive for our customers.

The core Moss Bros master brand continues to grow its share, as do each of our supporting sub-brands of Moss London, Moss 1851, and Moss Esq, with Moss 1851 achieving over 10% growth, expanding the reach of our most sophisticated own brand. Tailor Me is now available across our entire estate and we have grown sales of Tailor Me by 15.9% in the last 12 months.

We opened a further two new stores this year in Westfield London and Icon at the O2. One store was relocated in Oxford and we closed one marginal store in Ilford. The total estate is now 129 outlets (128 outlets in January 2018) and the average lease length is 50 months compared with 55 months at January 2018. We have completed our store refit programme this year, with 3 refits, which means the majority of our store estate has been modernised over the last six years. This increased investment has impacted cash in the short term and we turn our attention now to maintaining and refining our estate to reflect the more premium positioning of our brands amongst our target customers.

We added to our management talent with the recruitment in November 2018 of a new Retail Operations Director, Ian Shaw, who joined us from T.M. Lewin and a new People Director, Jacqueline Lunardi, who joined us from Hugo Boss. Both bring strong customer and people focus. We have also proactively managed Board succession throughout the year. Bryan Portman stepped down from the Board as a Non-Executive Director and Chairman of the Audit Committee at the AGM and was replaced by Alex Gersh, who was the CFO of FTSE 100 listed business Paddy Power Betfair Group. Zoe Morgan announced her decision to step down from the Board as Non-Executive Director and Chairman of the Remuneration Committee at the AGM in May 2019. We announced her successor, Gareth Jones, who joined us as Non-Executive Director in January 2019. Gareth is the CEO of online retailer Musclefood. Prior to that he was the CEO Online at Missguided and before that the Deputy CEO and COO of e-tailer Shop Direct. He brings strong digital and online experience, broad strategic, brand and commercial skills, and International consumer insight. He will become Chair of the Remuneration Committee in May 2019.

After 10 years with the Company and just over nine as Chairman, I announced my own intention to step down from the Board at the AGM in May 2019. We are delighted to have announced that Colin Porter will succeed me as Chairman, joining the Board on the 18th March, initially as a Non-Executive Director, but then stepping up to Chair the Company with effect from the AGM in May 2019. Colin is the CEO of Joules plc, where, since 2010, he has led the development of the business through a successful international multichannel strategy, growing both sales and profits. He oversaw the successful IPO of the business on to AIM in May 2016 and has since continued to create substantial shareholder value. Prior to his role at Joules, he has held various senior management roles in the retail sector. As well as his proven multi-channel experience, Colin brings broad strategic international, retailing skills.

Although we expect the trading environment for the business in 2019 to remain challenging, we are confident that momentum will improve as our product and service initiatives take effect. The team continues to apply strong cash and working capital controls and the business continues to be debt free. The Group maintained a healthy cash balance following the one-off investment of £2.0m in recovering the stock position and has concluded the 2018/19 year with cash of £10.9m (£17.5m as at 27 January 2018).

Given the volatile trading environment, the Board is not recommending a final dividend payment, to give the business maximum flexibility for investment, whilst retaining a strong debt free balance sheet. The total dividend for the year is 1.50 pence per share. We will review our Dividend Policy throughout the year, considering the overall yield, balanced against the wider investment needs of the business. We remain debt free, with a strong balance sheet and are confident in our ability to deliver enhanced returns to our shareholders over the longer term.

Finally, I would like to recognise the fact that we differentiate ourselves through the highest levels of customer service, which is the result of the hard work and commitment of all of our people. I would like to thank them all for their continued contribution to the Group and particularly for their engagement with and support of me throughout my tenure.

DEBBIE HEWITT

CHAIRMAN

26 March 2019

* Like-for-like represents financial information for stores open during both the current and prior financial periods and compares 52 weeks against 52 weeks, except for stores refitted in the period, where the period closed for refit is excluded from both the current and prior financial periods. Like–for-like Hire sales are calculated on cash receipts in the period, before adjustment for the movement in the level of hire deposits held.

**EBITDA is earnings before interest, tax, depreciation amortisation and adjusting items.

***2017/18 has been restated to reflect the adjustment resulting from the implementation of IFRS 15 – Revenue from Contracts with Customers as detailed in note 3

CHIEF EXECUTIVE'S REVIEW

REVIEW OF OPERATIONS

During 2018 we made progress throughout the year in a number of areas; building brand equity, significant improvements in our omni-channel proposition and personalisation of our customer communications. However, the Group had a disappointing year, driven by a combination of self-inflicted stock availability problems, extremes of weather and a fragile, volatile and highly competitive consumer environment. Tailor Me, our bespoke suit offering continued to grow and leaves us well placed to capitalise on the tailoring expertise which we possess in-store and online. Investment during the year has focused on a small number of new store openings in major shopping centres and accelerating investment in new customer acquisition, customer retention, lapsed customer reactivation and enhancement of the technology which underpins our increasingly seamless omni channel proposition.

RETAIL - STORES

Store only like-for-like* sales were down 7.4% on the previous year (2017/18: up 1.2%). Retail gross margins fell on the previous year by 2.5% as a result of a combination of weaker sterling and deeper discounting during the fourth quarter of the year in order to remain competitive in a highly promotional market.

Whilst we may discuss performance of physical retail and online retail separately, the distinction between these channels is becoming increasingly blurred, with each supporting the other as part of a unified journey for our customers. We will continue to focus on bringing the benefits of both channels to our customers, in as seamless a way as possible moving forward.

We opened 2 new stores and closed 1 store in the UK during the year. A further store was relocated into a stronger, brand new shopping development. We continue to carefully review new store and relocation opportunities in the UK, but at this point have no further confirmed new store openings for 2019. The Group now trades from 129 stores (27 January 2018: 128 stores).

The inherent flexibility in our property estate gives us options in what we anticipate will be a fast changing retail landscape. The average lease length across the store portfolio is only 50 months to the end of the lease and is 33 months if lease break options are considered. We are targeting improved lease terms on any lease renewals undertaken, seeking a maximum 5 year term, with a tenant only break clause at the end of year 2. The underpinning of our retail and hire business and the demand for e-commerce 'click & collect' and 'click & return' points, together with improving lease deals, means that there is an opportunity to reposition our store footprint on a selective and cost-effective basis, with good returns.

Having completed a strategic review of our store portfolio during 2018, we have a clear, detailed and specific action plan to improve the profitability of each. We also have a clear plan as to how we will likely structure the store estate moving forward. Whilst stores remain vital to our overall proposition, we anticipate that we will see a reduction in overall store numbers across the medium term.

Whilst the charges for impairment of the store fixed assets, which we have recognised during the year, are clearly associated with potential future store performance, decisions in respect of any store closures will be made on a store by store basis taking into account all of the relevant factors which that store contributes to the wider business.

RETAIL – E-COMMERCE

Sales grew strongly, up 19.6% on the previous year (2017/18: up 13.5%). Online sales now represent 14.5% of total sales (2017/18: 12%). Visitor numbers and conversion showed good growth across all device types and particularly so from customers reaching us via mobile devices. Increasingly sophisticated use of technology has enabled us to understand how our customers interact with our e-commerce site and allows us to tailor their on-site experience and our communications to them appropriately. The percentage of mobile and tablet sales growth was especially strong and now comprises 52% of total e-commerce sales.

During the year, we leveraged our improving understanding of each of our customer segments, both online and retail store dominant customers, to allow us to personalise interactions with them and to also offer communication appropriate to their needs and dependent on their purchase history.

We continue to actively acquire new customers and focus attention on building on our existing customer repurchase behaviour, whilst reactivating those customers who have not visited www.moss.co.uk for some time.

RETAIL - MARKETPLACES

During 2018, we have established relationships with both ASOS and Next to sell our products via their online marketplaces. Whilst early stage in their development, initial customer response to our products has been positive on both platforms.

HIRE

Hire now accounts for less than 11.5% of our total revenue. Like-for-like* hire sales fell by 9.3% in the year (2017/18: down 6.2%). The broadening of the range to include lounge suits has been successful and receives positive customer feedback, although it continues to be of insufficient volume to compensate for the continuing reduction in traditional morning wear hire. We continue to invest in relevant new product where appropriate and have made progress during the year in improving and streamlining our hire processes and systems. Our online Hire offer has continued to develop, with increasing numbers of customers starting their hire journey online and completing it in store.

We are confident that our position as the leading hire brand will be maintained through the service-based initiatives currently underway.

PEOPLE

We continued to focus on developing our people, with the Moss Bros Academy gaining momentum. Our Moss Bros Diploma has also delivered some great results and all participants talk positively about the learning opportunities they have experienced in 2018. This year has also seen us put a lot of focus on imbedding a number of the tools (performance management, communication portal, recruitment selection) launched in 2017 to ensure a true return on investment for the tools we have created.

SUPPLY CHAIN AND INFRASTRUCTURE

We regularly review each of our supply routes and develop partnerships with suppliers who have the capability to deliver the blend of quality and value which we require. We are always careful to ensure that we do not sacrifice quality purely to obtain lower cost garments.

We learned a number of hard lessons during early 2018 as a result of the consolidation of our supply base into fewer suppliers, as we sought to mitigate the impact of weaker sterling on our cost prices. These issues were remedied in full within the timeframes which we committed to, but as a result we have now re-introduced a small number of additional supply routes and partners in order to offer a greater spread of risk. Since these mitigating actions have been taken, both subsequent season's deliveries have arrived without issue and stock levels are back in line with our expectations.

Given the fall in store sales and the highly fixed nature of physical store costs, underlying store costs rose more rapidly than turnover. The store cost base was also not helped by the 'upward only' nature of the rent reviews written into most institutional leases, the increase in business rates and the increases in the National Living Wage, all of which added to our store cost base during 2018.

As a result of the investments made in the previous year, our technology infrastructure delivered both speed and resilience gains, which ultimately led to an improved customer experience. In addition, we added additional mezzanine flooring and storage racking into our distribution centre to accommodate our growing e-commerce business and its associated central stock holding.

BREXIT

The nature of the Brexit negotiations have created a prolonged period of uncertainty, with the terms of the UK's exit from the European Union (EU) still unknown. This has made detailed planning a very challenging process, but we have carefully considered what may be required for Moss Bros in the event that the UK leaves the EU without a deal, a transition period or a free trade agreement in place. We have developed a number of contingency plans which will be implemented in order to minimise disruption in various scenarios.

The mitigation of indirect risks, which remain beyond our control, are highly reliant on the preparedness of national authorities and other businesses.

FINANCIAL REVIEW

Top line sales fell during 2018/19 with overall sales down 2.1%, as a result of the internal and external challenges faced during the year. Overall like-for-like* sales fell by 4.3% despite the strong growth seen within our e-commerce business. Discretionary costs continued to be tightly controlled, to the extent that there is limited scope for further cost reduction without impacting business performance. We have however sought to ensure that investment was made in those areas required to maintain progress towards our strategic goals, such as new customer recruitment. Adjusted loss before taxation from continuing operations was £0.4m (2017/18 £6.7m restated***). Statutory loss before tax and adjusting items was £4.2m (2017/18: profit £6.7m restated***) reflecting the impairment of the carrying value of certain store fixed assets (£2.2m) additional dilapidations and other property related cost provisions (£0.4m) and reorganisation and employee related costs (£1.2m).

REVENUE

Total Group revenue excluding VAT was down 2.1% (down 4.3% like-for-like*) on the previous year to £129.0m. Retail including e-commerce and wholesale revenue was down 1.3% (down 3.6% like-for-like*) on the previous year. Hire was 8.0% lower (down 9.3% like-for-like) on the previous year.

GROSS MARGIN

Underlying overall gross margin fell by 2.3% in the year (57.5% vs 59.8%), due to a combination of the impact of rising input prices as a result of the weaker pound, deeper discounting during the final quarter of the year, the reduction of Hire sales and the increase of e-commerce and wholesale sales within our overall sales mix. Gross profit fell by £4.6m as a result of both sales volume reductions and gross margin rate reductions. Volume related reductions of £1.8m were split broadly equally between our retail and hire business segments. A small increase in our hire gross margin rate was insufficient to offset the £2.8m impact of the reduced margin rates within our retail business segment. This was due to a combination of foreign exchange rate impacts, the additional markdown taken in the final quarter of the year to drive revenue growth and an increase in the mix of e-commerce and wholesale.

COSTS

Shop selling and marketing costs before adjusting items rose by 3.6% versus the prior year, a quantum increase of £2.4m. Half of this increase came from store occupancy costs; being a mixture of rent increases, non like-for-like space, rates, service charge and depreciation (accounting for 1.8% of the total increase), followed by e-commerce variable costs, which grew by just under 12% versus e-commerce sales which grew by 19.6% (accounting for 1.0% of the total increase) year on year.

Administrative expenses before adjusting items grew 2.9% (£0.2m) versus the previous year and related in the main to the full year effect of increases in technology running costs and depreciation following the infrastructure upgrades which were undertaken during 2017 and 2018.

Costs remain tightly controlled with expenditure focused on areas that will add value and support the development of the strategic goals of the Group.

ADJUSTING ITEMS

Adjusting items are those which are material in either size or nature or relate to a significant restructuring programme and are therefore presented separately to provide readers of the accounts with additional information on the performance of the Group. There were no adjusting items incurred in the prior year.

As we noted at the time of our Interim results in September 2018, we regularly review the carrying value of store fixed assets. We have, across the full year, impaired £2.2m of our fixed assets in respect of c. 20 stores. Additionally, as part of the strategic review of our store portfolio, we have extended the period across which we look forward to provide for potential future dilapidation claims from landlords to 30 months. This, plus other property related adjustments has resulted in an additional charge of £0.4m. We have provided £1.2m in respect of strategic restructuring and other people related costs. The majority of this restructuring cost was provided at the time of our interim results.

EARNINGS PER SHARE

Basic earnings per share on total earnings were -3.83 pence compared with 5.33 pence per share restated*** last year. Diluted earnings per share has not been disclosed for 2018/19 because there is no dilutive effect. Diluted earnings per share for 2017/18 was 5.32 pence per share restated***.

TAXATION

The Group's effective tax rate for 2018/19 was a credit of 8.7% compared with a charge of 20.3% for 2017/18. The change in 2018/19 is mainly due to the reduction of profits in the year when combined with the timing differences between depreciation charged and capital allowances.

DIVIDEND

Given the volatile trading environment, the Board is not recommending a final dividend payment, to give the business maximum flexibility for investment, whilst retaining a strong debt free balance sheet. The total dividend for the year is 1.5 pence per share, 2.5 pence per share lower than the previous year. We will review our Dividend Policy throughout the year, considering the overall yield, balanced against the wider investment needs of the business. We remain debt free, with a strong balance sheet and are confident in our ability to deliver enhanced returns to our shareholders over the longer term.

INVESTMENT

Total capital expenditure in the year was £6.2m (2017/18: £8.5m) reflecting reduced levels of investment in physical stores and refurbishments, final elements of IT infrastructure upgrades. Depreciation and amortisation was £7.1m (2017/18: £6.6m). Investment included the opening of 2 new stores, 1 store relocation and the refurbishment of 3 stores. The total capital expenditure included further investment in new Moss Bros hire inventory of £1.0m (2017/18: £1.8m), whilst depreciation on hire inventory was £1.6m (2017/18: £1.6m).

CASH AND LIQUIDITY

The year end cash balance was £10.9m compared with £17.5m last year, after investment in new stores, store refits, technology and hire stock, recovery of the stock position and payment of dividends. Our strong control of working capital enables us to manage short term variations within our annual cashflow without utilising any external debt facilities.

INVENTORY

The challenges seen at the beginning of the year in terms of product availability were fully addressed and inventory levels have been at the appropriate level since early Summer 2018. Inventory is regularly reviewed to ensure the appropriated mix and volume of product to support sales across the business. Stock value at the year-end, reflecting the improved position versus the prior year, was £17.3m, 12.3% higher than January 2018 (2017/18: £15.4m restated***).

FUTURE DEVELOPMENTS

The Board continues to believe Moss Bros has a compelling proposition, with the growth of e-commerce underpinning the move to full omni-channel retailing. The development of our sub-brands during the year, particularly Moss London and Moss 1851, has continued and we will continue to invest in product innovation both in suiting and adjacent categories, whilst also offering customers more contemporary solutions to address their needs, recognising the growing trend for 'business casual' attire.

In order to maximise our opportunity and with the increasing role that digital has to play in marketing, we will add further resource and investment during 2019 to support our omni-channel proposition and to better serve our customer with an increasingly personalised experience across our website and in store.

Our Tailor Me offer further underpins our tailoring expertise and credentials as the number one men's formalwear specialist in the UK. The service which we offer is not available in such a simple and accessible form from any other retailer in the UK. As a result, the business is focussed on developing this service further and anticipate the strong levels of growth seen to date will continue.

Investment in our People Strategy continues with the aim of establishing a multi-skilled service culture across the business - our people remain critically important to our service proposition.

RETAIL

The store refit programme is substantially complete and we are moving our focus towards developing ways in which we can offer an in-store experience which can both leverage and complement the Group's online capabilities which our website offers. We will review the ways in which we might make a wider product catalogue available to customers in-store without the need to carry increased levels of inventory.

We will closely monitor store performance and the services which we offer within stores to ensure that we have a store estate of an appropriate size and mix to meet customer needs, whilst remaining cognisant that the role of physical retail stores is undergoing significant change. We will remain focussed on ensuring that we have the appropriate flexibility in our store estate lease portfolio so that we can be agile in our response to changing market conditions and demands.

HIRE

We will continue to leverage the opportunities to grow our market share through all distribution channels including online. Our recent investment in lounge suits continues to prove appropriate as customer demand continues to move away from the traditional morning wear hire market. Investment in new hire stock totalled £1.0m in 2018 and we expect a further, although significantly lower investment of £0.3m in 2019, as our current hire catalogue reaches maturity.

Early season booking numbers for collection in the current year (FY 2019/20) remains challenged at 6.3%, below last year's bookings at this point. We are able to offer a range of alternative propositions to customers where hire may no longer be the first-choice solution to their formalwear need.

E-COMMERCE

We plan to continue to invest in strengthening our e-commerce capability and building on our current growth. We will invest more in new customer recruitment, lapsed customer reactivation and in segmentation/personalisation of our communication with our customers Additionally, we will make our digital communications, product information and styling advice accessible across both physical stores and online.

SUPPLY CHAIN & COSTS

Our supply chain continues to be of significant importance in delivering high quality and relevant product and service and in realising efficiencies.

In the year ahead, we will continue to see higher input costs; from national living wage, business rates, apprenticeship levy and increases in levels of pension auto-enrolment costs. We will operate the company in a manner appropriate for the more competitive trading environment and we will continue to seek further ways in which to mitigate these rising costs, whilst protecting the investment we are making in building and sustaining our differentiated offer.

We will only incur additional discretionary central costs versus 2018/19 where these will directly contribute towards delivering long term improvements in profitable turnover or where these will underpin key strategic initiatives.

INFRASTRUCTURE

We will invest as required in technology to underpin our plans to further enhance our omni-channel proposition and to roll out digital capability across the business. We will also make mechanical improvements within our distribution centre during 2019/20, although this will be relatively small following significant investment in this area over the last two years.

Capital expenditure for 2019/20 is estimated at £3.0m, including £1.1m for investment in stores, £1.6m in Technology and Infrastructure and £0.3m for hire stock.

PEOPLE

2018 was a year of change in Moss Bros with some key leadership and structure changes taking place in the second half of the year. These changes will drive positive momentum in 2019. As the retail sector and the employment market continue to change, we need to ensure we are future proofing the organisation and offering an employment experience that meets the needs of the millennial population. 2019 will see us foster a culture that encourages all of our employees to make a positive difference in their area of the business

OUTLOOK

The investments we are making to evolve our proposition will bring positive momentum to our performance.

Our omni-channel strategy continues to make significant progress and we are focused on leveraging the insight into our customer base that we now have to deliver an entirely unified customer experience.

We will trial a number of initiatives during 2019 which we believe will better position us to serve our customer's needs over the medium to long term and ensure that we remain relevant to our core customer groups.

We expect that we will finish 2019/20 better placed to execute on the successes within these trials and will have additional routes to supplement the already key areas of growth within our business, most notably; e-commerce, our product development, our Tailor Me proposition and our growing marketplace business via third party platforms.

Whilst the market in which we operate remains highly competitive, we see the weaker trading environment as an opportunity to strengthen our core proposition.

We are confident that, with our strong balance sheet, which offers a solid foundation upon which to build, we are well placed to gain market share and that the business will return to growth, delivering enhanced returns to our shareholders over the longer term.

BRIAN BRICK

CHIEF EXECUTIVE OFFICER

26 March 2019

*Like-for-like (including VAT) represents financial information for e-commerce and stores open during both the current and prior financial periods and compares 52 weeks against 52 weeks, except for stores refitted in the period, where the period closed for refit is excluded from both the current and prior financial periods. Like-for-like Hire and Tailor Me sales are calculated on cash receipts in the period, before adjustment for the movement in the level of deposits held.

**EBITDA is earnings before interest, tax, depreciation amortisation and adjusting items.

***FY 2017/18 has been restated to reflect the adjustment resulting from the implementation of IFRS15 – Revenue from Contracts with Customers as detailed in note 3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 26 JANUARY 2019

	52 weeks to 26 January 2019 Adjusted	52 weeks to 26 January 2019 Adjusting*	**52 weeks to 26 January 2019 TOTAL**	52 weeks to 27 January 2018 Restated**
			Total	Total
	£'000	£'000	**£'000**	£'000
CONTINUING OPERATIONS				
Revenue	128,987	-	**128,987**	131,723
Cost of sales	(54,768)	-	**(54,768)**	(52,890)
Gross profit	74,219	-	**74,219**	78,833
Administrative expenses	(6,109)	(118)	**(6,227)**	(5,937)
Shops' selling and marketing costs	(68,611)	(3,681)	**(72,292)**	(66,234)
Operating (loss) / profit	(501)	(3,799)	**(4,300)**	6,662
Other gains and losses	14	-	**14**	21
Investment revenues	76	-	**76**	37
Finance costs	(4)	-	**(4)**	-
(Loss) / profit on ordinary activities before taxation	(415)	(3,799)	**(4,214)**	6,720
Tax credit / (charge)	(179)	547	**368**	(1,362)
(Loss) / profit after taxation attributable to equity holders of the parent	(594)	(3,252)	**(3,846)**	5,358
EBITDA* **	6,575	(3,799)	**2,776**	13,265
OTHER COMPREHENSIVE INCOME – ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY INTO PROFIT OR LOSS				
Cash flow hedges				
Gain / (loss) on derivatives designated in cash flow hedge relationships	1,828	-	**1,828**	(1,853)
Amounts transferred to inventory as basis adjustment	(84)	-	**(84)**	-
Deferred tax on cash flow hedge relationships	(80)	-	**(80)**	-
Other comprehensive income for the year, net of tax	1,664	-	**1,664**	(1,853)
Total comprehensive income for the year	1,070	(3,252)	**(2,182)**	3,505
Earnings per share (pence)				
Basic - total	(0.59p)	(3.24p)	**(3.83p)**	5.33p
Diluted - total	n/a	n/a	**n/a**	5.32p

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

(Loss) / profit and total comprehensive (loss) / income is entirely attributable to owners of the parent.

* Adjusting items are set out in note 6.

** The restatement relates to the transition to IFRS 9 and IFRS 15 as set out in note 3.

*** Reconciliation of EBITDA is set out in note 8.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 26 JANUARY 2019

52 WEEKS ENDED 27 JANUARY 2018	Share capital £'000	Share premium account £'000	Share-based payments £'000	Employee benefit trust £'000	Hedging Reserve £'000	Retained earnings £'000	Total equity £'000
BALANCE AT 29 JANUARY 2017	5,040	8,673	637	(138)	418	22,869	37,499
Transition to IFRS 15 (note 3)	-	-	-	-	-	(97)	(97)
BALANCE AT 29 JANUARY 2017 (restated)	5,040	8,673	637	(138)	418	22,772	37,402
Profit for the period	-	-	-	-	-	5,351	5,351
Transition to IFRS 15 (note 3)	-	-	-	-	-	7	7
Profit for the period (restated)	-	-	-	-	-	5,358	5,358
Other comprehensive income:							
Loss on derivative designated in cash flow hedge relationships	-	-	-	-	(1,787)	-	(1,787)
Amounts transferred to inventory as basis adjustment	-	-	-	-	(66)	-	(66)
Total comprehensive (loss) / income for the period (restated)	-	-	-	-	(1,853)	5,358	3,505
Dividends paid	-	-	-	-	-	(6,040)	(6,040)
Debit to equity for equity settled share-based payments	-	-	(72)	-	-	-	(72)
Exercise of shares held under option	-	-	(382)	-	-	382	-
Movement on deferred tax on equity settled share-based payments	-	-	(6)	-	-	-	(6)
Movement on current tax on exercise of equity settled share –based payments	-	-	-	-	-	8	8
Sale of shares by employee benefit trust	-	-	-	286	-	(286)	-
Subscription to employee benefit trust	-	-	-	(466)	-	-	(466)
BALANCE AT 27 JANUARY 2018 (restated)	**5,040**	**8,673**	**177**	**(318)**	**(1,435)**	**22,194**	**34,331**

52 WEEKS ENDED 26 JANUARY 2019	Share capital £'000	Share premium account £'000	Share-based payments £'000	Employee benefit trust £'000	Hedging Reserve £'000	Retained earnings £'000	Total equity £'000
BALANCE AT 28 JANUARY 2018 (restated)	5,040	8,673	177	(318)	(1,435)	22,194	34,331
Loss for the period	-	-	-	-	-	(3,846)	(3,846)
Other comprehensive income:							
Gain on derivative designated in cash flow hedge relationships	-	-	-	-	1,828	-	1,828
Amounts transferred to inventory as basis adjustment	-	-	-	-	(84)	-	(84)
Deferred tax on cash flow hedge relationships	-	-	-	-	(80)	-	(80)
Total comprehensive (loss) / income for the period	-	-	-	-	1,664	(3,846)	(2,182)
Dividends paid	-	-	-	-	-	(3,488)	(3,488)
Credit to equity for equity settled share-based payments	-	-	122	-	-	-	122
Movement on deferred tax on equity settled share-based payments	-	-	(2)	-	-	-	(2)
BALANCE AT 26 JANUARY 2019	**5,040**	**8,673**	**297**	**(318)**	**229**	**14,860**	**28,781**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 26 JANUARY 2019

	26 January 2019	27 January 2018 Restated	29 January 2017 Restated
	£'000	£'000	£'000
ASSETS			
Intangible assets	**2,701**	2,177	1,443
Property, plant and equipment	**15,620**	19,354	18,792
Leasehold improvements	**1,288**	1,336	1,252
Deferred tax assets	**1,798**	1,277	1,200
TOTAL NON-CURRENT ASSETS	**21,407**	24,144	22,687
Inventories	**17,267**	15,393	16,709
Trade and other receivables	**4,587**	4,594	3,688
Contract assets	**263**	197	143
Current tax asset	**81**	-	-
Cash and cash equivalents	**10,854**	17,477	19,518
Derivative financial instruments	**417**	-	411
TOTAL CURRENT ASSETS	**33,469**	37,661	40,469
TOTAL ASSETS	**54,876**	61,805	63,156
LIABILITIES			
Trade and other payables	**17,106**	16,552	15,293
Contract liabilities	**2,230**	2,118	2,104
Derivative financial instruments	**-**	1,421	-
Provisions	**1,044**	1,205	1,252
Current tax liability	**-**	767	1,181
TOTAL CURRENT LIABILITIES	**20,380**	22,063	19,830
Other payables	**3,493**	3,481	3,208
Provisions	**1,120**	908	1,321
Deferred tax liabilities	**1,102**	1,022	1,395
TOTAL NON-CURRENT LIABILITIES	**5,715**	5,411	5,924
TOTAL LIABILITIES	**26,095**	27,474	25,754
NET ASSETS	**28,781**	34,331	37,402
EQUITY			
Called up share capital	**5,040**	5,040	5,040
Share premium account	**8,673**	8,673	8,673
Share-based payments	**297**	177	637
Employee benefit trust	**(318)**	(318)	(138)
Hedge reserve	**229**	(1,435)	418
Retained earnings	**14,860**	22,194	22,772
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT	**28,781**	34,331	37,402

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 52 WEEKS ENDED 26 JANUARY 2019

	52 weeks to 26 January 2019	52 weeks to 27 January 2018 Restated
	£'000	£'000
OPERATING ACTIVITIES		
(Loss)/Profit after taxation	**(3,846)**	5,358
Adjustments for:		
Taxation (credit) / charge	**(368)**	1,362
Other gains	**(14)**	(21)
Investment income	**(76)**	(37)
Financial costs	**4**	-
Amortisation of intangible assets	**1,045**	862
Impairment of tangible fixed assets	**2,171**	148
Depreciation of tangible fixed assets	**6,017**	5,720
Loss on disposal of property, plant and equipment	**195**	348
(Increase) / decrease in inventories	**(1,957)**	1,262
Decrease / (increase) in receivables	**(61)**	(906)
Increase in payables	**670**	1,659
Increase / (decrease) in provisions	**51**	(461)
Share-based payments expense	**122**	(91)
Exercise of share options	**-**	(382)
Taxation paid	**(1,003)**	(2,222)
NET CASH FROM OPERATING ACTIVITIES	**2,950**	12,599
INVESTING ACTIVITIES		
Interest received	**76**	37
Interest paid	**(4)**	-
Addition of intangible assets	**(1,570)**	(1,652)
Purchase of property, plant and equipment	**(4,609)**	(6,826)
Proceeds from the sale of property, plant and equipment	**22**	21
NET CASH USED IN INVESTING ACTIVITIES	**(6,085)**	(8,420)
FINANCING ACTIVITIES		
Dividends paid	**(3,488)**	(6,040)
Proceeds of employee benefit trust share sale	**-**	286
Subscription to employee benefit trust	**-**	(466)
Excess SAYE receipt between cost and exercise price	**-**	-
NET CASH USED IN FINANCING ACTIVITIES	**(3,488)**	(6,220)
Cash and cash equivalents at beginning of period	**17,477**	19,518
Net (decrease) in cash and cash equivalents	**(6,623)**	(2,041)
Cash and cash equivalents at end of period	**10,854**	17,477

The above Consolidated and company Statement of Cash Flows should be read in conjunction with the accompanying notes.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 26 JANUARY 2019

	26 January 2019	27 January 2018 Restated	29 January 2017 Restated
	£'000	£'000	£'000
ASSETS			
Intangible assets	**2,701**	2,177	1,443
Property, plant and equipment	**15,620**	19,354	18,792
Leasehold improvements	**1,288**	1,336	1,252
Investments	**9,502**	9,502	9,502
Deferred tax asset	**1,798**	1,277	1,200
TOTAL NON-CURRENT ASSETS	**30,909**	33,646	32,189
Inventories	**17,267**	15,393	16,709
Trade and other receivables	**6,738**	6,745	5,839
Contract assets	**263**	197	143
Current tax asset	**81**	-	-
Cash and cash equivalents	**10,854**	17,477	19,518
Derivative financial instruments	**417**	-	411
TOTAL CURRENT ASSETS	**35,620**	39,812	42,620
TOTAL ASSETS	**66,529**	73,458	74,809
LIABILITIES			
Trade and other payables	**29,288**	28,734	27,475
Contract liabilities	**2,230**	2,118	2,104
Derivative financial instruments	**-**	1,421	-
Provisions falling due within one year	**1,044**	1,205	1,252
Current tax liability	**-**	767	1,181
TOTAL CURRENT LIABILITIES	**32,562**	34,245	32,012
Other payables	**3,493**	3,482	3,209
Provisions falling due after one year	**1,120**	908	1,321
Deferred tax liability	**1,102**	1,022	1,395
TOTAL NON-CURRENT LIABILITIES	**5,715**	5,412	5,925
TOTAL LIABILITIES	**38,277**	39,657	37,937
NET ASSETS	**28,252**	33,801	36,872
EQUITY			
Called up share capital	**5,040**	5,040	5,040
Share premium account	**8,673**	8,673	8,673
Share-based payments	**297**	177	637
Employee benefit trust	**(318)**	(318)	(138)
Acquisition reserve	**4,370**	4,370	4,370
Hedge reserve	**229**	(1,435)	418
Profit and loss account	**9,961**	17,294	17,872
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT	**28,252**	33,801	36,872

The Company loss after taxation for the year ended 26 January 2019 was £3,846,000 (Restated 27 January 2018: £5,358,000 restated profit). The profit for 27 January 2018 before restatement was £5,351,000.

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year.

The above Company Statement of Financial Position should be read in conjunction with the accompanying notes.

1. Basis of preparation

The financial information set out in the announcement does not constitute the Group's statutory accounts for the periods ended 26 January 2019 or 27 January 2018. The financial information for the period ended 27 January 2018 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditor reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or (3) of the Companies Act 2006. The audit of the statutory accounts for the 52 week period ended 26 January 2019 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), this announcement does not itself contain sufficient information to comply with IFRS. The Group expects to publish full financial statements that comply with IFRS in April 2019.

From the Group’s perspective, there are no applicable differences between IFRS adopted for use in the European Union and IFRS as issued by the International Accounting Standards Board.

The accounting policies adopted by the Group for the 52 weeks ended 26 January 2019 in these consolidated preliminary results are consistent with those adopted by the Group in its consolidated financial statements for the 52 weeks ended 27 January 2018 except to the extent of the impact of the transition to IFRS 9 and IFRS 15, the effects of which are disclosed in note 2.

The Statement of Comprehensive Income sets out the results for the 52 week period ended 26 January 2019 before and after adjusting for the impact of certain items by virtue of their size and frequency of occurrence. Management are of the opinion that presenting the Statement of Comprehensive Income before and after adjusting for the impact of these items is necessary to understand the Group’s financial performance during the period. Explanations of adjusting items are disclosed in note 6. There were no adjusting items in the 52 week period to 27 January 2018.

2. Going Concern

The Group’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman’s Statement and the Chief Executive’s Business Review. The latter describes the financial position of the Group, its cash flows, liquidity position, together with the Group’s objectives, key risks and uncertainties.

The Board of Directors has undertaken a recent thorough review of the Group’s budgets and forecasts and has produced detailed cash flow projections, which take account of reasonably possible changes in trading performance, showing that the Group is expected to operate within the level of its current surplus cash balances.

After making enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts for the 52 weeks ended 26 January 2019.

3. Restatement of comparatives on transition to IFRS 9 and IFRS 15

ADOPTION OF IFRS 9 ‘FINANCIAL INSTRUMENTS’

The Group has adopted IFRS 9 from 28 January 2018, using the full retrospective approach of adoption. The Group has applied the full requirements of IFRS 9 to all its financial instruments including the Group’s cashflow hedge accounting.

No material differences have arisen from transitioning to the new standard, and therefore comparative information has not been restated.

The Group applies the simplified approach in measuring contract assets and receivables.

Regarding hedge accounting, entities have the choice to continue to apply IAS 39. Moss Bros Group PLC has elected to apply the hedge accounting requirements of IFRS 9 from 28 January 2018, which is the date of initial application of the Standard.

The new standard allows for increased eligibility of hedged items (e.g. risk components, aggregated exposures, groups and net positions), increased eligibility of hedging instruments has new hedge effectiveness requirements and requires additional disclosures about an entity's risk management strategy, cash flows from hedging activities and the impact of hedge accounting on the financial statements.

When applying IFRS 9 for the first time, the Group reflected the following accounting choices in the hedge model and hedge documentation:

- The Group does not separate the forward element and the spot element of its forward contracts and does not designate, as the hedging instrument, the change in the value of the spot element.

- The foreign currency basis spread is not separated and not excluded from the designation of the forward contracts as the hedging instrument.

As required by IFRS 9 (unlike under IAS 39 where it was only an accounting policy choice), the accumulated hedging gain or loss at that date is removed from the cash flow hedge reserve and included directly in the initial cost of the inventory ("basis adjustment") when the highly probable forecast transaction subsequently results in the recognition of inventory.

ADOPTION OF IFRS 15 'REVENUE FROM CONTRACTS WITH CUSTOMERS'

The Group has adopted IFRS 15 from 28 January 2018, using the full retrospective approach of adoption, resulting in the following restatement of comparatives for the Consolidated Statement of Comprehensive Income for the 52 weeks to 27 January 2018 and the Statement of Financial Position as at 27 January 2018.

The Group has not taken advantage of any practical expedients under IFRS 15.

The Group deemed the effect of transition on deferred tax to be immaterial and has therefore not accounted for any change in deferred tax as a result of transition to IFRS 15 in the current year.

The net impact to equity as at 29 January 2017 is a debit of £97,000 (27 January 2018: credit of £7,000) as described in the narrative and tables below:

Hire revenue –

Under both IAS 18 and IFRS 15, hire revenue is recognised on collection of goods. At this point it is deemed that all risks and rewards have been transferred, or that the Group's performance obligations are satisfied, and as such revenue is recognised at that point in time. Progress payments and advances received from customers are not considered reliable indicators of the stage of completion under the standards.

However certain costs including credit card charges, commissions and cleaning costs can no longer be deferred under IFRS 15 as these are costs that would have been incurred regardless of whether the good are hired or not. As a result, these costs are not considered to be separate performance obligations, and therefore can no longer be deferred under IFRS 15.

The total impact in profit or loss for the 52 week period to 27 January 2018 in respect of this adjustment is a credit of £4,000 (2016/17: £198,000 debit).

Refund provision –

The Group offers a full refund on retail sales within 28 days. Under IAS 18, management held a provision, against retail sales, to estimate the net value of returns made in the 28 days following the year end where the sale was made during the period. Revenue was stated net of this provision.

Under IFRS 15 a customer refund creates a variable consideration. Until the right of return expires or returns are no longer accepted, there is uncertainty as to how many sales will fail, and therefore the amount of consideration to which the Group is entitled.

Under IFRS 15, the Group therefore reduces the value of the products expected to be returned from total sales the consideration to which it expects to be entitled. As a result, revenue is adjusted down by £54,000 to reflect the amount to be returned.

Furthermore, a refund liability representing the obligation to return the customers consideration, and a corresponding refund asset and adjusting cost of sales should be recognised on a gross basis. As a result, a refund liability has been recognised as at 27 January 2018 of £197,000, with inventories increasing by an equal amount and the corresponding effect being reflected in cost of sales.

Licence revenue –

The Group has a licence agreement in place allowing a trading company the right to trade under the Moss Bros name. On transition to IFRS 15, this arrangement was identified as a contract that allows the right to access the intellectual property of Moss Bros and therefore the income received has, for the restated 52 weeks to 27 January 2018 been recognised at the point in time when the license is provided. Therefore, revenue is recognised sooner under the IFRS 15. The total impact to in profit or loss for the 52 week period to 27 January 2018 in respect of this adjustment is a credit of £3,000 (2016/17: £101,000 credit).

Contract assets and liabilities –

Under IFRS 15, the concept of deferred revenue and accrued income extinguishes, and instead the group recognises contract assets and liabilities to reflect; where amounts have yet to have been received and the contract obligations have been met in the case of contract assets; or where there are unfilled contract obligations where cash has been received in advance of the performance obligation being met in the case of contract liabilities. The Group discloses contract assets and liabilities separately from trade and other receivables and trade and other payables respectively.

4. Earnings per Share

Basic earnings per ordinary share is based on the weighted average of 100,499,839 (2017/18: 100,458,586) ordinary shares in issue during the period after deducting for shares held by the Employee Benefit Trust and are calculated by reference to the loss attributable to shareholders of £3,846,000 (2017/18: £5,358,000 restated profit).

Diluted earnings per share has not been disclosed for 2018/19 because there is no dilutive effect. The diluted earnings per ordinary share for 2017/18 is based upon the weighted average of 100,798,679 ordinary shares after deducting shares held by the Employee Benefit Trust, which include the effects of shares under SAYE, LTIP and Deferred Bonus Shares of 3,026,649, that were non-dilutive for the period presented and could dilute earnings per share in the future and are calculated by reference to the profit attributable to shareholders as stated above.

Basic earnings per share	**2018/19 pence**	2017/18 pence Restated
Basic earnings per share	**(3.83)**	5.33

Diluted earnings per share	**2018/19 pence**	2017/18 pence Restated
Diluted earnings per share	**n/a**	5.32

5. Revenue and Business Segments

OPERATING SEGMENTS (GROUP AND COMPANY)

The majority of the Group's turnover arose in the United Kingdom, with the exception of three stores in Ireland.

IFRS 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive Officer to allocate resources to the segments and to assess their performance. The Chief Executive Officer is the Chief Operating Decision Maker.

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance is focused on the split between Mainstream Retail and Hire. This is consistent with the prior year.

Information regarding the Group's continuing operating segments is reported below. Ecommerce is not identified separately as an operating segment due to increasing levels of cross-over between physical store sales and customers and ecommerce sales and customers as we pursue our strategic goal of achieving full omni-channel capability.

Only revenue and gross profit have been reported for the Group's business segments, Retail and Hire, as the main operating costs, being property, related overheads and staff, cannot be separately identified as they both use the same stores and hence operating profit is not reported to the Chief Executive Officer split by Retail and Hire. Revenue and gross profit are the measures reported to the Chief Executive Officer.

On the same basis, assets cannot be allocated between Retail and Hire, and are not reported to the Chief Executive Officer separately.

Revenues outside of the United Kingdom represent less than 4% (2017/18: 4%) of Group revenues.

The following is an analysis of the Group's revenue and gross profit in the current and prior periods:

KEY FINANCIALS

CONTINUING OPERATIONS	**52 weeks to 26 January 2019 £'000**	52 weeks to 27 January 2018 Restated £'000
Revenue		
Retail	**114,186**	115,632
Hire	**14,801**	16,091
Total revenue	**128,987**	131,723
Gross profit		
Retail	**62,886**	66,609
Hire	**11,333**	12,224
Total gross profit	**74,219**	78,833
Gross Margin %		
Retail	**55.1%**	57.6%
Hire	**76.6%**	76.0%
Total gross margin	**57.5%**	59.8%

The accounting policies for the reportable segments are the same as the Group's accounting policies described in note 1.

6. Adjusting Items

GROUP AND COMPANY	**2018/19** **£'000**	2017/18 £'000
ADMINISTRATIVE EXPENSES:		
Reorganisation costs - Professional charges	118	-
	118	-
SHOP SELLING AND MARKETING COSTS:		
Impairment of leased properties	2,171	-
Provision for dilapidations and property related costs	445	-
Reorganisation costs and other people related costs	1,065	-
	3,681	-
	3,799	-
TAX (CREDIT):		
Tax (credit) on adjusting items	(547)	-
	(547)	-
	3,252	

a) Store impairments
As part of the strategic review of our store portfolio carried out in 2018 the group revised future projections for all stores on a store by store basis. The review identified a number of stores where future performance may not support the carrying value of the store assets. Approximately twenty stores showed the potential for a material shortfall in discounted future revenue streams failing to cover the carrying value of store assets. Whilst action plans are in place to attempt to improve performance, it was considered appropriate to impair the carrying value of these store assets. Adjusting items within store costs of £2.2m have been recognised in the year.

b) Property portfolio review and related costs
As a further result of the strategic review of our store portfolio carried out in 2018, we have provided for an extension from 18 to 30 months to the 'look forward' provision for estimated dilapidations costs in respect of stores which the Group would reasonably expect, should performance not improve, to either not renew the lease of or serve a lease break clause on, causing a dilapidations liability to be triggered. As a result we have recognised £0.3m of adjusting items within store costs. In addition, a further £0.1m of other costs resulting directly from the property portfolio review are included here.

c) Strategic reorganisation and employee-related costs
Charges of £1.2m (£1.1m within shops selling and marketing costs, £0.1m within Administrative costs) were incurred as a result of certain elements of the transformation required within the business in order to deliver the overall business strategy, including redundancies, recruitment costs and associated professional fees in relation to key roles which, following the changes made will help better deliver the future strategy of the business. In addition, an estimated amount is included here relating to people costs which is not material in size but relates largely to prior periods.

7. Taxation

(A) TAXATION RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME IS AS FOLLOWS:	**2018/19**	2017/18
GROUP AND COMPANY - CONTINUING OPERATIONS	**£'000**	£'000
Current tax charge		
Current period	**133**	1,892
Adjustment for prior periods	**23**	(75)
	156	1,817
Deferred tax (credit) / charge		
Current period	**(500)**	(362)
Adjustment for prior periods	**(24)**	(93)
	(524)	(455)
Total taxation (credit) / charge in the Statement of Comprehensive Income	**(368)**	1,362

	2018/19	2017/18
(B) FACTORS AFFECTING THE TAX CHARGE FOR THE PERIOD		Restated
GROUP AND COMPANY - CONTINUING OPERATIONS	**£'000**	£'000
(Loss) / profit on ordinary activities before tax	**(4,214)**	6,720
(Loss) / profit before tax multiplied by rate of corporation tax in the UK of 19% (2017/18: 19.16%)	**(801)**	1,288
Expenses not deductible for tax purposes	**82**	17
Income taxed at different rates on foreign jurisdictions*	**(26)**	(65)
Depreciation on assets not qualifying for capital allowances**	**319**	258
Adjustment in respect of prior period	**(1)**	(168)
Impact on share based payments	**-**	27
Other permanent differences	**-**	(49)
Effect of the change of tax rate	**59**	54
Taxation (credit) / charge for the period	**(368)**	1,362
Amounts charged directly to equity		
Share based payments	**2**	6

(C) ANALYSIS OF DEFERRED TAX LIABILITY GROUP AND COMPANY	**2018/19**	2017/18
	£'000	£'000
The deferred tax liability comprises:		
Deferred capital gains	**(1,022)**	(1,022)
Financial liabilities designated as cash flow hedge	**(80)**	-
Deferred tax liability	**(1,102)**	(1,022)

(D) ANALYSIS OF DEFERRED TAX ASSET	**2018/19**	2017/18
GROUP AND COMPANY	**£'000**	£'000
The deferred tax asset comprises:		
Accelerated capital allowances	**1,642**	1,158
Share-based payments	**20**	24
Other short-term timing differences	**136**	95
Deferred tax asset	**1,798**	1,277

(E) MOVEMENT IN DEFERRED TAX ASSET AND LIABILITY	
GROUP AND COMPANY	**£'000**
Liability at 28 January 2017	**(194)**
Credit to income due to continuing operations	**455**
Debit to equity due to continuing operations	**(6)**
Asset at 27 January 2018	**255**
Credit to income due to continuing operations	**443**

Debit to equity due to continuing operations	**(2)**
Asset at 26 January 2019	**696**

*Income taxed at different rates on foreign jurisdictions relates to the profit for the period of the Group's Irish stores taxed at 12.5%.
** Depreciation on assets not qualifying for capital allowances relates to structural improvements such as flooring and wall partitioning.

At 26 January 2019 the deferred tax asset in respect of capital allowances, share-based payments and other short-term temporary differences was recognised on the basis that the Company generated a taxable profit in 2018/19 and then forecasts a taxable profit in future years.

At the reporting date, the Finance (No 2) Act 2016 had been substantively enacted confirming that the main UK corporation tax rate will reduce from 19% to 17% from 1 April 2020. Therefore, at January 2019, deferred tax assets and liabilities have been calculated at the rate at which the temporary difference is expected to reverse. These reductions may also reduce the Group's future current tax charges accordingly.

8. Earnings before interest, tax, depreciation and amortisation ("EBITDA")

EBITDA as reported in the Headlines on page 1 is calculated as follows:

GROUP AND COMPANY	**52 weeks to 26 January 2019 £'000**	52 weeks to 27 January 2018 Restated £'000
Loss / (profit) on ordinary activities before tax	**(4,214)**	6,720
Deduct:		
Investment revenues	**(76)**	(37)
Finance costs	**4**	-
Add:		
Depreciation of property, plant and equipment and leasehold improvements	**6,017**	5,720
Amortisation of intangible assets	**1,045**	862
EBITDA*	**2,776**	13,265
Adjusting items	**3,799**	-
Adjusted EBITDA**	**6,575**	13,265

* EBITDA is earnings before interest, tax, depreciation and amortisation.
** Adjusted EBITDA is earning before interest, tax, depreciation, amortisation and other adjusting items as disclosed on the face of the Statement of Comprehensive Income and in note 6.