our customers, to undertake surveys on various subjects. This customer feedback provides us with invaluable insight that allows us to continue to shape our future customer proposition.

Key performance indicators

The Directors use various measures to assess the performance of the business at store level. The measure which, in the opinion of the Directors, gives the best indication of the business's performance is adjusted earnings before interest, tax, depreciation, amortisation, foreign exchange, impairment and debtor write-down ("Adjusted EBITDA" as defined in note 6), which was a loss of (£1.6m) (2020: profit of £20.2m) as COVID has impacted the demand for our core product categories (e.g. dresses, occasion wear and office wear), together with the closure of our physical locations, with the loss of around 47% of our store trading hours.

Principal risks and uncertainties

Hobbs is a well-established brand, with a loyal customer following and distinct brand identities which was performing well prior to the COVID-19 pandemic. The Directors are of the opinion that the principal risk facing the business is the pace with which customer shopping habits return as the world recovers from the pandemic, although our ability to design and retail clothing and accessories which are considered by the group's customers to be both attractive and affordable, as well as our strong online presence (both directly and through third parties) means we are well placed to thrive. Additionally, the performance of the economy in general will always remain a risk to the business, not only as a result of the COVID-19 pandemic but also in light of the recent departure of the UK from the European Union.

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, liquidity risk and interest rate risk. The group seeks to limit the adverse effects on the financial performance of the group where possible by using forward rate contracts and monitoring levels of cash holdings, debt finance and related finance costs. The policies set by the Board of Directors are implemented by the group's finance department. Foreign exchange, credit, liquidity and interest rate risk are managed at Director level.

Effects of climate change

Hobbs recognises the major impact the global apparel and footwear industries have on the environment and we have identified risks associated to climate change within our own operations and supply chains.

Severe drought and weather pattern changes may in the long term cause a shortage of crops used for the manufacturing of our products. Rising electricity and transportation expenses may also increase the cost of moving goods. Regulatory restrictions on goods linked to climate change could also increase costs.

Hobbs has implemented a group wide "Sustainability 2025" strategy guiding its efforts to reduce its environmental footprint, based on the UN Sustainable Development Goals.

Within our supply chains, the most pressing risks are the extraction and production of our raw materials, and the dependence on finite resources and emissions related to manufacturing. More than 50% of the apparel industry's GHG emissions are emitted in raw fibre extraction, fabric production and dyeing and finishing processes. As such, a key strategic objective has been to substitute conventional materials with preferred and sustainable alternatives.

In our own operations, key areas addressed include but are not limited to, the distribution of our goods, the use of renewable energy in our distribution centres, head offices and stores, packaging, product longevity, as well as end-of-life and recyclability.

These financial statements have not included any streamlined Energy and Carbon Reporting (SECR) as an exemption has been taken on the basis that it is disclosed in the parent company's (TFG Brands (London) Limited) group annual report.