14 November 2024

# BURBERRY GROUP PLC

## STRATEGY UPDATE & INTERIM RESULTS FOR 26 WEEKS ENDED 28 SEPTEMBER 2024

*"My first few months have reaffirmed my belief that Burberry is an extraordinary luxury brand, quintessentially British, equal parts heritage and innovation. Burberry's original purpose to design clothing that protects people from the weather is more relevant than ever. Our recent underperformance has stemmed from several factors, including inconsistent brand execution and a lack of focus on our core outerwear category and our core customer segments. Today, we are acting with urgency to course correct, stabilise the business and position Burberry for a return to sustainable, profitable growth. We have a powerful brand with broad appeal among luxury customers, authority in the outerwear and scarf categories which have remained resilient through this period, and a strong presence in all key luxury markets. Now, we have a clear framework to reignite brand desire, improve our performance and drive long-term value creation. Building on our strong foundations, I am confident that Burberry's best days are ahead."*

\- Joshua Schulman, Chief Executive Officer

### STRATEGY UPDATE

Today, Burberry announces 'Burberry Forward', a strategic plan to reignite brand desire, improve our performance and drive long-term value creation. Our focus in this next phase is on reconnecting our brand with its original purpose and leveraging our strengths with a disciplined approach and a range of products to attract a broad base of luxury customers.

Burberry is a highly differentiated luxury brand with a unique history and heritage, and category authority in outerwear and scarves. Over the past several years, we moved too far from our core with disappointing results. Our brand expression was focused on being modern at the expense of celebrating our heritage. We introduced new brand codes and signifiers that were unfamiliar to our customers. Our product was weighted to seasonal fashion with a niche aesthetic obscuring our more timeless core collections. As we pursued brand elevation, our pricing particularly in leather goods did not always align with our category authority. Consequently, Burberry's offer was skewed to a narrow base of luxury customers.

Burberry has all the attributes to be a high-performing luxury brand. We have the most opportunity where we have the most authenticity. We have an inspirational founder who created practical and stylish solutions for his era. An original purpose linked to a product that still resonates today. Authority in a core category. Quality that confers status and identity. Iconic brand codes. Relevance to a broad range of luxury customers and global brand awareness that is bigger than our business.

Today's luxury customer craves authenticity. As the only British luxury brand with such strong foundations, we have a competitive advantage. We will leverage our strengths and broad universal appeal to reclaim market share.

### BURBERRY FORWARD:

### OUR FRAMEWORK FOR SUSTAINABLE VALUE CREATION

- Timeless British Luxury
    - Juxtapose heritage and innovation across all customer touchpoints
    - Balance seasonal fashion messages with campaigns celebrating outerwear authority
    - Capture British wit and style and balance recognisable London imagery with British countryside

- Lead with outerwear and earn authority in other categories
    - Align pricing with category authority
    - Celebrate iconic brand codes with recognisable brand signifiers
    - Rebalance offer with fewer, bigger investments
- Align distribution with product and customer strategy
    - Increase store productivity through core category amplification
    - Optimise brand presence in wholesale and outlet
    - Improve e-commerce functionality and rebalance product assortment and styling
- Reignite high-performance culture and capabilities
    - Drive organisational clarity
    - Rebuild executional discipline
    - Leverage data-driven decision making to complement creativity and intuition

Delivery of the plan will be facilitated by greater alignment between commercial and creative teams and consistently putting the customer at the heart of everything Burberry does. We are reviving a high-performing culture. Our plan will be underpinned by continued focus on productivity, simplification and financial discipline.

We recognise there is much to be done in the short term, and we are acting with urgency. We are confident we can get back to generating £3 billion in annual revenue over time, while rebuilding margins and driving strong cash generation.

## IMMEDIATE ACTIONS

In the last 90 days, we have implemented the following immediate actions:

- Launched "It's Always Burberry Weather" Outerwear campaign and "Wrapped in Burberry" Festive campaign to reset brand in the eyes of customers
- Evolved visual merchandising to accentuate outerwear and scarves in stores; initiated global roll out of Scarf Bars in 57th Street flagship in New York
- Updated styling online to appeal to a broad range of luxury customers; launched Virtual Scarf Try On
- Appointed new leaders across Marketing, Product Merchandising and Planning, and the Americas; introduced new ways of working to achieve creative and commercial alchemy
- Initiated cost savings programme to unlock annualised savings of c.£40m (c.£25m to deliver in FY25)
- Accelerated plan to address inventory overhang and restore scarcity

## FY25 OUTLOOK

We are acting with urgency to stabilise the business and position the brand for a return to sustainable, profitable growth, supported by strong cash generation and balance sheet strength. We are confident that our strategic plan will improve our performance and drive long-term value creation. In the short term, with our all-important festive trading period ahead and an uncertain macroeconomic environment, it is too early to determine whether our second-half results will fully offset the first-half adjusted operating loss.

## INTERIM RESULTS FOR 26 WEEKS ENDED 28 SEPTEMBER 2024

## GROUP FINANCIAL HIGHLIGHTS

| Period ended<br>£ million | 26 weeks ended 28 September 2024 | 26 weeks ended 30 September 2023 | *YoY % change Reported FX* | *YoY % change CER* |
|---|---|---|---|---|
| **Revenue** | **1,086** | **1,396** | *(22)* | *(20)* |
| *Retail comparable store sales** | *(20%)* | *10%* | | |
| **Adjusted operating (loss)/profit*** | **(41)** | **223** | *(119)* | *(117)* |
| *Adjusted operating margin** | *(3.8%)* | *15.9%* | *(1970bps)* | *(1930bps)* |
| Adjusted diluted EPS (pence)* | (18.3) | 42.1 | *(143)* | *(141)* |
| **Reported operating (loss)/profit** | **(53)** | **223** | *(124)* | |
| *Reported operating margin* | *(4.9%)* | *15.9%* | *(2080bps)* | |
| Reported diluted EPS (pence) | (20.8) | 42.1 | *(149)* | |
| Free cash flow* | **(184)** | (15) | *nm*** | |
| Dividend (pence) | - | 18.3 | *n/a* | |

*See page 12 for definitions of alternative performance measures, ** Not meaningful

### Comparable store sales by region*

| vs LY | Group | Asia Pacific* | EMEIA | Americas |
|---|---|---|---|---|
| Q1 | (21%) | (23%) | (16%) | (23%) |
| Q2 | (20%) | (28%) | (10%) | (18%) |
| H1 | (20%) | (25%) | (13%) | (21%) |

*See page 6 for further detail including split of Asia Pacific

### Revenue

- Revenue £1,086m -20% CER, -22% reported
- Retail comparable store sales -20% (Q1 -21%, Q2 -20%); Wholesale -29% CER, -30% reported

### Adjusted (loss)/profit measures

- Adjusted operating loss of £41m including headwinds of £33m impairment charge (H1 FY24: £nil) and net £29m inventory provision charge (H1 FY24: net £6m charge)
- Adjusted gross margin 63.4%, -640bps at CER and reported
- Adjusted operating margin -3.4% CER, -3.8% reported
- Operating expenses before adjusting items -1% CER, -3% reported
- Adjusted diluted EPS -18.3p (H1 FY24: 42.1p).

### Reported (loss)/profit measures

- Operating loss of £53m after £12m adjusting items charge (H1 FY24: £nil)
- Operating margin -4.9% reported
- Operating expenses after adjusting items flat versus last year at reported
- Diluted EPS -20.8p (H1 FY24: 42.1p).

### Cash measures

- Free cash outflow of £184m (H1 FY24: £15m outflow)
- Cash net of overdrafts £324m at 28 September 2024 (30 March 2024: £362m), with borrowings of £602m and lease liabilities £1,136m.

All metrics and commentary in the Group Financial Highlights and Business and Financial Review exclude adjusting items unless stated otherwise.

The financial information contained herein is unaudited.

The following alternative performance measures are presented in this announcement: CER, adjusted (loss)/profit measures, comparable sales, free cash flow, cash conversion, adjusted EBITDA and net debt. The definitions of these alternative performance measures are on page 12.

Certain financial data within this announcement have been rounded. Growth rates and ratios are calculated on unrounded numbers.

## Enquiries


| | | |
|---|---|---|
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| **Media** | | 020 3367 3764 |
| Andrew Roberts | SVP, Corporate Relations and Engagement | andrew.roberts@burberry.com |


- There will be a presentation today at 9.30am (UK time) for investors and analysts at Horseferry House 2, 1A Page Street, London SW1P 4PQ
- The presentation can also be viewed live on the Burberry website https://www.burberryplc.com/, you can also click here to register
- The supporting slides will be available on the website prior to the presentation and an indexed replay will be available later in the day
- Burberry will issue its Third Quarter Trading Update on 24 January 2025

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future results in forward-looking statements. Burberry Group plc undertakes no obligation to update these forward-looking statements and will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this document. Nothing in this announcement should be construed as a profit forecast. All persons, wherever located, should consult any additional disclosures that Burberry Group plc may make in any regulatory announcements or documents which it publishes. All persons, wherever located, should take note of these disclosures. This announcement does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any Burberry Group plc shares, in the UK, or in the US, or under the US Securities Act 1933 or in any other jurisdiction.

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## SUMMARY INCOME STATEMENT

| Period ended<br>£ million | 26 weeks ended 28 September 2024 | 26 weeks ended 30 September 2023 | *YoY % change Reported FX* | *YoY % change CER* |
|---|---|---|---|---|
| **Revenue** | **1,086** | **1,396** | ***(22)*** | ***(20)*** |
| Cost of sales | (397) | (421) | *(6)* | *(3)* |
| **Gross profit** | **689** | **975** | ***(29)*** | ***(28)*** |
| **Gross margin** | **63.4%** | **69.8%** | ***(640bps)*** | ***(640bps)*** |
| Net operating expenses* | (730) | (752) | *(3)* | *(1)* |
| Net opex as a % of sales* | 67.3% | 53.9% | *1340bps* | *1290bps* |
| **Adjusted operating (loss)/profit*** | **(41)** | **223** | ***(119)*** | ***(117)*** |
| **Adjusted operating margin*** | **(3.8%)** | **15.9%** | ***(1970bps)*** | ***(1930bps)*** |
| Adjusting operating items | (12) | - | | |
| **Operating (loss)/profit** | **(53)** | **223** | ***(124)*** | |
| **Operating margin** | **(4.9%)** | **15.9%** | ***(2080bps)*** | |
| Net finance expense | (27) | (4) | *642* | |
| **(Loss)/profit before taxation** | **(80)** | **219** | ***(137)*** | |
| Taxation | 6 | (60) | *(110)* | |
| Non-controlling interest | - | (1) | | |
| **Attributable (loss)/profit** | **(74)** | **158** | ***(147)*** | |
| **Adjusted (loss)/profit before taxation*** | **(68)** | **219** | ***(131)*** | |
| **Adjusted diluted EPS (pence)*** | **(18.3)** | **42.1** | ***(143)*** | |
| **Diluted EPS (pence)** | **(20.8)** | **42.1** | ***(149)*** | |
| Weighted average number of diluted ordinary shares (millions) | 357.3 | 376.1 | *(5)* | |

*Excludes adjusting items. All items below adjusting operating items are on a reported basis unless otherwise stated.
For detail, see Appendix.

## FINANCIAL PERFORMANCE

### Revenue by channel

| Period ended<br>£ million | 26 weeks ended 28 September 2024 | 26 weeks ended 30 September 2023 | *YoY % change Reported FX* | *YoY % change CER* |
|---|---|---|---|---|
| Retail | 885 | 1,124 | (21) | (19) |
| *Retail comparable store sales* | *(20%)* | *10%* | | |
| Wholesale | 169 | 241 | (30) | (29) |
| Licensing | 32 | 31 | 3 | 5 |
| **Revenue** | **1,086** | **1,396** | **(22)** | **(20)** |

In H1:

- Retail sales declined 19% at CER; -21% reported
- Comparable store sales fell by 20% with 1% impact from space

## Comparable store sales by region

| FY25 vs LY | Q1 | Q2 | H1 |
|---|---|---|---|
| **Group** | **(21%)** | **(20%)** | **(20%)** |
| **Asia Pacific** | (23%) | (28%) | (25%) |
| **EMEIA** | (16%) | (10%) | (13%) |
| **Americas** | (23%) | (18%) | (21%) |

Asia Pacific declined 25% in H1 (Q1 -23%; Q2 -28%)

- Mainland China comparable store sales fell 24% in H1 (Q1 -21%; Q2 -27%). Globally, the Chinese customer group declined low-double digits but continued to perform better than Mainland China in Q2.
- South Korea declined 26% in H1 (Q1 -26%; Q2 -26%)
- Japan fell 2% in H1 with Q2 down 9% offsetting the positive performance in Q1 of +6%. Tourist growth remained robust up double-digits in H1, against tough comparators last year
- South Asia Pacific declined 38% in H1 (Q1 -38%; Q2 -37%).

EMEIA fell 13% in H1 (Q1 -16%; Q2 -10%). The sequential improvement in quarters versus last year was driven by both local and tourist spend with tourists declining a mid-single digit percentage and accounting for just over half of retail revenues.

Americas declined 21% in H1 with Q2 down 18%, showing an improvement versus Q1 which was down 23%. Globally, the Americas customer group performed slightly better than the region in H1.

### By product

- Outerwear and softs continued to perform better than the average in all key regions
- Ready-to-wear performed in line with the group average in H1, with an improving trend Q1 to Q2 for both men's and women's
- Leather goods and shoes underperformed the group in H1.

### Store footprint

We opened 19 stores in the half and closed 12, with 429 directly operated stores at 28 September 2024.

### Wholesale

Wholesale revenue decreased 29% at CER and 30% at reported rates in H1 impacted by weakening consumer demand. We expect the full year to be down around 35% as we continue the strategic review of our partners.

### Licensing

Licensing revenue grew 5% at CER and 3% at reported rates in H1 driven by the continued strong performance in fragrance.

## OPERATING (LOSS)/PROFIT ANALYSIS

### Adjusted operating (loss)/profit

| Period ended<br>£ million | 26 weeks ended 28 September 2024 | 26 weeks ended 30 September 2023 | *YoY % change Reported FX* | *YoY % change CER* |
|---|---|---|---|---|
| Revenue | 1,086 | 1,396 | *(22)* | *(20)* |
| Cost of sales | (397) | (421) | *(6)* | *(3)* |
| Gross profit | 689 | 975 | *(29)* | *(28)* |
| Gross margin % | 63.4% | 69.8% | *(640bps)* | *(640bps)* |
| Net operating expenses* | (730) | (752) | *(3)* | *(1)* |
| Operating expenses as a % of sales* | 67.3% | 53.9% | *1340bps* | *1290bps* |
| Adjusted operating (loss)/profit* | (41) | 223 | *(119)* | *(117)* |
| Adjusted operating margin%* | (3.8%) | 15.9% | *(1970bps)* | *(1930bps)* |

*Excludes adjusting items

- Adjusted operating loss was £41m in the first half including headwinds of £33m impairment charge (H1 FY24: £nil) and net £29m inventory provision charge (H1 FY24: net £6m charge)
- Gross margin was 63.4%, down 640bps at CER and reported, driven by increases in product costs, inventory provisioning and inventory exit
- Adjusted net operating expenses were 1% lower at CER and 3% at reported rates. This was driven by tight cost control alongside a reduction in our variable costs. We delivered £8m in structural savings from our organisational efficiency programme initiated during the half year.
- Adjusted operating margin was -3.8% compared to 15.9% last year.

## ADJUSTING ITEMS*

Adjusting items were a £12m charge (H1 FY24: £nil).

| Period ended<br>£ million | 26 weeks ended 28 September 2024 | 26 weeks ended 30 September 2023 |
|---|---|---|
| Restructuring costs | (12) | - |
| **Adjusting items** | **(12)** | **-** |

*For detail on adjusting items see note 4 of the Financial Statements

Restructuring costs of £12m (H1 FY24: £nil) were incurred, arising primarily as a result of an organisational efficiency programme initiated during the period, which includes the streamlining of office-based functions. The costs principally related to redundancies and were recorded in operating expenses.

## ADJUSTED (LOSS)/PROFIT BEFORE TAX*

After a net finance charge of £27m (H1 FY24: £4m), adjusted loss before tax was £68m (H1 FY24 adjusted profit before tax: £219m).

*For detail on adjusting items see note 4 of the Financial Statements

## TAXATION*

The Group's adjusted effective tax rate is 5% (H1 FY24: 27%) and the reported effective tax rate is 8% (H1 FY24: 27%). The reduction in the H1 FY25 reported tax rate versus H1 FY24 is driven by reduced profitability causing routine disallowed expenses to have a greater impact.

*For detail see note 6 of the Financial Statements

## CASH FLOW

### Represented statement of cash flows

| Period ended<br>£ million | 26 weeks ended<br>28 September<br>2024 | 26 weeks ended<br>30 September<br>2023 |
|---|---|---|
| Adjusted operating (loss)/profit | (41) | 223 |
| Depreciation and amortisation | 199 | 179 |
| Working capital | (123) | (154) |
| Other including adjusting items | 16 | 23 |
| **Cash generated from operating activities** | **51** | **271** |
| Payment of lease principal and related cash flows | (102) | (97) |
| Capital expenditure | (87) | (89) |
| Proceeds from disposal of non-current assets | 12 | - |
| Interest | (20) | (2) |
| Tax | (38) | (98) |
| **Free cash flow*** | **(184)** | **(15)** |

*For a definition of free cash flow see page 12

Free cash outflow was £184m in the half (H1 FY24: £15m outflow) driven by reduced profitability
The major components were:

- Cash generated from operating activities decreased from £271m to £51m
- A working capital outflow of £123m (H1 FY24: £154m) due to inventory build-up and seasonal effects
- Capital expenditure of £87m (H1 FY24: £89m).

Cash net of overdrafts on 28 September 2024 was £324m (30 March 2024: £362m). On 28 September 2024 borrowings were £602m after raising a £300m bond in June 2024, in addition to the existing £300m sustainability bond maturing in September 2025. This resulted in net debt of £278m before lease liabilities of £1,136m (30 March 2024: net cash £63m).

After lease liabilities, net debt in the period was £1,414m (30 March 2024: £1,125m). Net Debt/Adjusted EBITDA was 2.4x. The increase in leverage from 1.4x at the FY24 year-end was primarily driven by lower profitability and working capital outflows. The £300m Revolving Credit Facility (RCF) remains undrawn.

| **Period ended**<br>**£ million** | 26 weeks ended<br>28 September<br>2024 | 52 weeks ended<br>30 March<br>2024 | 26 weeks ended<br>30 September<br>2023 |
|---|---|---|---|
| Adjusted EBITDA – rolling 12 months* | 600 | 811 | 976 |
| Cash net of overdrafts | (324) | (362) | (570) |
| Borrowings | 602 | 299 | 299 |
| Lease debt | 1,136 | 1,188 | 1,158 |
| **Net Debt*** | 1,414 | **1,125** | **887** |
| **Net Debt/Adjusted EBITDA** | **2.4x** | **1.4x** | **0.9x** |

*For a definition of adjusted EBITDA and net debt see page 13

## APPENDIX

### Detailed guidance for FY25

| Item | Financial impact |
|---|---|
| Impact of retail space on revenues | Space is expected to be broadly stable in FY25. |
| Wholesale revenue | Wholesale revenue is expected to decline by around 35% in FY25. |
| Opex | Initiated cost savings programme to unlock annualised savings of around £40m, with around £25m to be delivered in FY25, and of which £8m realised in H1 FY25. |
| Adjusting items | Restructuring charge of around £20m in FY25, of which £12m was incurred in H1 FY25. |
| Currency | Based on 25 October effective foreign exchange rates, the impact of year-on-year exchange rate movements is now expected to be around £70m headwind on revenue and around £20m headwind on adjusted operating profit. |
| Capex | Capex is expected to be around £150m. |
| Dividend | As we navigate this period, we have suspended dividend payments in respect of FY25 in order to maintain a strong balance sheet and our capacity to invest in Burberry's long-term growth. |

Note: Guidance based on CER at FY24 rates

| **Retail/wholesale revenue by destination*** | | | | |
|---|---|---|---|---|
| Period ended | 26 weeks ended 28 September 2024 | 26 weeks ended 30 September 2023 | *YoY % change* | |
| £ million | | | *Reported FX* | *CER* |
| Asia Pacific (91% retail)* | 444 | 584 | *(24)* | *(21)* |
| EMEIA (74% retail)* | 392 | 485 | *(19)* | *(18)* |
| Americas (89% retail)* | 218 | 296 | *(26)* | *(25)* |
| **Total (84% retail)** | **1,054** | **1,365** | ***(23)*** | ***(21)*** |

*Mix based on H1 FY25

| **Retail/wholesale revenue by product division** | | | | |
|---|---|---|---|---|
| Period ended | 26 weeks ended 28 September | 26 weeks ended 30 September | *YoY % change* | |
| £ million | 2024 | 2023 | *Reported FX* | *CER* |
| Accessories | 367 | 498 | *(26)* | *(24)* |
| Women's | 313 | 391 | *(20)* | *(18)* |
| Men's | 324 | 399 | *(19)* | *(17)* |
| Children's & other | 50 | 77 | *(36)* | *(34)* |
| **Total** | **1,054** | **1,365** | ***(23)*** | ***(21)*** |

| **Store portfolio*** | Directly operated stores | | | | |
|---|---|---|---|---|---|
| | Stores | Concessions | Outlets | Total | *Franchise stores* |
| At **30 March 2024** | **227** | **139** | **56** | **422** | ***33*** |
| Additions | 9 | 10 | - | 19 | *1* |
| Closures | (5) | (6) | (1) | (12) | *(1)* |
| **At 28 September 2024** | **231** | **143** | **55** | **429** | ***33*** |

*Excludes the impact of pop-up stores

| **Store portfolio by region*** | Directly operated stores | | | | |
|---|---|---|---|---|---|
| | Stores | Concessions | Outlets | Total | *Franchise stores* |
| At 28 September 2024 | | | | | |
| Asia Pacific | 127 | 92 | 23 | 242 | *10* |
| EMEIA | 45 | 38 | 17 | 100 | *23* |
| Americas | 59 | 13 | 15 | 87 | *-* |
| **Total** | **231** | **143** | **55** | **429** | ***33*** |

*Excludes the impact of pop-up stores

| **Adjusted operating (loss)/profit*** Period ended £ millions | 26 weeks ended 28 September 2024 | 26 weeks ended 30 September 2023 | *% change Reported FX* | *% change CER* |
|---|---|---|---|---|
| Retail/wholesale | (70) | 194 | *(137)* | *(135)* |
| Licensing | 29 | 29 | *2* | *5* |
| **Adjusted operating (loss)/profit** | **(41)** | **223** | ***(119)*** | ***(117)*** |
| **Adjusted operating margin** | **(3.8%)** | **15.9%** | ***(1970bps)*** | ***(1930bps)*** |

*For detail on adjusting items see note 4 of the Financial Statements

| **Exchange rates** £1= | Forecast effective average rates for FY25 | | Actual average exchange rates | | |
|---|---|---|---|---|---|
| | **25 October 2024** | **28 June 2024** | **H1 FY25** | **H1 FY24** | **FY24** |
| Euro | 1.19 | 1.18 | 1.18 | 1.16 | 1.16 |
| US Dollar | 1.29 | 1.26 | 1.29 | 1.26 | 1.26 |
| Chinese Renminbi | 9.23 | 9.18 | 9.23 | 8.97 | 9.01 |
| Hong Kong Dollar | 10.04 | 9.87 | 10.01 | 9.87 | 9.84 |
| Korean Won | 1,779 | 1,747 | 1,746 | 1,654 | 1,657 |
| Japanese Yen | 196 | 202 | 195 | 178 | 182 |

| **(Loss)/profit before tax reconciliation** | | | | |
|---|---|---|---|---|
| Period ended £ million | 26 weeks ended 28 September 2024 | 26 weeks ended 30 September 2023 | *% change Reported FX* | *% change CER* |
| Adjusted (loss)/profit before tax | (68) | 219 | (131) | (130) |
| Adjusting items* | (12) | - | n/a | |
| **(Loss)/profit before tax** | **(80)** | **219** | **(137)** | |

*For detail on adjusting items see note 4 of the Financial Statements

### Alternative performance measures

Alternative performance measures (APMs) are non-GAAP measures. The Board uses the following APMs to describe the Group's financial performance and for internal budgeting, performance monitoring, management remuneration target setting and external reporting purposes.

<table>
<tr><th>APM</th><th>Description and purpose</th><th>GAAP measure reconciled to</th></tr>
<tr><td>Constant Exchange Rates (CER)</td><td>This measure removes the effect of changes in exchange rates. The constant exchange rate incorporates both the impact of the movement in exchange rates on the translation of overseas subsidiaries' results and on foreign currency procurement and sales through the Group's UK supply chain.</td><td>Results at reported rates</td></tr>
<tr><td>Comparable sales growth</td><td>The year-on-year change in sales from stores trading over equivalent time periods and measured at constant foreign exchange rates. It also includes online sales. This measure is used to strip out the impact of permanent store openings and closings, or those closures relating to refurbishments, allowing a comparison of equivalent store performance against the prior period.</td><td>Retail Revenue:
<table>
<tr><th>Period ended<br>YoY%</th><th>26 weeks ended 28 September 2024</th><th>26 weeks ended 30 September 2023</th></tr>
<tr><td>Comparable sales growth</td><td>(20%)</td><td>10%</td></tr>
<tr><td>Change in space</td><td>1%</td><td>0%</td></tr>
<tr><td>CER retail</td><td>(19%)</td><td>10%</td></tr>
<tr><td>FX</td><td>(2%)</td><td>(4%)</td></tr>
<tr><td>Retail revenue</td><td>(21%)</td><td>6%</td></tr>
</table></td></tr>
<tr><td>Adjusted (Loss)/Profit</td><td>Adjusted (loss)/profit measures are presented to provide additional consideration of the underlying performance of the Group's ongoing business. These measures remove the impact of those items which should be excluded to provide a consistent and comparable view of performance.</td><td>Reported (loss)/profit:<br>A reconciliation of reported (loss)/profit before tax to adjusted (loss)/profit before tax and the Group's accounting policy for adjusted (loss)/profit before tax are set out in the financial statements.</td></tr>
<tr><td>Free Cash Flow</td><td>Free cash flow is defined as net cash (used in)/generated from operating activities less capital expenditure plus cash inflows from disposal of fixed assets and including cash outflows for lease principal payments and other lease related items.</td><td>Net cash (used in)/generated from operating activities:
<table>
<tr><th>Period ended<br>£m</th><th>26 weeks ended 28 September 2024</th><th>26 weeks ended 30 September 2023</th></tr>
<tr><td>Net cash (used in)/generated from operating activities</td><td>(7)</td><td>171</td></tr>
<tr><td>Capex</td><td>(87)</td><td>(89)</td></tr>
<tr><td>Lease principal and related cash flows</td><td>(102)</td><td>(97)</td></tr>
<tr><td>Proceeds from disposal of non-current assets</td><td>12</td><td>-</td></tr>
<tr><td>Free cash flow</td><td>(184)</td><td>(15)</td></tr>
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<tr>
<td>Cash Conversion</td>
<td>Cash conversion is defined as free cash flow pre-tax/adjusted (loss)/profit before tax. It provides a measure of the Group's effectiveness in converting its (loss)/profit into cash.</td>
<td>
Net cash (used in)/generated from operating activities:
<table>
<tr><th>Period ended<br>£m</th><th>26 weeks ended 28 September 2024</th><th>26 weeks ended 30 September 2023</th></tr>
<tr><td>Free cash flow</td><td>(184)</td><td>(15)</td></tr>
<tr><td>Tax paid</td><td>38</td><td>98</td></tr>
<tr><td>Free cash flow before tax</td><td>(146)</td><td>83</td></tr>
<tr><td>Adjusted (loss)/profit before tax</td><td>(68)</td><td>219</td></tr>
<tr><td>Cash conversion</td><td>n/a</td><td>38%</td></tr>
</table>
</td>
</tr>
<tr>
<td>Net Debt</td>
<td>Net debt is defined as the lease liability recognised on the balance sheet plus borrowings less cash net of overdrafts.</td>
<td>
Cash net of overdrafts:
<table>
<tr><th>Period ended<br>£m</th><th>As at 28 September 2024</th><th>As at 30 September 2023</th></tr>
<tr><td>Cash net of overdrafts</td><td>324</td><td>570</td></tr>
<tr><td>Lease liability</td><td>(1,136)</td><td>(1,158)</td></tr>
<tr><td>Borrowings</td><td>(602)</td><td>(299)</td></tr>
<tr><td>Net debt</td><td>(1,414)</td><td>(887)</td></tr>
</table>
</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>Adjusted EBITDA* is defined as operating (loss)/profit, excluding adjusting operating items, depreciation and impairment of property, plant and equipment, depreciation and impairment of right of use assets and amortisation and impairment of intangible assets. Any depreciation, amortisation or impairment included in adjusting operating items are not double counted. Adjusted EBITDA is shown for the calculation of Net Debt/EBITDA for our leverage ratios.<br><br>*Our definition of adjusted EBITDA has been updated to reflect the exclusion of the impairment of right of use and other non-current assets where this income statement impact is included within adjusted operating (loss)/profit. There is no impact to adjusted EBITDA for the 26 weeks ended 30 September 2023.</td>
<td>
Operating (loss)/profit:
<table>
<tr><th>Period ended<br>£m</th><th>26 weeks ended 28 September 2024</th><th>26 weeks ended 30 September 2023</th></tr>
<tr><td>Operating (loss)/profit</td><td>(53)</td><td>223</td></tr>
<tr><td>Adjusting operating items</td><td>12</td><td>-</td></tr>
<tr><td>Amortisation and impairment of intangible assets</td><td>23</td><td>19</td></tr>
<tr><td>Depreciation and impairment of property, plant and equipment</td><td>61</td><td>49</td></tr>
<tr><td>Depreciation and impairment of right-of-use assets</td><td>148</td><td>111</td></tr>
<tr><td>Adjusted EBITDA</td><td>191</td><td>402</td></tr>
</table>
</td>
</tr>
</table>

## PRINCIPAL RISKS

The Group's approach to risk management and principal risks are detailed on pages 83-90 of the FY24 Annual Report. The principal risks the Group faces for the remaining 26 weeks of the financial year have been reviewed relative to the prior year-end. At the half year, Global Consumer Demand principal risk is considered to have increased, exacerbated by slower economic growth in our key regions. The Group is addressing the challenges by implementing revised risk mitigation strategies. The Board consider there to be no other significant changes in the Group's principal risks for the remaining 26 weeks of the financial year.

## CONDENSED GROUP INCOME STATEMENT– UNAUDITED

| | Note | 26 weeks to 28 September 2024 £m | 26 weeks to 30 September 2023 £m | 52 weeks to 30 March 2024[1] £m |
|---|---|---|---|---|
| Revenue | 3 | **1,086** | 1,396 | 2,968 |
| Cost of sales | | **(397)** | (421) | (959) |
| **Gross profit** | | **689** | 975 | 2,009 |
| Operating expenses | | **(755)** | (758) | (1,604) |
| Other operating income | | **13** | 6 | 13 |
| **Net operating expenses** | | **(742)** | (752) | (1,591) |
| **Operating (loss)/profit** | | **(53)** | 223 | 418 |
| | | | | |
| **Financing** | | | | |
| Finance income | | **11** | 20 | 31 |
| Finance expense | | **(38)** | (24) | (66) |
| **Net finance expense** | 5 | **(27)** | (4) | (35) |
| **(Loss)/profit before taxation** | | **(80)** | 219 | 383 |
| Taxation | 6 | **6** | (60) | (112) |
| **(Loss)/profit for the period** | | **(74)** | 159 | 271 |
| | | | | |
| **Attributable to:** | | | | |
| Owners of the Company | | **(74)** | 158 | 270 |
| Non-controlling interest | | **–** | 1 | 1 |
| **(Loss)/profit for the period** | | **(74)** | 159 | 271 |
| | | | | |
| **(Loss)/earnings per share** | | | | |
| Basic | 7 | **(20.8)p** | 42.4p | 74.1p |
| Diluted | 7 | **(20.8)p** | 42.1p | 73.9p |

| | | £m | £m | £m |
|---|---|---|---|---|
| **Reconciliation of adjusted (loss)/profit before taxation:** | | | | |
| (Loss)/profit before taxation | | **(80)** | 219 | 383 |
| Adjusting operating items: | | | | |
| Net operating expense | 4 | **12** | – | – |
| **Adjusted (loss)/profit before taxation – non-GAAP measure** | | **(68)** | 219 | 383 |
| | | | | |
| **Adjusted (loss)/earnings per share – non-GAAP measure** | | | | |
| Basic | 7 | **(18.3)p** | 42.4p | 74.1p |
| Diluted | 7 | **(18.3)p** | 42.1p | 73.9p |

| | | | | |
|---|---|---|---|---|
| **Dividends per share** | | | | |
| Proposed interim (not recognised as a liability at period end) | 8 | **–** | 18.3p | 18.3p |
| Final (not recognised as a liability at 30 March 2024) | 8 | **N/A** | N/A | 42.7p |

[1] Balances for the 52 weeks to 30 March 2024 have been audited.

## CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

| | **26 weeks to 28 September 2024 £m** | 26 weeks to 30 September 2023 £m | 52 weeks to 30 March 2024[1] £m |
|---|---|---|---|
| (Loss)/profit for the period | **(74)** | 159 | 271 |
| Other comprehensive (loss)/income[2]: | | | |
| Cash flow hedges | **1** | (1) | (3) |
| Foreign currency translation differences | **(22)** | (16) | (34) |
| Tax on other comprehensive (loss)/income: | **–** | – | 1 |
| Other comprehensive loss for the period, net of tax | **(21)** | (17) | (36) |
| **Total comprehensive (loss)/income for the period** | **(95)** | **142** | **235** |
| | | | |
| Total comprehensive (loss)/income attributable to: | | | |
| Owners of the Company | **(95)** | 141 | 234 |
| Non-controlling interest | **–** | 1 | 1 |
| | **(95)** | 142 | 235 |

[1] Balances for the 52 weeks to 30 March 2024 have been audited.

[2] All items included in other comprehensive income may subsequently be reclassified to profit and loss in a future period.

## CONDENSED GROUP BALANCE SHEET – UNAUDITED

| | Note | As at 28 September 2024 £m | As at 30 September 2023 £m | As at 30 March 2024[1] £m |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | 9 | **251** | 248 | 267 |
| Property, plant and equipment | 10 | **405** | 377 | 406 |
| Right-of-use assets | 11 | **930** | 972 | 1,013 |
| Deferred tax assets | 6 | **251** | 204 | 208 |
| Trade and other receivables | 12 | **47** | 52 | 52 |
| Derivative financial assets | | **4** | – | – |
| | | **1,888** | 1,853 | 1,946 |
| **Current assets** | | | | |
| Inventories | 13 | **596** | 526 | 507 |
| Trade and other receivables | 12 | **335** | 365 | 340 |
| Derivative financial assets | | **4** | 1 | 2 |
| Income tax receivables | | **115** | 87 | 122 |
| Cash and cash equivalents | 14 | **430** | 663 | 441 |
| Assets held for sale | 10 | – | 13 | 12 |
| | | **1,480** | 1,655 | 1,424 |
| **Total assets** | | **3,368** | 3,508 | 3,370 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Trade and other payables | 15 | **(57)** | (71) | (63) |
| Lease liabilities | | **(911)** | (922) | (959) |
| Borrowings | 18 | **(303)** | (299) | (299) |
| Deferred tax liabilities | 6 | **(1)** | – | (1) |
| Provisions for other liabilities and charges | 16 | **(35)** | (35) | (37) |
| | | **(1,307)** | (1,327) | (1,359) |
| **Current liabilities** | | | | |
| Trade and other payables | 15 | **(397)** | (672) | (439) |
| Bank overdrafts | 17 | **(106)** | (93) | (79) |
| Lease liabilities | | **(225)** | (236) | (229) |
| Borrowings | 18 | **(299)** | – | – |
| Derivative financial liabilities | | **(2)** | (10) | (4) |
| Income tax liabilities | | **(91)** | (31) | (86) |
| Provisions for other liabilities and charges | 16 | **(26)** | (22) | (20) |
| | | **(1,146)** | (1,064) | (857) |
| **Total liabilities** | | **(2,453)** | (2,391) | (2,216) |
| **Net assets** | | **915** | 1,117 | 1,154 |
| **EQUITY** | | | | |
| **Capital and reserves attributable to owners of the Company** | | | | |
| Ordinary share capital | 19 | – | – | – |
| Share premium account | | **231** | 230 | 231 |
| Capital reserve | | **41** | 41 | 41 |
| Hedging reserve | | **3** | 3 | 2 |
| Foreign currency translation reserve | | **176** | 216 | 198 |
| Retained earnings | | **457** | 620 | 675 |
| **Equity attributable to owners of the Company** | | **908** | 1,110 | 1,147 |
| **Non-controlling interest in equity** | | **7** | 7 | 7 |
| **Total equity** | | **915** | 1,117 | 1,154 |

[1] Balances as at 30 March 2024 have been audited.

**CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY – UNAUDITED**

| | | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Ordinary share capital £m | Share premium account £m | Other reserves £m | Retained earnings £m | Total £m | Non-controlling interest £m | Total equity £m |
| **Balance as at 1 April 2023** | | – | 230 | 277 | 1,026 | 1,533 | 6 | 1,539 |
| Profit for the period | | – | – | – | 158 | 158 | 1 | 159 |
| Other comprehensive income: | | | | | | | | |
| Cash flow hedges | | – | – | (1) | – | (1) | – | (1) |
| Foreign currency translation differences | | – | – | (16) | – | (16) | – | (16) |
| Total comprehensive income for the period | | – | – | (17) | 158 | 141 | 1 | 142 |
| Transactions with owners: | | | | | | | | |
| Employee share incentive schemes | | | | | | | | |
| Equity share awards | | – | – | – | 7 | 7 | – | 7 |
| Tax on share awards | | – | – | – | (2) | (2) | – | (2) |
| Purchase of own shares | | | | | | | | |
| Share buy-back | | – | – | – | (402) | (402) | – | (402) |
| Dividends paid in the period | | – | – | – | (167) | (167) | – | (167) |
| **Balance as at 30 September 2023** | | – | 230 | 260 | 620 | 1,110 | 7 | 1,117 |
| | | | | | | | | |
| **Balance as at 30 March 2024**[1] | | – | 231 | 241 | 675 | 1,147 | 7 | 1,154 |
| Loss for the period | | – | – | – | (74) | (74) | – | (74) |
| Other comprehensive income: | | | | | | | | |
| Cash flow hedges | | – | – | 1 | – | 1 | – | 1 |
| Foreign currency translation differences | | – | – | (22) | – | (22) | – | (22) |
| Total comprehensive loss for the period | | – | – | (21) | (74) | (95) | – | (95) |
| Transactions with owners: | | | | | | | | |
| Employee share incentive schemes | | | | | | | | |
| Equity share awards | | – | – | – | 8 | 8 | – | 8 |
| Dividends paid in the period | 8 | – | – | – | (152) | (152) | – | (152) |
| **Balance as at 28 September 2024** | | **–** | **231** | **220** | **457** | **908** | **7** | **915** |

[1] Balances as at 30 March 2024 have been audited.

**CONDENSED GROUP STATEMENT OF CASH FLOWS - UNAUDITED**

| | Note | 26 weeks to 28 September 2024 £m | 26 weeks to 30 September 2023 £m | 52 weeks to 30 March 2024[1] £m |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| (Loss)/profit before tax | | **(80)** | 219 | 383 |
| Adjustments to reconcile profit before tax to net cash flows: | | | | |
| Amortisation of intangible assets | | **22** | 19 | 42 |
| Depreciation of property, plant and equipment | | **53** | 49 | 103 |
| Depreciation of right-of-use assets | | **124** | 111 | 234 |
| Impairment charge of intangible assets | | **1** | – | – |
| Impairment charge of property, plant and equipment | 10 | **8** | – | 5 |
| Impairment charge of right-of-use assets | 11 | **24** | – | 9 |
| Loss on disposal of intangible assets | | **–** | 3 | 3 |
| Gain on modification of right-of-use assets | | **(9)** | (1) | (4) |
| (Gain)/loss on derivative instruments | | **(4)** | 14 | 5 |
| Charge in respect of employee share incentive schemes | | **8** | 7 | 16 |
| Net finance expense | | **27** | 4 | 35 |
| Working capital changes: | | | | |
| Increase in inventories | | **(89)** | (76) | (57) |
| Decrease/(increase) in receivables | | **12** | (58) | (32) |
| Decrease in payables and provisions | | **(46)** | (20) | (77) |
| Cash generated from operating activities | | **51** | 271 | 665 |
| Interest received | | **10** | 21 | 32 |
| Interest paid | | **(30)** | (23) | (52) |
| Taxation paid | | **(38)** | (98) | (139) |
| **Net cash (used in)/generated from operating activities** | | **(7)** | 171 | 506 |
| **Cash flows from investing activities** | | | | |
| Purchase of property, plant and equipment | | **(71)** | (64) | (158) |
| Purchase of intangible assets | | **(16)** | (25) | (50) |
| Proceeds from sale of property, plant and equipment | | **12** | – | – |
| Initial direct costs of right-of-use assets | | **1** | (1) | (4) |
| Payment received on termination of lease | | **7** | – | – |
| Payment in respect of acquisition of subsidiary | | **–** | – | (19) |
| **Net cash outflow from investing activities** | | **(67)** | (90) | (231) |
| **Cash flows from financing activities** | | | | |
| Dividends paid in the period | | **(152)** | (167) | (233) |
| Proceeds from borrowings | | **297** | – | – |
| Payment of lease principal | | **(110)** | (96) | (231) |
| Issue of ordinary share capital | | **–** | – | 1 |
| Purchase of own shares through share buy-back | | **–** | (200) | (400) |
| Purchase of own shares through share buy-back – stamp duty and fees | | **–** | (1) | (2) |
| **Net cash inflow/(outflow) from financing activities** | | **35** | (464) | (865) |
| **Net decrease in cash net of overdrafts** | | **(39)** | (383) | (590) |
| Effect of exchange rate changes | | **1** | (8) | (9) |
| Cash net of overdrafts at beginning of period | | **362** | 961 | 961 |
| **Cash net of overdrafts** | | **324** | 570 | 362 |
| Cash and cash equivalents | 14 | **430** | 663 | 441 |
| Bank overdrafts | 17 | **(106)** | (93) | (79) |
| Cash net of overdrafts | | **324** | 570 | 362 |

[1] Balances for the 52 weeks to 30 March 2024 have been audited.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Burberry Group plc and its subsidiaries (the Group) is a global luxury goods manufacturer, retailer and wholesaler. The Group also licenses third parties to manufacture and distribute products using the 'Burberry' trademarks. All of the companies which comprise the Group are controlled by Burberry Group plc (the Company) directly or indirectly.

### 2. ACCOUNTING POLICIES AND BASIS OF PREPARATION

**Basis of preparation**

These condensed consolidated interim financial statements are unaudited but have been reviewed by the auditors and their report to the Company is set out on page 34. They were approved by the Board of Directors on 13 November 2024. These condensed consolidated interim financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the 52 weeks to 30 March 2024 were approved by the Board of Directors on 14 May 2024 and have been filed with the Registrar of Companies. The report of the auditors on the statutory accounts for the 52 weeks to 30 March 2024 was unqualified and did not contain a statement under Section 498 of the Companies Act 2006.

These condensed consolidated interim financial statements for the 26 weeks to 28 September 2024 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the UK. This report should be read in conjunction with the Group's financial statements for the 52 weeks to 30 March 2024, which have been prepared in accordance with UK-adopted International Accounting Standards (IFRS).

These condensed consolidated interim financial statements are presented in £m. Financial ratios are calculated using unrounded numbers.

**Going concern**

In considering the appropriateness of adopting the going concern basis in preparing the financial statements, the Directors have assessed the potential cash generation of the Group. This assessment covers the period of a minimum of 12 months from the date of signing the condensed consolidated interim financial statements. The Directors have also considered the forecast for the period up to the subsequent financial year end, the period ending 28 March 2026, for any indicators that the going concern basis of preparation is not appropriate.

The scenarios considered by the Directors include a severe but plausible downside reflecting the Group's base plan adjusted for severe but plausible impacts from the Group's principal risks, which are consistent with the principal risks at 30 March 2024. The scenarios were informed by a comprehensive review of macroeconomic scenarios using third party projections of macroeconomic data for the luxury fashion industry. The Group base plan reflects a balanced projection with a continued focus to stabilise the business and position the brand for profitable sustainable growth. As a sensitivity, this base plan has been flexed to reflect an 11% downgrade to revenues in the 18 month period to 28 March 2026, as well as the associated consequences for EBITDA and cash. Management consider this represents a severe but plausible downside scenario appropriate for assessing going concern.

The severe but plausible downside modelled the following risks occurring simultaneously:

- A more severe and prolonged reduction in the GDP growth assumptions in Europe, China, and the Americas compared to the base plan
- An increase in geopolitical tension which leads to increased costs of operating compared to the base plan
- A more severe reduction to our global consumer demand arising from a change in consumer preference
- A significant reputational incident such as negative sentiment propagated through social media
- The impact of a business interruption event, following a technology vulnerability, resulting in a two week interruption in one of our geographies arising from the supply chain impact, and interruption to one of our channels
- The materialisation of a severe but plausible ongoing market risk relating to climate change in line with a scenario reflecting a 2°C global temperature increase compared to pre-industrial levels
- The payment of a settlement arising from a regulatory or compliance-related matter
- A short term impact of a 10% weakening in a key non-sterling currency for the Group before it is recovered through price adjustment

Mitigating actions within management control could be taken under a severe but plausible scenario, including working capital reduction measures, limiting capital expenditure and/or variable marketing or other costs.

The Directors have also considered the Group's current liquidity and available facilities. As at 28 September 2024, the Group Balance Sheet reflects cash net of overdrafts of £324 million. In the going concern assessment period to 28 March 2026, the Group's £300 million sustainability bond matures. For the purpose of this going concern assessment, the Group has assumed the £300 million Revolving Credit Facility (RCF), which is currently undrawn and not relied upon, is used to repay the bond in the scenarios modelled. Whilst this is an appropriate assumption for the going concern assessment the Group's intention would be to refinance within the going concern period. The Group is in compliance with the covenants of the RCF in the base case without mitigating actions and in the severe but plausible scenario after relying upon certain mitigating actions already undertaken or within management control.

The current RCF is due to mature on 26 July 2026 which is four months after the going concern assessment period. The Directors are confident that an extension of the RCF or alternative financing arrangements will be available to the company prior to maturity of the RCF based upon the recent bond issuance and financing discussions.

Details of cash, overdrafts, borrowings and facilities are set out in notes 14, 17 and 18 of these financial statements.

In all the scenarios assessed, taking into account liquidity, available resources and mitigating actions within management control, the Group is able to maintain sufficient liquidity to continue trading and meet covenant requirements throughout the going concern period to 28 March 2026. On the basis of the assessment performed, the Directors consider it is appropriate to continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements for the period ended 28 September 2024.

**Accounting policies**

The material accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the 52 weeks ended 30 March 2024.

**New standards, amendments and interpretations adopted in the period**

Several standards and amendments apply for the first time for the period ended 28 September 2024, but do not have a material impact on the condensed consolidated interim financial statements of the Group.

**Standards not yet adopted**

Certain new accounting standards and amendments to standards have been published that are not yet mandatory and have not been early adopted by the Group. The Group is assessing the impact of these standards on the financial statements, and the results will be communicated in future periods. The Group does expect a material impact from IFRS 18 Presentation and Disclosure in Financial Statements in the Group's primary financial statements. IFRS 18, which is effective for the reporting period beginning on 28 March 2027, subject to UK endorsement, replaces IAS 1 Presentation of Financial Statements.

**Key sources of estimation uncertainty**

Preparation of the condensed consolidated interim financial statements in conformity with IFRS requires that management make certain estimates and assumptions that affect the measurement of reported revenues, expenses, assets and liabilities and the disclosure of contingent liabilities.

If in the future such estimates and assumptions, which are based on management's best estimates at the date of the financial statements, deviate from actual circumstances, the original estimates and assumptions will be updated as appropriate in the period in which the circumstances change.

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas where the estimates and assumptions applied have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are consistent with those applied in the Group's financial statements for the 52 weeks to 30 March 2024, as set out on pages 166 to 167 of those financial statements.

There have been no changes to the matters considered to be significant estimates in the period which remain impairment, or reversal of impairment, of property plant and equipment and right-of-use assets, inventory provisioning and uncertain tax positions.

**Key judgements in applying the Group's accounting policies**

Judgements are those decisions made when applying accounting policies which have a significant impact on the amounts recognised in the Group's financial statements. Key judgements that have a significant impact on the amounts recognised in the condensed consolidated interim financial statements for the 26 weeks to 28 September 2024 and the 26 weeks to 30 September 2023 are as follows:

Where the Group is a lessee, judgement is required in determining the lease term at initial recognition, and throughout the lease term, where extension or termination options exist. In such instances, all facts and circumstances that may create an economic incentive to exercise an extension option, or not exercise a termination option, have been considered to determine the lease term. Considerations include, but are not limited to, the period assessed by management when approving initial investment, together with costs associated with any termination options or extension options. Extension periods (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Where the lease term has been extended by assuming an extension option will be recognised, this will result in the initial right-of-use assets and lease liabilities at inception of the lease being greater than if the option was not assumed to be exercised. Likewise, assuming a break option will be exercised will reduce the initial right-of-use assets and lease liabilities. There have been no significant judgements in relation to lease term made in the period.

**Translation of the results of overseas businesses**

The results of overseas subsidiaries are translated into the Group's presentation currency of sterling each month at the average exchange rate for the month, weighted according to the phasing of the Group's trading results. The average exchange rate is used, as it is considered to approximate the actual exchange rates on the dates of the transactions. The assets and liabilities of such undertakings are translated at the closing rates. Differences arising on the retranslation of the opening net investment in subsidiary companies, and on the translation of their results, are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The principal exchange rates used were as follows:

| | Average rate | | | Closing rate | | |
|---|---|---|---|---|---|---|
| | **26 weeks to 28 September 2024** | 26 weeks to 30 September 2023 | 52 weeks to 30 March 2024 | **As at 28 September 2024** | As at 30 September 2023 | As at 30 March 2024 |
| Euro | **1.18** | 1.16 | 1.16 | **1.20** | 1.15 | 1.17 |
| US Dollar | **1.29** | 1.26 | 1.26 | **1.34** | 1.22 | 1.26 |
| Chinese Yuan Renminbi | **9.23** | 8.97 | 9.01 | **9.41** | 8.90 | 9.13 |
| Hong Kong Dollar | **10.01** | 9.87 | 9.84 | **10.43** | 9.56 | 9.89 |
| Korean Won | **1,746** | 1,654 | 1,657 | **1,755** | 1,646 | 1,702 |
| Japanese Yen | **195** | 178 | 182 | **192** | 182 | 191 |

**Adjusted profit before taxation**

In order to provide additional consideration of the underlying performance of the Group's ongoing business, the Group's results include a presentation of Adjusted operating profit and Adjusted profit before taxation (adjusted PBT). Adjusted PBT is defined as profit before taxation and before adjusting items. Adjusting items are those items which, in the opinion of the Directors, should be excluded in order to provide a consistent and comparable view of the performance of the Group's ongoing business. Generally, this will include those items that are largely one-off and/or material in nature as well as income or expenses relating to acquisitions or disposals of businesses or other transactions of a similar nature, including the impact of changes in fair value of expected future payments or receipts relating to these transactions. Adjusting items are identified and presented on a consistent basis each year and a reconciliation of adjusted PBT to profit before tax is included in the financial statements. Adjusting items and their related tax impacts, as well as adjusting taxation items, are added back to/deducted from profit attributable to owners of the Company to arrive at adjusted earnings per share. Refer to note 4 for further details of adjusting items.

### 3. SEGMENTAL ANALYSIS

The Chief Operating Decision Maker has been identified as the Board of Directors. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports used by the Board. The Board considers the Group's business through its two channels to market, being retail/wholesale and licensing.

Retail/wholesale revenues are generated by the sale of luxury goods through Burberry full price stores, concessions, outlets and digital commerce as well as Burberry franchisees, prestige department stores globally and multi-brand specialty accounts. The flow of global product between retail and wholesale channels and across our regions is monitored and optimised at a corporate level and implemented via the Group's inventory hubs and principal distribution centres situated in Europe, the US, Mainland China and Hong Kong S.A.R. China.

Licensing revenues are generated through the receipt of royalties from global licensees of beauty products, eyewear and from licences relating to the use of non-Burberry trademarks in Japan.

The Board assesses channel performance based on a measure of adjusted operating profit. This measurement basis excludes the effects of adjusting items. The measure of earnings for each operating segment that is reviewed by the Board includes an allocation of corporate and central costs. Interest income and charges are not included in the result for each operating segment that is reviewed by the Board.

| | Retail/Wholesale | | Licensing | | Total | |
|---|---|---|---|---|---|---|
| | **26 weeks to 28 September 2024 £m** | 26 weeks to 30 September 2023 £m | **26 weeks to 28 September 2024 £m** | 26 weeks to 30 September 2023 £m | **26 weeks to 28 September 2024 £m** | 26 weeks to 30 September 2023 £m |
| Retail | **885** | 1,124 | **–** | – | **885** | 1,124 |
| Wholesale | **169** | 241 | **–** | – | **169** | 241 |
| Licensing | **–** | – | **32** | 32 | **32** | 32 |
| Total segment revenue | **1,054** | 1,365 | **32** | 32 | **1,086** | 1,397 |
| Inter-segment revenue[1] | **–** | – | **–** | (1) | **–** | (1) |
| Revenue from external customers | **1,054** | 1,365 | **32** | 31 | **1,086** | 1,396 |
| Adjusted operating (loss)/profit | **(70)** | 194 | **29** | 29 | **(41)** | 223 |
| Adjusting items[2] | | | | | **(12)** | – |
| Operating (loss)/profit | | | | | **(53)** | 223 |
| Finance income | | | | | **11** | 20 |
| Finance expense | | | | | **(38)** | (24) |
| (Loss)/profit before taxation | | | | | **(80)** | 219 |

| 52 weeks to 30 March 2024 | Retail/Wholesale £m | Licensing £m | Total £m |
|---|---|---|---|
| Retail | 2,400 | – | 2,400 |
| Wholesale | 506 | – | 506 |
| Licensing | – | 63 | 63 |
| Total segment revenue | 2,906 | 63 | 2,969 |
| Inter-segment revenue[1] | – | (1) | (1) |
| Revenue from external customers | 2,906 | 62 | 2,968 |
| Adjusted operating profit | 359 | 59 | 418 |
| Finance income | | | 31 |
| Finance expense | | | (66) |
| Profit before taxation | | | 383 |

1. Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would be available to unrelated third parties.
2. Refer to note 4 for details of adjusting items.

**Additional revenue analysis**

All revenue is derived from contracts with customers. The Group derives Retail and Wholesale revenue from contracts with customers from the transfer of goods and related services at a point in time. Licensing revenue is derived over the period the licence agreement gives the customer access to the Group's trademarks.

| Revenue by product division | **26 weeks to 28 September 2024 £m** | 26 weeks to 30 September 2023 £m | 52 weeks to 30 March 2024 £m |
|---|---|---|---|
| Accessories | **367** | 498 | 1,055 |
| Women's | **313** | 391 | 860 |
| Men's | **324** | 399 | 842 |
| Children's/Other | **50** | 77 | 149 |
| Retail/Wholesale | **1,054** | 1,365 | 2,906 |
| Licensing | **32** | 31 | 62 |
| Total | **1,086** | 1,396 | 2,968 |

| Revenue by destination | **26 weeks to 28 September 2024 £m** | 26 weeks to 30 September 2023 £m | 52 weeks to 30 March 2024 £m |
|---|---|---|---|
| Asia Pacific | **444** | 584 | 1,286 |
| EMEIA[1] | **392** | 485 | 1,017 |
| Americas | **218** | 296 | 603 |
| Retail/Wholesale | **1,054** | 1,365 | 2,906 |
| Licensing | **32** | 31 | 62 |
| Total | **1,086** | 1,396 | 2,968 |

1. EMEIA comprises Europe, Middle East, India and Africa.

Due to the seasonal nature of the business, Group revenue is usually expected to be higher in the second half of the year than in the first half. Some of the Group's operating costs are also higher in the second half of the year, such as contingent rentals and sales related employee costs, most of the operating costs, in particular salaries and fixed rentals, are phased more evenly across the year.

## 4. ADJUSTING ITEMS

| | **26 weeks to 28 September 2024 £m** | 26 weeks to 30 September 2023 £m | 52 weeks to 30 March 2024 £m |
|---|---|---|---|
| **Adjusting operating items** | | | |
| Restructuring costs | **12** | – | – |
| **Total adjusting operating items (pre-tax)** | **12** | – | – |
| Tax credit on adjusting items | **(3)** | – | – |
| **Total adjusting operating items (post-tax)** | **9** | – | – |

*Restructuring costs*

During the 26 weeks to 28 September 2024, restructuring costs of £12 million (last half year: £nil; last full year: £nil) were incurred, arising primarily as a result of an organisational efficiency programme initiated during the period, which includes the streamlining of office-based functions. The costs principally related to redundancies and were recorded in operating expenses. These costs are presented as an adjusting item, in accordance with the Group's accounting policy, as the anticipated cost of the restructuring programme is considered material and discrete in nature. A related tax credit of £3 million (last half year: £nil; last full year: £nil) has also been recognised in the current year.

## 5. FINANCING

| | **26 weeks to 28 September 2024 £m** | 26 weeks to 30 September 2023 £m | 52 weeks to 30 March 2024 £m |
|---|---|---|---|
| Finance income – amortised cost | **6** | 4 | 9 |
| Bank interest income – fair value through profit and loss | **5** | 16 | 22 |
| **Finance income** | **11** | 20 | 31 |
| | | | |
| Interest expense on lease liabilities | **(25)** | (19) | (43) |
| Interest expense on overdrafts | **(3)** | (2) | (7) |
| Interest expense on borrowings | **(8)** | (2) | (4) |
| Bank charges | **(1)** | (1) | (1) |
| Other finance expense | **(1)** | – | (11) |
| **Finance expense** | **(38)** | (24) | (66) |
| | | | |
| **Net finance expense** | **(27)** | (4) | (35) |

## 6. TAXATION

The Group's adjusted effective tax rate is 5% (last half year: 27%) and the reported effective tax rate is 8% (last half year: 27%).

The effective tax rate is sensitive to the geographic mix of profits. The Group is within the scope of the UK legislation in relation to the Global anti-Base Erosion Model Rules ('GLoBE Rules' or 'Pillar Two' model rules) which will apply to the Group for this accounting period. Based on the most recent forecast financial information available for the constituent entities in the Group, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply and the Pillar Two effective tax rate is close to 15%. There is no material impact of the Pillar Two legislation for the Group.

| | **26 weeks to 28 September 2024 £m** | 26 weeks to 30 September 2023 £m | 52 weeks to 30 March 2024 £m |
|---|---|---|---|
| **Current tax** | | | |
| Current tax on income for the period | **49** | 74 | 130 |
| Double taxation relief | **(1)** | (1) | (3) |
| Adjustments in respect of prior years | **(2)** | 2 | 9 |
| **Total current tax charge** | **46** | 75 | 136 |
| | | | |
| **Deferred tax** | | | |
| Origination and reversal of temporary differences | **(54)** | (15) | (23) |
| Adjustments in respect of prior years | **2** | – | (1) |
| **Total deferred tax credit** | **(52)** | (15) | (24) |
| **Total tax (credit)/charge on profit or loss** | **(6)** | 60 | 112 |

Total taxation recognised in the Condensed Group Income Statement comprises:

| | **26 weeks to 28 September 2024 £m** | 26 weeks to 30 September 2023 £m | 52 weeks to 30 March 2024 £m |
|---|---|---|---|
| Tax on adjusted (loss)/profit before taxation | **(3)** | 60 | 112 |
| Tax on adjusting items (note 4) | **(3)** | – | – |
| **Total tax (credit)/charge on profit or loss** | **(6)** | 60 | 112 |

**Deferred tax**

The major deferred tax assets/(liabilities) recognised by the Group and movements during the period are as follows:

| | Net deferred tax asset £m |
|---|---|
| **Balance as at 30 March 2024** | **207** |
| Effect of foreign exchange rates | **(9)** |
| Credited to the Income Statement | **52** |
| **Balance as at 28 September 2024** | **250** |
| | |
| **Balance as at 30 September 2023** | **204** |

The most significant deferred tax asset recognised for the period relates to the provision for unrealised profit on inventory sold intragroup.

## 7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit or loss attributable to owners of the Company for the period divided by the weighted average number of ordinary shares in issue during the period. Basic and diluted earnings per share based on adjusted profit before taxation are also disclosed to indicate the underlying profitability of the Group.

| | **26 weeks to 28 September 2024 £m** | 26 weeks to 30 September 2023 £m | 52 weeks to 30 March 2024 £m |
|---|---|---|---|
| Attributable (loss)/profit for the period before adjusting items[1] | **(65)** | 158 | 270 |
| Effect of adjusting items[1] (after taxation) | **(9)** | – | – |
| Attributable (loss)/profit for the period | **(74)** | 158 | 270 |

1. Refer to note 4 for details of adjusting items.

The weighted average number of ordinary shares represents the weighted average number of Burberry Group plc ordinary shares in issue throughout the period, excluding ordinary shares held in the Group's ESOP trusts and treasury shares held by the Company or its subsidiaries. This includes the effect of the cancellation of 9.3 million shares last half year and 20.5 million shares last full year as a result of the share buy-back programmes. No shares were cancelled in the current period. Refer to note 19 for additional information on the share buy-backs in the prior year.

Diluted (loss)/earnings per share is based on the weighted average number of ordinary shares in issue during the period. In addition, account is taken of any options and awards made under the employee share incentive schemes, which could have a dilutive effect when exercised.

| | **26 weeks to 28 September 2024 Millions** | 26 weeks to 30 September 2023 Millions | 52 weeks to 30 March 2024 Millions |
|---|---|---|---|
| Weighted average number of ordinary shares in issue during the period | **357.3** | 373.1 | 365.0 |
| Dilutive effect of the employee share incentive schemes | **0.7** | 3.0 | 1.2 |
| Diluted weighted average number of ordinary shares in issue during the period | **358.0** | 376.1 | 366.2 |

| | 26 weeks to 28 September 2024 Pence | 26 weeks to 30 September 2023 Pence | 52 weeks to 30 March 2024 Pence |
|---|---|---|---|
| **(Loss)/earnings per share** | | | |
| Basic | **(20.8)** | 42.4 | 74.1 |
| Diluted[1] | **(20.8)** | 42.1 | 73.9 |
| | | | |
| **Adjusted (loss)/earnings per share** | | | |
| Basic | **(18.3)** | 42.4 | 74.1 |
| Diluted[1] | **(18.3)** | 42.1 | 73.9 |

1. As the Group incurred an attributable loss for the 26 weeks to 28 September 2024, the effect of employee share incentive schemes was antidilutive and therefore not included in the calculation of diluted loss per share for the period.

## 8. DIVIDENDS PAID TO OWNERS OF THE COMPANY

The Directors have elected not to declare an interim dividend in respect of the 26 weeks to 28 September 2024 (last half year: 18.3p).

A dividend of 42.7p (last half year: 44.5p) per share was paid during the period to 28 September 2024 in relation to the year ended 30 March 2024.

## 9. INTANGIBLE ASSETS

Goodwill at 28 September 2024 is £115 million (last half year: £105 million; last full year: £119 million). There were no additions (last half year: £nil; last full year: £16 million) and no impairments (last half year: £nil; last full year: £nil) of goodwill in the period.

In the period there were additions to other intangible assets of £11 million (last half year: £26 million; last full year: £53 million) and disposals with a net book value of £nil (last half year: £nil; last full year: £3 million).

Intangible asset capital commitments contracted but not provided for by the Group amounted to £2 million (last half year: £7 million; last full year: £4 million).

### Impairment testing

Assets that have an indefinite useful economic life are not subject to amortisation and are tested annually for impairment.

Goodwill is the only intangible asset category with an indefinite useful economic life included within total intangible assets at 28 September 2024. Management has performed a review for indicators of impairment as at 28 September 2024 and concluded that there are no indicators at this time as sufficient headroom remains after considering updated cost and revenue assumptions for the most significant cost generating units. The annual impairment test will be performed at 29 March 2025.

An impairment charge of £1 million was recorded in relation to other intangible assets for the 26 weeks to 28 September 2024 (last half year: £nil; last full year: £nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

In the period there were additions to property, plant and equipment of £72 million (last half year: £66 million; last full year: £164 million) and disposals with a net book value of £12 million, related to the sale of a freehold property previously classified as held for sale (last half year: £nil; last full year: £nil). Additions include £71 million (last half year: £64 million; last full year: £158 million) arising as a result of investing cash outflows and £1 million (last half year: £2 million; last full year: £8 million) movement in capital expenditure accruals.

Property, plant and equipment capital commitments contracted but not provided for by the Group amounted to £42 million (last half year: £51 million; last full year: £67 million).

No assets were classified as held for sale at 28 September 2024. During the 26 weeks to 28 September 2024, the Group completed the sale of a freehold property previously classified as held for sale for £12 million, resulting in a net gain on disposal of £nil.

### Impairment testing

During the current period, management reviewed their assumptions on retail cash generating units and reviewed these units for any indication of impairment or impairment reversal. Where indicators of impairment have been identified, an impairment analysis was carried out and if the value-in-use was less than the carrying value of the cash generating unit, an impairment of property, plant and equipment and right-of-use asset has been recorded. The pre-tax cash flow projections used for this review were based on financial plans of expected revenues and costs of each retail cash generating unit, approved by management, and extrapolated beyond the current year to the lease end dates using growth rates and inflation rates appropriate to each store's location.

During the 26 weeks to 28 September 2024, following the review of impairment of retail cash generating units, a charge of £8 million was recorded against property, plant and equipment (last half year: £nil; last full year: charge of £5 million). The impairment review carried out considers internal and external impairment indicators for all retail stores above a specified asset value and the subsequent value-in-use calculations include certain assumptions, particularly over revenue growth over the remaining lease term. Refer to note 11 for further details of right-of-use asset impairment.

Management has considered the potential impact of changes in assumptions on the impairment recorded against the Group's retail assets. Given the geopolitical uncertainty and global consumer demand risk on the Group's retail operations and on the global economy, management has considered sensitivities to the impairment charge as a result of changes to the estimate of future revenues achieved by the retail stores. The sensitivities applied are an increase or decrease in revenue of 10% from the estimate used to determine the impairment charge or reversal. We have also considered retail cash generating units with no indicators of impairment but with a significant asset balance. It is estimated that a 10% decrease/increase in revenue assumptions for the first 12 months of the model, with no change to subsequent forecast revenue growth rate assumptions, would result in approximately a £24 million increase/£12 million decrease in the impairment charge of retail store assets in the 26 weeks to 28 September 2024.

## 11. RIGHT-OF-USE ASSETS

In the period there were additions to right-of-use assets of £39 million (last half year: £65 million; last full year: £162 million) and remeasurements of £52 million (last half year: £75 million; last full year: £169 million). Depreciation of right-of-use assets of £124 million (last half year: £111 million; last full year: £234 million) is included within operating expenses.

### Impairment testing

As a result of the assessment of retail cash generating units for impairment during the 26 weeks to 28 September 2024, a charge of £24 million was recorded against right-of-use assets (last half year: £nil; last full year: net charge of £9 million). Refer to note 10 for further details of the impairment assessment of retail cash generating units.

### 12. TRADE AND OTHER RECEIVABLES

| | As at 28 September 2024 £m | As at 30 September 2023 £m | As at 30 March 2024 £m |
|---|---|---|---|
| **Non-current** | | | |
| Other financial receivables[1] | 44 | 47 | 47 |
| Other non-financial receivables[2] | – | 2 | – |
| Prepayments | 3 | 3 | 5 |
| **Total non-current trade and other receivables** | 47 | 52 | 52 |
| **Current** | | | |
| Trade receivables | 149 | 186 | 189 |
| Provision for expected credit losses | (12) | (9) | (10) |
| Net trade receivables | 137 | 177 | 179 |
| Other financial receivables[1] | 32 | 31 | 27 |
| Other non-financial receivables[2] | 103 | 68 | 86 |
| Prepayments | 46 | 71 | 33 |
| Accrued income | 17 | 18 | 15 |
| **Total current trade and other receivables** | 335 | 365 | 340 |
| **Total trade and other receivables** | 382 | 417 | 392 |

1. Other financial receivables include rental deposits and other sundry debtors.
2. Other non-financial receivables relate to indirect taxes and other taxes and duties.

The net charge for impairment of financial receivables in the period was £2 million (last half year: net charge of £2 million; last full year: net charge of £4 million).

### 13. INVENTORIES

Inventory provisions of £102 million (last half year: £63 million; last full year: £73 million) are recorded, representing 14.6% (last half year: 10.7%; last full year: 12.6%) of the gross value of inventory. The provisions reflect management's best estimate of the net realisable value of inventory, where this is considered to be lower than the cost of the inventory.

Taking into account factors impacting the inventory provisioning including trading assumptions being higher or lower than expected, management considers that a reasonable potential range of outcomes could result in an increase in inventory provisions of £22 million or a decrease in inventory provisions of £37 million in the next 12 months. This would result in a potential range of inventory provisions of 9.3% to 17.7% as a percentage of the gross value of inventory as at 28 September 2024.

### 14. CASH AND CASH EQUIVALENTS

| | As at 28 September 2024 £m | As at 30 September 2023 £m | As at 30 March 2024 £m |
|---|---|---|---|
| **Cash and cash equivalents held at amortised cost** | | | |
| Cash at bank and in hand | 188 | 185 | 180 |
| Short-term deposits | 101 | 76 | 83 |
| | 289 | 261 | 263 |
| **Cash and cash equivalents held at fair value through profit and loss** | | | |
| Short-term deposits | 141 | 402 | 178 |
| **Total** | 430 | 663 | 441 |

Cash and cash equivalents classified as fair value through profit and loss relate to deposits held in low volatility net asset value money market funds. The cash is available immediately and, since the funds are managed to achieve low volatility, no significant change in value is anticipated. The funds are monitored to ensure there are no significant changes in value.

## 15. TRADE AND OTHER PAYABLES

| | As at 28 September 2024 £m | As at 30 September 2023 £m | As at 30 March 2024 £m |
|---|---|---|---|
| **Non-current** | | | |
| Other payables[1] | 2 | 2 | 3 |
| Deferred income and non-financial accruals | 7 | 14 | 9 |
| Contract liabilities | 48 | 54 | 51 |
| **Total non-current trade and other payables** | 57 | 70 | 63 |
| **Current** | | | |
| Trade payables | 146 | 204 | 180 |
| Other taxes and social security costs | 52 | 48 | 45 |
| Other payables[1,2] | 26 | 209 | 21 |
| Accruals | 147 | 180 | 165 |
| Deferred income and non-financial accruals | 10 | 13 | 11 |
| Contract liabilities | 11 | 13 | 12 |
| Deferred consideration[3] | 5 | 5 | 5 |
| **Total current trade and other payables** | 397 | 672 | 439 |
| **Total trade and other payables** | 454 | 742 | 502 |

1. Other payables are comprised of interest and employee-related liabilities.
2. At 30 September 2023, other payables included £201 million related to the share buy-back programme that commenced in the period and completed in the second half of last year. There is no share buy-back programme in the current year.
3. Deferred consideration relates to the acquisition of the economic right to the non-controlling interest in Burberry Middle East LLC on 22 April 2016. No deferred consideration payments were made in the 26 weeks to 28 September 2024 (last half year: £nil; last full year: £nil).

**Contract liabilities**

Retail contract liabilities relate to unredeemed balances on issued gift cards and similar products, and advanced payments received for sales which have not yet been delivered to the customer, which are all considered current. Licensing contract liabilities relate to deferred revenue arising from the upfront payment for the Beauty licence which is being recognised in revenue over the term of the licence on a straight-line basis reflecting access to the trademark over the licence period to 2032.

| | As at 28 September 2024 £m | As at 30 September 2023 £m | As at 30 March 2024 £m |
|---|---|---|---|
| Retail contract liabilities | 5 | 6 | 6 |
| Licensing contract liabilities | 54 | 61 | 57 |
| **Total contract liabilities** | 59 | 67 | 63 |

### 16. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

| | Property obligations £m | Restructuring costs[1] £m | Other costs £m | Total £m |
|---|---|---|---|---|
| Balance as at 30 March 2024 | 48 | – | 9 | 57 |
| Effect of foreign exchange rate changes | (1) | – | (1) | (2) |
| Created during the period | 3 | 7 | 1 | 11 |
| Utilised during the period | (2) | – | (1) | (3) |
| Released during the period | (1) | – | (1) | (2) |
| **Balance as at 28 September 2024** | **47** | **7** | **7** | **61** |
| Balance as at 30 September 2023 | 48 | – | 9 | 57 |

| | **As at 28 September 2024 £m** | As at 30 September 2023 £m | As at 30 March 2024 £m |
|---|---|---|---|
| **Analysis of total provisions:** | | | |
| Non-current | **35** | 35 | 37 |
| Current | **26** | 22 | 20 |
| **Total** | **61** | 57 | 57 |

1. Provision for restructuring costs relates to the organisational efficiency programme initiated in the period which is included as an adjusting item. Refer to note 4 for details of adjusting items.

### 17. BANK OVERDRAFTS

Included within bank overdrafts is £106 million (last half year: £93 million; last full year: £78 million) representing balances on cash pooling arrangements in the Group.

The Group has a number of committed and uncommitted arrangements agreed with third parties. At 28 September 2024, the Group held bank overdrafts of £nil (last half year: £nil; last full year: £1 million) excluding balances on cash pooling arrangements.

The fair value of overdrafts approximates the carrying amount due to the short maturity of these instruments.

### 18. BORROWINGS

On 20 June 2024, Burberry Group plc issued medium term notes with a face value of £300 million and 5.75% coupon maturing on 20 June 2030. Interest on the bond is payable semi-annually. The carrying value of the bond at 28 September 2024 is £303 million (last half year: £nil; last full year: £nil), the proceeds from the bond were £297 million, all other movements on the bond are non-cash. The fair value of the bond at 28 September 2024 is £290 million (last half year: £nil; last full year: £nil). The Group has entered into an interest rate swap to reduce the level of fixed rate debt in accordance with the Group Treasury Policy and has entered the swap into a fair value hedge relationship with the bond.

On 26 July 2021, the Group entered into a £300 million multi-currency sustainability linked revolving credit facility (RCF) with a syndicate of banks, maturing on 26 July 2026. There were no drawdowns or repayments of the RCF during the current or previous period, and at 28 September 2024 there were no outstanding drawings.

On 21 September 2020, Burberry Group plc issued medium term notes with a face value of £300 million and 1.125% coupon maturing on 21 September 2025 (the sustainability bond). Proceeds from the sustainability bond have been used by the Group to finance projects which support the Group's sustainability agenda. There are no financial penalties for not using the proceeds as anticipated. Interest on the sustainability bond is payable semi-annually. The carrying value of the bond at 28 September 2024 is £299 million (last half year: £299 million; last full year: £299 million), all movements on the bond are non-cash. The fair value of the bond at 28 September 2024 is £288 million (last half year: £274 million; last full year: £281 million).

The Group is in compliance with the financial and other covenants within the facilities above and has been in compliance throughout the financial period.

### 19. SHARE CAPITAL AND RESERVES

| Allotted, called up and fully paid share capital | Number | £m |
|---|---|---|
| Ordinary shares of 0.05p (last year: 0.05p) each | | |
| **As at 1 April 2023** | 384,267,928 | 0.2 |
| Allotted on exercise of options during the period | 11,910 | – |
| Cancellation of shares | (9,265,324) | – |
| **As at 30 September 2023** | 375,014,514 | 0.2 |
| | | |
| **As at 30 March 2024** | 363,815,743 | 0.2 |
| Allotted on exercise of options during the period | 571 | – |
| **As at 28 September 2024** | **363,816,314** | **0.2** |

**Other reserves**

The Company has a general authority from shareholders, renewed at each Annual General Meeting, to repurchase a maximum of 10% of its issued share capital. There has been no share buy-back programme in the current period.

During the prior 26 weeks to 30 September 2023, the Company entered into agreements to purchase, at fair value, a total of £400 million of its own shares, excluding stamp duty, through two share buy-back programmes of £200 million each. The first programme commenced and completed during the period and resulted in purchases of £200 million of own shares, excluding stamp duty of £1 million. The second programme commenced and completed in the second half of the prior year. £173 million related to the cost of shares not yet purchased under this agreement and £27 million relating to shares purchased but not yet paid was charged to retained earnings, with the payment obligation recognised in payables (refer to note 15).

The cost of own shares purchased by the Company, as part of a share buy-back programme is offset against retained earnings, as the amounts paid reduce the profits available for distribution by the Company. When shares are cancelled, a transfer is made from retained earnings to the capital reserve, equivalent to the nominal value of the shares purchased and subsequently cancelled. In the 26 weeks to 28 September 2024, no shares were cancelled (last half year: 9.3 million; last full year: 20.5 million). As at 28 September 2024, the amount held against retained earnings in relation to shares bought back but not yet cancelled was £nil (last half year: £27 million; last full year: £nil).

As at 28 September 2024, the Company held 5.2 million treasury shares (last half year: 5.2 million; last full year: 5.2 million), with a market value of £37 million based on the share price at the reporting date (last half year: £100 million; last full year: £63 million). The treasury shares held by the Company are related to the share buy-back programme completed during the 52 weeks to 30 March 2024. During the 26 weeks to 28 September 2024, no treasury shares were transferred to ESOP trusts (last half year: 0.8 million; last full year: 0.9 million). During the 26 weeks to 28 September 2024, no treasury shares were cancelled (last half year: none; last full year: none).

The cost of shares purchased by ESOP trusts are offset against retained earnings, as the amounts paid reduce the profits available for distribution by the Company. As at 28 September 2024 the cost of own shares held by ESOP trusts and offset against retained earnings is £23 million (last half year: £38 million; last full year: £34 million). As at 28 September 2024, the ESOP trusts held 1.3 million shares (last half year: 2.1 million; last full year: 1.9 million) in the Company, with a market value of £9 million (last half year: £41 million; last full year: £23 million). In the 26 weeks to 28 September 2024 the ESOP trusts and the Company have waived their entitlement to dividends.

Other reserves in the Statement of Changes in Equity consists of the capital reserve, the foreign currency translation reserve, and the hedging reserves. The hedging reserves consist of the cash flow hedge reserve and the net investment hedge reserve.

### 20. RELATED PARTY TRANSACTIONS

The Group's significant related parties are disclosed in the Annual Report for the 52 weeks to 30 March 2024. There were no material changes to these related parties in the period, other than changes to the composition of the Board. Other than total compensation in respect of key management, no material related party transactions have taken place during the current period.

## 21. FAIR VALUE DISCLOSURE FOR FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise derivative instruments, cash and cash equivalents, borrowings (including overdrafts), trade and other receivables and trade and other payables arising directly from operations.

The fair value of the Group's financial assets and liabilities held at amortised cost approximate their carrying amount due to the short maturity of these instruments with the exception of the £299 million sustainability bond issued on 21 September 2020 (last half year: £299 million), the £303 million bond issued on 20 June 2024 (last year: £nil) and £13 million (last half year: £14 million) held in non-current other receivables relating to an interest-free loan provided to a landlord in Korea. At 28 September 2024, the fair value of the sustainability bond issued on 21 September 2020 is £288 million (last half year: £274 million), fair value of the bond issued on 20 June 2024 is £290 million (last half year: £nil) and the discounted fair value of the loan provided to a landlord in Korea is £13 million (last half year: £13 million).

The measurements for financial instruments carried at fair value are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used. The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

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

Level 3: includes unobservable inputs for the asset or liability.

Observable inputs are those which are developed using market data, such as publicly available information about actual events or transactions. The Group has an established framework with respect to measurement of fair values, including Level 3 fair values. The Group regularly reviews any significant inputs which are not derived from observable market data and considers, where available, relevant third-party information, to support the conclusion that such valuations meet the requirements of IFRS. The classification level in the fair value hierarchy is also considered periodically. Significant valuation issues are reported to the Audit Committee.

The fair value of those cash and cash equivalents measured at fair value through profit and loss, principally money market funds, is derived from their net asset value which is based on the value of the portfolio investment holdings at the balance sheet date. This is considered to be a Level 2 measurement.

The fair value of forward foreign exchange contracts, interest rate swaps, equity swap contracts and trade and other receivables is based on a comparison of the contractual and market rates and, in the case of forward foreign exchange contracts and interest rate swaps, after discounting using the appropriate yield curve as at the balance sheet date. This is considered to be a Level 2 measurement. All Level 2 fair value measurements are calculated using inputs which are based on observable market data.

## 22. ACQUISITION OF SUBSIDIARY

On 2 October 2023, Burberry Italy S.R.L., Burberry's wholly-owned subsidiary, acquired a 100% shareholding in Burberry Tecnica, S.R.L., from Italian technical outerwear supplier, Pattern SpA, a company incorporated in Italy, for total cash consideration of £19 million. As a result of the acquisition, net assets of £3 million were acquired and goodwill of £16 million was recognised. There were no adjustments to the acquisition accounting in the 26 weeks to 28 September 2024.

## 23. CONTINGENT LIABILITIES

The Group is subject to claims against it and to tax audits in a number of jurisdictions which arise in the ordinary course of business. These typically relate to Value Added Taxes, sales taxes, customs duties, corporate taxes, transfer pricing, payroll taxes, various contractual claims, legal proceedings and other matters. Where appropriate, the estimated cost of known obligations have been provided in these financial statements in accordance with the Group's accounting policies. The Group does not expect the outcome of current similar contingent liabilities to have a material effect on the Group's financial position.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that the condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the UK and that the Interim Management Report and condensed consolidated interim financial statements include a fair review of the information required by Disclosure Guidance and Transparency Rules 4.2.7 and 4.2.8, namely:

– an indication of important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining 26 weeks of the financial year; and
– material related party transactions in the first 26 weeks of the financial year and any material changes in the related party transactions described in the last Annual Report.

The Directors of Burberry Group plc are consistent with those listed in the Burberry Group plc Annual Report for the 52 weeks to 30 March 2024 with the exception of Joshua Schulman who was appointed on 17 July 2024, Jonathan Akeroyd who resigned on 15 July 2024 and Debra L Lee who stepped down from the Board on 16 July 2024.

A list of current directors is maintained on the Burberry Group plc website: www.burberryplc.com.

By order of the Board

Joshua Schulman
Chief Executive Officer
13 November 2024

Kate Ferry
Chief Financial Officer
13 November 2024

## INDEPENDENT REVIEW REPORT TO BURBERRY GROUP PLC

**Conclusion**
We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 28 September 2024 which comprises the condensed group income statement, the condensed group statement of comprehensive income, the condensed group balance sheet, the condensed group statement of changes in equity, the condensed group statement of cash flows and the related explanatory notes 1 to 23. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 week period ended 28 September 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

**Basis for Conclusion**
We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

**Conclusions Relating to Going Concern**
Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

**Responsibilities of the directors**
The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing 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 company or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the review of the financial information**
In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

**Use of our report**
This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London
13 November 2024