16 November 2023

BURBERRY GROUP PLC

INTERIM RESULTS FOR 26 WEEKS ENDED 30 SEPTEMBER 2023

"We made good progress against our strategic goals, executing our priorities at pace. We continued to build momentum around our new creative vision with the launch of our Winter 23 collection in September, the first designed by Daniel Lee. While the macroeconomic environment has become more challenging recently, we are confident in our strategy to realise our potential as the modern British luxury brand, and we remain committed to achieving our medium and long-term targets."

- Jonathan Akeroyd, Chief Executive Officer

Period ended £ million	26 weeks ended 30 September 2023	26 weeks ended 1 October 2022	*YoY % change Reported FX*	*YoY % change CER*
Revenue	**1,396**	**1,345**	***4***	***7***
*Retail comparable store sales**	*10%*	*5%*		
Adjusted operating profit*	**223**	**238**	***(6)***	***1***
*Adjusted operating profit margin**	*15.9%*	*17.7%*	*(180bps)*	*(110bps)*
Adjusted diluted EPS (pence)*	42.1	44.3	*(5)*	*2*
Reported operating profit	**223**	**263**	***(15)***	
Reported operating profit margin	*15.9%*	*19.5%*	*(360bps)*	
Reported diluted EPS (pence)	42.1	48.9	*(14)*	
Free cash flow*	(15)	88	*nm***	
Dividend (pence)	18.3	16.5	*11*	

*See page 11 for definitions of alternative performance measures, ** Not meaningful

- Q2 comparable store sales increased 1%, with EMEIA +10%, Asia Pacific +2%, Americas -10%
- Significant progress on our plan, executing our priorities at pace
- Good performance across core outerwear and leather goods categories
    - Outerwear comparable store sales up 21% in H1 and 10% in Q2
    - Leather goods comparable store sales up 8% in H1 and 3% in Q2
- Delivered a more coherent brand aesthetic with campaigns generating significantly improved brand clarity, supported by a series of high-impact activations
- Launched Winter 23 collection, broadening distribution and ensuring greater visibility in stores compared with previous seasons; new product complements core offer and early indicators are encouraging
- Continued investment in distribution, opening or refurbishing 33 stores in the half and refreshed website in line with our new creative vision
- Achieved efficiency improvements across the value chain in terms of product availability, on time delivery and material waste re-use
- Strengthened supply chain with the completion of an outerwear acquisition in Italy in early October
- £400m share buyback completed at end of October, with £200m completed in H1
- Interim dividend of 18.3p, +11% based on 30% of FY23 full year dividend

GUIDANCE

We are confident in our strategy and remain committed to achieving our medium and long-term targets. The slowdown in luxury demand globally is having an impact on current trading. If the weaker demand continues, we are unlikely to achieve our previously stated revenue guidance for FY24*. In this context, adjusted operating profit would be towards the lower end of the current consensus range (£552m-£668m)**.

Based on the effective foreign exchange rates as of 25 October 2023, we now expect a reduced currency headwind of c.£110m to revenue and c.£60m to adjusted operating profit.

*High single-digit revenue CAGR from FY20 base equating to a low double-digit growth in FY24 YoY.

** As published on our corporate website here.

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 profit measures, comparable sales, free cash flow, cash conversion, adjusted EBITDA and net debt. The definitions of these alternative performance measures are in the Appendix on page 11.

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

Enquiries

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- There will be a virtual presentation for investors and analysts today at 9.30am (UK time) that can be viewed live on the Burberry website https://www.burberryplc.com/ and can also be accessed live via a listen only dial-in facility, click here to register
- The supporting slides and an indexed replay will be available on the website later in the day
- Burberry will issue its Third Quarter Trading Update on 19 January 2024

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BUSINESS REVIEW

In November 2022, we set out our strategy to realise Burberry's potential as the modern British luxury brand with a medium-term target to grow sales to £4bn and a longer-term ambition to reach £5bn. During the half, we made significant progress against our plan, executing our priorities at pace.

We continued to invest in our creative vision with campaigns and activations that were recognisably Burberry and told a coherent brand story. Our Winter 23 campaign showcased our new offer with a distinctive visual language that celebrated our new and enduring brand codes and placed product centre stage. The strong level of interest from fashion editors globally led to higher volumes of editorials with more than two times the reach of our previous Winter campaign.

We complemented the launch of Winter 23 with a series of city takeovers in high-impact locations. Our "Burberry Streets" activations in London, Seoul and Shanghai celebrated the art of exploration and brought our brand to life through immersive experiences, installations and events. These initiatives contributed to our highest level of brand clarity in the last three years as well as continued growth in consumers who associate Burberry with 'Britishness' and 'Heritage', which are key to our luxury positioning.

In terms of our core product categories, outerwear comparable store sales increased 21% in the half. This was driven by the strong performance of Heritage rainwear across both men's and women's. Leather goods comparable store sales advanced 8%, led by 14% growth in bags with ongoing momentum in icons such as the Vintage Check and new shapes introduced for Winter 23 such as the Knight bag and Trench tote gaining traction. In parallel, we continued to expand and evolve ready-to-wear, and introduced a more complete shoe offering.

The Winter 23 collection, the first designed by Daniel Lee, arrived in stores in September. Across all categories, we supported the launch with a higher level of investment in new product than in previous seasons, enabling us to broaden distribution and ensure greater visibility in our stores. The new product complements our existing strong core offer and while it is still too soon to have an in-depth read on commercial performance, the early indicators are encouraging.

We continued to build on this momentum with our Summer 24 show, also in September, that was well attended by high profile talent from the worlds of music, creative arts and sports. Through the collection, we further developed the aesthetic and codes for the brand across leather goods, shoes and ready-to-wear. The response has been highly positive with global reach from press coverage more than doubling season on season.

In addition, our beauty business generated an excellent performance in the half, driven by the successful launch of our latest fragrance Burberry Goddess.

We continued to invest in distribution, opening or refurbishing 33 stores in the half including New Bond Street London, Rodeo Drive Los Angeles and Omotesando Tokyo. Financials of the updated stores continue to show both store productivity and AUR up mid-teens percentage against equivalent existing stores. We also refreshed our e-commerce website Burberry.com. Launched to coincide with the arrival of our Winter 23 collection in stores, the website offers customers a more elevated and cohesive experience aligned with our new brand identity.

We further strengthened our supply chain in our core product categories with completion in early October of the acquisition of a product development business from our longstanding supplier Pattern SpA. This strategic investment will enhance our technical outerwear capabilities and give us greater control over the quality, cost, delivery, and sustainability of our offer.

At the same time, we maintained support for our communities, partnering with Tate Britain for 'Sarah Lucas: HAPPY GAS', an exhibition honouring one of Britain's leading artists. We also partnered with British artist Keith Khan and LEEDS 2023 to create a series of bespoke textile artworks at the Burberry Mill in Keighley to celebrate the 33 distinctive and diverse wards of the city of Leeds.

We continued to progress our sustainability agenda, introducing plastic-free packaging as part of our commitment to eliminate plastic from our consumer packaging by FY26. We also expanded our aftercare services to help more of our customers extend the life of their products.

SUMMARY INCOME STATEMENT

Period ended £ million	26 weeks ended 30 September 2023	26 weeks ended 1 October 2022	*YoY % change Reported FX*	*YoY % change CER*
Revenue	**1,396**	**1,345**	***4***	***7***
Cost of sales*	(421)	(403)	*4*	*6*
Gross profit*	**975**	**942**	***3***	***8***
Gross margin*	**69.8%**	**70.1%**	***(30bps)***	***30bps***
Net operating expenses*	(752)	(704)	*7*	*10*
Net opex as a % of sales*	53.9%	52.4%	*150bps*	*140bps*
Adjusted operating profit*	**223**	**238**	***(6)***	***1***
Adjusted operating profit margin*	**15.9%**	**17.7%**	***(180bps)***	***(110bps)***
Adjusting operating items	-	25		
Operating profit	**223**	**263**		
Operating profit margin	**15.9%**	**19.5%**	***(360bps)***	
Net finance expense	(4)	(12)		
Profit before taxation	**219**	**251**		
Taxation	(60)	(57)		
Non-controlling interest	(1)	(1)		
Attributable profit	**158**	**193**		
Adjusted profit before taxation*	**219**	**226**	***(3)***	***4***
Adjusted diluted EPS (pence)*	**42.1**	**44.3**	***(5)***	***2***
Diluted EPS (pence)	**42.1**	**48.9**	***(14)***	
Weighted average number of diluted ordinary shares (millions)	376.1	394.4	*(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 £ million	26 weeks ended 30 September 2023	26 weeks ended 1 October 2022	*YoY % change Reported FX*	*YoY % change CER*
Retail	1,124	1,061	6	10
Retail comparable store sales	10%	5%		
Wholesale	241	263	(8)	(8)
Licensing	31	21	45	44
Revenue	**1,396**	**1,345**	**4**	**7**

In the half:

- Retail sales grew 10% at CER; 6% reported
- Comparable store sales grew 10% with no impact from space

Comparable store sales growth by region

FY24 vs LY	Q1	Q2	H1
Group	18%	1%	10%
Asia Pacific	36%	2%	18%
EMEIA	17%	10%	14%
Americas	-8%	-10%	-9%

Asia Pacific grew 18% in the half with a strong Q1 recovery of 36% against a period that saw COVID-19 related disruption in Mainland China and slowed to 2% in Q2 against a tougher comparative.

- Mainland China comparable store sales increased 15% in the half. Q2 fell 8% as spending shifted offshore with the Chinese customer group growing 25%
- South Korea fell 1% in the half with a robust 6% growth in Q1 offset by a 7% decline in Q2
- Japan saw strong comparable store sales growth up 43% in the half and 41% in Q2 driven by tourists
- South Asia Pacific rose 30% in the half and 22% in Q2, also benefitting from tourist demand

EMEIA had another strong half with comparable store sales up 14%, and Q2 +10%.

- The region benefitted from tourist growth of 39% for the half with the share of mix from tourists increasing to 51% of retail sales with a strong performance from American and Asian tourists
- Continental Europe outperformed the regional average in the half
- UK continued to lag Continental Europe in attracting tourism spend compared with pre-pandemic levels, reflecting the withdrawal of VAT refunds in the UK since January 2021

Americas declined 9% in the half with Q2 -10%.

- While the American customer has remained weak overall, we are pleased with the progress made with our customer acquisition programme with an increased share of higher income female clients

By product

We maintained our focus on our core leather and outerwear categories.

- Outerwear comparable store sales grew 21% in the half and 10% in Q2, driven by Heritage rainwear following the launch of our new visual expression of Burberry
- Leather goods comparable store sales grew 8% in the half and 3% in Q2. This was driven by bags, especially the Vintage Check line. The new bag pillars launched at the end of the period and are gaining traction, particularly the Knight bag and Trench tote
- Ready-to-wear excluding outerwear grew 6% in the half with men's up 6% and women's increasing 7%

Store footprint

The transformation of our distribution network continued during the half.

- Including refurbishments, we increased the number of updated stores by 33 in the half, bringing the total of stores in new design to 140
- We remain on track to complete more than 50% of the network by the end of this financial year
- Key openings/refurbishments include New Bond Street London, Rodeo Drive Los Angeles and Omotesando Tokyo
- We are pleased with the performance of updated stores that saw both store productivity and AUR higher by mid-teens compared with equivalent existing stores

Wholesale

Wholesale revenue decreased 8% at both CER and reported rates in the half driven by a weak Americas performance. We expect the full year to be down a mid-single digit percentage with the channel impacted by the macroeconomic environment.

Licensing

Licensing revenue grew 44% at CER and 45% at reported exchange rates in the half driven by a strong performance in beauty with the highly successful launch of the Burberry Goddess fragrance.

OPERATING PROFIT ANALYSIS

Adjusted operating profit

Period ended £ million	26 weeks ended 30 September 2023	26 weeks ended 1 October 2022	*YoY % change Reported FX*	*YoY % change CER*
Revenue	1,396	1,345	*4*	*7*
Cost of sales*	(421)	(403)	*4*	*6*
Gross profit*	975	942	*3*	*8*
Gross margin %*	69.8%	70.1%	*(30bps)*	*30bps*
Net operating expenses*	(752)	(704)	*7*	*10*
Operating expenses as a % of sales*	53.9%	52.4%	*150bps*	*140bps*
Adjusted operating profit*	223	238	*(6)*	*1*
Adjusted operating margin %*	15.9%	17.7%	*(180bps)*	*(110bps)*

*Excludes adjusting items

Adjusted operating profit increased 1% at CER and but fell 6% at reported with the margin down 110bps and 180bps respectively:

- Gross margin increased by 30bps at CER with regional and channel mix benefits as well as lower transportation costs more than offsetting inflationary pressures, and fell 30bps at reported
- Adjusted net operating expenses rose by 10% at CER and 7% reported due to investments in stores and marketing as well as impact of inflation of people costs
- Adjusted operating profit was £223m at reported including a £17m foreign exchange headwind (H1 FY23: £238m at reported with £31m foreign exchange tailwind)

ADJUSTING ITEMS*

Adjusting items were nil (H1 FY23: £25m net credit).

Period ended £ million	26 weeks ended 30 September 2023	26 weeks ended 1 October 2022
The impact of COVID-19		
Inventory provisions**	-	1
Rent concessions	-	7
Government grants	-	1
COVID-19 adjusting items	**-**	**9**
Profit on sale of property	-	19
Revaluation of deferred consideration liability	-	(2)
Restructuring costs	-	(1)
Adjusting items	**-**	**25**

*For detail on adjusting items see note 4 of the Financial Statements **Includes nil (H1 FY23: £1m credit) that has been recognised through COGS

ADJUSTED PROFIT BEFORE TAX*

After an adjusted net finance charge of £4m (H1 FY23: £12m), adjusted profit before tax was £219m (H1 FY23: £226m).

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

TAXATION*

The effective tax rate on adjusted profit increased to 27.2% (H1 FY23: 22.4%) due to the higher UK corporation tax rate. The reported tax rate on H1 FY24 profit before taxation was also 27.2% (H1 FY23: 22.7%).

*For detail see note 6 of the Financial Statements

CASH FLOW

Represented statement of cash flows

Period ended £ million	26 weeks ended 30 September 2023	26 weeks ended 1 October 2022
Adjusted operating profit	223	238
Depreciation and amortisation	179	163
Working capital	(154)	(125)
Other including adjusting items	23	13
Cash generated from operating activities	**271**	**289**
Payment of lease principal and related cash flows	(97)	(93)
Capital expenditure	(89)	(53)
Proceeds from disposal of non-current assets	-	22
Interest	(2)	(12)
Tax	(98)	(65)
Free cash flow*	**(15)**	**88**

*For a definition of free cash flow see page 11

Free cash flow was a £15m outflow in the half (H1 FY23: £88m inflow) as we continued to invest in product and distribution.

The major components were:

- Cash generated from operating activities decreased from £289m to £271m
- A working capital outflow of £154m (H1 FY23: £125m) impacted by changes to the timing of our seasonal collections and the build of inventory in preparation for festive
- Capital expenditure of £89m (H1 FY23: £53m) attributed to the store network as we continued to roll out our store refurbishment programme
- Tax cash outflow of £98m (H1 FY23: £65m) due to the higher UK tax rate and one-off payments

Cash net of overdrafts on 30 September 2023 was £570m, compared to £961m on 1 April 2023. On 30 September 2023 borrowings were £299m from the bond issue leaving cash net of overdrafts and borrowings of £271m (1 April 2023: £663m). With lease liabilities of £1,158m, net debt in the period was £887m (1 April 2023: £460m). Net Debt/Adjusted EBITDA was 0.9x, at the upper end of our target range of 0.5x to 1.0x. The increase in leverage from 0.5x at the FY23 year-end was primarily driven by the share buyback programme, payment of the final dividend and seasonal working capital outflows as we approach the festive period.

Period ended **£ million**	26 weeks ended 30 September 2023	26 weeks ended 1 October 2022
Adjusted EBITDA – rolling 12 months	976	896
Cash net of overdrafts	(570)	(941)
Bond	**299**	**298**
Lease debt	**1,158**	**1,139**
Net Debt*	**887**	**496**
Net Debt/Adjusted EBITDA	**0.9x**	**0.6x**

*For a definition of net debt see page 12.

APPENDIX

Detailed guidance for FY24

Item	Financial impact
Impact of retail space on revenues	Space is expected to be broadly stable in FY24.
Wholesale revenue	Wholesale revenue is expected to decline by a mid-single digit percentage in FY24.
Tax	We expect the adjusted effective tax rate to be around 27%.
Currency	Based on 25 October effective foreign exchange rates, the impact of year-on-year exchange rate movements is now expected to be a c.£110m headwind on revenue and c.£60m headwind on adjusted operating profit.
Capex	Capex is expected to be around £200m including over 50% of the store network updated by end of the year.
Dividend	Interim dividend at 18.3p, 30% of FY23 full year dividend – progressive dividend policy with pay-out ratio around 50% of the full year.
Share buyback	£400m share buyback completed on 31 October with 20.5m shares acquired at an average price of 1,951p.

Note: Guidance based on CER at FY23 rates

GUIDANCE

We are confident in our strategy and remain committed to achieving our medium and long-term targets. The slowdown in luxury demand globally is having an impact on current trading. If the weaker demand continues, we are unlikely to achieve our previously stated revenue guidance for FY24*. In this context, adjusted operating profit would be towards the lower end of the current consensus range (£552m-£668m)**.

Based on effective foreign exchange rates as of 25 October 2023, we now expect a reduced currency headwind of c.£110m to revenue and c.£60m to adjusted operating profit.

*High single-digit revenue CAGR from FY20 base equating to a low double-digit growth in FY24

** As published on our corporate website here.

Retail/wholesale revenue by destination*				
Period ended	26 weeks ended 30 September	26 weeks ended 1 October	*YoY % change*	
£ million	2023	2022	*Reported FX*	*CER*
Asia Pacific (94% retail)*	584	525	*11*	*19*
EMEIA (68% retail)*	485	445	*9*	*8*
Americas (83% retail)*	296	354	*(16)*	*(14)*
Total (82% retail)	**1,365**	**1,324**	***3***	***7***

*Mix based on H1 FY24

Retail/wholesale revenue by product division				
Period ended	26 weeks ended 30 September	26 weeks ended 1 October	*YoY % change*	
£ million	2023	2022	*Reported FX*	*CER*
Accessories	498	495	*1*	*4*
Women's	391	357	*9*	*13*
Men's	399	383	*4*	*8*
Children's & other	77	89	*(13)*	*(10)*
Total	**1,365**	**1,324**	***3***	***7***

Store portfolio*	Directly operated stores				
	Stores	Concessions	Outlets	Total	*Franchise stores*
At **1 April 2023**	**219**	**138**	**56**	**413**	***35***
Additions	7	1	2	10	*2*
Closures	(10)	(4)	-	(14)	*(5)*
At 30 September 2023	**216**	**135**	**58**	**409**	***32***

*Excludes the impact of pop-up stores

Store portfolio by region*	Directly operated stores				
At 30 September 2023	Stores	Concessions	Outlets	Total	*Franchise stores*
Asia Pacific	113	94	24	231	*8*
EMEIA	44	33	19	96	*24*
Americas	59	8	15	82	*-*
Total	**216**	**135**	**58**	**409**	***32***

*Excludes the impact of pop-up stores

Adjusted operating profit* Period ended £ millions	26 weeks ended 30 September 2023	26 weeks ended 1 October 2022	*% change Reported FX*	*% change CER*
Retail/wholesale	194	219	*(11)*	*(3)*
Licensing	29	19	*46*	*45*
Adjusted operating profit	**223**	238	***(6)***	***1***
Adjusted operating profit margin	*15.9%*	*17.7%*	*(180bps)*	*(110bps)*

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

Exchange rates £1=	Forecast effective average rates for FY24		Actual average exchange rates		
	25 October 2023	29 June 2023	H1 FY24	H1 FY23	FY23
Euro	1.15	1.16	1.16	1.17	1.16
US Dollar	1.23	1.26	1.26	1.21	1.20
Chinese Renminbi	8.91	9.07	8.97	8.16	8.27
Hong Kong Dollar	9.65	9.87	9.86	9.50	9.43
Korean Won	1,694	1,659	1,654	1,579	1,577

Profit before tax reconciliation				
Period ended £ million	26 weeks ended 30 September 2023	26 weeks ended 1 October 2022	*% change Reported FX*	*% change CER*
Adjusted profit before tax	**219**	**226**	**(3)**	**4**
Adjusting items*				
COVID-19 related items	-	9		
Profit on sale of property	-	19		
Restructuring costs	-	(1)		
Revaluation of deferred consideration liability	-	(2)		
Profit before tax	**219**	**251**	**(13)**	

*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
YoY%</th><th>26 weeks ended 30 September 2023</th><th>26 weeks ended 1 October 2022</th></tr>
<tr><td>Comparable sales growth</td><td>10%</td><td>5%</td></tr>
<tr><td>Change in space</td><td>0%</td><td>1%</td></tr>
<tr><td>CER retail</td><td>10%</td><td>6%</td></tr>
<tr><td>FX</td><td>(4%)</td><td>6%</td></tr>
<tr><td>Retail revenue</td><td>6%</td><td>12%</td></tr>
</table></td></tr>
<tr><td>Adjusted Profit</td><td>Adjusted 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 Profit:
A reconciliation of reported profit before tax to adjusted profit before tax and the Group's accounting policy for adjusted 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 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 generated from operating activities:
<table>
<tr><th>Period ended
£m</th><th>26 weeks ended 30 September 2023</th><th>26 weeks ended 1 October 2022</th></tr>
<tr><td>Net cash generated from operating activities</td><td>171</td><td>212</td></tr>
<tr><td>Capex</td><td>(89)</td><td>(53)</td></tr>
<tr><td>Lease principal and related cash flows</td><td>(97)</td><td>(93)</td></tr>
<tr><td>Proceeds from disposal of non-current assets</td><td>-</td><td>22</td></tr>
<tr><td>Free cash flow</td><td>(15)</td><td>88</td></tr>
</table></td></tr>
</table>

<table>
<tr>
<td>Cash Conversion</td>
<td>Cash conversion is defined as free cash flow pre-tax/adjusted profit before tax. It provides a measure of the Group's effectiveness in converting its profit into cash.</td>
<td>Net cash generated from operating activities:
<table>
<tr><th>Period ended
£m</th><th>26 weeks ended
30 September 2023</th><th>26 weeks ended
1 October 2022</th></tr>
<tr><td>Free cash flow</td><td>(15)</td><td>88</td></tr>
<tr><td>Tax paid</td><td>98</td><td>65</td></tr>
<tr><td>Free cash flow before tax</td><td>83</td><td>153</td></tr>
<tr><td>Adjusted profit before tax</td><td>219</td><td>226</td></tr>
<tr><td>Cash conversion</td><td>38%</td><td>68%</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
£m</th><th>As at
30 September 2023</th><th>As at
1 October 2022</th></tr>
<tr><td>Cash net of overdrafts</td><td>570</td><td>941</td></tr>
<tr><td>Lease liability</td><td>(1,158)</td><td>(1,139)</td></tr>
<tr><td>Borrowings</td><td>(299)</td><td>(298)</td></tr>
<tr><td>Net debt</td><td>(887)</td><td>(496)</td></tr>
</table></td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>Adjusted EBITDA is defined as operating profit, excluding adjusting operating items, depreciation of property, plant and equipment, depreciation of right of use assets and amortisation of intangible assets. Any depreciation or amortisation included in adjusting operating items are not double counted. Adjusted EBITDA is shown for the calculation of Net Debt/EBITDA for our leverage ratios.</td>
<td>Reconciliation from operating profit to adjusted EBITDA:
<table>
<tr><th>Period ended
£m</th><th>26 weeks ended
30 September 2023</th><th>26 weeks ended
1 October 2022</th></tr>
<tr><td>Operating profit</td><td>223</td><td>263</td></tr>
<tr><td>Adjusting operating items</td><td>-</td><td>(25)</td></tr>
<tr><td>Amortisation of intangible assets</td><td>19</td><td>18</td></tr>
<tr><td>Depreciation of property, plant and equipment</td><td>49</td><td>45</td></tr>
<tr><td>Depreciation of right-of-use assets</td><td>111</td><td>100*</td></tr>
<tr><td>Adjusted EBITDA</td><td>402</td><td>401</td></tr>
</table>
*Excludes £3m depreciation on right-of-use assets included in adjusting items</td>
</tr>
</table>

PRINCIPAL RISKS

At H1 FY24, the principal risks the Group faces for the remaining 26 weeks of the financial year have been reviewed relative to the prior year-end. The principal risk ratings are considered to be consistent with the year-end position. Details of the principal risks including definitions are set out in the FY23 Annual Report (p121- 144).

CONDENSED GROUP INCOME STATEMENT– UNAUDITED

	Note	**26 weeks to 30 September 2023 £m**	26 weeks to 1 October 2022 £m	52 weeks to 1 April 2023[1] £m
Revenue	3	**1,396**	1,345	3,094
Cost of sales		**(421)**	(402)	(911)
Gross profit		**975**	943	2,183
Operating expenses		**(758)**	(712)	(1,572)
Other operating income		**6**	32	46
Net operating expenses		**(752)**	(680)	(1,526)
Operating profit		**223**	263	657
Financing				
Finance income		**20**	6	21
Finance expense		**(24)**	(18)	(42)
Other financing charge		**–**	–	(2)
Net finance expense	5	**(4)**	(12)	(23)
Profit before taxation		**219**	251	634
Taxation	6	**(60)**	(57)	(142)
Profit for the period		**159**	194	492
Attributable to:				
Owners of the Company		**158**	193	490
Non-controlling interest		**1**	1	2
Profit for the period		**159**	194	492
Earnings per share				
Basic	7	**42.4p**	49.1p	126.9p
Diluted	7	**42.1p**	48.9p	126.3p

		£m	£m	£m
Reconciliation of adjusted profit before taxation:				
Profit before taxation		**219**	251	634
Adjusting operating items:				
Cost of sales (income)	4	**–**	(1)	(1)
Net operating expense (income)	4	**–**	(24)	(22)
Adjusting financing items	4	**–**	–	2
Adjusted profit before taxation – non-GAAP measure		**219**	226	613
Adjusted earnings per share – non-GAAP measure				
Basic	7	**42.4p**	44.5p	123.1p
Diluted	7	**42.1p**	44.3p	122.5p

Dividends per share				
Proposed interim (not recognised as a liability at period end)	8	**18.3p**	16.5p	16.5p
Final (not recognised as a liability at 1 April 2023)	8	**N/A**	N/A	44.5p

[1] Balances for the 52 weeks to 1 April 2023 have been audited.

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

	26 weeks to 30 September 2023 £m	26 weeks to 1 October 2022 £m	52 weeks to 1 April 2023[1] £m
Profit for the period	159	194	492
Other comprehensive income[2]:			
Cash flow hedges	(1)	1	1
Foreign currency translation differences	(16)	53	14
Tax on other comprehensive income:	–	(1)	(1)
Other comprehensive income for the period, net of tax	(17)	53	14
Total comprehensive income for the period	142	247	506
Total comprehensive income attributable to:			
Owners of the Company	141	245	504
Non-controlling interest	1	2	2
	142	247	506

[1] Balances for the 52 weeks to 1 April 2023 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 30 September 2023 £m	As at 1 October 2022 £m	As at 1 April 2023[1] £m
ASSETS				
Non-current assets				
Intangible assets	9	**248**	245	248
Property, plant and equipment	10	**377**	345	376
Right-of-use assets	11	**972**	947	950
Deferred tax assets	6	**204**	204	197
Trade and other receivables	12	**52**	53	52
		1,853	1,794	1,823
Current assets				
Inventories	13	**526**	484	447
Trade and other receivables	12	**365**	338	307
Derivative financial assets		**1**	3	7
Income tax receivables		**87**	87	76
Cash and cash equivalents	14	**663**	1,017	1,026
Assets held for sale	10	**13**	11	–
		1,655	1,940	1,863
Total assets		**3,508**	3,734	3,686
LIABILITIES				
Non-current liabilities				
Trade and other payables	15	**(70)**	(84)	(76)
Lease liabilities		**(922)**	(922)	(902)
Borrowings	18	**(299)**	(298)	(298)
Deferred tax liabilities	6	**–**	(1)	(1)
Retirement benefit obligations		**(1)**	(1)	(1)
Provisions for other liabilities and charges	16	**(35)**	(40)	(40)
		(1,327)	(1,346)	(1,318)
Current liabilities				
Trade and other payables	15	**(672)**	(498)	(477)
Bank overdrafts	17	**(93)**	(76)	(65)
Lease liabilities		**(236)**	(217)	(221)
Derivative financial liabilities		**(10)**	(5)	(1)
Income tax liabilities		**(31)**	(34)	(43)
Provisions for other liabilities and charges	16	**(22)**	(27)	(22)
		(1,064)	(857)	(829)
Total liabilities		**(2,391)**	(2,203)	(2,147)
Net assets		**1,117**	1,531	1,539
EQUITY				
Capital and reserves attributable to owners of the Company				
Ordinary share capital	19	**–**	–	–
Share premium account		**230**	228	230
Capital reserve		**41**	41	41
Hedging reserve		**3**	5	4
Foreign currency translation reserve		**216**	269	232
Retained earnings		**620**	982	1,026
Equity attributable to owners of the Company		**1,110**	1,525	1,533
Non-controlling interest in equity		**7**	6	6
Total equity		**1,117**	1,531	1,539

[1] Balances as at 1 April 2023 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 2 April 2022		**–**	**227**	**263**	**1,123**	**1,613**	**4**	**1,617**
Profit for the period		–	–	–	193	193	1	194
Other comprehensive income:								
Cash flow hedges		–	–	1	–	1	–	1
Foreign currency translation differences		–	–	52	–	52	1	53
Tax on other comprehensive income		–	–	(1)	–	(1)	–	(1)
Total comprehensive income for the period		–	–	52	193	245	2	247
Transactions with owners:								
Employee share incentive schemes								
Equity share awards		–	–	–	10	10	–	10
Equity share awards transferred to liabilities		–	–	–	(2)	(2)	–	(2)
Exercise of share options		–	1	–	–	1	–	1
Purchase of own shares								
Share buy-back		–	–	–	(201)	(201)	–	(201)
Held by ESOP trusts		–	–	–	(1)	(1)	–	(1)
Dividends paid in the period		–	–	–	(140)	(140)	–	(140)
Balance as at 1 October 2022		**–**	**228**	**315**	**982**	**1,525**	**6**	**1,531**
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[1]	19	–	–	–	(402)	(402)	–	(402)
Dividends paid in the period	8	–	–	–	(167)	(167)	–	(167)
Balance as at 30 September 2023		**–**	**230**	**260**	**620**	**1,110**	**7**	**1,117**

[1] Includes £201 million paid in relation to the first share buy-back programme which commenced and completed in period as well as £201 million included within payables related to the second share buy-back programme which commenced in the period and completed in the second half of the year. Refer to note 19.

CONDENSED GROUP STATEMENT OF CASH FLOWS - UNAUDITED

	Note	26 weeks to 30 September 2023 £m	26 weeks to 1 October 2022 £m	52 weeks to 1 April 2023[1] £m
Cash flows from operating activities				
Profit before tax		**219**	251	634
Adjustments to reconcile profit before tax to net cash flows:				
Amortisation of intangible assets		**19**	18	37
Depreciation of property, plant and equipment		**49**	45	95
Depreciation of right-of-use assets		**111**	100	212
COVID-19 related rent concessions		**–**	(7)	(13)
Net impairment charge of property, plant and equipment	10	**–**	–	2
Net impairment (reversal)/charge of right-of-use assets	11	**–**	(1)	2
Loss/(gain) on disposal of property, plant and equipment and intangible assets		**3**	(19)	(19)
Gain on modification of right-of-use assets		**(1)**	–	(2)
Loss/(gain) on derivative instruments		**14**	5	(2)
Charge in respect of employee share incentive schemes		**7**	10	19
Net finance expense		**4**	12	23
Working capital changes:				
Increase in inventories		**(76)**	(46)	(10)
Increase in receivables		**(58)**	(53)	(17)
Decrease in payables and provisions		**(20)**	(26)	(49)
Cash generated from operating activities		**271**	289	912
Interest received		**21**	5	18
Interest paid		**(23)**	(17)	(40)
Taxation paid		**(98)**	(65)	(140)
Net cash generated from operating activities		**171**	212	750
Cash flows from investing activities				
Purchase of property, plant and equipment		**(64)**	(35)	(136)
Purchase of intangible assets		**(25)**	(18)	(43)
Proceeds from sale of property, plant and equipment		**–**	22	32
Initial direct costs of right-of-use assets		**(1)**	–	–
Net cash outflow from investing activities		**(90)**	(31)	(147)
Cash flows from financing activities				
Dividends paid in the period		**(167)**	(140)	(203)
Payment of deferred consideration for acquisition of non-controlling interest	15	**–**	(6)	(6)
Payment of lease principal		**(96)**	(93)	(210)
Issue of ordinary share capital		**–**	1	3
Purchase of own shares through share buy-back		**(200)**	(180)	(400)
Purchase of own shares through share buy-back – stamp duty and fees		**(1)**	(1)	(4)
Purchase of own shares by ESOP trusts		**–**	(1)	(1)
Net cash outflow from financing activities		**(464)**	(420)	(821)
Net decrease in cash net of overdrafts		**(383)**	(239)	(218)
Effect of exchange rate changes		**(8)**	3	2
Cash net of overdrafts at beginning of period		**961**	1,177	1,177
Cash net of overdrafts		**570**	941	961
Cash and cash equivalents	14	**663**	1,017	1,026
Bank overdrafts	17	**(93)**	(76)	(65)
Cash net of overdrafts		**570**	941	961

[1] Balances for the 52 weeks to 1 April 2023 have been audited.

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 36. They were approved by the Board of Directors on 15 November 2023. 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 1 April 2023 were approved by the Board of Directors on 17 May 2023 and have been filed with the Registrar of Companies. The report of the auditors on the statutory accounts for the 52 weeks to 1 April 2023 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 30 September 2023 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 1 April 2023, 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. Therefore, the Directors have considered the forecast for the period up to the subsequent financial year end, the period ending 29 March 2025, 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 1 April 2023. 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 central planning scenario reflects a balanced projection with a continued focus on growing markets and maintaining momentum built as part of the strategy. As a sensitivity, this central planning scenario has been flexed to reflect a 15% downgrade to revenues in the 18 month period to March 2025, in comparison to the base case, 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 central planning scenario
- An increase in geopolitical tension which reduces GDP growth assumptions compared to the central planning model
- A 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 occurrence of a one-time physical risk relating to climate change in FY 2024/25 and 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

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Going concern (continued)

Further mitigating actions within management control would be taken under the severe but plausible scenario, including working capital reduction measures and limiting capital expenditure or inorganic acquisition spend, but these were not incorporated into the downside modelling.

The Directors have also considered the Group's current liquidity and available facilities. As at 30 September 2023, the Group balance sheet reflects cash net of overdrafts is £570 million. In addition the Group has access to a £300 million Revolving Credit Facility (RCF), which is currently undrawn and not relied upon for the purpose of this going concern assessment. The Group is in compliance with the covenants for the RCF and the borrowings raised via the sustainability bond are not subject to covenants. 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 and available resources and before the inclusion of any mitigating actions within management control, the Group was able to maintain sufficient liquidity to continue trading, having considered the going concern period up to 29 March 2025. 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 30 September 2023.

Accounting policies

The 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 1 April 2023.

Several standards and amendments apply for the first time for the period ended 30 September 2023, but do not have a material impact on the condensed consolidated interim financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issues but is not yet effective.

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 1 April 2023, as set out on pages 271 to 272 of those financial statements.

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

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

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 30 September 2023 and the 26 weeks to 1 October 2022 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. Refer to note 23 for details of a significant judgement made in relation to lease term after the balance sheet date.

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 30 September 2023	26 weeks to 1 October 2022	52 weeks to 1 April 2023	**As at 30 September 2023**	As at 1 October 2022	As at 1 April 2023
Euro	**1.16**	1.17	1.16	**1.15**	1.14	1.14
US Dollar	**1.26**	1.21	1.20	**1.22**	1.12	1.24
Chinese Yuan Renminbi	**8.97**	8.16	8.27	**8.90**	7.95	8.51
Hong Kong Dollar	**9.87**	9.50	9.43	**9.56**	8.76	9.73
Korean Won	**1,654**	1,579	1,577	**1,646**	1,598	1,613

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 mainline 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 30 September 2023 £m	26 weeks to 1 October 2022 £m	**26 weeks to 30 September 2023 £m**	26 weeks to 1 October 2022 £m	**26 weeks to 30 September 2023 £m**	26 weeks to 1 October 2022 £m
Retail	**1,124**	1,061	**–**	–	**1,124**	1,061
Wholesale	**241**	263	**–**	–	**241**	263
Licensing	**–**	–	**32**	22	**32**	22
Total segment revenue	**1,365**	1,324	**32**	22	**1,397**	1,346
Inter-segment revenue[1]	**–**	–	**(1)**	(1)	**(1)**	(1)
Revenue from external customers	**1,365**	1,324	**31**	21	**1,396**	1,345
Adjusted operating profit	**194**	219	**29**	19	**223**	238
Adjusting items[2]					**–**	25
Finance income					**20**	6
Finance expense					**(24)**	(18)
Profit before taxation					**219**	251

52 weeks to 1 April 2023	Retail/Wholesale £m	Licensing £m	Total £m
Retail	2,501	–	2,501
Wholesale	543	–	543
Licensing	–	51	51
Total segment revenue	3,044	51	3,095
Inter-segment revenue[1]	–	(1)	(1)
Revenue from external customers	3,044	50	3,094
Adjusted operating profit	587	47	634
Adjusting items[2]			21
Finance income			21
Finance expense			(42)
Profit before taxation			634

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.

3. SEGMENTAL ANALYSIS (CONTINUED)

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 30 September 2023 £m**	26 weeks to 1 October 2022 £m	52 weeks to 1 April 2023 £m
Accessories	**498**	495	1,125
Women's	**391**	357	867
Men's	**399**	383	868
Children's/Other	**77**	89	184
Retail/Wholesale	**1,365**	1,324	3,044
Licensing	**31**	21	50
Total	**1,396**	1,345	3,094

Revenue by destination	**26 weeks to 30 September 2023 £m**	26 weeks to 1 October 2022 £m	52 weeks to 1 April 2023 £m
Asia Pacific	**584**	525	1,297
EMEIA[1]	**485**	445	1,004
Americas	**296**	354	743
Retail/Wholesale	**1,365**	1,324	3,044
Licensing	**31**	21	50
Total	**1,396**	1,345	3,094

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. While 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. As a result, adjusted operating profit is expected to be higher in the second half of the financial year.

4. ADJUSTING ITEMS

	26 weeks to 30 September 2023 £m	26 weeks to 1 October 2022 £m	52 weeks to 1 April 2023 £m
Adjusting items			
Adjusting operating items			
Impact of COVID-19:			
Impairment reversal relating to retail cash generating units	–	–	(6)
Impairment reversal relating to inventory	–	(1)	(1)
COVID-19 related rent concessions	–	(7)	(13)
COVID-19 related government grant income	–	(1)	(2)
Other adjusting items:			
Gain on disposal of property	–	(19)	(19)
Restructuring costs	–	1	16
Revaluation of deferred consideration liability	–	2	2
Total adjusting operating items (pre-tax)	–	(25)	(23)
Adjusting financing items			
Finance charge on adjusting items	–	–	2
Total adjusting financing items (pre-tax)	–	–	2
Tax on adjusting items	–	6	6
Total adjusting items (post-tax)	–	(19)	(15)

	26 weeks to 30 September 2023 £m	26 weeks to 1 October 2022 £m	52 weeks to 1 April 2023 £m
Analysis of adjusting operating items:			
Included in Cost of sales (Impairment reversal relating to inventory)	–	(1)	(1)
Included in Operating expenses	–	3	12
Included in Other operating income	–	(27)	(34)
Total adjusting operating items	–	(25)	(23)

No adjusting items have been recorded for the 26 weeks to 30 September 2023. Adjusting items related to prior periods were as follows:

Impact of COVID-19

Impairment of retail cash generating units

During the 52 weeks to 1 April 2023, a net impairment reversal of £6 million, and an associated tax charge of £1 million, was recorded following the reassessment of the COVID related impairment provision. Any charges or reversals from the reassessment of the original impairment adjusting item, had they arisen, would have been included in this adjusting item. Refer to note 10 for details of impairment consideration of retail cash generating units.

Impairment of inventory

During the 26 weeks to 1 October 2022 and the 52 weeks to 1 April 2023, reversals of inventory provisions of £1 million were recorded and presented as adjusting items. This was relating to inventory which had been provided for as an adjusting item at the previous year end and had either been sold, or was expected to be sold, at a higher net realisable value than had been assumed when the provision had been initially estimated. All other charges and reversals relating to inventory provisions have been recorded in adjusted operating profit.

4. ADJUSTING ITEMS (CONTINUED)

Impact of COVID-19 (continued)

COVID-19-related rent concessions

Eligible rent forgiveness amounts relating to COVID-19 were treated as negative variable lease payments, which resulted in a credit of £7 million for the 26 weeks to 1 October 2022 and £13 million for the 52 weeks to 1 April 2023 recorded in other operating income. This income was presented as an adjusting item given that the amendment to IFRS 16 was only applicable for a limited period of time and it explicitly related to COVID-19. The amendment expired on 30 June 2022 however the Group continued to apply the same accounting treatment applying the principles of IFRS 9 for any ongoing COVID-19 related rent forgiveness. A related tax charge of £1 million and £3 million was also recognised in the last half year and full year respectively.

COVID-19-related government grant income

The Group recorded grant income of £1 million for the 26 weeks to 1 October 2022 and £2 million for the 52 weeks to 1 April 2023 relating to government support to alleviate the impact of COVID-19 within other operating income. This income was presented as an adjusting item as it was explicitly related to COVID-19, and the arrangements were expected to last for a limited period of time. A related tax charge of £nil and £1 million was also recognised in the last half year and full year respectively.

Other adjusting items

Gain on disposal of property

During the 26 weeks to 1 October 2022, the Group completed the sale of an owned property in the US for cash proceeds of £22 million resulting in a net gain on disposal of £19 million, recorded within other operating income. The net gain on disposal was recognised as an adjusting item, in accordance with the Group's accounting policy, as it was considered to be material and one-off in nature. A related tax charge of £5 million was also recognised in the last half year and full year.

Restructuring costs

During the 26 weeks to 1 October 2022, restructuring costs of £1 million (last full year: £16 million) were incurred, arising primarily as a result of the organisational efficiency programme announced in July 2020, which completed last year, that included the creation of three new business units to enhance product focus, increase agility and elevate quality and to further streamline of office-based functions and facilities. The costs principally related to impairment charges on non-retail assets and redundancies and were recorded in operating expenses. They were presented as an adjusting item, in accordance with the Group's accounting policy, as the cost of the restructuring programme was considered material and discrete in nature. A related tax credit of £nil and £4 million was also recognised in the last half year and full year respectively.

Items relating to the deferred consideration liability

On 22 April 2016, the Group entered into an agreement to transfer the economic right of the non-controlling interest in Burberry Middle East LLC to the Group in exchange for consideration of contingent payments to be made to the minority shareholder over the period ending 30 March 2024.

No charge in relation to the revaluation of this balance has been recognised in operating expenses for the 26 weeks to 30 September 2023 (last half year: £2 million; last full year: £2 million). No tax was recognised as the future payments are not considered to be deductible for tax purposes. This was presented as an adjusting item in accordance with the Group's accounting policy, as it arose from changes in the value of the liability for expected future payments relating to the purchase of a non-controlling interest in the Group.

5. FINANCING

	26 weeks to 30 September 2023 £m	26 weeks to 1 October 2022 £m	52 weeks to 1 April 2023 £m
Finance income – amortised cost	4	1	3
Bank interest income – fair value through profit and loss	16	5	18
Finance income	**20**	6	21
Interest expense on lease liabilities	(19)	(14)	(31)
Interest expense on overdrafts	(2)	–	(2)
Interest expense on borrowings	(2)	(2)	(4)
Bank charges	(1)	(1)	(1)
Other finance expense	–	(1)	(4)
Finance expense	**(24)**	(18)	(42)
Finance charge on adjusting items	–	–	(2)
Net finance expense	**(4)**	(12)	(23)

6. TAXATION

The Group's adjusted effective tax rate is 27.2% (last half year: 22.4%) and the reported effective tax rate is 27.2% (last half year: 22.7%). The increase in the effective tax rate primarily reflects the impact of the increase in the UK tax rate which took effect from 1 April 2023.

The Group expects the adjusted effective tax rate for the year ended 30 March 2024 to be around 27%. The effective tax rate is sensitive to the geographic mix of profits. The rate is also sensitive to future legislative changes affecting international businesses such as changes arising from the OECD's (Organisation for Economic Co-operation and Development) Base Erosion and Profits Shifting (BEPS) work. On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, which will apply to the Group for the period ending 29 March 2025. The Group has applied the exception under IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

	26 weeks to 30 September 2023 £m	26 weeks to 1 October 2022 £m	52 weeks to 1 April 2023 £m
Current tax			
Current tax on income for the period	74	69	150
Double taxation relief	(1)	–	(5)
Adjustments in respect of prior years	2	2	15
Total current tax	75	71	160
Deferred tax			
Origination and reversal of temporary differences	(15)	(15)	(22)
Adjustments in respect of prior years	–	1	4
Total deferred tax	**(15)**	(14)	(18)
Total tax charge on profit	**60**	57	142

6. TAXATION (CONTINUED)

Total taxation recognised in the condensed group income statement comprises:

	26 weeks to 30 September 2023 £m	26 weeks to 1 October 2022 £m	52 weeks to 1 April 2023 £m
Tax on adjusted profit before taxation	60	51	136
Tax on adjusting items (note 4)	–	6	6
Total taxation charge	60	57	142

Deferred taxation

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 1 April 2023	196
Effect of foreign exchange rates	(5)
Credited to the Income Statement	15
Charged to Equity	(2)
Balance as at 30 September 2023	204
Balance as at 1 October 2022	203

The most significant deferred tax asset recognised for the period relates to the provision for unrealised profit on stock 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 30 September 2023 £m	26 weeks to 1 October 2022 £m	52 weeks to 1 April 2023 £m
Attributable profit for the period before adjusting items[1]	158	174	475
Effect of adjusting items[1] (after taxation)	–	19	15
Attributable profit for the period	158	193	490

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 during the period (last half year: 9.8 million; last full year: 21.1 million) as a result of the share buy-back programmes. Refer to note 19 for additional information on the share buy-backs.

7. EARNINGS PER SHARE (CONTINUED)

Diluted 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 will have a dilutive effect when exercised.

	26 weeks to 30 September 2023 Millions	26 weeks to 1 October 2022 Millions	52 weeks to 1 April 2023 Millions
Weighted average number of ordinary shares in issue during the period	**373.1**	392.9	386.1
Dilutive effect of the employee share incentive schemes	**3.0**	1.5	1.9
Diluted weighted average number of ordinary shares in issue during the period	**376.1**	394.4	388.0

	26 weeks to 30 September 2023 Pence	26 weeks to 1 October 2022 Pence	52 weeks to 1 April 2023 Pence
Earnings per share			
Basic	**42.4**	49.1	126.9
Diluted	**42.1**	48.9	126.3
Adjusted earnings per share			
Basic	**42.4**	44.5	123.1
Diluted	**42.1**	44.3	122.5

8. DIVIDENDS PAID TO OWNERS OF THE COMPANY

The interim dividend of 18.3p (last half year: 16.5p) per share has been approved by the Board of Directors after 30 September 2023. Accordingly, this dividend has not been recognised as a liability at the period end and will be paid on 26 January 2024 to Shareholders on the Register at the close of business on 15 December 2023. The ex-dividend date is 14 December 2023 and the final day for dividend reinvestment plan ('DRIP') elections is 5 January 2024.

A dividend of 44.5p (last half year: 35.4p) per share was paid during the period to 30 September 2023 in relation to the year ended 1 April 2023.

9. INTANGIBLE ASSETS

Goodwill at 30 September 2023 is £105 million (last half year: £113 million; last full year: £109 million). There were no additions or impairments of goodwill in the period (last half year: £nil; last full year: £nil).

In the period there were additions to other intangible assets of £26 million (last half year: £18 million; last full year: £46 million) and disposals with a net book value of £3 million (last half year: £nil; last full year: £nil).

Capital commitments contracted but not provided for by the Group amounted to £7 million (last half year: £4 million; last full year: £3 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 30 September 2023. Management has performed a review for indicators of impairment as at 30 September 2023 and concluded that there are no indicators at this time. The annual impairment test will be performed at 30 March 2024.

There was no impairment charge for other intangible assets for the 26 weeks to 30 September 2023 (last half year: no impairment; last full year: no impairment)

10. PROPERTY, PLANT AND EQUIPMENT

In the period there were additions to property, plant and equipment of £66 million (last half year: £44 million; last full year: £147 million) and disposals with a net book value of £nil (last half year: £nil; last full year: £nil). Additions include £64 million (last half year: £35 million; last full year: £136 million) arising as a result of investing cash outflows and £2 million (last half year: £9 million; last full year: £11 million) movement in capital expenditure accruals.

Capital commitments contracted but not provided for by the Group amounted to £51 million (last half year: £43 million; last full year: £38 million).

As at 30 September 2023, the Group had one freehold property that met the criteria to be classified as held for sale. This asset is required to be recorded at the lower of carrying value or fair value less any costs to sell. As the fair value less any costs to sell exceeded the carrying value, the related asset was recorded at its carrying value of £13 million. The sale of this property is expected to complete within the next 12 months. As at 1 October 2022 the Group had two freehold properties with a carrying value of £11 million that met the criteria to be classified as held for sale. The sale of these properties was completed during the 52 weeks to 1 April 2023 resulting in a net gain on disposal of nil.

During the 26 weeks to 1 October 2022, the Group completed the sale of an owned property in the US previously classified as held for sale. A gain on disposal of property of £19 million was included as an adjusting item (refer to note 4).

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 would be 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 30 September 2023, following the review of impairment of retail stores, no impairment charges or reversals were recorded against property, plant and equipment (last half year: £nil; last full year: charge of £2 million). The impairment review carried out looks at internal and external impairment indicators for all retail stores with a specified asset value and the subsequent value-in-use calculations include certain assumptions, particularly over expected margins and revenue growth over the lease term. Refer to note 11 for further details of right-of-use assets.

11. RIGHT-OF-USE ASSETS

In the period there were additions to right-of-use assets of £65 million (last half year: £79 million; last full year: £157 million) and remeasurements of £75 million (last half year: £34 million; last full year: £113 million). Depreciation of right-of-use assets of £111 million (last half year: £100 million; last full year: £212 million) is included within operating expenses.

Impairment testing

As a result of the assessment of retail cash generating units for impairment, no impairment charges or reversals were recorded against right-of-use assets (last half year: £nil; last full year: net impairment reversal of £1 million). Refer to note 10 for further details of impairment assessment of retail cash generating units.

During the 26 weeks to 1 October 2022, an impairment reversal of £1 million was recognised in relation to office premises as part of restructuring costs in adjusting items (refer to note 4).

12. TRADE AND OTHER RECEIVABLES

	As at 30 September 2023 £m	As at 1 October 2022 £m	As at 1 April 2023 £m
Non-current			
Other financial receivables[1]	47	49	45
Other non-financial receivables[2]	2	1	2
Prepayments	3	3	5
Total non-current trade and other receivables	52	53	52
Current			
Trade receivables	186	206	184
Provision for expected credit losses	(9)	(10)	(7)
Net trade receivables	177	196	177
Other financial receivables[1]	31	33	25
Other non-financial receivables[2]	68	53	59
Prepayments	71	48	32
Accrued income	18	8	14
Total current trade and other receivables	365	338	307
Total trade and other receivables	417	391	359

1. Other financial receivables include rental deposits and other sundry debtors.
2. Other non-financial receivable relates 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 £3 million; last full year: net charge of £1 million).

13. INVENTORIES

Inventory provisions of £63 million (last half year: £76 million; last full year: £57 million) are recorded, representing 10.7% (last half year: 13.5%; last full year: 11.4%) 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.

14. CASH AND CASH EQUIVALENTS

	As at 30 September 2023 £m	As at 1 October 2022 £m	As at 1 April 2023 £m
Cash and cash equivalents held at amortised cost			
Cash at bank and in hand	185	186	152
Short-term deposits	76	72	77
	261	258	229
Cash and cash equivalents held at fair value through profit and loss			
Short-term deposits	402	759	797
Total	663	1,017	1,026

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 30 September 2023 £m	As at 1 October 2022 £m	As at 1 April 2023 £m
Non-current			
Other payables[1]	**2**	2	–
Deferred income and non-financial accruals	**14**	21	19
Contract liabilities	**54**	61	57
Total non-current trade and other payables	**70**	84	76
Current			
Trade payables	**204**	177	186
Other taxes and social security costs	**48**	54	50
Other payables[1, 2]	**209**	28	10
Accruals	**180**	204	199
Deferred income and non-financial accruals	**13**	16	14
Contract liabilities	**13**	13	13
Deferred consideration[3]	**5**	6	5
Total current trade and other payables	**672**	498	477
Total trade and other payables	**742**	582	553

1. Other payables are comprised of interest and employee-related liabilities.
2. Includes £201 million related to the share buy-back programme that commenced in the period and completed in the second half of the year. £173 million (last half year: £20 million; last full year: £nil) relates to the cost of shares not yet purchased under this agreement and £27 million relates to shares purchased but not yet paid, together with £1 million anticipated stamp duty. Refer to note 19 for further details.
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 30 September 2023 (last half year: £6 million; last full year: £6 million).

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 30 September 2023 £m	As at 1 October 2022 £m	As at 1 April 2023 £m
Retail contract liabilities	**6**	7	6
Licensing contract liabilities	**61**	67	64
Total contract liabilities	**67**	74	70

16. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Property obligations £m	Other costs £m	Total £m
Balance as at 1 April 2023	49	13	62
Effect of foreign exchange rate changes	(2)	–	(2)
Created during the period	2	2	4
Utilised during the period	(1)	–	(1)
Released during the period	–	(6)	(6)
Balance as at 30 September 2023	**48**	**9**	**57**
Balance as at 1 October 2022	50	17	67

	As at 30 September 2023 £m	As at 1 October 2022 £m	As at 1 April 2023 £m
Analysis of total provisions:			
Non-current	**35**	40	40
Current	**22**	27	22
Total	**57**	67	62

17. BANK OVERDRAFTS

Included within bank overdrafts is £93 million (last half year: £76 million; last full year: £65 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 30 September 2023, the Group held bank overdrafts of £nil (last half year: £nil; last full year: £nil) excluding balances on cash pooling arrangements.

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

18. BORROWINGS

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 will allow 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 30 September 2023 is £299 million (last half year: £298 million; last full year: £298 million), all movements on the bond are non-cash. The fair value of the bond at 30 September 2023 is £274 million (last half year: £257 million; last full year: £273 million).

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 30 September 2023 there were no outstanding drawings.

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 2 April 2022	405,107,301	0.2
Allotted on exercise of options during the period	69,226	–
Cancellation of shares	(9,800,686)	–
As at 1 October 2022	395,375,841	0.2
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**

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. During the 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 (last half year and full year: £400 million 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 in the period and completed in the second half of the year. £173 million (last half year: £20 million; last full year: £nil) relating to the cost of shares not yet purchased under this agreement and £27 million relating to shares purchased but not yet paid has been 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 30 September 2023, 9.3 million shares were cancelled (last half year: 9.8 million; last full year: 21.1 million). As at 30 September 2023, the amount held against retained earnings in relation to shares bought back but not yet cancelled was £27 million (last half year: £13 million; last full year: £nil) including stamp duty of £nil million (last half year: £nil; last full year: £nil).

As at 30 September 2023, the Company held 5.2 million treasury shares (last half year: 6.1 million; last full year: 6.1 million), with a market value of £100 million based on the share price at the reporting date (last half year: £109 million; last full year: £157 million). The treasury shares held by the Company are related to the share buy-back programme completed during the 52 weeks to 1 April 2023. During the 26 weeks to 30 September 2023, 0.8 million treasury shares were transferred to ESOP trusts (last half year: 2.3 million; last full year: 2.3 million). During the 26 weeks to 30 September 2023, 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 30 September 2023 the cost of own shares held by ESOP trusts and offset against retained earnings is £38 million (last half year: £48 million; last full year: £42 million). As at 30 September 2023, the ESOP trusts held 2.1 million shares (last half year: 2.7 million; last full year: 2.3 million) in the Company, with a market value of £41 million (last half year: £48 million; last full year: £60 million). In the 26 weeks to 30 September 2023 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 1 April 2023. 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 (last half year: £298 million) and £14 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 30 September 2023, the discounted fair value of the sustainability bond is £274 million (last half year: £257 million) 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, 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, after discounting using the appropriate yield curve as at the balance sheet date. All Level 2 fair value measurements are calculated using inputs which are based on observable market data.

22. 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.

23. EVENTS AFTER THE BALANCE SHEET DATE

Acquisition of subsidiary

On 2 October 2023, Burberry Italy S.r.l., Burberry's wholly-owned subsidiary, acquired a 100% holding in a business from Italian technical outerwear supplier Pattern SpA, a company incorporated in Italy, for total cash consideration of £19 million.

Based in Turin, the activities of the business acquired revolve around the engineering and production of Burberry products. The acquisition allows the Group to secure capacity, build technical outerwear capabilities and further embed sustainability into its value chain.

The assets and liabilities to be recognised as a result of the acquisition are as follows:

	Provisional fair value £m
Assets acquired	
Property, plant and equipment	1
Inventories	2
Right-of-use assets	2
Lease liabilities	(1)
Employee-related liabilities	(1)
Net assets acquired	3
Goodwill arising on acquisition	16
Total cost of acquisition	19

The values used in accounting for the identifiable assets and liabilities of the acquisition are provisional in nature as they are still being determined. If necessary, adjustments will be made to these carrying values and the related goodwill, within 12 months of the acquisition date.

The estimated goodwill arising on the acquisition of £16 million reflects the expected synergies from vertical integration of engineering and production of technical outerwear within the Group's supply chain together with the value of the retained workforce.

If the acquisition had occurred at the beginning of the financial year, the impact on the Group's revenue and profit or loss would not have been material.

Lease Remeasurement

Subsequent to 30 September 2023, Burberry agreed a material lease modification in relation to a key retail store. The modification included agreeing renewal terms at an earlier date than set out in the original agreement and extending the lease term for an additional ten years, with the option to extend for a further ten years. The modification will result in an additional right-of-use asset and lease liability of approximately £50 million being recorded in the second half of the year. The Group is not reasonably certain to exercise the 10 year extension option, resulting in approximately £100 million in undiscounted future cash flows that will not be included in the initial right-of-use asset and lease liabilities.

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 1 April 2023 with the exception of Kate Ferry who was appointed on 17 July 2023, Alessandra Cozzani who was appointed on 1 September 2023, and Matthew Key who retired on 12 July 2023.

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

By order of the Board

Jonathan Akeroyd
Chief Executive Officer
15 November 2023

Kate Ferry
Chief Financial Officer
15 November 2023

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 week period ended 30 September 2023 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 30 September 2023 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 Auditing Practices Board. 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 of 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 is 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 and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. 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
15 November 2023