

# A MESSAGE FROM OUR CHAIR



**Dear Shareholder,**

Much has changed in the past year but I continue to be very proud of our teams around the world as they adapted to multiple external challenges while continuing to progress our brand elevation strategy and, critically, staying true to Burberry's purpose and values. The global context in which Burberry operates has evolved amid the conflict in Ukraine, amplified warnings about the climate crisis and the ongoing impacts of the COVID-19 pandemic. Yet our teams have shown resilience, agility and creativity to drive an acceleration in full-year revenue and record profitability, while continuing to play a positive role in society.

I am particularly proud of the commitment we have shown to do well by doing right by all our stakeholders. In response to the appalling humanitarian crisis in Ukraine, Burberry made financial donations to charities and aid agencies providing food, shelter and essential services to displaced children and families. We are also donating more than 20,000 blankets that we manufactured at our factory in Castleford, UK, with the support of our supply chain partners in Italy.

At the same time, we retained our focus on environmental and social responsibility, substantially meeting our five-year targets and setting new industry-leading climate and nature commitments, encapsulated in our ambition to be Climate Positive by 2040. Meanwhile, through donations, we continued to support the brilliant scientists, researchers and health professionals tackling COVID-19 as its impacts continue to reverberate around the world, including in some of our most important markets.

The year also saw important changes within Burberry. Marco Gobetti stepped down from his role as Chief Executive Officer in December 2021 and I would like to thank him for launching Burberry's luxury repositioning, setting strong foundations for sustainable growth and for his leadership during the pandemic. The Board and I wish Marco well in his future endeavours.

In March, we were delighted to welcome Jonathan Akeroyd as Burberry's new Chief Executive Officer and Executive Director. With a wealth of experience in building global luxury fashion brands, Jonathan's expertise will be invaluable as we advance the next phase of Burberry's evolution as an iconic and unique British luxury leader.

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**GERRY MURPHY, CHAIR**

#### **FY 2021/22 performance**

In terms of our financial performance:

- Revenue was £2.8 billion, up 21% at reported rates and 23% at constant exchange rates (CER)
- Adjusted operating profit was £523 million, up 38% at CER
- Reported operating profit was £543 million, up 4% after adjusting items of £20 million net credit
- Adjusted diluted earnings per share (EPS) was 94.0p, up 49% at CER
- Reported diluted EPS was 97.7p, up 5%

#### **A brand invigorated**

During FY 2021/22, we have seen a material improvement in the quality of our sales mix. Full-price comparable store sales grew 30% compared with pre-pandemic levels (FY 2019/20) as we maintained our commitment to focus on full-price sales in our mainline stores and Burberry.com, and tightly managed our outlet business. This growth was supported by continued investment in brand, product quality and customer experience.

Our teams strengthened and personalised their connection with our customers through localised marketing campaigns and brand activations rooted in our unique heritage of exploration and adventure. A standout event was an immersive experience on Jeju Island, South Korea that consisted of a vast mirrored space set in nature and enhanced by Augmented Reality (AR) technology. We also experimented with new and exciting ways for customers to engage with Burberry, including our first foray into digital Non-Fungible Tokens (NFTs), partnering with Mythical Games to create a new character in the Blankos Block Party game.

Our focus on Burberry's key outerwear and leather categories underpinned our performance. Full-price outerwear sales were particularly strong, supported by our dedicated campaign, while new additions to the Lola and TB bag families, including the recent launch of the Frances tote, helped drive full-price leather goods sales. I witnessed first-hand the excitement at our first in-person runway show in two years in March, with our Autumn/Winter 2022 collection celebrating British culture in the heart of London.

As well as delivering exciting new products, we made good progress in elevating our customer's shopping experience, accelerating the rollout of our new store concept. In total, 47 stores were redesigned in FY 2021/22, including flagships in London, Shanghai, Chengdu and, most recently, on Rue Saint-Honoré in Paris. A further 65 stores are planned for FY 2022/23, meaning that by next March, around a quarter of our directly operated stores will conform to our latest design concept.

### **Driving positive change**

While FY 2021/22 was the final year of our latest five-year Responsibility strategy, we remain resolute in our continuing commitment to making a positive difference for our planet, people and communities.

Ahead of COP 26 in Glasgow, we set a new ambition to become Climate Positive by 2040, which will require faster reduction of emissions across our extended supply chain and supporting our business partners in their own carbon reduction journeys. During the year, we also announced a new biodiversity strategy to help protect and restore nature, while expanding support for farming communities and developing regenerative supply chains.

In parallel, we continued our focus on empowering young people. We extended our partnership with international footballer and youth advocate Marcus Rashford MBE to help disadvantaged children in the UK develop their literacy skills. Our support for literacy projects extended beyond the UK as we provided funding for new libraries and books in underserved communities in the USA, Japan and Hong Kong S.A.R., China.

Throughout the year, we continued to prioritise the health and wellbeing of our people. We maintained momentum on our global Diversity and Inclusion strategy, rolling out allyship training across the business. We introduced our first global bereavement policy, menopause support, and a policy for those experiencing domestic violence. On International Women's Day 2022, we also announced our ambition to be the best place to work for women in the industry. We are proud to have been recognised for our efforts, including being recognised in the Bloomberg Gender-Equality Index for a second consecutive year and featuring as a best performer in the inaugural FTSE Women Leaders report.

### **Looking ahead**

While COVID-19 lockdowns in Mainland China and the current macroeconomic outlook create some near-term uncertainty, we continue to target high single-digit revenue growth and meaningful margin accretion in the medium term.

We have strong foundations on which to build and accelerate growth in this next phase. Our strategy is clear and our teams are united by a shared purpose and values. I am confident that Burberry will continue to demonstrate its extraordinary potential under Jonathan's leadership, leveraging our unique British brand to deliver sustainable and responsible growth.

### **Dividend**

Given the strong operating performance for the year to 2 April 2022, the Directors are pleased to recommend a final dividend of 35.4p per ordinary share subject to approval at the Annual General Meeting. This is in line with our Capital Allocation Framework and gives a full year dividend per ordinary share of 47.0p (FY 2020/21: 42.5p) restoring our normal pay-out ratio of around 50%. The Board has also approved a £400m share buyback to be completed in FY 2022/23.

**Board changes**

On behalf of the Board, I would like to thank Dame Carolyn McCall, who has retired from Burberry, for her exemplary service and wise counsel and wish her well in her future endeavours. Orna NíChionna replaced Carolyn as Senior Independent Director in April 2022. Orna has been an Independent Non-Executive Director since 2018 and is Chair of the Remuneration Committee and a member of the Nomination Committee.

It is my pleasure to welcome Danuta Gray who joined the Board as a Non-Executive Director and member of the Remuneration and Nomination Committees in December 2021. Danuta has extensive UK and international experience of technology driven consumer businesses and her significant UK plc board experience as an Independent Director and Chair will help strengthen our governance in the years ahead.

I would like to thank our Executive Committee and our exceptional teams for their passion and energy over the past year. I am also grateful to my fellow Board members for their unfaltering commitment and counsel and for their flexibility as we worked, mostly virtually, through a very busy agenda. Finally, on behalf of everyone at Burberry, I would like to thank our shareholders for their steadfast and continuing support.

**Gerry Murphy**

Chair

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**GERRY MURPHY, CHAIR**