12 November 2020

Burberry Group plc

Interim results for 26 weeks ended 26 September 2020

Strategic progress driving good recovery

"Though the momentum we had built was disrupted by COVID-19 at the start of the year, we were quick to adapt, while making further progress against our strategy. While the virus continues to impact sales in EMEIA, Japan and South Asia Pacific, we are encouraged by our overall recovery and the strong response to our brand and product, particularly among new and younger customers. In an environment which remains uncertain, we will continue to deliver exceptional product, localise plans and shift resources, while leveraging the strength of our digital platform to inspire customers." – Marco Gobbetti, Chief Executive Officer

- H1 FY2021 saw a 31% revenue fall with adjusted operating profit down 75% and adjusted diluted EPS down 88% (reported diluted EPS down 66%).
- Recovery underway with sequential improvement in comparable store sales to -6% in Q2 FY2021 from -45% in Q1 FY2021 and returning to growth in October
- Q2 FY2021 saw strong double digit growth in Mainland China, Korea and the U.S.; EMEIA, Japan and South Asia Pacific remain impacted by the significant reduction in tourism.
- Good strategic progress despite COVID, especially in four areas:
  - Strong response to product with marked increase in the weight of full-price channels YoY
  - Growth in leather goods – outperforming the average retail comp
  - Excellent growth on digital, up high double digits
  - Good brand traction as we attract new and younger customers
- Performance underpinned by rigorous management of cost and cash with long term financing in place with the issue of a sustainability bond

Period ended	26 Sept	28 Sept	*% change*	
£ million	2020	2019	*Reported FX*	*CER**
Revenue	**878**	**1,281**	***(31)***	***(30)***
*Retail comparable store sales**	*(25%)*	*4%*		
Adjusted operating profit*	**51**	**203**	***(75)***	***(71)***
Adjusted operating profit margin	5.8%	15.9%	*(10.1%pts)*	*(9.3%pts)*
Reported operating profit	**88**	**202**	***(56)***	
Adjusted Diluted EPS (pence)*	4.6	36.9	*(88)*	
Diluted EPS (pence)	12.2	36.4	*(66)*	
Free cash flow*	(45)	(29)		
Dividend (pence)	0.0	11.3		

*See page 14 for definitions of alternative performance measures

Outlook FY2021

We are encouraged by the recovery in Q2 FY2021 but remain conscious of the uncertain macro-economic environment caused by COVID-19. We currently have more than 10% of our stores closed globally following the recent lockdowns in EMEIA. With the brand resonating and attracting new and younger consumers, we have taken the decision to reduce markdowns and this will be a revenue headwind in H2 FY2021 with the main impact in Q3 FY2021 but will serve the long term interest of the brand. We are well positioned to continue to drive performance and deliver growth in the medium term.

The financial information contained herein is unaudited.
All metrics and commentary in the Interim Review exclude adjusting items unless stated otherwise.

Constant exchange rates (CER) removes the effect of changes in exchange rates compared to the prior period. This takes into account both the impact of the movement in exchange rates on the translation of overseas subsidiaries' results and also on foreign currency procurement and sales through the Group's UK supply chain.

The following alternative performance measures are presented in this announcement: adjusted profit measures, comparable sales, free cash flow, adjusted EBITDA and net debt. The definitions of these alternative performance measures are set out in the Appendix on page 14.

Cumulative cost savings are savings compared to FY 2016 operating expenses. The savings relating to the store rationalisation programme are measured compared to the reported costs which were under IAS 17.

Certain financial data within this announcement have been rounded.

Enquiries

Investors and analysts		020 3367 4458
Julian Easthope	VP, Investor Relations	julian.easthope@burberry.com
Media		020 3367 3764
Andrew Roberts	VP, Corporate Relations	andrew.roberts@burberry.com

- There will be a live webcast presentation today at 9.30am (UK time) for investors and analysts
- The presentation can be viewed live on the Burberry website www.burberryplc.com
- The supporting slides and an indexed replay will be available on the website later in the day
- Burberry will update on third quarter trading on 20 January 2021

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

Burberry is listed on the London Stock Exchange (BRBY.L) and is a constituent of the FTSE 100 index. ADR symbol OTC:BURBY. BURBERRY, the Equestrian Knight Device, the Burberry Check, and the Thomas Burberry Monogram and Print are trademarks belonging to Burberry.

www.burberryplc.com
Twitter: @BurberryCorp
LinkedIn: Burberry

GROUP H1 FY2021 FINANCIAL HIGHLIGHTS

- Revenue £878m -30% CER, -31% reported
  - Retail comparable store sales -25% (Q1: -45%; Q2: -6%) with good recovery as the half progressed.

Adjusted operating profit:

- Adjusted operating profit £51m, -71% CER.
  - Gross margin was up 90bps at CER, partly offset by currency resulting in +60bps at reported rates, benefiting from geographical and full price channel mix and reduced charges for inventory provisioning.
  - Operating expenses at reported rates fell 17% following cost savings.
- Adjusted diluted EPS 4.6p, 88% decline.

Reported profit measures:

- Reported operating profit £88m, -56% after adjusting items of £37m credit (H1 FY2020: £1m charge).
- Diluted EPS 12.2p, -66% reported.

Cash measures:

- Free cash outflow of £45m (H1 FY2020: £29m outflow). After an outflow of cash in April when 60% of stores were closed, we stabilised in May and were free cash flow positive from August. The H1 FY2021 outflow reflects trading and is in line with normal seasonality which includes the festive season inventory build.
- Cash net of overdrafts and borrowing of £542m at 26 September 2020 (28 March 2020: £587m). Cash net of overdrafts amounted to £1,138m with borrowings of £596m (with £297m from the bond and £299m from the CCFF). The £300m RCF is currently undrawn.
- No interim dividend declared (H1 FY2020: 11.3p) – as guided at the FY2020 results.

Summary income statement

Period ended £ million	26 Sept 2020	28 Sept 2019	*% change Reported FX*	*% change CER*
Revenue	**878**	**1,281**	***(31)***	***(30)***
Cost of sales*	(280)	(416)		
Gross profit*	**598**	**865**	***(31)***	
Gross margin %*	**68.1%**	**67.5%**	***+60bps***	
Operating expenses*	(547)	(662)	*(17)*	
*Opex as a % of sales**	62.3%	51.6%		
Adjusted operating profit*	**51**	**203**	***(75)***	***(71)***
Adjusted operating margin %*	**5.8%**	**15.9%**	***(10.1%pts)***	***(9.3%pts)***
Adjusting operating items	37	(1)		
Operating profit	**88**	**202**	***(56)***	
Net finance (charge) ~	(15)	(9)		
Profit before taxation	**73**	**193**	***(62)***	
Taxation	(25)	(43)		
Attributable profit	**48**	**150**		
Adjusted profit before taxation*	**36**	**195**	***(82)***	***(77)***
Diluted adjusted EPS (pence)*	**4.6**	**36.9**	***(88)***	***(85)***
EPS (pence)	**12.2**	**36.4**	***(66)***	
Weighted average number of diluted ordinary shares (millions)	404.7	412.5		

* Excludes adjusting items. ~ Includes adjusting finance charge of nil (H1 FY2020: £1m).

BUSINESS AND FINANCIAL REVIEW

Over the last two years we transitioned the brand and product and pre-COVID-19 were seeing increased momentum. In January, ahead of the outbreak, we delivered double digit comparable store sales growth. FY2021 commenced with 60% of stores closed globally due to COVID-19, which led to a material impact on trading in Q1 FY2021 and comparable store sales down -45%. We adapted rapidly as stores reopened and saw a strong recovery resulting in a -6% comp in Q2, led by full-price channels. The recovery has further accelerated in the last two months, with comparable store sales in September down low single digit and positive in October.

With restricted travel and evolving consumption patterns, we have reoriented our business to capture opportunities in rebounding markets, localising plans and shifting resources where needed. This has resulted in higher exit rates in September compared with June and strong performance in Americas and Asia. In Americas, comparable store sales were +21% in Q2 FY2021, with the US higher than the regional average, driven by momentum with new and younger customers and full price channels outperforming. In Asia, comparable store sales were +10%, with strong growth in Mainland China and Korea more than offsetting the performance of other Asian markets including Hong Kong SAR and Australia. In Mainland China, we have seen a positive reaction to localised campaigns and strong response to our core product categories – leather goods, in particular Pocket, and outerwear, which experienced high double digit growth in Q2 FY2021. Mainland China has enjoyed good double digit sales growth in full price channels since May.

Given the importance of digital in the current environment, we have also leveraged our strength in this area resulting in high double digit growth in Q2 FY2021. The channel has been particularly important in supporting regions with second waves of COVID-19. In these regions, digital sales significantly grew as the stores saw temporary closures. We have driven this acceleration through immersive experiences on .com, such as our BSurf game accompanying the Summer Monogram capsule and online world, a series of digital pop-ups dedicated to leather goods, and exceptional-visibility activations on third party platforms. In September, we participated in Tmall's SuperBrand Day, driving the highest single-day sales to date on Tmall.

Success continues to depend on leveraging digital to also bridge online and offline, as well as driving traction with local customers. In Mainland China, where we have seen significant digital adoption, we opened our first social retail store in Shenzhen Bay in an exclusive partnership with Tencent. Since its launch in July, it is outperforming our expectations and attracting new and younger consumers to the brand. Globally, we have focused on mitigating the impact of reduced traffic and tourist spend in stores. For instance, we have been amplifying our appointments strategy, launching new, locally relevant formats (e.g., at-home appointments, virtual appointments, styling events) that deliver a luxury shopping experience and ensure our clients feel safe. We have also introduced new online-to-offline customer journeys, linking consumers browsing on .com directly to sales associates in stores.

Throughout COVID -19, the customer response to our brand and product has remained strong. We continued to innovate and deliver inspiration to engage customers and drive revenue in this environment. For instance, to celebrate our Summer Monogram capsule, we launched our first computer-generated campaign, featuring self-portraits captured at home by Kendall Jenner, which had a great response from press and consumers. In just two days, we saw double digit growth in pieces of coverage and met our ambitious sales targets for the launch. In addition, challenged with how we present our new runway collection, we hosted our Show open to all to experience digitally on Twitch – making us the first luxury brand to partner the live-streaming video platform. To date, with 118m views across all platforms, it has become our most viewed show on record. These activations have attracted new and younger customers to the brand, driving a considerably higher share of sales from these clients in Q2 FY2021 than Q1 FY2021.

In terms of product, our collections continue to resonate with consumers. This has supported a noticeable increase in the weight of full price sales. In addition, we have started to see considerable traction in leather goods, outperforming overall retail comparable sales growth performance single digit growth in Q2 FY2021. The bags family architecture we established – Lola, TB, Pocket and Title – now account for the majority of full price sales in bags, supported by a series of over 40 leather goods activations and pop-ups we have launched in the first half of this year. Finally, as part of AW20 we launched the Olympia bag that has seen a strong initial momentum.

Our H1 FY2021 performance has been underpinned by strong cash and cost discipline. We ended the period with £542m of cash net of overdrafts and borrowings and cash net of overdrafts of £1,138m. As at 26 September 2020, the 12 month adjusted Net Debt / adjusted EBITDA ratio was 0.9x, and remained inside our target range of 0.5x to 1.0x despite the impact of the pandemic. To diversify our borrowings into longer term financing, we issued our sector's first sustainability bond that raised £297m, net of costs, following the receipt of a Baa2 rating (stable outlook) from Moody's. Cost savings have also progressed well. We now expect the original cost reduction programme to bring cumulative savings of £148m by the end of FY2021 up from the £140m target reported at the FY2020 results. This increase leads to a £23m cost reduction in FY2021 compared with our original guidance of £15m. We are also on track to achieve the annualised £55m of cost savings from the rationalisation programme announced at Q1 FY2021 and plan to reinvest this into customer facing activities.

ESG:
We are committed to having a positive impact on people and the planet and during the half, we continued to make progress against our social and environmental agenda. In addition to linking the bond proceeds to our sustainability goals, we took measures to further reduce our environmental footprint. Our retail operations in Mainland China, Hong Kong SAR, Macau SAR, Malaysia, Singapore and Thailand are now carbon neutral and source 100% renewable electricity. We also further supported the decarbonisation of our supply chain, helping our Italian suppliers in their transition to renewable energy. At the same time, we introduced a global D&I policy to ensure we attract and retain a diverse workforce wherever we operate. We reinforced our commitment to the LGBTQ+ community, becoming the first luxury company to join the Stonewall Diversity Champions Programme. We also strengthened our community support by expanding our creative arts scholarships for underrepresented students to world renowned institutions in London, New York and Paris, while the Burberry Foundation widened its in-school arts and culture programme Burberry Inspire' to the US.

Brexit mitigation:
We continue to implement plans to mitigate the impact of the UK's withdrawal from the EU. Post transition, we will face operational challenges associated with cross border movement of goods and potentially incremental duty costs. Our plans cover the short term impact of managing the new Customs border and extend to strategic options to reconfigure elements of our supply chain as required, particularly if there is no prospect of a zero tariff Free Trade Agreement.

First half financial performance

- FY2021 commenced with 60% of stores closed globally due to COVID-19 with most reopening by the end of June. This had a very material impact on trading in Q1 FY2021 that saw comparable store sales fall 45% but we have been pleased by the recovery in Q2 FY2021 at -6%. Trading patterns have been affected by tourism flows globally with tourists accounting for just 4% of full price channel sales in the period down from 28% in H1 FY2020. The exit rate for overall comparable store sales improved with September down by a low single digit percentage and October turning positive. Overall the 29% decline in retail sales and 38% reduction in wholesale revenue led to a 30% decline in CER revenue and 31% reported revenue decline in H1 FY2021 to £878m (H1 FY2020 £1,281m).

- Group adjusted operating profit declined 71% in the half at CER. Gross margin increased in the period by 90bps CER and 60bp reported due to Asian and retail sales mix and reduced charges for inventory provisioning. Operating expenses were strictly controlled and fell by 17%. This excludes £26m of cash rent concessions negotiated during the crisis as well as stock, store and receivable impairment reversals that we have treated as an adjusting item. Reported operating profit declined 56% including £37m of adjusting items credits. FX was an £8m headwind in H1.

- There was a £45m free cash outflow (H1 FY2020 £29m outflow) in the half caused by the trading environment. Working capital absorbed £90m of cash (H1 FY2020 £120m) with inventory increasing £34m (H1 FY2020 £51m) in line with normal patterns ahead of the festive season. Capital expenditure amounted to £46m (H1 FY2020 £68m).

Revenue analysis

Revenue by channel

Period ended **£ million**	**26 Sept** **2020**	**28 Sept** **2019**	***% change*** ***Reported FX***	 ***CER***
Retail	704	1,004	*(30)*	*(29)*
Retail comparable store sales growth	*(25%)*	*4%*		
Wholesale	156	253	*(38)*	*(38)*
Licensing	18	24	*(24)*	*(24)*
Revenue	**878**	**1,281**	***(31)***	***(30)***

Retail

- Retail sales -29% at CER; -30% reported.
- Impact of space -4%.

H1 FY2021 comparable store sales -25% (Q1 FY2021: -45%; Q2 FY2021: -6%).

Revenue comparable store sales commentary by region

Asia Pacific Flat (Q1 FY2021: -10%; Q2 FY2021: +10%)

- Asia Pacific saw the best regional performance in H1 FY2021 due to strong performance in Mainland China and Korea.
- Mainland China saw improved momentum in the period with Q2 comparable store sales increasing ahead of the June exit rate boosted by some repatriation of spend.

- Korea also remained strong despite the short term impact of the second wave.
- South Asia Pacific (SAP) fell materially, affected by trading in Hong Kong SAR and further store closures during the second wave in Australia.
- Japan also fell, impacted by softness in tourist arrivals and annualisation of last year's consumption tax increase.

EMEIA -56% (Q1 FY2021: -74%; Q2 FY2021: -39%)
- EMEIA was especially impacted by travel trends with more than 50% of sales typically from tourists in the first half in previous years.
- Continental Europe saw a decline broadly in line with the regional average but encouragingly local spend increased in Q2 FY2021.
- Middle East performed better than the average and recovered well with Q2 FY2021 down mid-single digit and local spend up strongly.
- UK remained difficult with tourist demand weak given the high London exposure. Local demand increased in Q2 FY2021.

Americas -28% (Q1 FY2021: -70%; Q2 FY2021: +21%)
- Americas saw the biggest recovery between quarters as the stores reopened
- Q2 FY2021 enjoyed good growth, driven by sales to locals and strong digital performance. Within this, the US outperformed in the region.

Digital performed well in the period with double digit growth in H1 FY2021 and strong double digit in Q2 FY2021 across all regions. It performed particularly well in the Americas where growth in Q2 FY2021 was well into triple digits.

<u>By product</u>
- All product categories were impacted by the store closures in Q1 FY2021 but saw improvement in Q2 FY2021. The key Q2 highlights included:
- Leather goods increased low single digits in Q2 FY2021 with our four bag pillars accounting for over 60% of women's bag sales.
- Menswear performed well in Q2 FY2021 due to good traction in jersey wear and trousers. Womenswear also saw a good performance in dresses and knitwear. Across ready-to-wear our house codes continue to resonate strongly and outperformed in the period.
- Outerwear was impacted by lockdown and working from home. However, we saw high double digit growth in Mainland China in Q2 FY2021 following a successful localised Trench campaign featuring Zhou Dongyu generating nearly 100m impressions and circa 4m interactions across social media channels.

<u>Store footprint</u>
The transformation of our distribution continued as we addressed high priority programmes:
- In H1 FY2021 we opened 12 stores and closed 12 stores.
- Key openings included 9 in Mainland China including our first Social Retail store in Shenzhen
- Cumulative 29 stores closed to date of the 38 planned closures from the non-strategic store rationalisation programme.
- A cumulative 83 stores are now new or refurbished and aligned to our new creative vision, an increase of 19 in H1 FY2021.

Wholesale
Wholesale revenue declined 38% at CER as we reduced inventory in the system to actively limit excess stock and third party discounting.
This was a little ahead of our original guidance due to the timing of shipments.
All regions saw large double digit percentage declines with Asia Pacific seeing the greatest fall given to the impact from travel retail.

Licensing
Licensing revenue fell 24% due to lower sales from the COVID-19 fallout.

Operating profit analysis

Adjusted operating profit

Period ended £ million	26 Sept 2020	28 Sept 2019	% change Reported FX	CER
Revenue	878	1,281	*(31%)*	*(30%)*
Cost of sales*	(280)	(416)		
Gross profit	**598**	**865**	***(31%)***	
Gross margin %	**68.1%**	**67.5%**	***+60bps***	
Operating expenses*	(547)	(662)	*(17%)*	
Opex as a % of sales	62.3%	51.6%		
Adjusted operating profit	**51**	**203**	***(75%)***	***(71%)***
Adjusted operating margin %	**5.8%**	**15.9%**	***(10.1%pts)***	***(9.3%pts)***

*excludes adjusted items

Adjusted operating profit declined 71% and margin decreased by 9.3%pts at CER.

- Gross margin increased 90bps at CER and 60bps reported. This benefited from higher margin Asian revenues as a proportion of the mix, the higher percentage of retail over wholesale and reduced charges for inventory provisioning.
- Adjusted operating expenses fell by 17% against last year, in line with our guidance of a mid-teens percentage reduction. This benefited from lower store depreciation following the FY2020 impairment charge, the cost reduction programme, non-strategic store closures as well as a number of other more temporary savings.

Adjusted operating profit amounted to £51m including an £8m FX headwind in H1 FY2021.

Adjusting items*

Adjusting items were a credit of £37m (H1 FY2020: £2m charge).

Adjusting items* Period ended £ million	26 Sept 2020	28 Sept 2019
The impact of COVID-19		
Inventory provisions	7	-
Rent concessions	26	-
Store impairments	23	-
Receivable impairments	2	-
COVID-19 adjusting items	**58**	**-**
Restructuring costs	(22)	(1)
BME deferred consideration income	1	-
Adjusting operating items	**37**	**(1)**
Adjusting financing items	-	(1)
Adjusting items	**37**	**(2)**

The major adjusting items are as follows:

- Impact of the COVID-19 pandemic: around half of the adjusting items relate to rent concessions across our retail network with the remainder relating to impairment reversals to the carrying value of inventory, stores and receivables due to the positive reassessment of underlying assumptions.
- Restructuring costs: £18m related to the organisational changes announced in July 2020 and £4m to the cost-efficiency programme announced in 2017 that is due to end this year.
- Burberry Middle East deferred consideration income: the £1m income reflects the revaluation of the deferred consideration balance.
- Adjusting finance charge: the £1m prior year charge relates to the deferred consideration that arose from the Burberry Middle East and Burberry Manifattura transactions.

Adjusted profit*

After a net finance charge of £15m (H1 FY2020 £9m), adjusted profit before tax was £36m (H1 FY2020 £195m).

*For detail on adjusting items see note 4 of Condensed Consolidated Interim Financial Statements

Taxation

The effective tax rate on H1 FY2021 adjusted profit was 50.9% (H1 FY2020: 22.0%, FY2020: 22.3%). This was higher than normal due to the geographical mix of profits and the impact of prior year adjustments on a relatively low profit base. The effective tax rate on H1 FY2021 reported profit before taxation was 33.6% (H1 FY2020: 22.1%, FY 2020: 27.9%), due to the impact of the lower tax rate on adjusting items.

The effective tax rate on adjusted profit for FY2021 is estimated to be around 30% (FY 2020: 22.3%) due to the geographical mix of the profits and the impact of adjustments in respect of prior years.

Cash flow

Free cash outflow* was £45m in the half (H1 FY2020 outflow of £29m). During the period we saw a significant outflow in April, stabilising in May and turning cash positive from August.

The major components were:

- Cash from operations fell from £261m to £86m
  - A working capital outflow of £90m (H1 FY2020: £120m) due to normal seasonal patterns.
  - Depreciation and amortisation fell £31m including £24m attributed to lower depreciation on right of use asset reflecting the impairments recorded at March FY2020.
- Capital expenditure of £46m (H1 FY2020: £68m) as we prioritised targeted capex projects and retained flexibility in the current trading environment.

Cash net of overdrafts at 26 September 2020 was £1,138m, compared to £670m at 28 September 2019 and £887m at 28 March 2020. At 26 September 2020 borrowings were £299m from the CCFF and £297m from the bond issue leaving cash net of overdrafts and borrowings of £542m (28 March 2020: £587m). We repaid the RCF in June and this remains committed. Our net debt* including reported lease liabilities was £550m (28 March 2020: £538m). Net Debt / adjusted EBITDA was 0.9x on a rolling 12 months period, remaining within our target range of 0.5x to 1.0x.

*For a definition of free cash flow and net debt see page 15.

Period ended **£ million**	**26 Sept 2020**	**28 March 2020**
Adjusted EBITDA – rolling 12 months	581	764
Cash net of overdrafts	(1,138)	(887)
RCF drawn	**-**	**300**
CCFF drawn	**299**	**-**
Bond	**297**	**-**
Lease debt	**1,092**	**1,125**
Net Debt	**550**	**538**
Net Debt/Adjusted EBITDA	**0.9x**	**0.7x**

Financial outlook

- While we are encouraged by the revenue performance in October, trading is expected to be impacted by the recently announced lockdowns in Europe. Currently more than 10% of our stores are closed due to COVID-19 restrictions.
- With the brand resonating and attracting new and younger consumers, we have taken the decision to reduce markdowns and this will be a revenue headwind in H2 FY2021 mainly in Q3 FY2021 but will serve the long term interest of the brand.
- We expect space growth to be +3% in H2 FY2021.
- The full year tax rate is expected to be around 30%.
- Dividends will be reviewed at the end of FY2021.
- At 30 October spot rates, the impact of year-on-year exchange rate movements is expected to be a benefit of £5m on adjusted operating profit and a benefit of £16m on revenue for the full year.

APPENDIX

Detailed guidance for FY2021*

Item	Financial impact
Markdown policy	We plan to materially reduce markdowns in H2 FY2021 with the main impact being in Q3 FY2021
Impact of retail space on revenues	We expect space to increase by 3% in H2 FY2021
Cost savings**	Opex will benefit from cumulative cost savings of £148m, an incremental £23m in the year, £10m from the store closures (adjusted operating profit neutral),
Tax	We expect the adjusted tax rate to be around 30%
Currency	At 30 October spot rates, the impact of year-on-year exchange rate movements is expected to be a £5m benefit on adjusted operating profit and a £16m benefit to revenue in FY2021
Restructuring costs	£40m from the restructuring announced in Q1 and £7m from the Operational Efficiency programme

*Guidance assumes constant exchange rates, a stable economic environment and current tax legislation. It excludes the impact of the UK's possible withdrawal from the EU without an agreement. In the event of the UK withdrawing from the European Union without an agreement, there is likely to be a material but manageable operational and financial impact on Burberry's business. We continue to prepare mitigating actions to limit the operational and financial impact in the short term.

**The base year for the cumulative cost savings is 2016

Exchange rates	Forecast effective rates for FY2021		Actual average exchange rates		
£1=	30 October 2020	27 June 2020	H1 FY2021	H1 FY2020	FY2020
Euro	1.11	1.11	1.12	1.12	1.14
US Dollar	1.27	1.24	1.26	1.26	1.27
Chinese Renminbi	8.76	8.79	8.87	8.71	8.88
Hong Kong Dollar	9.88	9.62	9.79	9.82	9.89
Korean Won	1,492	1,498	1,525	1,486	1,504

Retail/wholesale revenue by destination				
Period ended	26 Sept	28 Sept	*% change*	
£ million	2020	2019	*Reported FX*	*CER*
Asia Pacific	439	500	*(12)*	*(11)*
EMEIA	251	487	*(49)*	*(48)*
Americas	170	270	*(37)*	*(35)*
Total	**860**	**1,257**	***(32)***	***(31)***

Retail/wholesale revenue by product division				
Period ended	26 Sept	28 Sept	*% change*	
£ million	2020	2019	*Reported FX*	*CER*
Accessories	301	457	*(34)*	*(33)*
Women’s	242	387	*(38)*	*(37)*
Men’s	258	347	*(26)*	*(25)*
Children’s & other	59	66	*(10)*	*(8)*
Total	**860**	**1,257**	***(32)***	***(31)***

Store portfolio					
	Directly-operated stores				
	Stores	Concessions	Outlets	Total	*Franchise stores*
At 28 March 2020	218	149	54	421	*44*
Additions	9	-	3	12	*1*
Closures	(9)	(1)	(2)	(12)	*(1)*
At 26 September 2020	**218**	**148**	**55**	**421**	***44***

Store portfolio by region					
	Directly-operated stores				
	Stores	Concessions	Outlets	Total	*Franchise*
At 26 September 2020					*stores*
Asia Pacific	97	89	20	206	*7*
EMEIA	57	50	18	125	*37*
Americas	64	9	17	90	-
Total	**218**	**148**	**55**	**421**	***44***

Adjusted operating profit*				
Period ended	26 Sept 2020	28 Sept 2019	*% change Reported FX*	*% change CER*
£ million				
Retail/wholesale	34	182	*(81)*	*(77)*
Licensing	17	21	*(22)*	*(22)*
Adjusted operating profit	**51**	**203**	***(75)***	***(71)***
Adjusted operating margin	**5.8%**	**15.9%**	***(10.1% pts)***	***(9.3% pts)***

*For additional detail on adjusting items see note 4 of Condensed Consolidated Interim Financial Statements

Profit before tax reconciliation				
Period ended £ million	28 Sept 2020	28 Sept 2019	*% change Reported FX*	% change CER
Adjusted profit before tax	**36**	**195**	**(82)**	**(77)**
Adjusting items*				
Impact of COVID-19	58	-		
Restructuring costs	(22)	(1)		
Revaluation of deferred consideration liability	1	-		
Adjusting financing items	-	(1)		
Profit before tax	**73**	**193**	**(62)**	

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 for external reporting purposes.

APM	Description and purpose	GAAP measure reconciled to
Constant Exchange Rates (CER)	This measure removes the effect of changes in exchange rates compared to the prior period. It incorporates both the impact of the movement in exchange rates on the translation of overseas subsidiaries' results and also on foreign currency procurement and sales through the Group's UK supply chain.	*Results at reported rates*
Comparable sales	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. The measurement of comparable sales has not excluded stores temporarily closed as a result of the COVID-19 outbreak.	*Retail Revenue:* Period ended YoY% | 26 Sept 2020 | 28 Sept 2019 Comparable sales | -25% | 4% Change in space | -4% | - FX | -1% | 2% **Retail revenue** | **-30%** | **6%**
Adjusted Profit	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.	*Reported Profit:* A reconciliation of reported profit before tax to adjusted profit before tax is included in the income statement on page 18. The Group's accounting policy for adjusted profit before taxation is set out in note 2 to the condensed consolidated interim financial statements.

<table>
<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 Sept
2020</th><th>28 Sept
2019</th></tr>
<tr><td>Net cash generated from operating activities</td><td>63</td><td>164</td></tr>
<tr><td>Capex</td><td>(46)</td><td>(68)</td></tr>
<tr><td>Payment of lease principal</td><td>(62)</td><td>(115)</td></tr>
<tr><td>Other lease related items</td><td>-</td><td>(10)</td></tr>
<tr><td>Free cash flow</td><td>(45)</td><td>(29)</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>26 Sept
2020</th><th>28 Mar
2020</th></tr>
<tr><td>Cash net of overdrafts</td><td>1,138</td><td>887</td></tr>
<tr><td>Lease liability</td><td>(1,092)</td><td>(1,125)</td></tr>
<tr><td>Borrowings</td><td>(596)</td><td>(300)</td></tr>
<tr><td>Net debt</td><td>(550)</td><td>(538)</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.</td>
<td>Reconciliation from operating profit to adjusted EBITDA:
<table>
<tr><th>Period ended
£m</th><th>26 Sept
2020</th><th>28 Sept
2019</th></tr>
<tr><td>Operating profit</td><td>88</td><td>202</td></tr>
<tr><td>Adjusted operating items</td><td>(37)</td><td>1</td></tr>
<tr><td>Amortisation of intangible assets</td><td>15</td><td>12</td></tr>
<tr><td>Depreciation of property, plant and equipment</td><td>31</td><td>40</td></tr>
<tr><td>Depreciation of right-of-use assets</td><td>83</td><td>108</td></tr>
<tr><td>Adjusted EBITDA</td><td>180</td><td>363</td></tr>
</table>
</td>
</tr>
</table>

- Pro forma results were presented during FY2020, to provide a year on year comparative as IFRS 16 Leases was adopted without restating the prior period. This is no longer relevant, since all periods presented apply IFRS 16.

Related parties

Related party disclosures are given in note 20 of the Condensed Consolidated Interim Financial Statements.

Principal Risks

As at FY2020 year-end many of the Group's risks were elevated as we navigated the outbreak of the COVID-19 crisis. During H1 FY2021 the pandemic crisis has continued to present challenges to global health and macro-economic conditions.

As at H1 FY2021, there are increased uncertainties as to the impact on our industry, particularly regarding the timing of an effective vaccine and when an economic rebound might occur.

We now see a higher likelihood of a significant impact materialising from the Group's principal risks of macroeconomic uncertainty and civil unrest, global Chinese consumer spending and image and reputation.

The principal risks and uncertainties that the Group faces for the remaining 26 weeks of the financial year are consistent with those previously reported and are summarised below:

External Risks

- Macro-Economic Uncertainty and Civil Unrest: The Group operates in a wide range of markets and is exposed to changing economic, regulatory, social and political developments that may impact consumer demand, disrupt operations and impact profitability. Adverse macro-economic conditions or country-specific civil unrest for example in Hong Kong, may impact spending habits of key consumer groups such as the Chinese consumer and cause increased operational costs. Any deterioration in diplomatic relations between China and the UK may impact the operating environment and consumer spending as well as the overall trading performance of the Group in certain markets.
- COVID-19 Further Impact: The impact of the COVID-19 pandemic on the global economy and the operating activities of many businesses has resulted in a climate of considerable economic uncertainty. The continuing spread of COVID-19 and the associated restrictions on public life are expected to continue to significantly impact the Group's trading performance.
- UK's withdrawal from the EU: Increased uncertainty regarding the trading relationship between the UK and the EU following the end of the transition period may negatively impact the overall financial and operating performance of the Group. As previously stated, we have prepared for a no deal outcome and have plans in place to limit the impact on business operations and incremental costs, including additional duties.

Strategic and Financial Risks

- Execution of Strategy: The Group's success depends on the value and relevance of our brand to luxury consumers around the world and the Group's ability to innovate to enhance brand value. Inability to execute the projects that underpin our brand strategy successfully could result in under delivery on the expected growth, productivity and efficiency targets. This could have a significant impact on the value of the Group's business and market confidence.
- Image and Reputation: Unfavourable incidents, unethical behaviour or erroneous media coverage relating to the Group's executives, products, practices or supply chain operations could damage the Group's reputation. Failure to understand social issues and respect cultural sensitivities around product and marketing content could negatively impact Burberry's reputation.
- Global Chinese Consumer Spending: Any significant change to Chinese consumer spending habits or the economic, regulatory, social and/or political environment in China, including a further global health emergency or a natural disaster, may adversely impact the consumer group's disposable income or confidence. The Group may also be adversely impacted by restrictions imposed on international travel.
- Volatility in foreign exchange rates: The Group operates internationally and is exposed to uncertainty through foreign exchange movements, which could have a significant impact on the Group's reported results.

Operational Risks

- Loss of Data or Cyberattack: By handling large amounts of customer data, the Group is exposed to potential data breaches, whether unintentional or by cyberattack, and the resulting penalties under data protection laws. If the Group suffered a cyberattack which resulted in a system outage, this could have a major impact on core operations or major data loss, as well as leading to reputational damage and financial loss.

- People: Inability to safeguard, retain, attract, motivate and develop our people to perform to the best of their ability in order to meet the Group’s strategic objectives. Failure to attract and retain talented people may lead to sub-optimal operational performance.
- IT Operations: The IT function supports critical processes across the Group including retail, digital and Group functions such as Supply Chain and Finance**.** Failure to provide technology platforms that meet customer demands and support innovation could result in failure to deliver the strategy and negatively impact operations due to poor system performance and/or system outages.
- Climate Change: The success of the Group’s business over the long term will depend on the social and environmental sustainability of our operations, the resilience of our supply chain and our ability to manage the impact of any potential climate change on our business model and performance.
- Business Interruption: Major incidents in locations where the Group or its suppliers operate may significantly interrupt the business. Such incidents could be caused by a wide range of events at country level, including natural catastrophes, health emergencies or changes in regulations, and localised incidents such as fire, terrorism, or quality control failures.

Compliance Risks

- Regulatory Risk and Ethical/Environmental Standards: The Group’s operations are subject to a broad spectrum of national and regional laws and regulations. These include product safety, trademarks, competition, employee and customer health & safety, data, corporate governance, employment and tax. Changes to laws and regulations, or a major compliance breach could have a material impact on the business.
- Sustained breaches of Burberry’s intellectual property (IP) rights or allegations of infringement by Burberry: Counterfeiting, copyright, trademark and design infringement in the marketplace could reduce the demand for genuine Burberry merchandise**.**

CONDENSED GROUP INCOME STATEMENT – UNAUDITED

	Note	26 weeks to 26 September 2020 £m	26 weeks to 28 September 2019 £m	52 weeks to 28 March 2020 £m
Revenue	3	877.7	1,281.2	2,633.1
Cost of sales		(273.3)	(415.8)	(927.6)
Gross profit		604.4	865.4	1,705.5
Net operating expenses		(516.3)	(663.4)	(1,516.8)
Operating profit		88.1	202.0	188.7
Financing				
Finance income		1.5	4.5	7.6
Finance expense		(16.4)	(13.2)	(26.6)
Other financing charge		(0.4)	(0.7)	(1.2)
Net finance expense	5	(15.3)	(9.4)	(20.2)
Profit before taxation		72.8	192.6	168.5
Taxation	6	(24.5)	(42.5)	(46.9)
Profit for the period		48.3	150.1	121.6
Attributable to:				
Owners of the Company		49.3	150.3	121.7
Non-controlling interest		(1.0)	(0.2)	(0.1)
Profit for the period		48.3	150.1	121.6
Earnings per share				
Basic	7	12.2p	36.6p	29.8p
Diluted	7	12.2p	36.4p	29.8p
		£m	£m	£m
Reconciliation of adjusted profit before taxation:				
Profit before taxation		72.8	192.6	168.5
Adjusting operating items:				
Cost of sales	4	(6.6)	–	68.3
Net operating expenses	4	(30.6)	1.4	176.1
Adjusting financing items	4	0.4	0.7	1.2
Adjusted profit before taxation – non-GAAP measure		36.0	194.7	414.1
Adjusted earnings per share – non-GAAP measure				
Basic	7	4.6p	37.1p	78.9p
Diluted	7	4.6p	36.9p	78.7p
Dividends per share				
Proposed interim (not recognised as a liability at period end)	8	–	11.3p	11.3p
Final (not recognised as a liability at 28 March)	8	N/A	N/A	–

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

	26 weeks to 26 September 2020 £m	26 weeks to 28 September 2019 £m	52 weeks to 28 March 2020 £m
Profit for the period	48.3	150.1	121.6
Other comprehensive income[1]:			
Cash flow hedges	0.4	(0.6)	2.7
Net investment hedges	–	1.9	(1.2)
Foreign currency translation differences	4.3	23.0	18.5
Tax on other comprehensive income:			
Cash flow hedges	(0.1)	0.1	(0.5)
Net investment hedges	–	(0.4)	0.2
Foreign currency translation differences	0.3	(1.5)	(0.9)
Other comprehensive income for the period, net of tax	4.9	22.5	18.8
Total comprehensive income for the period	53.2	172.6	140.4
Total comprehensive income attributable to:			
Owners of the Company	54.3	172.6	140.4
Non-controlling interest	(1.1)	–	–
	53.2	172.6	140.4

1. 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 26 September 2020 £m	Restated[1] As at 28 September 2019 £m	As at 28 March 2020 £m
ASSETS				
Non-current assets				
Intangible assets	9	253.4	238.2	247.0
Property, plant and equipment	10	295.4	319.9	294.9
Right-of-use assets	11	824.7	919.3	834.0
Investment properties		2.6	2.5	2.5
Deferred tax assets		153.8	151.0	171.5
Trade and other receivables	12	49.6	51.1	53.7
		1,579.5	1,682.0	1,603.6
Current assets				
Inventories	13	485.4	535.6	450.5
Trade and other receivables	12	279.4	271.5	252.1
Derivative financial assets		5.0	2.7	6.7
Income tax receivables		73.9	18.4	50.4
Cash and cash equivalents	14	1,199.5	715.4	928.9
		2,043.2	1,543.6	1,688.6
Total assets		3,622.7	3,225.6	3,292.2
LIABILITIES				
Non-current liabilities				
Trade and other payables	15	(103.5)	(109.4)	(102.3)
Lease liabilities		(867.2)	(872.6)	(910.0)
Borrowings	18	(296.7)	–	(300.0)
Deferred tax liabilities		(0.1)	(3.3)	(0.1)
Retirement benefit obligations		(1.9)	(1.6)	(1.9)
Provisions for other liabilities and charges	16	(30.8)	(25.7)	(28.6)
		(1,300.2)	(1,012.6)	(1,342.9)
Current liabilities				
Trade and other payables	15	(410.1)	(625.2)	(447.5)
Bank overdrafts	17	(61.6)	(45.4)	(41.6)
Lease liabilities		(224.8)	(213.4)	(215.5)
Borrowings	18	(299.1)	–	–
Derivative financial liabilities		(1.9)	(4.2)	(4.8)
Income tax liabilities		(29.2)	(8.3)	(7.9)
Provisions for other liabilities and charges	16	(18.9)	(15.2)	(13.2)
		(1,045.6)	(911.7)	(730.5)
Total liabilities		(2,345.8)	(1,924.3)	(2,073.4)
Net assets		1,276.9	1,301.3	1,218.8
EQUITY				
Capital and reserves attributable to owners of the Company				
Ordinary share capital	19	0.2	0.2	0.2
Share premium account		221.2	219.6	220.8
Capital reserve		41.1	41.2	41.1
Hedging reserve		5.0	4.5	4.7
Foreign currency translation reserve		249.9	248.9	245.2
Retained earnings		756.0	782.3	702.2
Equity attributable to owners of the Company		1,273.4	1,296.7	1,214.2
Non-controlling interest in equity		3.5	4.6	4.6
Total equity		1,276.9	1,301.3	1,218.8

1. Refer to note 2 for details of the restatement.

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Attributable to owners of the Company						
	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 30 March 2019	0.2	216.9	272.3	965.6	1,455.0	5.0	1,460.0
Adjustment on initial application of IFRS 16[1]	–	–	–	(57.1)	(57.1)	(0.4)	(57.5)
Adjustment on initial application of IFRIC 23	–	–	–	(4.4)	(4.4)	–	(4.4)
Adjusted balance as at 31 March 2019	0.2	216.9	272.3	904.1	1,393.5	4.6	1,398.1
Profit for the period	–	–	–	150.3	150.3	(0.2)	150.1
Other comprehensive income:							
Cash flow hedges – gains deferred in equity	–	–	0.3	–	0.3	–	0.3
Cash flow hedges – gains transferred to income	–	–	(0.9)	–	(0.9)	–	(0.9)
Net investment hedges – gains deferred in equity	–	–	1.9	–	1.9	–	1.9
Foreign currency translation differences	–	–	22.8	–	22.8	0.2	23.0
Tax on other comprehensive income	–	–	(1.8)	–	(1.8)	–	(1.8)
Total comprehensive income for the period	–	–	22.3	150.3	172.6	–	172.6
Transactions with owners:							
Employee share incentive schemes							
Value of share options granted	–	–	–	8.3	8.3	–	8.3
Value of share options transferred to liabilities	–	–	–	(0.5)	(0.5)	–	(0.5)
Tax on share options granted	–	–	–	0.1	0.1	–	0.1
Exercise of share options	–	2.7	–	–	2.7	–	2.7
Purchase of own shares							
Share buy-back	–	–	–	(150.8)	(150.8)	–	(150.8)
Dividends paid in the period	–	–	–	(129.2)	(129.2)	–	(129.2)
Balance as at 28 September 2019	0.2	219.6	294.6	782.3	1,296.7	4.6	1,301.3
Balance as at 28 March 2020	0.2	220.8	291.0	702.2	1,214.2	4.6	1,218.8
Profit for the period	–	–	–	49.3	49.3	(1.0)	48.3
Other comprehensive income:							
Cash flow hedges – losses deferred in equity	–	–	(0.2)	–	(0.2)	–	(0.2)
Cash flow hedges – losses transferred to income	–	–	0.6	–	0.6	–	0.6
Foreign currency translation differences	–	–	4.4	–	4.4	(0.1)	4.3
Tax on other comprehensive income	–	–	0.2	–	0.2	–	0.2
Total comprehensive income for the period	–	–	5.0	49.3	54.3	(1.1)	53.2
Transactions with owners:							
Employee share incentive schemes							
Value of share options granted	–	–	–	4.2	4.2	–	4.2
Tax on share options granted	–	–	–	0.3	0.3	–	0.3
Exercise of share options	–	0.4	–	–	0.4	–	0.4
Balance as at 26 September 2020	0.2	221.2	296.0	756.0	1,273.4	3.5	1,276.9

1. Refer to note 2 for details of the restatement

CONDENSED GROUP STATEMENT OF CASH FLOWS - UNAUDITED

	Note	26 weeks to 26 September 2020 £m	26 weeks to 28 September 2019 £m	52 weeks to 28 March 2020 £m
Cash flows from operating activities				
Operating profit		88.1	202.0	188.7
Amortisation of intangible assets		14.8	11.9	26.4
Depreciation of property, plant and equipment		30.7	40.3	83.3
Depreciation of right-of-use assets		83.5	107.6	221.1
COVID-19 related rent concessions[1]		(26.3)	–	–
impairment charge of intangible assets	9	0.8	0.6	11.6
Net impairment (reversal)/charge of property, plant and equipment	10	(3.2)	(0.4)	26.4
Net impairment (reversal)/charge of right-of-use assets	11	(15.5)	11.6	140.3
Loss on disposal of property, plant and equipment and intangible assets		–	0.4	0.7
Gain on disposal of right-of-use assets		–	(1.8)	(2.1)
Gain on disposal of Beauty operations		–	(0.3)	(5.0)
Loss/(gain) on derivative instruments		0.6	(0.1)	(3.1)
Charge in respect of employee share incentive schemes		4.2	8.3	2.8
(Payment)/receipt from settlement of equity swap contracts		(1.5)	0.2	0.2
(Increase)/decrease in inventories		(34.3)	(50.7)	27.4
Increase in receivables		(23.1)	(27.7)	(9.8)
Decrease in payables and provisions		(32.4)	(41.4)	(84.0)
Cash generated from operating activities		86.4	260.5	624.9
Interest received		1.4	4.2	7.2
Interest paid		(15.3)	(13.1)	(26.0)
Taxation paid		(9.6)	(88.0)	(150.3)
Net cash generated from operating activities		62.9	163.6	455.8
Cash flows from investing activities				
Purchase of property, plant and equipment		(34.5)	(40.8)	(85.3)
Purchase of intangible assets		(11.7)	(27.7)	(63.5)
Proceeds from sale of property, plant and equipment		–	–	3.0
Initial direct costs of right-of-use assets		(0.4)	–	(5.6)
Net cash outflow from investing activities		(46.6)	(68.5)	(151.4)
Cash flows from financing activities				
Dividends paid in the period		–	(129.2)	(175.2)
Payment of deferred consideration for acquisition of non-controlling interest	15	(2.6)	(2.7)	(2.7)
Proceeds from borrowings	18	595.1	–	300.0
Repayment of borrowings	18	(300.0)	–	–
Payment of lease principal		(61.7)	(114.7)	(228.4)
Payment on termination of lease		–	(9.7)	(9.7)
Issue of ordinary share capital		0.4	2.7	3.8
Purchase of own shares through share buy-back		–	(15.3)	(150.7)
Net cash inflow/(outflow) from financing activities		231.2	(268.9)	(262.9)
Net increase/(decrease) in cash and cash equivalents		247.5	(173.8)	41.5
Effect of exchange rate changes		3.1	6.5	8.5
Cash and cash equivalents at beginning of period		887.3	837.3	837.3
Cash and cash equivalents at end of period		1,137.9	670.0	887.3

Cash and cash equivalents as per the Balance Sheet	14	1,199.5	715.4	928.9
Bank overdrafts	17	(61.6)	(45.4)	(41.6)
Cash net of overdrafts		1,137.9	670.0	887.3

1. Refer to the Accounting policies section within note 2 for details on the impact of the COVID-19 related rent concession amendment to IFRS 16.

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 39. They were approved by the Board of Directors on 11 November 2020. 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 28 March 2020 were approved by the Board of Directors on 22 May 2020 and have been filed with the Registrar of Companies. The report of the auditors on the statutory accounts for the 52 weeks to 28 March 2020 was unqualified, did not contain an emphasis of matter paragraph 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 26 September 2020 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. This report should be read in conjunction with the Group's financial statements for the 52 weeks to 28 March 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Going concern

The impact of the COVID-19 pandemic on the global economy, the operating activities of many businesses and on the Group has resulted in significant economic uncertainty. The ultimate outcome of the pandemic remains uncertain at the date of signing these condensed consolidated interim financial statements. 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 and considered a range of downside scenarios. This assessment covers the period of at least 12 months from the date of signing the interim financial statements. The directors have also considered the forecast for the period up to the subsequent financial year end, March 2022, for any indicators that the going concern basis of preparation is not appropriate.

The scenarios were informed by a comprehensive review of the macroeconomic downside outcomes using third party projections of scientific, epidemiological and macroeconomic data for the luxury fashion industry. They included a range of assumptions and potential outcomes based on the further impact of COVID-19. The scenarios are most sensitive to assumptions made on the expected time it will take for travel and tourism to return to pre-COVID levels, as well as the severity of local restrictions required to safeguard against the impact of COVID-19. Additionally, assumptions regarding future revenue by product, channel and geography, expenditure plans, cash generation were considered in the scenarios.

The Group central planning scenario reflects a gradual recovery from the impact of COVID-19 in all markets, and is impacted by protracted restrictions on travel and tourism, and by disruptions from localised lockdowns in the short term. Alternative scenarios assessed included:

- A severe but plausible downside representing a reduction in revenue of 7% in the remainder of the current financial year and 14% in FY2022 against the central planning scenario. Management consider this represents a severe but plausible downside scenario appropriate for assessing going concern.
- A more severe downside, used as a stress test, with a reduction in revenue of 31% in the remainder of the current financial year and 28% in FY2022 against the central planning scenario.

In addition, the potential impact of other principal risks were considered and added to the impact of these downside scenarios. Further mitigating actions within management control were identified under each scenario, including broad-based cost-saving initiatives, working capital reduction measures and limiting capital expenditure.

The directors have also considered the Group's current liquidity and available facilities. As at 26 September 2020, the Group balance sheet reflects cash net of overdrafts and borrowings of £542.1 million, while cash net of overdrafts is £1,137.9 million. In addition the Group has access to a £300.0 million Revolving Credit Facility (RCF), maturing In November 2022, which is currently undrawn. The Group is in compliance with the covenants for the RCF and the existing borrowings are not subject to covenants. Details of cash, overdrafts, borrowings and facilities are set out in notes 14, 17 and 18 respectively of these financial statements.

In all the scenarios assessed, taking into account current liquidity and available facilities, the Group was able to maintain sufficient liquidity to continue trading. 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 26 September 2020.

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Restatement of prior period

During the 52 weeks to 28 March 2020 but subsequent to reporting interim results for the 26 weeks to 28 September 2019, the Group reassessed the approach to determine the initial right-of-use asset impairment upon adoption of IFRS 16 Leases. The prior period interim accounts have been restated to reflect the impact of this reassessment. The impact of the reassessment resulted in a change to the initial right-of-use asset, related deferred tax asset and amounts recognised directly in equity on adoption.

	Reported As at 31 March 2019 £m	Adjustment As at 31 March 2019 £m	Restated As at 31 March 2019 £m
Right-of-use assets	838.7	39.4	878.1
Deferred tax assets	25.9	(9.5)	16.4
Reserves	87.4	(29.9)	57.5

As a result of the reassessment, the balance sheet as at 28 September 2019 is re-presented to reflect the impact of the change in the initial balance sheet upon adoption of IFRS 16 Leases. Changes to the prior period income statement were not material and hence the income statement has not been restated. There is no change to the balance sheet at 28 March 2020 since the approach following the reassessment was applied in the financial statements for the year ended 28 March 2020.

	Reported 26 weeks to 28 September 2019 £m	Restated 26 weeks to 28 September 2019 £m
Right-of-use assets	879.9	919.3
Deferred tax assets	160.5	151.0
Reserves	752.4	782.3

Accounting policies

Accounting policies and presentation are consistent with those applied in the Group's financial statements for the 52 weeks to 28 March 2020, as set out on pages 213 to 221 of those financial statements, with the exception of the following:

IFRS 16 Leases – COVID-19-Related Rent Concessions

The COVID-19-Related Rent Concessions amendment to IFRS 16 Leases was adopted by the IASB on 28 May 2020 and endorsed by the European Union on 12 October 2020. The amendment applies to accounting periods from 1 June 2020 but early application is permitted and the Group has elected to apply the amendment in the current period. The amendment allows for a simplified approach to accounting for rent concessions occurring as a direct result of COVID-19 and for which the following criteria are met:

- The revised consideration is substantially the same, or less than, the consideration prior to the change;
- The concessions affects only payments originally due on or before 30 June 2021; and,
- There is no substantive change to other terms and conditions of the lease.

Lessees are not required to assess whether eligible rent concessions are lease modifications, allowing the lessee to account for eligible rent concessions as if they were not lease modifications. During the period, the Group has agreed rent concessions both in the form of rent forgiveness in which the landlord has agreed to forgive all or a portion of rents due with no obligation to be repaid in the future, and rent deferrals in which the landlord has agreed to forego rents in one period with a proportional increase in rents due in a future period.

The Group has chosen to account for eligible rent forgiveness as negative variable lease payments. The rent concession has been recognised once a legally binding agreement is made between both parties by derecognising the portion of the lease liability that has been forgiven and recognising the benefit in the income statement. As a result, the Group has recognised £26.3 million in COVID-19 related rent concessions in the income statement within "net operating expenses" in the current period. This has been presented as an adjusting item (refer to note 4). In the cash flow, the forgiveness results in lower payments of lease principal. The negative variable lease payments in the income statement is a non-cash item which is added back to calculate cash generated from operating activities.

Rent deferrals do not change the total consideration due over the life of the lease. Deferred rent payments are recognised as a payable until the period the original rent payment is due. As a result, the Group has recognised £2.6 million within other payables. Payments relating to rent deferrals are recognised as payments of lease principal when the payment is made.

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

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 28 March 2020, as set out on pages 212 to 213 of those financial statements.

For details of changes to significant estimates for impairment of property, plant and equipment and right-of-use assets and for inventory provisioning in the current period, refer to notes 10 and 13 respectively. There have been no changes to the significant estimates relating to uncertain tax positions in the period.

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 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 26 September 2020 and 28 September 2019 are consistent with those applied in the Group's financial statements for the 52 weeks to 28 March 2020, as set out on page 213 of those financial statements.

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 weighted average exchange rate according to the phasing of the Group's trading results. The weighted 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 period end exchange rates. Differences arising on the retranslation of the opening net investment in subsidiary companies, and on the translation of their results, are taken directly to the foreign currency translation reserve within equity.

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 26 September 2020	26 weeks to 28 September 2019	52 weeks to 28 March 2020	As at 26 September 2020	As at 28 September 2019	As at 28 March 2020
Euro	1.12	1.12	1.14	1.09	1.13	1.12
US Dollar	1.26	1.26	1.27	1.27	1.23	1.24
Chinese Yuan Renminbi	8.87	8.71	8.88	8.67	8.77	8.75
Hong Kong Dollar	9.79	9.82	9.89	9.85	9.65	9.64
Korean Won	1,525	1,486	1,504	1,497	1,480	1,512

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 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 situated in Europe and the US.

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 26 September 2020 £m	26 weeks to 28 September 2019 £m	26 weeks to 26 September 2020 £m	26 weeks to 28 September 2019 £m	26 weeks to 26 September 2020 £m	26 weeks to 28 September 2019 £m
Retail	703.8	1,004.2	–	–	703.8	1,004.2
Wholesale	155.8	253.3	–	–	155.8	253.3
Licensing	–	–	18.4	24.5	18.4	24.5
Total segment revenue	859.6	1,257.5	18.4	24.5	878.0	1,282.0
Inter-segment revenue[1]	–	–	(0.3)	(0.8)	(0.3)	(0.8)
Revenue from external customers	859.6	1,257.5	18.1	23.7	877.7	1,281.2
Adjusted operating profit	34.2	181.9	16.7	21.5	50.9	203.4
Adjusting items[2]					36.8	(2.1)
Finance income					1.5	4.5
Finance expense					(16.4)	(13.2)
Profit before taxation					72.8	192.6

52 weeks to 28 March 2020	Retail/Wholesale £m	Licensing £m	Total £m
Retail	2,110.2	–	2,110.2
Wholesale	475.8	–	475.8
Licensing	–	48.5	48.5
Total segment revenue	2,586.0	48.5	2,634.5
Inter-segment revenue[1]	–	(1.4)	(1.4)
Revenue from external customers	2,586.0	47.1	2,633.1
Adjusted operating profit	389.8	43.3	433.1
Adjusting items[2]			(245.6)
Finance income			7.6
Finance expense			(26.6)
Profit before taxation			168.5

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 26 September 2020 £m	26 weeks to 28 September 2019 £m	52 weeks to 28 March 2020 £m
Accessories	301.2	457.2	947.5
Women's	241.7	387.4	796.5
Men's	257.4	347.2	714.8
Children's/Other	59.3	65.7	127.2
Retail/Wholesale	859.6	1,257.5	2,586.0
Licensing	18.1	23.7	47.1
Total	877.7	1,281.2	2,633.1

Revenue by destination	26 weeks to 26 September 2020 £m	26 weeks to 28 September 2019 £m	52 weeks to 28 March 2020 £m
Asia Pacific	439.4	500.2	1,040.5
EMEIA[1]	250.7	487.4	960.6
Americas	169.5	269.9	584.9
Retail/Wholesale	859.6	1,257.5	2,586.0
Licensing	18.1	23.7	47.1
Total	877.7	1,281.2	2,633.1

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. The current period has also been significantly impacted by store closures in all regions as a result of COVID-19. 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 this financial year.

4. ADJUSTING ITEMS

	26 weeks to 26 September 2020 £m	26 weeks to 28 September 2019 £m	52 weeks to 28 March 2020 £m
Adjusting operating items			
Impact of COVID-19:			
Impairment of retail cash generating units	(23.0)	–	156.5
Impairment of inventory	(6.6)	–	68.3
Impairment of intangible assets	–	–	10.0
Impairment of receivables	(2.6)	–	11.1
Other impacts of COVID-19	–	–	(5.0)
COVID-19 related rent concessions	(26.3)	–	–
Other adjusting items:			
Gain on disposal of Beauty operations	–	(0.3)	(5.0)
Restructuring costs	22.1	1.4	10.6
Revaluation of deferred consideration liability	(0.8)	0.3	(2.1)
Total adjusting operating items	(37.2)	1.4	244.4
Adjusting financing items			
Finance charge on deferred consideration liability	0.4	0.7	1.2
Total adjusting financing items	0.4	0.7	1.2

Impact of COVID-19

COVID-19 has impacted both business operations and financial markets worldwide. The ultimate impact of this pandemic is unclear and hence the measurement of its impacts requires a significant degree of estimation. In the financial statements for the year ended 28 March 2020, the Group recorded adjusting items relating to the impairment of the carrying value of assets as a result of the expected impact of COVID-19 on the Group's activities and future trading. The assumptions relating to these impairments have been reviewed at 26 September 2020 and updated where appropriate. The impact of any change in assumptions have been presented as an update to the adjusting item charge.

Impairment of retail cash generating units

During the 52 weeks to 28 March 2020, an impairment charge of £156.5 million was recorded within net operating expenses for impairment of retail store assets due to the impact of COVID-19. A charge of £28.4 million was recorded against property, plant and equipment and a charge of £128.1 million was recorded against right-of-use assets. A related tax credit of £28.7 million was also recognised in the year. This charge was recognised as an adjusting item, in accordance with the Group's accounting policy, as it is considered to be material and one-off in nature.

During the 26 weeks to 26 September 2020, a net impairment reversal of £23.0 million has been recorded for reassessment of the impairment of retail store assets. This comprised a charge of £1.5 million and a reversal of £5.5 million against property, plant and equipment and a charge of £10.3 million and a reversal of £29.3 million against right-of-use assets. A related tax charge of £4.9 million has also been recognised in the period. Refer to note 10 for details of impairment of retail cash generating units.

Impairment of inventory

During the 52 weeks to 28 March 2020, inventory provisions of £68.3 million were recorded in cost of sales due to the impact of COVID-19, which relates to current and recent seasons that under more normal circumstances would be expected to sell through with limited loss. A related tax credit of £12.5 million was also recognised in the year. This charge was recognised as an adjusting item, in accordance with the Group's accounting policy, as it is considered to be material and one-off in nature.

During the 26 weeks to 26 September 2020, a £6.6 million reversal of inventory provisions has been recorded on reassessment of the provision. A related tax charge of £1.1 million has also been recognised in the period. Refer to note 13 for details of inventory provisions.

Impairment of receivables

During the 52 weeks to 28 March 2020, due to the global financial uncertainty arising from COVID-19, management reassessed and increased the expected loss rates for trade and other receivables, resulting in a charge of £11.1 million reported within net operating expenses for impairment of receivables in the year. A related tax credit of £2.1 million was also recognised in the year. This charge was recognised as an adjusting item, in accordance with the Group's accounting policy, as it is considered to be material and one-off in nature.

During the 26 weeks to 26 September 2020, an impairment reversal of £2.6 million has been recorded for reassessment of the impairment against receivables. A related tax charge of £0.6 million has also been recognised in the period.

4. ADJUSTING ITEMS (CONTINUED)

Impact of COVID-19 (continued)

COVID-19 related rent concessions

The Group has elected to apply the COVID-19-Related Rent Concessions amendment to IFRS 16 in the current period as described in note 2. Eligible rent forgiveness amounts have been treated as negative variable lease payments, resulting in a credit of £26.3 million for the 26 weeks to 26 September 2020 being recorded in net operating expenses. A related tax charge of £4.3 million has also been recognised in the period. This credit has been recognised as an adjusting item, in accordance with the Group's accounting policy, as it is considered to be material and one-off in nature.

Restructuring costs

Restructuring costs of £4.3 million (last half year: £1.4 million; last full year: £10.6 million) were incurred in the current period, arising as a result of the Group's cost-efficiency programme announced in May 2016. These costs were recorded in net operating expenses and are presented as an adjusting item as they are considered material and discrete in nature, being part of a restructuring programme running from May 2016 to March 2021. The costs in the current period are principally attributable to redundancies and functional restructuring costs. A related tax credit of £1.0 million (last half year: £0.4 million; last full year: £2.2 million) has also been recognised in the current period.

In July 2020, the Group announced organisational changes which include the creation of three new business units, allowing the Group to pool expertise within each unit to enhance product focus, increase agility and elevate quality. As part of these organisational changes, which include office space rationalisation, the Group will further streamline office-based functions to help improve efficiency, which is anticipated to incur restructuring costs of £45.0 million. Restructuring costs of £17.8 million were incurred in the current period in relation to these organisational changes. The costs principally relate to redundancies and vacant property. These costs are recorded in net operating expenses. They are presented as an adjusting item, in accordance with the Group's accounting policy, as the anticipated cost of the restructuring is considered material and discrete in nature. A related tax credit of £3.7 million has also been recognised in the current period.

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 to 2023.

A credit of £0.8 million in relation to the revaluation of this balance has been recognised in net operating expenses for the 26 weeks to 26 September 2020 (last half year: charge of £0.3 million; last full year: credit of £2.1 million). A financing charge of £0.3 million in relation to the unwinding of the discount on the non-current portion of the deferred consideration liability has also been recognised for the 26 weeks to 26 September 2020 (last half year: £0.5 million; last full year: £1.0 million). These movements are unrealised.

On 19 September 2018, the Group acquired Burberry Manifattura S.R.L. Consideration for the acquisition included a future performance related deferred consideration payment to be made in 2021. A financing charge of £0.1 million in relation to the unwinding of the discount on the non-current portion of the deferred consideration liability has been recognised for the 26 weeks to 26 September 2020 (last half year: £0.2 million; last full year: £0.2 million). This movement is unrealised.

No tax has been recognised on either of these items, as the future payments are not considered to be deductible for tax purposes. These items are presented as adjusting items in accordance with the Group's accounting policy, as they arise from changes in the value of the liability for expected future payments relating to the purchase of a non-controlling interest in the Group and acquisition of a subsidiary respectively.

Adjusting items relating to prior periods

Impact of COVID-19

Impairment of intangible assets

During the 52 weeks to 28 March 2020, following changes to management investment plans, due to the impact of COVID-19, an impairment charge of £10.0 million was recorded in relation to computer software assets under construction. Due to resulting delay in the development of this software, management no longer expected to fully utilise the expenditure incurred to date. A related tax credit of £1.9 million was also recognised in the year. This charge was recognised as an adjusting item, in accordance with the Group's accounting policy, as it is considered one-off in nature.

Other impacts of COVID-19

During the 52 weeks to 28 March 2020, a credit of £5.0 million, principally related to the reversal of accrued costs for share-based payments no longer expected to vest as a result of the impact of COVID-19 on the expected performance of the Group, was presented as an adjusting item. A related tax charge of £1.0 million was also recognised in the year.

4. ADJUSTING ITEMS (CONTINUED)

Adjusting items relating to prior periods (continued)

Gain on disposal of Beauty operations

During the year ended 31 March 2018, the Group entered into two agreements with Coty Geneva SARL Versoix (Coty) to grant Coty a licence to sell its fragrance and beauty products and to transfer the Group's Beauty operations to Coty. In the 26 weeks to 28 September 2019 a credit of £0.3 million (last full year: £5.0 million) was recorded relating to reassessments of provisions for contract termination and consideration for assets transferred to Coty on completion. A related tax charge of £0.1 million was also recognised in the 26 weeks to 28 September 2019 (last full year: £1.0 million). The net gain on disposal was presented as an adjusting item in accordance with the Group's accounting policy as it arose from the disposal of a business.

5. FINANCING

	26 weeks to 26 September 2020 £m	26 weeks to 28 September 2019 £m	52 weeks to 28 March 2020 £m
Bank interest income – amortised cost	0.3	1.2	2.1
Other finance income – amortised cost	0.2	0.4	0.6
Finance income – amortised cost	0.5	1.6	2.7
Bank interest income – fair value through profit and loss	1.0	2.9	4.9
Finance income	1.5	4.5	7.6
Interest expense on lease liabilities	(12.4)	(12.6)	(24.9)
Interest expense on overdrafts	(0.1)	(0.2)	(0.5)
Interest expense on borrowings	(1.9)	–	(0.1)
Bank charges	(0.8)	(0.3)	(0.8)
Other finance expense	(1.2)	(0.1)	(0.3)
Finance expense	(16.4)	(13.2)	(26.6)
Finance charge on deferred consideration liability	(0.4)	(0.7)	(1.2)
Net finance expense	(15.3)	(9.4)	(20.2)

6. TAXATION

The tax charge on adjusted profit before tax for the 26 weeks to 26 September 2020 has been calculated based on an estimated effective underlying rate of tax on adjusted profit before taxation for the full year. Tax on prior year adjustments have been recorded as identified during the period, resulting in an effective tax rate on adjusted profit before tax in the period of 50.9% (last half year: 22.0%; last full year: 22.3%). Tax on adjusting items has been recognised at the prevailing tax rates as appropriate. The resulting effective tax rate on reported profit before taxation is 33.6% (last half year: 22.1%; last full year: 27.9%). The effective tax rate on adjusted profit before tax for the full year is estimated to be 30.0% (last full year: 22.3%).

Total taxation recognised in the condensed group income statement comprises:

	26 weeks to 26 September 2020 £m	26 weeks to 28 September 2019 £m	52 weeks to 28 March 2020 £m
Tax on adjusted profit before taxation	18.3	42.8	92.3
Tax on adjusting items (note 4)	6.2	(0.3)	(45.4)
Total taxation charge	24.5	42.5	46.9

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 26 September 2020 £m	26 weeks to 28 September 2019 £m	52 weeks to 28 March 2020 £m
Attributable profit for the period before adjusting items[1]	18.6	152.1	321.9
Effect of adjusting items[1] (after taxation)	30.7	(1.8)	(200.2)
Attributable profit for the period	49.3	150.3	121.7

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.

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 26 September 2020 Millions	26 weeks to 28 September 2019 Millions	52 weeks to 28 March 2020 Millions
Weighted average number of ordinary shares in issue during the period	403.9	410.2	408.0
Dilutive effect of the employee share incentive schemes	0.8	2.3	1.0
Diluted weighted average number of ordinary shares in issue during the period	404.7	412.5	409.0

8. DIVIDENDS PAID TO OWNERS OF THE COMPANY

The directors have elected not to declare an interim dividend in respect of the 26 weeks to 26 September 2020 (last half year: 11.3p).

No dividend was paid during the period to 26 September 2020 in relation to the year ended 28 March 2020 (last half year: 31.5p).

9. INTANGIBLE ASSETS

Goodwill at 26 September 2020 is £110.5 million (last half year: £109.7 million). There were no additions to goodwill in the period (last half year: £nil).

In the period there were additions to other intangible assets of £20.7 million (last half year: £28.4 million) and disposals with a net book value of £nil (last half year: £nil).

Capital commitments contracted but not provided for by the Group amounted to £4.6 million (last half year: £6.6 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 26 September 2020. Management has performed a review for indicators of impairment as at 26 September 2020 and concluded that there are no indicators at this time as performance in the period exceeded those set out in the assumptions applied at 28 March 2020. The annual impairment test will be performed at 27 March 2021.

The impairment charge for other intangible assets for the 26 weeks to 26 September 2020 is £0.8 million (last half year: £0.6 million).

10. PROPERTY, PLANT AND EQUIPMENT

In the period there were additions to property, plant and equipment of £28.8 million (last half year: £43.3 million) and disposals with a net book value of £nil (last half year: £0.4 million).

Capital commitments contracted but not provided for by the Group amounted to £23.9 million (last half year: £27.0 million).

Impairment testing

COVID-19 is expected to have a significant impact on the Group's retail operations for the remainder of the current financial year and beyond. In the financial statements for the year ended 28 March 2020, management carried out a review for potential impairment across the whole retail portfolio, taking into account management's estimate of the impact of COVID-19. As a result, a charge of £156.5 million was recorded, as an adjusting item, relating to the impairment of retail cash generating units as a result of the impact of COVID-19.

During the current period, management reviewed their assumptions relating to the impact of COVID-19 on the impairment of retail cash generating units. Retail cash generating units were reviewed for any indication of impairment. 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. The pre-tax discount rates used in these calculations were between 9.5% and 14.2% (last half year: between 9.5% and 14.0%) based on the Group's weighted average cost of capital adjusted for country-specific borrowing costs, tax rates and risks. Where indicators of impairment have been identified and 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 was recorded. Potential alternative uses for property, such as subletting of leasehold or sale of freehold, were considered in estimating the value for calculating impairment charges. A review for any other indicators of impairment across the retail portfolio was also carried out.

During the 26 weeks to 26 September 2020, a net impairment reversal of £23.0 million (last half year: net impairment charge of £12.9 million) was recorded as a result of a review of impairment of retail store assets, reflecting improved trading expectations compared to those assumed at 28 March 2020. A charge of £1.5 million and a reversal of £5.5 million was recorded against property, plant and equipment (last half year: net impairment reversal of £0.4 million) and a charge of £10.3 million and a reversal of £29.3 million was recorded against right-of-use assets (last half year: net impairment charge of £13.3 million). Refer to note 11 for further details of right-of-use assets.

Management has considered the potential impact of changes in assumptions on the impairment recorded against the Group's retail assets. Given the significant uncertainty regarding the impact of COVID-19 on the Group's retail operations and on the global economy, management have considered sensitivities to the impairment charge as a result of changes to the estimate of future revenues achieved by the retail stores. The sensitivities applied are an increase or decrease in revenue of 15% from the estimate used to determine the impairment charge. It is estimated that a 15% decrease/increase in revenue assumptions for the 52 weeks to 27 March 2021, with no change to subsequent forecast revenue growth rate assumptions, would result in a £40.3 million increase / £24.3 million decrease in the impairment charge of retail store assets in the 26 weeks to 26 September 2020.

The net impairment reversal of £23.0 million, relating to the change in assumptions of the impact of COVID-19 on the impairment charge recorded last year, has been presented as an adjusting item (last half year: £nil). Refer to note 4 for details of adjusting items.

The net impairment reversal recorded in property, plant and equipment relates to 22 retail cash generating units (last half year: net impairment reversal related to 4 retail cash generating units) for which the total recoverable amount at the balance sheet date is £31.9 million (last half year: £11.7 million).

In addition, an impairment charge of £0.8 million (last half year: £nil) was recognised in relation to non-retail assets. As a result the total net impairment reversal for property, plant and equipment was £3.2 million (last half year: net impairment reversal of £0.4 million).

11. RIGHT-OF-USE ASSETS

In the period there were additions to right-of-use assets of £32.9 million (last half year: £126.9 million). Depreciation of right-of-use assets of £83.5 million (last half year: £107.6 million) is included within net operating expenses.

Impairment testing

As a result of the assessment of retail cash generating units for impairment, an impairment charge of £10.3 million and a reversal of £29.3 million, resulting in a net reversal of £19.0 million (last half year: net impairment charge of £13.3 million) was recorded for impairment of right-of-use assets. Refer to note 10 for further details of impairment assessment of retail cash generating units.

The net impairment reversal recorded in right-of-use assets relates to 23 retail cash generating units (last half year: net impairment charge related to 4 retail cash generating units) for which the total recoverable amount at the balance sheet date is £209.4 million (last half year: £47.5 million).

In addition, an impairment charge of £3.5 million (last half year: impairment reversal of £1.7 million) was recognised in relation to vacant office premises. This reversal was recognised as part of restructuring costs in adjusting items. Refer to note 4 for details of adjusting items. As a result, the net impairment reversal for right-of-use assets was, in total, £15.5 million (last half year: net impairment charge of £11.6 million).

12. TRADE AND OTHER RECEIVABLES

	As at 26 September 2020 £m	As at 28 September 2019 £m	As at 28 March 2020 £m
Non-current			
Deposits and other financial receivables	43.6	44.7	46.9
Other non-financial receivables	2.0	3.4	4.1
Prepayments	4.0	3.0	2.7
Total non-current trade and other receivables	49.6	51.1	53.7
Current			
Trade receivables	171.3	147.2	123.5
Provision for doubtful debts	(13.4)	(5.6)	(16.5)
Net trade receivables	157.9	141.6	107.0
Other financial receivables	31.8	37.2	31.9
Other non-financial receivables	38.7	40.0	67.4
Prepayments	41.2	41.7	35.0
Accrued income	9.8	11.0	10.8
Total current trade and other receivables	279.4	271.5	252.1
Total trade and other receivables	329.0	322.6	305.8

The net reversal for impairment of financial receivables in the period was £2.2 million (last half year: charge of £0.9 million; last full year: charge of £14.3 million). £2.6 million of this net reversal has been presented as an adjusting item (last half year: £nil; last full year: charge of £11.1 million). Refer to note 4 for details of adjusting items.

13. INVENTORIES

Inventory provisions of £158.8 million (last half year: £95.0 million; last full year: £169.5 million) are recorded, representing 24.6% (last half year: 15.1%; last full year 27.3%) 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.

As at 28 March 2020, £68.3 million of the provision was included in cost of sales as a result of the estimated reduction in net realisable value of inventory due to COVID-19 and was presented as an adjusting item. In the current period, £6.6 million of the provision was released upon re-assessment of the provision, where inventory previously provided for had been sold above cost in the period. This reversal is presented as an adjusting item. Refer to note 4 for details of adjusting items.

Taking into account the significant uncertainty regarding the outcome of COVID-19 and its impact on retail operations and the global economy, as well as other factors impacting the net realisable value of inventory including trading assumptions being higher or lower than expected, management consider that a reasonable potential range of outcomes could result in an increase or decrease in inventory provisions of £20.0 million in the next 12 months. This would result in a potential range of inventory provisions of 21.5% to 27.8% as a percentage of the gross value of inventory as at 26 September 2020.

14. CASH AND CASH EQUIVALENTS

	As at 26 September 2020 £m	As at 28 September 2019 £m	As at 28 March 2020 £m
Cash and cash equivalents held at amortised cost			
Cash at bank and in hand	195.3	160.4	138.7
Short-term deposits	155.5	112.2	126.3
	350.8	272.6	265.0
Cash and cash equivalents held at fair value through profit and loss			
Short-term deposits	848.7	442.8	663.9
Total	1,199.5	715.4	928.9

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.

As at 26 September 2020 and 28 March 2020, no impairment losses were identified on cash and cash equivalents held at amortised cost.

15. TRADE AND OTHER PAYABLES

	As at 26 September 2020 £m	As at 28 September 2019 £m	As at 28 March 2020 £m
Non-current			
Other payables	8.4	3.3	7.1
Deferred income and non-financial accruals	8.0	8.3	4.1
Contract liabilities	73.8	80.3	77.0
Deferred consideration[1]	13.3	17.5	14.1
Total non-current trade and other payables	103.5	109.4	102.3
Current			
Trade payables	121.7	219.4	197.3
Other taxes and social security costs	61.0	49.6	48.1
Other payables[2]	6.2	139.0	3.9
Accruals	200.9	193.9	175.2
Deferred income and non-financial accruals	4.6	5.2	6.0
Contract liabilities	13.5	15.4	12.7
Deferred consideration[1]	2.2	2.7	4.3
Total current trade and other payables	410.1	625.2	447.5
Total trade and other payables	513.6	734.6	549.8

1. Deferred consideration relates to the acquisition of Burberry Manifattura S.R.L. on 19 September 2018 and of the economic right to the non-controlling interest in Burberry Middle East LLC on 22 April 2016. The change in the deferred consideration liability in the period arises as a result of a financing cash outflow and non-cash movements. Payments of £2.6 million were made in the 26 weeks to 26 September 2020 (last half year: £2.7 million; last full year: £2.7 million).
2. As at 28 September 2019 other payables included £135.5 million relating to the cost of shares not purchased at the balance sheet date, under an agreement entered into by the Group to purchase its own shares, together with anticipated stamp duty arising.

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. 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 26 September 2020 £m	As at 28 September 2019 £m	As at 28 March 2020 £m
Retail contract liabilities	7.0	8.8	6.1
Licensing contract liabilities	80.3	86.9	83.6
Total contract liabilities	87.3	95.7	89.7

16. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Property obligations £m	Other costs £m	Total £m
Balance as at 28 March 2020	35.5	6.3	41.8
Effect of foreign exchange rate changes	0.2	0.2	0.4
Created during the period	4.6	4.5	9.1
Discount unwind	0.1	–	0.1
Utilised during the period	(0.5)	(0.2)	(0.7)
Released during the period	(0.3)	(0.7)	(1.0)
Balance as at 26 September 2020	39.6	10.1	49.7
Balance as at 28 September 2019	33.3	7.6	40.9

	As at 26 September 2020 £m	As at 28 September 2019 £m	As at 28 March 2020 £m
Analysis of total provisions:			
Non-current	30.8	25.7	28.6
Current	18.9	15.2	13.2
Total	49.7	40.9	41.8

17. BANK OVERDRAFTS

Included within bank overdrafts is £60.7 million (last half year: £44.4 million; last full year: £40.9 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 26 September 2020, the Group held bank overdrafts of £0.9 million (last half year: £1.0 million; last full year: £0.7 million) excluding balances on cash pooling arrangements.

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

18. BORROWINGS

	As at 28 March 2020 £m	Proceeds from borrowings £m	Repayment of borrowings £m	Non-cash movements £m	As at 26 September 2020 £m
Non-current					
Revolving credit facility	300.0	–	(300.0)	–	–
1.125% £300m Medium Term Notes 2025	–	296.7	–	–	296.7
Current					
Commercial paper issued under CCFF program	–	298.4	–	0.7	299.1
Total borrowings	300.0	595.1	(300.0)	0.7	595.8

On 25 November 2014, the Group entered into a £300.0 million multi-currency revolving credit facility with a syndicate of banks. In March 2020, the Group drew down on this facility in full. On 9 June 2020 the Group repaid this facility in full. On 18 June 2020 the Group extended the facility for 12 months, and it now matures in November 2022. A waiver for the existing leverage covenant for the periods ending up to and including 25 September 2021 and a restriction on shareholder distributions during the period of the waiver, which the Group can opt out of prior to 25 September 2021, was agreed. At 26 September 2020, there were £nil outstanding drawings.

The Group is in compliance with the financial and other covenants within this facility, taking into account the waiver referred to above, and has been in compliance throughout the financial year.

18. BORROWINGS (CONTINUED)

On 14 May 2020, Burberry Limited issued commercial paper with a face value of £300.0 million, issued at a discount with zero coupon, and a maturity of 17 March 2021. The commercial paper was issued under a £300.0 million facility the Group agreed under the UK Government sponsored COVID Corporate Finance Facility (CCFF). An increase to the Group's CCFF of £300.0 million to £600.0 million was available from 29 May 2020. The additional £300.0 million remains undrawn and future drawings will be subject to Bank of England terms at the date of issue.

On 21 September 2020, Burberry Group plc issued medium term notes with a face value of £300.0 million 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. Interest on the sustainability bond is payable semi-annually and the sustainability bond has no covenants.

The Group had no borrowings during the period ended 28 September 2019.

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 30 March 2019	411,456,001	0.2
Allotted on exercise of options during the period	301,003	–
As at 28 September 2019	411,757,004	0.2
As at 28 March 2020	404,705,886	0.2
Allotted on exercise of options during the period	30,333	–
As at 26 September 2020	404,736,219	0.2

Other reserves

Own shares purchased by the Company, as part of a share buy-back programme, are classified as treasury shares and their cost offset against retained earnings. When treasury shares are cancelled, a transfer is made from retained earnings to the capital redemption reserve, equivalent to the nominal value of the shares purchased and subsequently cancelled. The cost of shares purchased by employee share ownership trusts (ESOP trusts) are offset against retained earnings, as the amounts paid reduce the profits available for distribution by the Company.

As at 26 September 2020 the amount held against retained earnings was £nil (last half year: £17.7 million) including stamp duty of £nil (last half year: £0.1 million) in relation to treasury shares and £15.5 million (last half year: £20.9 million) in relation to shares purchased by ESOP trusts. As at 26 September 2020, the Company held no treasury shares (last half year: 0.8 million), with a market value of £nil (last half year: £17.6 million) and ESOP trusts held 1.0 million (last half year: 1.3 million) shares in the Company, with a market value of £14.9 million (last half year: £27.7 million). In the 26 weeks to 26 September 2020 the ESOP trusts and the Company have waived their entitlement to dividends of £nil (last half year: £0.4 million).

During the last half year, the Company entered into an agreement to purchase £150.0 million of its own shares as part of a share buy-back programme. In that period, £135.5 million relating to the cost of shares not yet purchased under this agreement was charged to retained earnings, with the payment obligation recognised in other payables. No share buy-back programme was announced in the current period.

20. RELATED PARTY TRANSACTIONS

The Group's significant related parties are disclosed in the Annual Report for the 52 weeks to 28 March 2020. 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), deferred consideration, 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 £13.8 million (last half year: £13.5 million) held in non-current other receivables relating to an interest-free loan provided to a landlord in Korea. At 26 September 2020, the discounted fair value of the loan is £16.0 million (last half year: £15.9 million). The fair value of the sustainability bond is considered to approximate its book value due to the proximity of its date of issue to the balance sheet date.

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 and, if required, financial instruments are transferred on the date of the event or change in circumstances that caused the transfer. 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 and equity swap contracts 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.

The fair value of the contingent payment component of deferred consideration is considered to be a Level 3 measurement and is derived using a present value calculation, incorporating observable and non-observable inputs. This valuation technique has been adopted as it most closely mirrors the contractual arrangement.

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 condition.

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 European Union and that the Interim Management Report and condensed consolidated interim financial statements include a fair review of the information required by Disclosure 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 28 March 2020 with the exception of Jeremy Darroch who retired from the Board on 15 July 2020.

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

By order of the Board

Marco Gobbetti
Chief Executive Officer
11 November 2020

Julie Brown
Chief Operating and Financial Officer
11 November 2020

INDEPENDENT REVIEW REPORT TO BURBERRY GROUP PLC

INDEPENDENT REVIEW REPORT TO BURBERRY GROUP PLC

Introduction

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 26 September 2020 which comprise 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 22.

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.

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.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, 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.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. 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.

Conclusion

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 26 September 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP

London

11 November 2020

GENERAL SHAREHOLDER ENQUIRIES

Enquiries relating to shareholdings, such as the transfer of shares, change of name or address, lost share certificates or dividend cheques, should be referred to the Company's Registrar at:

Equiniti,
Aspect House,
Spencer Road, Lancing,
West Sussex, BN99 6DA

Tel: 0371 384 2839. Lines are open 8.30am to 5.30pm, Monday to Friday.

Please dial +44 (0) 121 415 0804 if calling from outside the UK or see www.help.shareview.co.uk for additional information.

AMERICAN DEPOSITARY RECEIPTS

We have a sponsored Level 1 American Depositary Receipt (ADR) programme to enable US investors to purchase ADRs in US Dollars. Each ADR represents one Burberry ordinary share.

For queries relating to ADRs in Burberry, please use the following contact details:

BNY Mellon Shareowner Services
P.O. BOX 505000
Louisville, KY 40233-5000

Tel: Toll free within the US: +1 888 269 2377
Tel: International: +1 201 680 6825
Email enquiries: shrrelations@cpushareownerservices.com or see www.mybnymdr.com for additional information.

MANAGING YOUR SHARES ONLINE

Shareholders and employees can manage their Burberry holdings online by registering with Shareview, a secure online platform provided by Equiniti. Registration is a straightforward process and allows shareholders and employees to:

- Access information on their shareholdings, including share balance and dividend information.
- Sign up for electronic shareholder communications.
- Buy and sell shares.
- Update their records following a change of address.
- Have dividends paid into their bank account.
- Vote by proxy online in advance of the Company's general meetings.

Burberry encourages shareholders to sign up for electronic communication as it allows information to be disseminated quickly and efficiently and also reduces paper usage, which makes a valuable contribution to our global footprint.

WEBSITE

The investor section of Burberry Group plc's website, www.burberryplc.com/en/investors.html, contains a wide range of information and gives access to:

- Regulatory news.
- Share price information.
- Dividend history, share analysis and the investment calculator.
- Financial results announcements.
- Frequently asked questions.

It is also possible to sign up to receive email alerts for Regulatory News Service (RNS) and press releases relating to Burberry Group plc at www.burberryplc.com/en/alerts.html.

PRIVACY POLICY

Please see our privacy policy at www.burberryplc.com/en/investors/shareholder-centre/shareholder-privacy-notice.html for details on how Burberry collects and uses shareholder personal information.

DIVIDENDS

Our capital allocation policy remains in place, prioritising investment in the long-term growth of our business and dividend distribution to shareholders. However, given the uncertainty caused by COVID-19, we believe it is prudent to protect our liquidity position at this time. As a result, an interim dividend has not been declared for FY 2020/21.

DUPLICATE ACCOUNTS

Shareholders who have more than one account due to inconsistency in account details may avoid duplicate mailings by contacting Equiniti and requesting the amalgamation of their share accounts.

ELECTRONIC COMMUNICATION

Shareholders may at any time choose to receive all shareholder documentation in electronic form via the internet, rather than in paper format. Shareholders who decide to register for this option will receive an email each time a shareholder document is published on the internet. Shareholders who wish to receive documentation in electronic form should register online at www.shareview.co.uk.

Equiniti offers a range of shareholder information and services online at www.shareview.co.uk. A textphone facility for those with hearing difficulties is available by calling: 0371 384 2255. Lines are open 8.30am to 5.30pm, Monday to Friday. Please call +44 121 415 7028 if calling from outside the UK.

FINANCIAL CALENDAR

Interim results announcement	12 November 2020
Third quarter trading update	20 January 2021
Preliminary results announcement	May 2021
Annual General Meeting	July 2021

REGISTERED OFFICE
Burberry Group plc
Horseferry House
Horseferry Road,
London, SW1P 2AW.

Registered in England and Wales Registered Number 03458224 www.burberryplc.com.

SHARE DEALING
Burberry Group plc shares can be traded through most banks, building societies or stock brokers. Equiniti offers a telephone and internet dealing service. Terms and conditions and details of the commission charges are available on request.

For telephone dealing, please call 03456 037 037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealing visit www.shareview.co.uk/dealing. Shareholders will need their reference number, which can be found on their share certificate.

SHAREGIFT
Shareholders with a small number of shares, the value of which makes them uneconomic to sell, may wish to consider donating their shares to charity through ShareGift, a donation scheme operated by The Orr Mackintosh Foundation. A ShareGift donation form can be obtained from Equiniti. Further information is available at www.sharegift.org or by telephone on 0207 930 3737.

TIPS ON PROTECTING YOUR INFORMATION
- Keep any documentation that contains your shareholder reference number in a safe place and shred any unwanted documentation.
- Inform Equiniti, the Registrar, promptly when you change address.
- Consider holding your shares electronically in a CREST account via a nominee.

SHARE PRICE INFORMATION
The latest Burberry Group plc share price is available on the Company's website at www.burberryplc.com

UNAUTHORISED BROKERS (BOILER ROOM SCAMS)
Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. These are typically from overseas-based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. These operations are commonly known as boiler rooms.

If you receive any unsolicited investment advice, get the correct name of the person and organisation, and check that they are properly authorised by the FCA before getting involved. This can be done by visiting www.fca.org.uk/register.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme if things go wrong.

If you think you have been approached by an unauthorised firm, you should contact the FCA consumer helpline on 0800 111 6768.

More detailed information can be found on the FCA website at www.fca.org.uk/consumers/protect-yourself/unauthorised-firms.

WEBSITE
Information about Burberry Group plc, including share price information and details of results announcements, are available at www.burberryplc.com.