

15 July 2022

Burberry Group plc First Quarter Trading Update

Continued investment in brand and product

“Our performance in the quarter continued to be impacted by lockdowns in Mainland China but I was pleased to see our more localised approach drive recovery in EMEIA, where spending by local clients was above pre-pandemic levels. Our focus categories, leather goods and outerwear continued to perform well outside of Mainland China and our programme of brand activations boosted customer engagement. While the current macro-economic environment creates some near-term uncertainty, we are confident we can build on our platform for growth.”

- Jonathan Akeroyd, Chief Executive Officer

- Q1 comparable store sales increased 1% impacted by lockdowns in Mainland China
 - Excluding Mainland China, comparable store sales grew 16%
 - EMEIA comparable store sales grew 47%
- Double-digit comparable growth in leather goods and outerwear outside Mainland China
 - Lola handbag range performing well, supported by new shapes
 - Good performance from rainwear and jackets
- Strong programme of brand activations driving customer engagement, including Lola campaign, pop-ups and pop-ins, and TB Summer Monogram takeovers
- First in our sector to receive SBTi approval for our target to reach net zero emissions by 2040
- Built on community commitments with a three-day celebration of creativity for Pride and hosting cultural runways for graduates of our Burberry Inspire programme
- Commenced the share buy back with the full £400m expected to be completed by the financial year end

Retail revenue 13 weeks ended 2 July

£ million	2 July	26 June	% change	
	2022	2021	Reported FX	CER*
Retail revenue	505	479	+5%	flat
Comparable store sales*	+1%	+90%		

*See page 4 for definition

Outlook

We continue to target high-single digit revenue growth* and 20% margins* in the medium term. While the current macro-economic environment creates some near-term uncertainty, our performance in Mainland China has been encouraging since our stores reopened in June and we are actively managing the headwind from inflation. Based on the effective FX rates as of 11th July, we now expect a currency tail wind of c.£190m on revenue and c.£90m adjusted operating profit in FY23.

* at CER

The financial information contained herein is unaudited

Business review

Despite significant disruption from lockdowns in Mainland China, comparable store sales advanced 1% in Q1 FY23. Growth was strongest in EMEIA, where our more localised approach drove an increase in spending by clients in their home markets to above pre-pandemic levels. This approach, together with increased tourist spend from the Americas has helped to mostly offset lower sales to Asian and especially Chinese tourists. Our focus categories, leather goods and outerwear, continued to perform well outside of Mainland China.

During the quarter, we continued to invest in brand and product, generating a high level of engagement on social media as well as driving traffic to our website and adding almost half a million new profiles to our global customer database.

In April, we expanded our Lola handbag range and supported it with a series of pop-ups and pop-ins as well as a campaign, starring Bella Hadid, Lourdes Leon, Jourdan Dunn and Ella Richards. Alongside this, we introduced a virtual collection on online gaming platform Roblox. Created with one of the Roblox community's most established digital fashion designers, @Builder_Boy, the exclusive Lola range features experimental designs inspired by our longstanding affinity for the outdoors.

In May, we launched our seasonal TB Summer Monogram collection with a new campaign starring Gisele Bündchen. The collection united two of Burberry's icons to form a bold print merging the classic Check with the TB Monogram. To support this, we are staging a series of branded takeovers, the first of which is at Loulou Ramatuelle beach club in Saint Tropez for which we have created a bespoke iteration of the collection that is only available at a pop-up store in the resort. We also celebrated the launch of the collection at Neiman Marcus, wrapping the exterior of its store in Atlanta in the TB Monogram and opening a pop-up inside.

Our new product launches and seasonal collections performed strongly. Leather goods comparable sales grew 21% outside of Mainland China, led by the Lola handbag range. The TB family also performed well, supported by the Frances shape from the same family. Outerwear comparable sales advanced 19% outside of Mainland China, driven by rainwear and jackets.

In June, we partnered again with Mythical Games to launch a new NFT collection in their flagship title, Blankos Block Party. Our second NFT collection included a limited-edition Burberry Blanko, a unicorn named Minny B, as well as a selection of Burberry branded in-game accessories which players can add to their virtual portfolio. As part of the collaboration, we created a bespoke social space within the game, a cabana style resort named 'The Oasis', where players can come together to connect, explore and enjoy a unique virtual experience.

More recently, we welcomed the South Korean Premier League footballer Son Heung-min to the Burberry family as our new brand ambassador. This was greeted with a significant amount of social media attention with the post achieving our highest level of engagement on Instagram – some 21% ahead of the previous peak.

At the same time, we continue to elevate the customer experience in stores, rolling out our new design concept to six more locations in the quarter, including two stores in Japan, one in Hong Kong S.A.R., China and three in EMEIA. We remain on track to achieve our target of adding 65 newly designed stores in FY23 to the 47 we rolled out last year.

During the quarter, we also maintained our support for our communities.

We were proud to be an official partner of The Queen's Jubilee Pageant, celebrating Her Majesty's extraordinary 70 years of service. As part of this, we shared messages of support at 80 bus stops along the route in London from children at Armley Park Primary School, a

beneficiary of our partnership with Marcus Rashford MBE, the National Literacy Trust and Macmillan Children's Books. To mark the occasion, we designed a limited-edition commemorative scarf. We also sponsored the Superbloom floral tribute at the Tower of London, alongside which we created a large floating meadow that we moored on the River Thames. All plants from the meadow will be replanted by Burberry volunteers within local community projects across the city.

For Pride, we teamed up with media partner Dazed to host a three-day celebration of creativity and community on Whitby Street in London. Alongside workshops, panels and performances by some of the UK's brightest creative talent, we commissioned a large-scale mural by interdisciplinary artist Jota Mombaça and a poem by performance poet, trans visibility campaigner and model Kai-Isaiah Jamal. We also donated to charities providing resources to the LGBTQ+ community, including longstanding partners Stonewall and the Albert Kennedy Trust.

As part of our commitment to empowering young people, we hosted cultural runways in the UK and US, celebrating the achievements of students who participated in Burberry Inspire. The programme, which is funded by The Burberry Foundation, has provided arts and cultural learning experiences for underrepresented young people since 2018. In May, graduates of our New York programme performed before an audience of teachers, family members and special guests at the Gerald W Lynch Theatre in Manhattan. Our Yorkshire cohort showcased their dance, film and visual arts projects at Leeds Playhouse this week.

We recognise that the long-term success of our business depends on investing in the environmental sustainability of our operations, the resilience of our supply chains and our management of climate change impacts. This month we became the first in our sector to receive SBTi approval for our net-zero target, (to reach net zero emissions by FY 2040), in accordance with the Global Corporate Net Zero Standard launched in Nov 2021.

Regional performance

We have seen strong recovery in Q1 FY23 outside of Mainland China with comparable store sales up 16%. This was offset by a 35% decline in Mainland China due to restrictions and store closures put in place to control COVID-19 outbreaks. Overall, comparable store sales advanced 1% in the period with a significantly different performance in each region.

- Asia Pacific fell 16% with Mainland China down 35%. We started the quarter with around 40% of the distribution disrupted by lockdowns in Mainland China, including our digital hub. Disruption continued for the first two months but all stores were fully reopened by the end of the period. Declines in Mainland China were partially offset by strong performances in the recovering markets of Japan and SAP.
- EMEIA grew 47% as the business annualised the lockdowns in Q1 FY22. Sales to local clients were strong at above pre-pandemic levels, and sales to American tourists rebounded.
- Americas decreased 4% slowing against very tough comparatives. We saw good growth in outerwear with bags also outperforming.

Space was a 1% headwind in the quarter while FX was a positive contribution of 5%. In total reported retail sales grew 5% YoY at reported rates.

Enquiries

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- There will be a conference call for investors and analysts to discuss this update today at 9am (UK time). The conference call can be accessed live on the Burberry corporate website, www.burberryplc.com with a replay available later in the day.
- Burberry will announce its Interim results for the 26 weeks ending 1 October 2022 on 17 November 2022

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.

Notes to editors

- Burberry is a British luxury brand, headquartered in London
- At 2 July 2022, globally Burberry had 220 retail stores, 142 concessions, 57 outlets and 38 franchise stores, excluding pop-up stores.
- Burberry is listed on the London Stock Exchange (BRBY.L) and is a constituent of the FTSE 100 index. Its ADR symbol is OTC:BURBY.
- BURBERRY, the Equestrian Knight Device, the Burberry Check and the Thomas Burberry Monogram and Print are trademarks belonging to Burberry.

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.

Comparable store sales is 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. The measurement of comparable sales has not excluded stores temporarily closed as a result of the COVID-19 outbreak.

Certain financial data within this announcement have been rounded.

Appendix

Based on effective FX rates as of 11 July 2022, there is a c.£90m tailwind from exchange rate movements on FY23 adjusted operating profit and a c.£190m tailwind on revenue. This compares to guidance given in May for a £159m tailwind to revenue and a £92m tailwind to adjusted operating profit.

Exchange rates	Forecast average effective rates	Spot rates	Actual average exchange rates
£1=	11 July 2022	6 May 2022	FY22
Euro	1.18	1.17	1.18
US Dollar	1.20	1.24	1.36
Chinese Yuan	8.03	8.21	8.73
Hong Kong Dollar	9.45	9.70	10.63
Korean Won	1,557	1,553	1,596