18 May 2023

BURBERRY GROUP PLC

PRELIMINARY RESULTS FOR 52 WEEKS ENDED 1 APRIL 2023

EXECUTING STRATEGY AND DELIVERING GROWTH

"I am very pleased with what we have achieved this year. We have delivered a strong financial performance, supported by good progress in our core leather goods and outerwear categories, with revenue accelerating in the fourth quarter as growth rebounded in Mainland China. Having appointed Daniel Lee as our new Chief Creative Officer, we have refocused our brand aesthetic and brought his new creative vision to life with a campaign and runway show that have been very well received. At the same time, we have reorganised our supply chain, merchandising and digital teams under new leaders to drive our strategy forward. While the external environment remains uncertain, I am confident we can achieve our FY24 and medium-term targets as we focus on executing our plan to realise Burberry's potential as the modern British luxury brand."

- Jonathan Akeroyd, Chief Executive Officer

Period ended £ million	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022	*YoY % change 52 vs 53-week Reported FX*	*YoY % change 52 vs 52-week CER*
Revenue	**3,094**	**2,826**	***10***	***5***
*Retail comparable store sales**	*7%*	*18%*		
Adjusted operating profit*	**634**	**523**	***21***	***8***
*Adjusted operating profit margin**	*20.5%*	*18.5%*	*200bps*	*60bps*
Adjusted diluted EPS (pence)*	122.5	94.0	*30*	*16*
Reported operating profit	**657**	**543**	***21***	
Reported operating profit margin	*21.2%*	*19.2%*	*200bps*	
Reported diluted EPS (pence)	126.3	97.7	*29*	
Free cash flow*	393	340	*16*	
Proposed dividend (pence)	61.0	47.0	*30*	

*See page 13 for definitions of alternative performance measures

- FY23 revenue advanced 5% at CER and 10% on a reported basis; comparable store sales increased 7%
- Adjusted operating profit +8% at CER and +21% reported with margins 19.0% and 20.5% respectively
- Reported operating profit +21% with margin 21.2%
- Q4 comparable store sales accelerated to 16% as growth rebounded in Mainland China +13%
    - Group ex Mainland China +17%, EMEIA +27%, Asia Pacific +19%, Americas -7%
- Strong performance across core outerwear and leather goods categories
    - Leather goods comparable store sales up 12% in FY23 and up 15% in Q4
    - Outerwear comparable store sales up 7% in FY23 and 30% in Q4
- Excellent response to new brand aesthetic and Daniel Lee's first campaign and debut runway show
- Reorganised supply chain, merchandising and digital operations under new leaders to drive strategy, and recruited Kate Ferry as our new CFO
- Agreed to acquire a business from an Italian supplier to strengthen technical outerwear capability
- Refurbished/opened 60 stores; c.30% of the full price network updated; with a further 7 stores in April
- Continued to make progress across our social and environmental agenda, including year-on-year reductions in scope 1, 2 and 3 carbon emissions
- Strong cash conversion at 87% – proposed dividend increased 30%. Planned £400m share buyback to complete in FY24, in line with capital allocation policy

Guidance

- Maintaining FY24 and medium-term targets while mindful of macroeconomic and geopolitical environment

FY23 is a 52-week year. The comparative period is 53 weeks to 2 April 2022. We have provided CER percentage changes on a 52-week basis while absolute figures are on a reported basis compared with the 53rd week unless otherwise stated. FY24 is a 52-week year.

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

The following alternative performance measures are presented in this announcement: CER, adjusted profit measures, comparable sales, free cash flow, cash conversion, adjusted EBITDA and net debt. The definitions of these alternative performance measures are in the Appendix on page 13.

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

Enquiries

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- There will be a virtual presentation for investors and analysts today at 9.30am (UK time) that can be viewed live on the Burberry website www.burberryplc.com and can also be accessed live via a listen only dial-in facility, click here to register.
- The supporting slides and an indexed replay will be available on the website later in the day
- Burberry will issue its First Quarter Trading Update on 14 July 2023
- The AGM will be held on 12 July 2023

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

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BUSINESS REVIEW

In November 2022, we set out the next phase of our strategy to realise Burberry's potential as the modern British luxury brand with a medium-term target to grow sales to £4bn at CER* and a longer-term ambition to reach £5bn in revenue. The key elements of our plan to drive growth and acceleration are to:

- Harness the power of the brand
- Bring all product categories to full potential
- Strengthen distribution

while continuing to simplify and streamline key processes, deliver on our bold sustainability ambitions, ensure our people are supported and inspired to deliver, and positively impact our communities.

Since then, we have made good progress on executing our plan while delivering a strong financial performance supported by growth in our core leather goods and outerwear product categories and revenue growth accelerating in the fourth quarter as sales rebounded in Mainland China and South Asia Pacific tourist destinations.

In February, we launched the first creative expression of our house values under Daniel Lee, resetting our visual identity with a campaign that featured talent including Skepta, Georgia May Jagger and Son Heung-Min. We followed this with Daniel's debut runway show, set in a custom-built tent in Kennington Park, London and featuring a new aesthetic across all key product categories. The campaign and show were extremely well received by press, generating over 4,000 pieces of global media coverage with an estimated reach of c.4bn.

Our rainwear offer was boosted by the positive reception to Daniel's first campaign, along with VIP dressing at the runway show, both celebrating the iconic Burberry trench coat. As a result, we saw very strong acceleration in heritage rainwear, with comparable store sales doubling in the quarter. Leather goods outperformed in the year as we continued to see strength in women's bags – especially in the Lola and Frances shapes as well as the launch of the vintage Burberry Check line. We are excited to build on this with Daniel's new offer launched at the show, which will be in store from September.

We refurbished or opened 60 stores in the year with a further 7 completed in April. We now have around 30% of our full price stores updated with around 40% in Asia. We aim to update over 50% of stores by FY24 year end with plans on track to complete the roll out of the portfolio by FY26. Financials of the updated stores continue to show both store productivity and AUR up mid-teens percentage against equivalent stores.

We made changes to our operating model to strengthen the alignment between our commercial offering and our new creative vision and hired leaders in new roles to drive the delivery of our medium-term targets. We integrated the responsibility for global e-commerce, digital product and analytics as well as a newly formed innovation function under a new Chief Digital, Customer and Innovation Officer. We formalised the link between planning and merchandising under a new Chief Merchandising Officer with additional responsibility over global planning and pricing. We also brought our supply chain and product development teams together under a new Chief Supply Chain and Industrial Officer to drive greater connectivity, while ensuring end-to-end ownership for delivery. In addition, we appointed Kate Ferry as our new Chief Financial Officer who will join in July.

As part of our plan to bring all product categories to full potential, in March, we entered into an agreement to acquire a business from longstanding Italian supplier, Pattern SpA, which is anticipated to complete in FY24. With this investment, we will secure capacity, build technical outerwear capability, and further embed sustainability into our value chain.

We also continued to progress our decarbonisation agenda, achieving a 9% reduction in our scope 1 and 2 carbon emissions and an 11% year-on-year reduction in our scope 3 emissions versus FY22.

We are delighted to have started the new financial year with the appointment in April of award-winning Chinese actor Chen Kun as our latest ambassador. In addition to his successful acting career, Chen Kun is dedicated to promoting arts and culture as well as using his influence for philanthropy, and we look forward to collaborating with him for future brand events and campaigns.

*Base year FY22 exchange rates

GUIDANCE

We maintain our guidance of:

- High single-digit revenue CAGR from FY20 base and around 20% adjusted operating profit margin at CER for FY24
- £4bn sales at FY22 CER in the medium-term
- Based on 21 April 2023 spot rates we expect a currency headwind of c.£70m on revenue and c.£40m on adjusted operating profit in FY24

SUMMARY INCOME STATEMENT

Period ended £ million	**52 weeks ended 1 April 2023**	**53 weeks ended 2 April 2022**	***YoY % change 52 vs 53-week Reported FX***	***YoY % change 52 vs 52-week CER***
Revenue	**3,094**	**2,826**	***10***	***5***
Cost of sales*	(912)	(831)	*10*	*8*
Gross profit*	**2,182**	**1,995**	***9***	***4***
Gross margin*	**70.5%**	**70.6%**	***(10bps)***	***(80bps)***
Net operating expenses*	(1,548)	(1,472)	5	2
Net opex as a % of sales*	50.0%	52.1%	*(210bps)*	*(140bps)*
Adjusted operating profit*	**634**	**523**	***21***	***8***
Adjusted operating profit margin*	**20.5%**	**18.5%**	***200bps***	***60bps***
Adjusting operating items	23	20		
Operating profit	**657**	**543**		
Operating profit margin	**21.2%**	**19.2%**		
Net finance charge**	(23)	(32)	*(30)*	
Profit before taxation	**634**	**511**	***24***	
Taxation	(142)	(114)		
Non-controlling interest	(2)	(1)		
Attributable profit	**490**	**396**	***24***	
Adjusted profit before taxation*	**613**	**492**	***25***	***11***
Adjusted diluted EPS (pence)*	**122.5**	**94.0**	***30***	***16***
Diluted EPS (pence)	**126.3**	**97.7**	***29***	
Weighted average number of diluted ordinary shares (millions)	388.0	404.8	*(4)*	

* Excludes adjusting items. All items below adjusting operating items on a reported basis unless otherwise stated

For detail, see Appendix.

** Includes adjusting finance charge of £2m (FY22: £1m)

FINANCIAL PERFORMANCE

Revenue by channel

Period ended £ million	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022	*YoY % change 52 vs 53-week Reported FX*	*YoY % change 52 vs 52-week CER*
Retail	2,501	2,273	10	6
Comparable store sales growth	*7%*	*18%*		
Wholesale	543	512	6	1
Licensing	50	41	23	22
Revenue	**3,094**	**2,826**	**10**	**5**

- FY23 Retail sales grew 6% at CER; 10% reported
- Impact of space -1%
- Comparable store sales grew 7%, directly affected by COVID-19 restrictions in Mainland China. Excluding Mainland China comparable store sales grew by 17% in Q4, the strongest quarter in the year (Q1 +16%, Q2 + 15%, Q3 +11% and FY +14%).

Comparable store sales growth by region

	FY23 vs LY						
	Q1	Q2	H1	Q3	Q4	H2	FY
Group	1%	11%	5%	1%	16%	7%	7%
Asia Pacific	(16%)	11%	(4%)	(7%)	19%	5%	2%
EMEIA	47%	25%	34%	19%	27%	22%	27%
Americas	(4%)	(3%)	(3%)	(1%)	(7%)	(3%)	(3%)
Group ex Mainland China	*16%*	*15%*	*15%*	*11%*	*17%*	*13%*	*14%*

Asia Pacific saw volatile growth in the year due to COVID-19 related disruption in Mainland China in Q1 and Q3 impacting full-year growth of 2%.

- Mainland China comparable store sales fell 11% in the year. The significant disruption in Q1 and Q3 (comp store sales -35% and -23% respectively) was only partially offset by Q2 (comp store sales -1%) and the start of recovery in Q4 that saw 13% comparable store sales growth
- South Korea grew 7% in both the year and Q4, benefiting from over 50% of the full price network updated by the year end
- Japan also saw strong comparable store sales growth up 27% in the year and 30% in Q4
- South Asia Pacific rose over 35% in the year with a strong performance in Q4 that increased more than 50%, boosted by returning Chinese tourists

EMEIA had an excellent year with comparable store sales up 27% in FY23 and Q4.

- The region benefited from strong tourist growth that more than doubled in the year with the share of mix from tourists increasing to over 40% of total sales (less than 25% in FY22) with a strong performance from US, Middle East, and Asia outside of Mainland China
- Continental Europe outperformed in the region with the UK broadly in line with the region average

Americas fell 3% in the year with a deterioration to -7% in Q4.

- We continue to see higher AUR categories outperforming, especially rainwear and leather, with pressure on the entry level items. Globally, the Americas customer decreased low single digit in Q4 with the decline in locals broadly offset by tourist spending as Americans transitioned to buying Burberry in EMEIA

By product

- We maintained our focus on the core leather and outerwear categories with both showing a good performance in the year
- Outerwear comparable store sales grew 7% in FY23 and 30% in Q4. The strong traction at the end of the period was mainly from rainwear following the brand refresh featuring the heritage range
- Leather goods comparable store sales grew 12% in the year and 15% in Q4. This was driven by bags especially from the continued success of our Lola campaign and the Frances shape, as well as men's leather goods
- Ready-to-wear excluding outerwear saw growth broadly in line with the Group average for the year with, women's increasing double digits while men's saw mid-single digit growth

Store footprint

The transformation of our distribution network continued during the year

- We opened 21 full price stores, closed 25 stores with one outlet opened and two closed
- Including refurbishments, we increased the number of updated stores by 60
- Key openings/refurbishments included Northpark Dallas in USA, Taipei 101 and Nanjing Deji Plaza in Mainland China
- As of 1 April, we have 107 stores in the new design: 79 in Asia including 25 in South Korea and 26 in Mainland China, 21 in EMEIA and 7 in Americas
- We completed 7 more in April and remain on track to complete the roll out by FY26
- We remain pleased with the performance of updated stores that saw both store productivity and AUR higher by mid-teens compared with equivalent stores following their openings

Wholesale

- Wholesale revenue increased 1% at CER (6% at reported rates) with good growth in EMEIA offsetting pressure in Asia travel retail

Licensing

- Licensing revenue grew 22% at CER and 23% at reported exchange rates

OPERATING PROFIT ANALYSIS

Adjusted operating profit

Period ended £ million	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022	*YoY % change 52 vs 53-week Reported FX*	*YoY % change 52 vs 52-week CER*
Revenue	3,094	2,826	*10*	*5*
Cost of sales*	(912)	(831)	*10*	*8*
Gross profit*	**2,182**	**1,995**	***9***	***4***
Gross margin %*	**70.5%**	**70.6%**	***(10bps)***	***(80bps)***
Net operating expenses*	(1,548)	(1,472)	*5*	*2*
Net operating expenses as a % of sales*	50.0%	52.1%	*(210bps)*	*(140bps)*
Adjusted operating profit*	**634**	**523**	***21***	***8***
Adjusted operating profit margin %*	**20.5%**	**18.5%**	***200bps***	***60bps***

*Excludes adjusting items

Adjusted operating profit increased 8% at CER and 21% reported with the margin up 60bps and 200bps respectively:

- Gross margin declined by 80bps at CER with benefits from price increases more than offset by cost inflation. It fell 10bps at reported rates
- Adjusted net operating expenses rose by 2% at CER
- Adjusted operating profit came in at £634m including a £78m FX tailwind in FY23

ADJUSTING ITEMS*

Adjusting items were a net credit of £21m (FY22: £19m net credit).

Period ended £ million	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022
The impact of COVID-19		
Inventory provisions	1	16
Rent concessions	13	18
Store impairments	6	(5)
Government grants	2	2
Receivable impairments	-	1
COVID-19 adjusting items**	**22**	**32**
Restructuring costs	(16)	(11)
Profit on sale of property	19	-
Revaluation of deferred consideration liability	(2)	(1)
Adjusting operating items	**23**	**20**
Adjusting financing items	(2)	(1)
Adjusting items	**21**	**19**

*For more details see note 7 of the Financial Statements

**Includes a £1m credit (FY22: £16m credit) that has been recognised through COGS

The key adjusting items are as follows:

- Total credit of £22m from COVID-19 related adjustments with a £1m inventory provision reversal that has now completed, £13m of rent concessions, £2m of Government grants outside of the UK, and £6m reversal of the store impairment provision
- £16m of restructuring costs
- Net £19m profit on the sale of a Boston, USA property

ADJUSTED PROFIT BEFORE TAX*

After an adjusted net finance charge of £21m (FY22: £31m), adjusted profit before tax was £613m (FY22: £492m).

*For detail on adjusting items see note 7 of the Financial Statements

TAXATION*

The effective tax rate on adjusted profit was flat at 22.2% (FY22: 22.2%). The reported tax rate on FY23 profit before taxation was 22.4% (FY22: 22.3%).

* For detail see note 9 of the Financial Statements

CASH FLOW

Represented statement of cash flows

The following table is a representation of the cash flows.

Period ended £ million	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022
Adjusted operating profit	634	523
Depreciation and amortisation	344	313
Working capital	(76)	54
Other including adjusting items	10	19
Cash generated from operating activities	**912**	**909**
Payment of lease principal and related cash flows	(210)	(206)
Capital expenditure	(179)	(161)
Proceeds from disposal of non-current assets	32	8
Interest	(22)	(30)
Tax	(140)	(180)
Free cash flow	**393**	**340**

Free cash inflow* was £393m in the year (FY22: £340m).
The major components were:

- Cash generated from operating activities increased to £912m from £909m
- A working capital outflow of £76m (FY22: £54m inflow)
- Capital expenditure of £179m (FY22: £161m)
- Tax cash of £140m, falling £40m compared to the prior year which included one-off payments

Cash net of overdrafts on 1 April 2023 was £961m, compared to £1,177m on 2 April 2022. On 1 April 2023 borrowings were £298m from the bond issue leaving cash net of overdrafts and borrowings of £663m (2 April 2022: £879m). With lease liabilities of £1,123m, net debt in the period was £460m (2 April 2022: £179m). Net Debt/Adjusted EBITDA was 0.5x, at the lower end of our target range of 0.5x to 1.0x. The increase in leverage from 0.2x at the FY22 year-end has primarily been driven by the share buyback programme.

Period ended £ million	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022
Adjusted EBITDA – rolling 12 months	975	836
Cash net of overdrafts	(961)	(1,177)
Bond	298	298
Lease debt	1,123	1,058
Net Debt*	**460**	**179**
Net Debt/Adjusted EBITDA	**0.5x**	**0.2x**

*For a definition of free cash flow and net debt see page 14.

APPENDIX

Detailed guidance for FY24

Item	Financial impact
Impact of retail space on revenues	Space is expected to be broadly stable in FY24.
Wholesale revenue	Wholesale is expected to decline by a low double digit percentage in H1 FY24 and broadly stable for the year.
Tax	We expect the adjusted effective tax rate to be around 27%.
Capex	Capex is expected to be around £200m including over 50% of the store network updated by end of the year.
Currency	At 21 April 2023 spot rates, the impact of year-on-year exchange rate movements is expected to be a c.£70m headwind on revenue and c.£40m headwind on adjusted operating profit.
Dividend	Final dividend per share proposed at 44.5p and with the interim of 16.5p gives a combined full year dividend per share of 61.0p - 30% ahead of FY22.
Share buyback	Planned £400m share buyback to be completed within FY24.

Note: Guidance based on CER at FY23 rates

Retail/wholesale revenue by destination*				
Period ended	52 weeks ended 1 April	53 weeks ended 2 April	*% change*	
£ million	2023	2022	*52 vs 53-week Reported FX*	*52 vs 52-week CER*
Asia Pacific (94% retail)*	1,297	1,276	*2*	*(1)*
EMEIA (68% retail)*	1,004	813	*23*	*22*
Americas (82% retail)*	743	696	*7*	*(4)*
Total	**3,044**	**2,785**	***9***	***5***

* Mix based on FY23

Retail/wholesale revenue by product division				
Period ended	52 weeks ended 1 April	53 weeks ended 2 April	*% change*	
£ million	2023	2022	*52 vs 53-week Reported FX*	*52 vs 52-week CER*
Accessories	1,125	1,017	*11*	*6*
Women's	867	784	*11*	*7*
Men's	868	807	*8*	*3*
Children's & other	184	177	*4*	*(1)*
Total	**3,044**	**2,785**	***9***	***5***

Store portfolio	Directly operated stores				
	Stores	Concessions	Outlets	Total	*Franchise stores*
At 2 April 2022	**218**	**143**	**57**	**418**	***38***
Additions	13	8	1	22	*3*
Closures	(12)	(13)	(2)	(27)	*(6)*
At 1 April 2023	**219**	**138**	**56**	**413**	***35***

Store portfolio by region*	Directly operated stores				
At 1 April 2023	Stores	Concessions	Outlets	Total	*Franchise stores*
Asia Pacific	107	96	23	226	*8*
EMEIA	51	33	18	102	*27*
Americas	61	9	15	85	-
Total	**219**	**138**	**56**	**413**	***35***

*Excludes the impact of pop up stores

Adjusted operating profit* Period ended £ millions	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022	*% change 52 vs 53-week Reported FX*	*% change 52 vs 52-week CER*
Retail/wholesale	587	486	*21*	*7*
Licensing	47	37	*26*	*24*
Adjusted operating profit	**634**	**523**	***21***	***8***
Adjusted operating profit margin	**20.5%**	**18.5%**	***200bps***	***60bps***

*For additional detail on adjusting items see note 7 of the Financial Statements

Exchange rates			
	Spot rates	Average effective exchange rates	
£1=	21 April 2023	FY23	FY22
Euro	1.13	1.16	1.18
US Dollar	1.24	1.20	1.36
Chinese Yuan Renminbi	8.57	8.27	8.73
Hong Kong Dollar	9.75	9.43	10.63
Korean Won	1,653	1,577	1,596

Profit before tax reconciliation				
Period ended £ million	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022	*% change* *52 vs 53-week* *Reported FX*	*% change* *52 vs 52-week* *CER*
Adjusted profit before tax	**613**	**492**	**25**	**11**
Adjusting items*				
COVID-19 related items	22	32		
Restructuring costs	(16)	(11)		
Profit on sale of property	19	-		
Revaluation of deferred consideration liability	(2)	(1)		
Adjusting financing items	(2)	(1)		
Profit before tax	**634**	**511**	**24**	

*For additional detail on adjusting items see note 7 of the Financial Statements

Alternative performance measures

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

<table>
<tr><th>APM</th><th>Description and purpose</th><th>GAAP measure reconciled to</th></tr>
<tr><td>Constant Exchange Rates (CER)</td><td>This measure removes the effect of changes in exchange rates and the 53rd week compared to the prior period. The constant exchange rate 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.</td><td>Results at reported rates</td></tr>
<tr><td>Comparable sales</td><td>The year-on-year change in sales from stores trading over equivalent time periods and measured at constant foreign exchange rates. It also includes online sales. This measure is used to strip out the impact of permanent store openings and closings, or those closures relating to refurbishments, allowing a comparison of equivalent store performance against the prior period. The measurement of comparable sales has not excluded stores temporarily closed as a result of the COVID-19 outbreak.</td><td>Retail Revenue:
<table>
<tr><th>Period ended YoY%</th><th>52 weeks ended 1 April 2023</th><th>53 weeks ended 2 April 2022</th></tr>
<tr><td>Comparable sales</td><td>7%</td><td>18%</td></tr>
<tr><td>Change in space</td><td>(1%)</td><td>2%</td></tr>
<tr><td>CER retail</td><td>6%</td><td>20%</td></tr>
<tr><td>53rd week</td><td>(2%)</td><td>2%</td></tr>
<tr><td>FX</td><td>6%</td><td>(3%)</td></tr>
<tr><td>Retail revenue</td><td>10%</td><td>19%</td></tr>
</table></td></tr>
<tr><td>Adjusted Profit</td><td>Adjusted profit measures are presented to provide additional consideration of the underlying performance of the Group's ongoing business. These measures remove the impact of those items which should be excluded to provide a consistent and comparable view of performance.</td><td>Reported Profit:
A reconciliation of reported profit before tax to adjusted profit before tax and the Group's accounting policy for adjusted profit before tax are set out in the financial statements.</td></tr>
</table>

<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>52 weeks ended
1 April 2023</th><th>53 weeks ended
2 April 2022</th></tr>
<tr><td>Net cash generated from operating activities</td><td>750</td><td>699</td></tr>
<tr><td>Capex</td><td>(179)</td><td>(161)</td></tr>
<tr><td>Lease principal and related cash flows</td><td>(210)</td><td>(206)</td></tr>
<tr><td>Proceeds from disposal of non-current assets</td><td>32</td><td>8</td></tr>
<tr><td>Free cash flow</td><td>393</td><td>340</td></tr>
</table>
</td>
</tr>
<tr>
<td>Cash Conversion</td>
<td>Cash conversion is defined as free cash flow pre-tax/adjusted profit before tax. It provides a measure of the Group's effectiveness in converting its profit into cash.</td>
<td>Net cash generated from operating activities:
<table>
<tr><th>Period ended
£m</th><th>52 weeks ended
1 April 2023</th><th>53 weeks ended
2 April 2022</th></tr>
<tr><td>Free cash flow</td><td>393</td><td>340</td></tr>
<tr><td>Tax paid</td><td>140</td><td>180</td></tr>
<tr><td>Free cash flow before tax</td><td>533</td><td>520</td></tr>
<tr><td>Adjusted profit before tax</td><td>613</td><td>492</td></tr>
<tr><td>Cash conversion</td><td>87%</td><td>106%</td></tr>
</table>
</td>
</tr>
<tr>
<td>Net Debt</td>
<td>Net debt is defined as the lease liability recognised on the balance sheet plus borrowings less cash net of overdrafts.</td>
<td>Cash net of overdrafts:
<table>
<tr><th>Period ended
£m</th><th>As at
1 April
2023</th><th>As at
2 April
2022</th></tr>
<tr><td>Cash net of overdrafts</td><td>961</td><td>1,177</td></tr>
<tr><td>Lease liability</td><td>(1,123)</td><td>(1,058)</td></tr>
<tr><td>Borrowings</td><td>(298)</td><td>(298)</td></tr>
<tr><td>Net debt</td><td>(460)</td><td>(179)</td></tr>
</table>
</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>Adjusted EBITDA is defined as operating profit, excluding adjusting operating items, depreciation of property, plant and equipment, depreciation of right of use assets and amortisation of intangible assets. Any depreciation or amortisation included in adjusting operating items are not double counted. Adjusted EBITDA is shown for the calculation of Net Debt/EBITDA for our leverage ratios.</td>
<td>Reconciliation from operating profit to adjusted EBITDA:
<table>
<tr><th>Period ended
£m</th><th>52 weeks ended
1 April
2023</th><th>53 weeks ended
2 April
2022</th></tr>
<tr><td>Operating profit</td><td>657</td><td>543</td></tr>
<tr><td>Adjusting operating items</td><td>(23)</td><td>(20)</td></tr>
<tr><td>Amortisation of intangible assets</td><td>37</td><td>39</td></tr>
<tr><td>Depreciation of property, plant and equipment</td><td>95</td><td>86</td></tr>
<tr><td>Depreciation of right-of-use assets*</td><td>209</td><td>188</td></tr>
<tr><td>Adjusted EBITDA</td><td>975</td><td>836</td></tr>
</table>
*Excludes £3m depreciation on right-of-use assets included in adjusting items
</td>
</tr>
</table>

Group Income Statement

	Note	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Revenue	4	**3,094**	2,826
Cost of sales		**(911)**	(815)
Gross profit		**2,183**	2,011
Operating expenses		**(1,572)**	(1,498)
Other operating income		**46**	30
Net operating expenses	5	**(1,526)**	(1,468)
Operating profit		**657**	543
Financing			
Finance income		**21**	3
Finance expense		**(42)**	(34)
Other financing charge		**(2)**	(1)
Net finance expense	8	**(23)**	(32)
Profit before taxation	6	**634**	511
Taxation	9	**(142)**	(114)
Profit for the year		**492**	397
Attributable to:			
Owners of the Company		**490**	396
Non-controlling interest		**2**	1
Profit for the year		**492**	397
Earnings per share			
Basic	10	**126.9p**	98.2p
Diluted	10	**126.3p**	97.7p

			£m
Reconciliation of adjusted profit before taxation:			
Profit before taxation		**634**	511
Adjusting operating items:			
Cost of sales (income)	6	**(1)**	(16)
Net operating expenses (income)	6	**(22)**	(4)
Adjusting financing items	6	**2**	1
Adjusted profit before taxation – non-GAAP measure		**613**	492
Adjusted earnings per share – non-GAAP measure			
Basic	10	**123.1p**	94.5p
Diluted	10	**122.5p**	94.0p

Dividends per share			
Interim	11	**16.5p**	11.6p
Proposed final (not recognised as a liability at 1 April/2 April)	11	**44.5p**	35.4p

Group Statement of Comprehensive Income

	Note	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Profit for the year		**492**	397
Other comprehensive income[1]:			
Cash flow hedges	23	**1**	(1)
Foreign currency translation differences		**14**	22
Tax on other comprehensive income		**(1)**	–
Other comprehensive income for the year, net of tax		**14**	21
Total comprehensive income for the year		**506**	418
Total comprehensive income attributable to:			
Owners of the Company		**504**	417
Non-controlling interest		**2**	1
		506	418

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

Group Balance Sheet

	Note	**As at 1 April 2023 £m**	As at 2 April 2022 £m
ASSETS			
Non-current assets			
Intangible assets	12	**248**	240
Property, plant and equipment	13	**376**	322
Right-of-use assets	14	**950**	880
Deferred tax assets		**197**	175
Trade and other receivables	15	**52**	45
		1,823	1,662
Current assets			
Inventories	16	**447**	426
Trade and other receivables	15	**307**	283
Derivative financial assets		**7**	5
Income tax receivables	9	**76**	86
Cash and cash equivalents	17	**1,026**	1,222
Assets held for sale	13	**–**	13
		1,863	2,035
Total assets		**3,686**	3,697
LIABILITIES			
Non-current liabilities			
Trade and other payables	18	**(76)**	(91)
Lease liabilities	19	**(902)**	(849)
Borrowings	22	**(298)**	(298)
Deferred tax liabilities		**(1)**	(1)
Retirement benefit obligations		**(1)**	(1)
Provisions for other liabilities and charges	20	**(40)**	(36)
		(1,318)	(1,276)
Current liabilities			
Trade and other payables	18	**(477)**	(481)
Bank overdrafts	21	**(65)**	(45)
Lease liabilities	19	**(221)**	(209)
Derivative financial liabilities		**(1)**	(2)
Income tax liabilities		**(43)**	(39)
Provisions for other liabilities and charges	20	**(22)**	(28)
		(829)	(804)
Total liabilities		**(2,147)**	(2,080)
Net assets		**1,539**	1,617
EQUITY			
Capital and reserves attributable to owners of the Company			
Ordinary share capital	23	**–**	–
Share premium account		**230**	227
Capital reserve	23	**41**	41
Hedging reserve	23	**4**	4
Foreign currency translation reserve	23	**232**	218
Retained earnings		**1,026**	1,123
Equity attributable to owners of the Company		**1,533**	1,613
Non-controlling interest in equity		**6**	4
Total equity		**1,539**	1,617

Group Statement of Changes in Equity

	Note	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 27 March 2021		–	223	242	1,092	1,557	3	1,560
Profit for the year		–	–	–	396	396	1	397
Other comprehensive income:								
Cash flow hedges		–	–	(1)	–	(1)	–	(1)
Foreign currency translation differences	23	–	–	22	–	22	–	22
Total comprehensive income for the year		–	–	21	396	417	1	418
Transactions with owners:								
Employee share incentive schemes								
Equity share awards		–	–	–	16	16	–	16
Equity share awards transferred to liabilities		–	–	–	(1)	(1)	–	(1)
Exercise of share options		–	4	–	–	4	–	4
Purchase of own shares								
Share buyback		–	–	–	(153)	(153)	–	(153)
Held by ESOP trusts		–	–	–	(8)	(8)	–	(8)
Dividends paid in the year		–	–	–	(219)	(219)	–	(219)
Balance as at 2 April 2022		–	227	263	1,123	1,613	4	1,617
Profit for the year		–	–	–	490	490	2	492
Other comprehensive income:								
Cash flow hedges		–	–	1	–	1	–	1
Foreign currency translation differences	23	–	–	14	–	14	–	14
Tax on other comprehensive income		–	–	(1)	–	(1)	–	(1)
Total comprehensive income for the year		–	–	14	490	504	**2**	506
Transactions with owners:								
Employee share incentive schemes								
Equity share awards		–	–	–	19	19	–	19
Tax on share awards		–	–	–	2	2	–	2
Exercise of share options		–	3	–	–	3	–	3
Purchase of own shares								
Share buyback		–	–	–	(404)	(404)	–	(404)
Held by ESOP trusts		–	–	–	(1)	(1)	–	(1)
Dividends paid in the year		–	–	–	(203)	(203)	–	(203)
Balance as at 1 April 2023		–	**230**	**277**	**1,026**	**1,533**	**6**	**1,539**

Group Statement of Cash Flows

	Note	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Cash flows from operating activities			
Profit before tax		**634**	511
Adjustments to reconcile profit before tax to net cash flows:			
Amortisation of intangible assets	12	**37**	39
Depreciation of property, plant and equipment	13	**95**	86
Depreciation of right-of-use assets	14	**212**	188
COVID-19-related rent concessions		**(13)**	(18)
Net impairment charge of property, plant and equipment	13	**2**	1
Net impairment charge of right-of-use assets	14	**2**	7
Gain on disposal of property, plant and equipment		**(19)**	(3)
Gain on modification of right-of-use assets		**(2)**	–
Gain on derivative instruments		**(2)**	(4)
Charge in respect of employee share incentive schemes		**19**	16
Net finance expense		**23**	32
Working capital changes:			
Increase in inventories		**(10)**	(22)
Increase in receivables		**(17)**	(5)
(Decrease)/increase in payables and provisions		**(49)**	81
Cash generated from operating activities		**912**	909
Interest received		**18**	2
Interest paid		**(40)**	(32)
Taxation paid		**(140)**	(180)
Net cash generated from operating activities		**750**	699
Cash flows from investing activities			
Purchase of property, plant and equipment		**(136)**	(124)
Purchase of intangible assets		**(43)**	(37)
Proceeds from sale of property, plant and equipment		**32**	8
Initial direct costs of right-of-use assets		**–**	(4)
Payment in respect of acquisition of subsidiary		**–**	(7)
Net cash outflow from investing activities		**(147)**	(164)
Cash flows from financing activities			
Dividends paid in the year	11	**(203)**	(219)
Payment of deferred consideration for acquisition of non-controlling interest	18	**(6)**	(3)
Payment of lease principal	19	**(210)**	(202)
Issue of ordinary share capital		**3**	4
Purchase of own shares through share buyback	23	**(400)**	(150)
Purchase of own shares through share buyback – stamp duty and fees	23	**(4)**	(3)
Purchase of own shares by ESOP trusts		**(1)**	(8)
Net cash outflow from financing activities		**(821)**	(581)
Net decrease in cash net of overdrafts		**(218)**	(46)
Effect of exchange rate changes		**2**	7
Cash net of overdrafts at beginning of year		**1,177**	1,216
Cash net of overdrafts		**961**	1,177

	Note	As at 1 April 2023 £m	As at 2 April 2022 £m
Cash and cash equivalents	17	**1,026**	1,222
Bank overdrafts	21	**(65)**	(45)
Cash net of overdrafts		**961**	1,177

1. Basis of preparation

The financial information included in this announcement has been prepared in accordance with the recognition and measurement criteria of UK-adopted International Accounting Standards, however, this announcement does not itself contain sufficient information to comply with these standards. The financial information has been prepared using accounting policies and methods of computation consistent with those applied in the financial statements for the 53 weeks to 2 April 2022. The Company's full financial statements will be prepared in compliance with UK-adopted International Accounting Standards.

Statutory accounts for the 53 weeks to 2 April 2022 have been filed with the Registrar of Companies, and those for 2023 will be delivered in due course. The reports of the auditors on those statutory accounts for the 53 weeks to 2 April 2022 and 52 weeks to 1 April 2023 were unqualified and did not contain a statement under either section 400(2) or section 498(3) of the Companies Act 2006.

The consolidated financial statements are presented in £m. Financial ratios are calculated using unrounded numbers. The Group Income Statement for the current and prior period has been updated to provide separate disclosure on amounts of other operating income and operating expenses that make up total net operating expenses. The Group Statement of Cash Flows for the current and prior period has also been updated to start the reconciliation of net operating cash flows from profit before tax rather than operating profit.

Going concern

In considering the appropriateness of adopting the going concern basis in preparing the financial statements, the Directors have assessed the potential cash generation of the Group and considered a range of downside scenarios. This assessment for any indicators that the going concern basis of preparation is not appropriate covers the period from the date of signing the financial statements up to 28 September 2024.

The scenarios considered by the Directors include a severe but plausible downside scenario reflecting the Group's base plan adjusted for severe but plausible impacts from the Group's principal risks. These scenarios were informed by a comprehensive review of the macroeconomic scenarios using third-party projections of macroeconomic data for the luxury fashion industry:

- The Group central planning scenario reflects a balanced projection with a continued focus on growing markets and maintaining momentum built as part of the strategy
- As a sensitivity, this central planning scenario has been flexed to reflect a 16% downgrade to revenues in FY 2023/24 and 16% over the period to 28 September 2024, as well as the associated consequences for EBITDA and cash. Management consider this represents a severe but plausible downside scenario appropriate for assessing going concern

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

- A more severe and prolonged reduction in the GDP growth assumptions in the Eurozone and Americas compared to the central planning scenario
- A significant reduction to our global consumer demand arising from a change in consumer preference
- A significant reputational incident such as negative sentiment propagated through social media
- The impact of a business interruption event over three months and consequent two-week interruption in one of our geographies arising from the supply chain impact
- The impact of a one-month interruption to one of our channels following a technology vulnerability
- The occurrence of a one-time physical risk relating to climate change in FY 2023/24 and the materialisation of a severe but plausible ongoing market risk relating to climate change in line with a scenario reflecting a 2°C global temperature increase compared to pre-industrial levels
- The payment of a settlement arising from a regulatory or compliance-related matter
- A short-term impact of a 10% weakening in a key non-sterling currency for the Group before it is recovered through price adjustment

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

The Directors have also considered the Group's current liquidity and available facilities. As at 1 April 2023, the Group balance sheet reflects cash net of overdrafts of £961 million. In addition, the Group has access to a £300 million revolving credit facility, which is currently undrawn and not relied upon for the purpose of this going concern assessment. The Group is in compliance with the covenants for the revolving credit facility and the borrowings raised via the sustainability bond are not subject to covenants. Details of cash, overdrafts, borrowings and facilities are set out in notes 17, 21 and 22 respectively of these financial statements.

In all the scenarios assessed, taking into account current liquidity and available resources and before the inclusion of any mitigating actions within management control, the Group was able to maintain sufficient liquidity to continue trading. On the basis of the assessment performed, the Directors consider it is appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements for the 52 weeks ended 1 April 2023.

1. Basis of preparation continued

New standards, amendments and interpretations adopted in the period

There have been no new standards or interpretations issued and made effective for the financial period commencing 3 April 2022 that have had a material impact on the financial statements of the Group.

Standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 52 weeks to 1 April 2023 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Key sources of estimation uncertainty

Preparation of the consolidated 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 within the next financial year are discussed below.

Impairment, or reversals of impairment, of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or a cash generating unit is determined based on value in use calculations prepared using management's best estimates and assumptions at the time. Refer to notes 13 and 14 for further details of retail property, plant and equipment, right-of-use assets and impairment reviews carried out in the period and for sensitivities relating to this key source of estimation uncertainty.

Inventory provisioning

The Group manufactures and sells luxury goods and is subject to changing consumer demands and fashion trends.
The recoverability of the cost of inventories is assessed every reporting period, by considering the expected net realisable value of inventory compared to its carrying value. Where the net realisable value is lower than the carrying value, a provision is recorded. When calculating inventory provisions, management considers the nature and condition of the inventory, as well as applying assumptions in respect of anticipated saleability of finished goods and future usage of raw materials. Refer to note 16 for further details of the carrying value of inventory and inventory provisions and for sensitivities relating to this key source of estimation uncertainty.

Uncertain tax positions

In common with many multinational companies, the Group faces tax audits in jurisdictions around the world in relation to transfer pricing of goods and services between associated entities within the Group. These tax audits are often subject to inter-government negotiations. The matters under discussion are often complex and can take many years to resolve.

Tax liabilities are recorded based on management's estimate of either the most likely amount or the expected value amount depending on which method is expected to better reflect the resolution of the uncertainty. Given the inherent uncertainty in assessing tax outcomes, the Group could, in future periods, experience adjustments to these tax liabilities that have a material positive or negative effect on the Group's results for a particular period.

Refer to note 9 for further details of management estimates surrounding the outcome of all matters under dispute or negotiation between governments in relation to current tax liabilities recognised at 1 April 2023, and for sensitivities relating to this key source of estimation uncertainty.

1. Basis of preparation continued

Key judgements in applying the Group's accounting policies

Judgements are those decisions made when applying accounting policies which have a significant impact on the amounts recognised in the Group financial statements. Key judgements that have a significant impact on the amounts recognised in the Group financial statements for the 52 weeks to 1 April 2023 and the 53 weeks to 2 April 2022 are as follows:

Where the Group is a lessee, judgement is required in determining the lease term at initial recognition, and throughout the lease term, where extension or termination options exist. In such instances, all facts and circumstances that may create an economic incentive to exercise an extension option, or not exercise a termination option, have been considered to determine the lease term. Considerations include, but are not limited to, the period assessed by management when approving initial investment, together with costs associated with any termination options or extension options. Extension periods (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Where the lease term has been extended by assuming an extension option will be recognised, this will result in the initial right-of-use assets and lease liabilities at inception of the lease being greater than if the option was not assumed to be exercised. Likewise, assuming a break option will be exercised will reduce the initial right-of-use assets and lease liabilities.

Refer to note 19 for further details surrounding the judgements regarding the impact of breaks and options on lease liabilities.

2. Translation of the results of overseas business

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

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

The principal exchange rates used were as follows:

	Average rate		Closing rate	
	52 weeks to 1 April 2023	53 weeks to 2 April 2022	**As at 1 April 2023**	As at 2 April 2022
Euro	**1.16**	1.18	**1.14**	1.19
US Dollar	**1.20**	1.36	**1.24**	1.31
Chinese Yuan Renminbi	**8.27**	8.73	**8.51**	8.34
Hong Kong Dollar	**9.43**	10.63	**9.73**	10.26
Korean Won	**1,577**	1,596	**1,613**	1,592

3. Adjusted profit before taxation

In order to provide additional understanding of the underlying performance of the Group's ongoing business, the Group's results include a presentation of Adjusted operating profit and Adjusted profit before taxation (adjusted PBT). Adjusted PBT is defined as profit before taxation and before adjusting items. Adjusting items are those items which, in the opinion of the Directors, should be excluded in order to provide a consistent and comparable view of the performance of the Group's ongoing business. Generally, this will include those items that are largely one-off and/or material in nature as well as income or expenses relating to acquisitions or disposals of businesses or other transactions of a similar nature, including the impact of changes in fair value of expected future payments or receipts relating to these transactions. Adjusting items are identified and presented on a consistent basis each year and a reconciliation of adjusted PBT to profit before tax is included in the financial statements. Adjusting items and their related tax impacts, as well as adjusting taxation items, are added back to/deducted from profit attributable to owners of the Company to arrive at adjusted earnings per share. Refer to note 7 for further details of adjusting items.

4. 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 speciality accounts. The flow of global product between retail and wholesale channels and across our regions is monitored and optimised at a corporate level and implemented via the Group's inventory hubs and principal distribution centres situated in Europe, the US, Mainland China and Hong Kong, S.A.R. China.

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

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

	Retail/Wholesale		Licensing		Total	
	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Retail	**2,501**	2,273	**–**	–	**2,501**	2,273
Wholesale	**543**	512	**–**	–	**543**	512
Licensing	**–**	–	**51**	42	**51**	42
Total segment revenue	**3,044**	2,785	**51**	42	**3,095**	2,827
Inter-segment revenue[1]	**–**	–	**(1)**	(1)	**(1)**	(1)
Revenue from external customers	**3,044**	2,785	**50**	41	**3,094**	2,826
Depreciation and amortisation[2]	**(341)**	(313)	**–**	–	**(341)**	(313)
Net impairment charge of property, plant and equipment[3]	**(2)**	(2)	**–**	–	**(2)**	(2)
Net impairment charge of right-of-use assets[4]	**(5)**	(1)	**–**	–	**(5)**	(1)
Other non-cash items:						
Share-based payments	**(19)**	(16)	**–**	–	**(19)**	(16)
Adjusted operating profit	**587**	486	**47**	37	**634**	523
Adjusting items[5]					**21**	19
Finance income					**21**	3
Finance expense					**(42)**	(34)
Profit before taxation					**634**	511

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. Depreciation and amortisation for the 52 weeks to 1 April 2023 is presented excluding £3 million (last year: £nil) arising as a result of the Group's restructuring programme, which has been presented as an adjusting item (refer to note 7).
3. Net impairment charge of property, plant and equipment for the 53 weeks to 2 April 2022 was presented excluding a net reversal of £1 million relating to charges as a result of the impact of COVID-19, which was presented as an adjusting item (refer to note 7).
4. Net impairment charge of right-of-use assets for the 52 weeks to 1 April 2023 is presented excluding a reversal of £6 million (last year: charge of £6 million) relating to charges as a result of the impact of COVID-19 and a net charge of £3 million (last year: charge of £nil) arising as a result of the Group's restructuring programmes, which have been presented as adjusting items (refer to note 7).
5. Adjusting items relate to the Retail and Wholesale segment. Refer to note 7 for details of adjusting items.

4. Segmental analysis continued

	Retail/Wholesale		Licensing		Total	
	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Additions to non-current assets	**350**	400	**–**	–	**350**	400
Total segment assets	**2,273**	2,099	**5**	6	**2,278**	2,105
Goodwill					**109**	109
Cash and cash equivalents					**1,026**	1,222
Taxation					**273**	261
Total assets per Balance Sheet					**3,686**	3,697

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	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Accessories	**1,125**	1,017
Women's	**867**	784
Men's	**868**	807
Children's/Other	**184**	177
Retail/Wholesale	**3,044**	2,785
Licensing	**50**	41
Total	**3,094**	2,826

Revenue by destination	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Asia Pacific	**1,297**	1,276
EMEIA[1]	**1,004**	813
Americas	**743**	696
Retail/Wholesale	**3,044**	2,785
Licensing	**50**	41
Total	**3,094**	2,826

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

Entity-wide disclosures

Revenue derived from external customers in the UK totalled £257 million for the 52 weeks to 1 April 2023 (last year: £210 million).

Revenue derived from external customers in foreign countries totalled £2,837 million for the 52 weeks to 1 April 2023 (last year: £2,616 million). This amount includes £661 million of external revenues derived from customers in the USA (last year: £626 million) and £683 million of external revenues derived from customers in Mainland China (last year: £765 million).

The total of non-current assets, other than financial instruments, and deferred tax assets located in the UK is £485 million (last year: £439 million). The remaining £1,094 million of non-current assets are located in other countries (last year: £1,005 million), with £318 million located in the US (last year: £263 million) and £235 million located in Mainland China (last year: £214 million).

5. Net operating expenses

	Note	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022[1] £m
Other operating income		**(12)**	(10)
Selling and distribution costs		**1,207**	1,115
Administrative expenses		**353**	367
		1,548	1,472
Adjusting operating income	7	**(34)**	(20)
Adjusting operating expenses	7	**12**	16
		(22)	(4)
Net operating expenses		**1,526**	1,468

1. Balances for the 53 weeks to 2 April 2022 have been restated to align with the current year allocation of other operating income. Other operating income has been decreased by £8 million with an offsetting increase of £2 million in selling and distribution costs and decrease of £10 million in administrative expenses. This is largely to present gains on foreign exchange, which were previously presented as other operating income, net within expenses. There is no impact on total net operating expenses.

6. Profit before taxation

	Note	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Adjusted profit before taxation is stated after charging/(crediting):			
Depreciation of property, plant and equipment			
Within cost of sales		**2**	2
Within selling and distribution costs		**76**	68
Within administrative expenses		**17**	16
Depreciation of right-of-use assets			
Within selling and distribution costs		**191**	171
Within administrative expenses[1]		**18**	17
Amortisation of intangible assets			
Within selling and distribution costs		**1**	2
Within administrative expenses		**36**	37
Gain on disposal of property, plant and equipment[2]		**–**	(3)
Gain on modification of right-of-use assets		**(2)**	–
Net impairment charge of property, plant and equipment[3]	13	**2**	2
Net impairment charge of right-of-use assets[4]	14	**5**	1
Employee costs[5]		**565**	537
Other lease expense			
Property lease variable lease expense	19	**125**	122
Property lease in holdover expense	19	**20**	17
Non-property short-term lease expense	19	**11**	5
Net exchange loss/(gain) on revaluation of monetary assets and liabilities		**10**	(10)
Net (gain)/loss on derivatives – fair value through profit and loss		**(9)**	9
Receivables net impairment charge[6]		**2**	1

1. Depreciation of right-of-use assets within administrative expenses for the 52 weeks to 1 April 2023 is presented excluding £3 million (last year: £nil) arising as a result of the Group's restructuring programme, which has been presented as an adjusting item (refer to note 7).
2. Gain on disposal of property, plant and equipment for the 52 weeks to 1 April 2023 is presented excluding £19 million relating to the gain on sale of a property in the US, which has been presented as an adjusting item (refer to note 7).
3. Net impairment charge of property, plant and equipment for the 53 weeks to 2 April 2022 was presented excluding a net reversal of £1 million relating to charges as a result of the impact of COVID-19, which was presented as an adjusting item (refer to note 7).
4. Net impairment charge of right-of-use assets for the 52 weeks to 1 April 2023 is presented excluding a reversal of £6 million (last year: charge of £6 million) relating to charges as a result of the impact of COVID-19 and a net charge of £3 million (last year: charge of £nil) arising as a result of the Group's restructuring programme, which have been presented as adjusting items (refer to note 7).
5. Employee costs for the 52 weeks to 1 April 2023 are presented excluding a charge of £10 million (last year: £10 million) arising as a result of the Group's restructuring programme, which has been presented as an adjusting item (refer to note 7).
6. Receivables net impairment charge for the 53 weeks to 2 April 2022 is presented excluding a reversal of £1 million relating to charges as a result of the impact of COVID-19, which was presented as an adjusting item (refer to note 7).

6. Profit before taxation continued

	Note	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Adjusting items			
Adjusting operating items			
Impact of COVID-19:			
Impairment (reversal)/charge relating to retail cash generating units	7	**(6)**	5
Impairment reversal relating to inventory	7	**(1)**	(16)
Impairment reversal relating to receivables	7	**–**	(1)
COVID-19-related rent concessions	7	**(13)**	(18)
COVID-19-related government grant income	7	**(2)**	(2)
Other adjusting items:			
Gain on disposal of property	7	**(19)**	–
Restructuring costs	7	**16**	11
Revaluation of deferred consideration liability	7	**2**	1
Total adjusting operating items		**(23)**	(20)
Adjusting financing items			
Finance charge on adjusting items	7	**2**	1
Total adjusting financing items		**2**	1

	Note	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Analysis of adjusting operating items:			
Included in Cost of sales (Impairment reversal relating to inventory)		**(1)**	(16)
Included in Operating expenses	5	**12**	16
Included in Other operating income	5	**(34)**	(20)
Total		**(23)**	(20)

7. Adjusting items

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Total adjusting operating items (pre-tax)	**(23)**	(20)
Total adjusting financing items (pre-tax)	**2**	1
Tax charge on adjusting operating items	**6**	5
Total adjusting operating items (post-tax)	**(15)**	(14)

Impact of COVID-19

At 1 April 2023, impairments and provisions recorded as adjusting items in prior periods as a result of the impact of COVID-19 have been reviewed and the assumptions updated where appropriate, to reflect management's latest expectations. The impact of changes in assumptions has been presented as an update to the adjusting item charge. Further details regarding the approach applied to measure these updates are set out below for each of the specific adjusting items.

Impairment of retail cash generating units

During the 52 weeks to 1 April 2023, the impairment provisions remaining have been reassessed, using management's latest expectations, with a reversal of £6 million recorded (last year: charge of £5 million). A related tax charge of £1 million (last year: credit of £1 million) has also been recognised in the year. Any charges or reversals which did not arise from the reassessment of the original impairment adjusting item, had they arisen, would not have been included in this adjusting item. Refer to notes 13 and 14 for details of impairment of retail cash generating units.

Impairment of inventory

During the 52 weeks to 1 April 2023, reversals of inventory provisions, relating to inventory which had been provided for as an adjusting item at the previous year end and has either been sold, or is now expected to be sold, at a higher net realisable value than had been assumed when the provision had been initially estimated, of £1 million (last year: £16 million) have been recorded and presented as an adjusting item. No related tax charge (last year: £4 million) has been recognised in the year. All other charges and reversals relating to inventory provisions have been recorded in adjusted operating profit. Refer to note 16 for details of inventory provisions.

Impairment of receivables

During the 53 weeks to 2 April 2022, a reversal of £1 million was recorded as an adjusting item relating to the one-off impact of COVID-19 on expected credit losses. No amounts were recorded during the 52 weeks to 1 April 2023.

COVID-19-related rent concessions

Eligible rent forgiveness amounts have been treated as negative variable lease payments, resulting in a credit of £13 million (last year: £18 million) for the 52 weeks to 1 April 2023 being recorded within other operating income. This income has continued to be presented as an adjusting item given that it is explicitly related to COVID-19. The amendment to IFRS 16 expired on 30 June 2022; however the Group continues to apply the same accounting treatment applying the principles of IFRS 9. A related tax charge of £3 million (last year: £4 million) has also been recognised in the current year.

COVID-19-related grant income

The Group has recorded grant income of £2 million (last year: £2 million) within other operating income for the 52 weeks to 1 April 2023, relating to government support to alleviate the impact of COVID-19. This income has been presented as an adjusting item as it is explicitly related to COVID-19, and the arrangements are expected to last for a limited period of time. A related tax charge of £1 million (last year: £1 million) has also been recognised in the current year.

Other adjusting items

Gain on disposal of property

During the 52 weeks to 1 April 2023, the Group completed the sale of an owned property in the US for cash proceeds of £22 million resulting in a net gain on disposal of £19 million, recorded within other operating income. The net gain on disposal was recognised as an adjusting item, in accordance with the Group's accounting policy, as it is considered to be material and one-off in nature. A related tax charge of £5 million was also recognised in the year.

7. Adjusting items continued

Other adjusting items continued

Restructuring costs

Restructuring costs of £16 million (last year: £11 million) were incurred in the current year, arising primarily as a result of the organisational efficiency programme announced in July 2020, and completed in the current year, that included the creation of three new business units to enhance product focus, increase agility and elevate quality, and to further streamline office-based functions and facilities. The costs for the 52 weeks to 1 April 2023 principally relate to impairment charges on non-retail assets and redundancies and are recorded in operating expenses. They are presented as an adjusting item, in accordance with the Group's accounting policy, as the anticipated cost of the restructuring programme is considered material and discrete in nature. A related tax credit of £4 million (last year: £3 million) has also been recognised in the current year.

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 charge of £2 million in relation to the revaluation of this balance has been recognised in operating expenses for the 52 weeks to 1 April 2023 (last year: £1 million). This movement is unrealised. No tax has been recognised on this item, as the future payments are not considered to be deductible for tax purposes. This item is presented as an adjusting item in accordance with the Group's accounting policy, as it arises 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.

8. Financing

	Note	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Finance income – amortised cost		**3**	1
Bank interest income – fair value through profit and loss		**18**	2
Finance income		**21**	3
Interest expense on lease liabilities[1]	19	**(31)**	(27)
Interest expense on overdrafts		**(2)**	–
Interest expense on borrowings		**(4)**	(4)
Bank charges		**(1)**	(2)
Other finance expense		**(4)**	(1)
Finance expense		**(42)**	(34)
Finance charge on adjusting items	7	**(2)**	(1)
Net finance expense		**(23)**	(32)

1. Interest expense on lease liabilities of £31 million excludes £2 million arising as a result of the Group's restructuring programme, which has been presented as an adjusting item (refer to note 7).

9. Taxation

Analysis of charge for the year recognised in the Group Income Statement:

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Current tax		
UK corporation tax		
Current tax on income for the 52 weeks to 1 April 2023 at 19% (last year: 19%)	**116**	114
Double taxation relief	**(5)**	(7)
Adjustments in respect of prior years[1]	**12**	25
	123	132
Foreign tax		
Current tax on income for the year	**34**	28
Adjustments in respect of prior years[1]	**3**	(15)
	37	13
Total current tax	**160**	145
Deferred tax		
UK deferred tax		
Origination and reversal of temporary differences	**4**	(3)
Impact of changes to tax rates	**–**	(4)
Adjustments in respect of prior years[1]	**–**	1
	4	(6)
Foreign deferred tax		
Origination and reversal of temporary differences	**(26)**	(27)
Adjustments in respect of prior years[1]	**4**	2
	(22)	(25)
Total deferred tax	**(18)**	(31)
Total tax charge on profit	**142**	114

1. Adjustments in respect of prior years relate mainly to adjustments to estimates of prior period tax liabilities and a net increase in provisions for uncertain tax positions and tax accruals.

Analysis of charge for the year recognised in other comprehensive income and directly in equity:

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Current tax		
Recognised in other comprehensive income:		
Current tax charge on exchange differences on loans (foreign currency translation reserve)	**1**	–
Current tax charge on net investment hedges deferred in equity (hedging reserve)	**–**	1
Total current tax recognised in other comprehensive income	**1**	1
Deferred tax		
Recognised in other comprehensive income:		
Deferred tax credit on net investment hedges deferred in equity (hedging reserve)	**–**	(1)
Total deferred tax recognised in other comprehensive income	**–**	(1)
Recognised in equity:		
Deferred tax credit on share options (retained earnings)	**(2)**	–
Total deferred tax recognised directly in equity	**(2)**	–

9. Taxation continued

The tax rate applicable on profit varied from the standard rate of corporation tax in the UK due to the following factors:

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Profit before taxation	**634**	511
Tax at 19% (last year: 19%) on profit before taxation	**120**	97
Rate adjustments relating to overseas profits	**1**	3
Permanent differences	**4**	6
Tax on dividends not creditable	**–**	2
Prior year temporary differences and tax losses recognised	**(3)**	(3)
Adjustments in respect of prior years	**19**	13
Adjustments to deferred tax relating to changes in tax rates	**1**	(4)
Total taxation charge	**142**	114

Total taxation recognised in the Group Income Statement arises on the following items:

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Tax on adjusted profit before taxation	**136**	109
Tax on adjusting items	**6**	5
Total taxation charge	**142**	114

Factors affecting future tax charges

Uncertain tax positions

The Group operates in numerous tax jurisdictions around the world and is subject to factors that may affect future tax charges including transfer pricing, tax rate changes, tax legislation changes, tax authority interpretation, expiry of statutes of limitation, tax litigation, and resolution of tax audits and disputes.

At any given time, the Group has open years outstanding in various countries and is involved in tax audits and disputes, some of which may take several years to resolve. Provisions are based on best estimates and management's judgements concerning the likely ultimate outcome of any audit or dispute. Management considers the specific circumstances of each tax position and takes external advice, where appropriate, to assess the range of potential outcomes and estimate additional tax that may be due.

At 1 April 2023 the Group had recognised provisions of £86 million in respect of uncertain tax positions (increasing from £64 million in 2022), being provisions of £103 million net of expected reimbursements of £17 million (last year: £69 million net of expected reimbursements of £5 million). The majority of these provisions relate to the tax impact of intra-group transactions between the UK and the various jurisdictions in which the Group operates, as would be expected for a Group operating internationally.

The Group believes that it has made adequate provision in respect of additional tax liabilities that may arise from open years, tax audits and disputes. However, the actual liability for any particular issue may be higher or lower than the amount provided, resulting in a negative or positive effect on the tax charge in any given year. A reduction in the tax charge may also arise for other reasons such as an expiry of the relevant statute of limitations. Depending on the final outcome of tax audits which are currently in progress, statute of limitations expiry, and other factors, an impact on the tax charge could arise. The tax impact of intra-group transactions is a complex area and resolution of matters can take many years. Given the inherent uncertainty, it is difficult to predict the timing of when these matters will be resolved and the quantum of the ultimate resolution. Management estimate that the outcome across all matters under dispute or in negotiation between governments could be in the range of a decrease of £32 million, to an increase of £27 million, in the uncertain tax position over the next 12 months.

Legislative changes

The UK corporation tax rate increased from 19% to 25% on 1 April 2023; consequently we expect an increase in the Group's effective tax rate to around 27% for FY 2023/24.

The OECD Pillar Two GloBE Rules introduce a global minimum corporate tax rate of 15% applicable to multinational enterprise groups with global revenue over €750 million. All participating OECD members are required to incorporate these rules into national legislation. The Group will be subject to the Pillar Two Model Rules from FY 2024/25 but does not meet the threshold for application of the Pillar One transfer pricing rules. It is not expected that there will be a material impact on the effective tax rate for the Group.

10. Earnings per share

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

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Attributable profit for the year before adjusting items[1]	**475**	382
Effect of adjusting items[1] (after taxation)	**15**	14
Attributable profit for the year	**490**	396

1. Refer to note 7 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 year, excluding ordinary shares held in the Group's ESOP trusts and treasury shares held by the Company or its subsidiaries. This includes the effect of the cancellation of 21.1 million shares during the period as a result of the share buyback programmes. Refer to note 23 for additional information on the share buybacks.

Diluted earnings per share is based on the weighted average number of ordinary shares in issue during the year. 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.

	52 weeks to 1 April 2023 Millions	53 weeks to 2 April 2022 Millions
Weighted average number of ordinary shares in issue during the year	**386.1**	402.5
Dilutive effect of the employee share incentive schemes	**1.9**	2.3
Diluted weighted average number of ordinary shares in issue during the year	**388.0**	404.8

11. Dividends paid to owners of the Company

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Prior year final dividend paid 35.4p per share (last year: 42.5p)	**140**	172
Interim dividend paid 16.5p per share (last year: 11.6p)	**63**	47
Total	**203**	219

A final dividend in respect of the 52 weeks to 1 April 2023 of 44.5p (last year: 35.4p) per share, amounting to £167 million, has been proposed for approval by the shareholders at the Annual General Meeting subsequent to the balance sheet date. The final dividend has not been recognised as a liability at the year end and will be paid on 4 August 2023 to the shareholders on the register at the close of business on 30 June 2023. The ex-dividend date is 29 June 2023 and the final day for dividend reinvestment plan (DRIP) elections is 14 July 2023.

12. Intangible assets

Cost	Goodwill £m	Trademarks, licences and other intangible assets £m	Computer software £m	Intangible assets in the course of construction £m	Total £m
As at 27 March 2021	111	14	237	45	407
Effect of foreign exchange rate changes	4	–	1	–	5
Additions	–	–	12	25	37
Disposals	–	(1)	(7)	–	(8)
Reclassifications from assets in the course of construction	–	–	15	(15)	–
As at 2 April 2022	115	13	258	55	441
Effect of foreign exchange rate changes	–	–	1	–	1
Additions	–	1	13	32	46
Disposals	–	–	(42)	–	(42)
Reclassifications from assets in the course of construction	–	–	18	(18)	–
As at 1 April 2023	**115**	**14**	**248**	**69**	**446**

Accumulated amortisation and impairment					
As at 27 March 2021	6	7	137	20	170
Effect of foreign exchange rate changes	–	–	1	(1)	–
Charge for the year	–	1	38	–	39
Disposals	–	(1)	(7)	–	(8)
As at 2 April 2022	6	7	169	19	201
Effect of foreign exchange rate changes	–	–	2	–	2
Charge for the year	–	1	36	–	37
Disposals	–	–	(42)	–	(42)
As at 1 April 2023	**6**	**8**	**165**	**19**	**198**

Net book value					
As at 1 April 2023	**109**	**6**	**83**	**50**	**248**
As at 2 April 2022	109	6	89	36	240

12. Intangible assets continued

Impairment testing of goodwill

The carrying value of the goodwill allocated to cash generating units:

	As at 1 April 2023 £m	As at 2 April 2022 £m
Mainland China	**50**	50
Korea	**26**	26
Retail and Wholesale segment[1]	**19**	19
Other	**14**	14
Total	**109**	109

1. Goodwill which arose on acquisition of Burberry Manifattura S.R.L. has been allocated to the group of cash generating units which make up the Group's Retail and Wholesale operating segment cash generating unit. This reflects the lowest level at which the goodwill is being monitored by management.

The Group tests goodwill for impairment annually or when there is an indication that goodwill might be impaired. The recoverable amount of all cash generating units has been determined on a value-in-use basis. Value-in-use calculations for each cash generating unit are based on projected pre-tax discounted cash flows together with a discounted terminal value. The cash flows have been discounted at pre-tax rates reflecting the Group's weighted average cost of capital adjusted for country-specific tax rates and risks. Where the cash generating unit has a non-controlling interest which was recognised at a value equal to its proportionate interest in the net identifiable assets of the acquired subsidiary at the acquisition date, the carrying amount of the goodwill has been grossed up, to include the goodwill attributable to the non-controlling interest, for the purpose of impairment testing the goodwill attributable to the cash generating unit. The key assumptions contained in the value-in-use calculations include the future revenues, the operating profit margins achieved and the discount rates applied.

The value-in-use calculations have been prepared using management's cost and revenue projections for the next three years to 28 March 2026 and a longer-term growth rate of 5% to 1 April 2028. A terminal value has been included in the value-in-use calculation based on the cash flows for the year ending 1 April 2028, incorporating the assumption that growth beyond 1 April 2028 is equivalent to nominal inflation rates, assumed to be 2%, which are not significant to the assessment.

The value-in-use estimates indicated that the recoverable amount of the cash generating unit exceeded the carrying value for each of the cash generating units. As a result, no impairment has been recognised in respect of the carrying value of goodwill in the year.

For the material goodwill balances of Mainland China, Korea and the Retail and Wholesale segment, management has considered the potential impact of reasonably possible changes in assumptions on the recoverable amount of goodwill. The sensitivities include applying a 10% reduction in revenue and gross profit and the associated impact on operating profit margin from management's base cash flow projections, considering the macroeconomic and political uncertainty risk on the Group's retail operations and on the global economy. Under this scenario, the estimated recoverable amount of goodwill in Mainland China, Korea and the Retail and Wholesale segment still exceeded the carrying value.

The pre-tax discount rates for Mainland China, Korea and the Retail and Wholesale segment were 12%, 12% and 12% respectively (last year: Mainland China 13%, Korea 12%, and the Retail and Wholesale segment 10%). No reasonably possible change in these pre-tax discount rates would result in the carrying value to exceed the estimated recoverable amount of goodwill.

The other goodwill balance of £14 million (last year: £14 million) consists of amounts relating to seven cash generating units, none of which have goodwill balances individually exceeding £7 million as at 1 April 2023 (last year: £7 million).

13. Property, plant and equipment

Cost	Freehold land and buildings £m	Leasehold improvements £m	Fixtures, fittings and equipment £m	Assets in the course of construction £m	Total £m
As at 27 March 2021	129	493	329	17	968
Effect of foreign exchange rate changes	6	17	9	1	33
Additions	–	68	23	45	136
Disposals	–	(37)	(18)	(2)	(57)
Reclassifications from assets in the course of construction	–	9	5	(14)	–
Reclassifications to assets held for sale	(19)	–	–	–	(19)
As at 2 April 2022	116	550	348	47	1,061
Effect of foreign exchange rate changes	6	6	9	1	22
Additions	–	56	25	66	147
Disposals	(1)	(53)	(27)	(1)	(82)
Reclassifications from assets in the course of construction	–	26	11	(37)	–
As at 1 April 2023	**121**	**585**	**366**	**76**	**1,148**

Accumulated depreciation and impairment	Freehold land and buildings £m	Leasehold improvements £m	Fixtures, fittings and equipment £m	Assets in the course of construction £m	Total £m
As at 27 March 2021	56	353	278	1	688
Effect of foreign exchange rate changes	3	14	8	–	25
Charge for the year	3	58	25	–	86
Disposals	–	(37)	(18)	–	(55)
Impairment charge on assets	–	1	1	–	2
Impairment reversal on assets	–	(1)	–	–	(1)
Reclassifications to assets held for sale	(6)	–	–	–	(6)
As at 2 April 2022	56	388	294	1	739
Effect of foreign exchange rate changes	4	6	8	–	18
Charge for the year	3	64	28	–	95
Disposals	(1)	(53)	(27)	(1)	(82)
Impairment charge on assets	–	2	–	–	2
As at 1 April 2023	**62**	**407**	**303**	**–**	**772**

Net book value	Freehold land and buildings £m	Leasehold improvements £m	Fixtures, fittings and equipment £m	Assets in the course of construction £m	Total £m
As at 1 April 2023	**59**	**178**	**63**	**76**	**376**
As at 2 April 2022	60	162	54	46	322

During the 52 weeks to 1 April 2023, management carried out a review of retail cash generating units for any indication of impairment or reversal of impairments previously recorded. Where indications of impairment charges or reversals were identified, the impairment review compared the value-in-use of the cash generating units to their net book values at 1 April 2023. 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, reflecting their latest plans over the next three years to 28 March 2026, followed by longer-term growth rates of mid-single digits and inflation rates appropriate to each store's location. The pre-tax discount rates used in these calculations were between 11.1% and 13.7% (last year: between 9.9% and 18.4%) based on the Group's weighted average cost of capital adjusted for country-specific borrowing costs, tax rates and risks for those countries in which a charge or reversal was incurred. 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. Where the value-in-use was greater than the net book value, and the cash generating unit had been previously impaired, the impairment was reversed, to the extent that could be supported by the value-in use and allowing for any depreciation that would have been incurred during the period since the impairment was recorded. A review for any other indicators of impairment charges or reversals across the retail portfolio was also carried out.

13. Property, plant and equipment continued

During the 52 weeks to 1 April 2023, impairments previously charged as an adjusting item related to the impact of COVID-19 were reassessed. This resulted in an impairment reversal of £6 million (last year: net charge of £5 million), which has been presented as an adjusting item in the current year. The reversal is recorded against right-of-use assets (last year: net reversal of £1 million recorded against property, plant and equipment and a net charge of £6 million recorded against right-of-use assets). Refer to note 14 for further details of right-of-use assets. Refer to note 7 for details of adjusting items.

A net charge of £7 million (last year: £3 million) was recorded within net operating expenses as a result of the annual review of impairment for all other retail store assets. A charge of £2 million (last year: £2 million) was recorded against property, plant and equipment and a net charge of £5 million (last year: charge of £1 million) was recorded against right-of-use assets.

The net impairment charge recorded in property, plant and equipment related to two retail cash generating units (last year: 13 retail cash generating units) for which the total recoverable amount at the balance sheet date is £1 million (last year: £7 million).

Management has considered the potential impact of changes in assumptions on the impairment recorded against the Group's retail assets. Given the macroeconomic and political uncertainty risk on the Group's retail operations and on the global economy, management has considered sensitivities to the impairment charge as a result of changes to the estimate of future revenues achieved by the retail stores. The sensitivities applied are an increase or decrease in revenue of 10% from the estimate used to determine the impairment charge or reversal. We have also considered retail cash generating units with no indicators of impairment but with a significant asset balance. It is estimated that a 10% decrease/increase in revenue assumptions for the 52 weeks to 30 March 2024 , with no change to subsequent forecast revenue growth rate assumptions, would result in a less than £10 million increase/less than £10 million decrease in the impairment charge of retail store assets in the 52 weeks to 1 April 2023.

At 2 April 2022 the Group had three freehold properties that met the criteria to be classified as held for sale. The sale of these properties was completed during the 52 weeks to 1 April 2023 resulting in a net gain on disposal of £19 million.

14. Right-of-use assets

Net book value	Property right-of-use assets £m
As at 27 March 2021	818
Effect of foreign exchange rate changes	9
Additions	227
Remeasurements[1]	21
Depreciation for the year	(188)
Impairment charge on right-of-use assets	(10)
Impairment reversal on right-of-use assets	3
As at 2 April 2022	880
Effect of foreign exchange rate changes	14
Additions	157
Remeasurements	113
Depreciation for the year	(212)
Impairment charge on right-of-use assets	(10)
Impairment reversal on right-of-use assets	8
As at 1 April 2023	**950**

As a result of the assessment of retail cash generating units for impairment, a net impairment reversal of £1 million (last year: £7 million) was recorded for impairment of right-of-use assets. Refer to note 13 for further details of impairment assessment of retail cash generating units. This net impairment reversal comprises a £6 million reversal arising from the change in assumption due to the impact of COVID-19 on the value-in-use of retail cash generating units (last year: charge of £6 million) and an impairment charge of £5 million relating to other trading impacts which was recognised during the year (last year: £1 million). The reversal relating to COVID-19 has been presented as an adjusting item (refer to note 7).

The net impairment reversal recorded in right-of-use assets relates to three retail cash generating units (last year: 12 retail cash generating units) for which the total recoverable amount at the balance sheet date is £17 million (last year: £26 million).

A net impairment charge of £3 million (last year: £nil) was recognised in relation to non-retail right-of-use assets arising as a result of the Group's restructuring programmes and has been presented as an adjusting item (refer to note 7).

As a result, the net impairment charge for right-of-use assets was, in total, £2 million (last year: £7 million).

15. Trade and other receivables

	As at 1 April 2023 £m	As at 2 April 2022 £m
Non-current		
Other financial receivables[1]	**45**	42
Other non-financial receivables[2]	**2**	1
Prepayments	**5**	2
Total non-current trade and other receivables	**52**	45
Current		
Trade receivables	**184**	151
Provision for expected credit losses	**(7)**	(7)
Net trade receivables	**177**	144
Other financial receivables[1]	**25**	36
Other non-financial receivables[2]	**59**	63
Prepayments	**32**	32
Accrued income	**14**	8
Total current trade and other receivables	**307**	283
Total trade and other receivables	**359**	328

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

Included in total trade and other receivables are non-financial assets of £98 million (last year: £98 million).

16. Inventories

	As at 1 April 2023 £m	As at 2 April 2022 £m
Raw materials	**15**	12
Work in progress	**1**	1
Finished goods	**431**	413
Total inventories	**447**	426

	As at 1 April 2023 £m	As at 2 April 2022 £m
Total inventories, gross	**504**	509
Provisions	**(57)**	(83)
Total inventories, net	**447**	426

Inventory provisions of £57 million (last year: £83 million) are recorded, representing 11.4% (last year: 16.3%) 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.

The cost of inventories recognised as an expense and included in cost of sales amounted to £874 million (last year: £786 million).

During the 52 weeks to 1 April 2023, £1 million (last year: £16 million) has been released upon re-assessment of the provision related to the impact of COVID-19 where inventory previously provided for has been sold, or is now expected to be sold, for a higher net realisable value than had been estimated last year as performance during the current year has exceeded, and is expected to continue to exceed, the assumptions made at last year end. This reversal is presented as an adjusting item. Refer to note 7 for details of adjusting items. All other charges and reversals relating to inventory provisions have been included in adjusted operating profit.

Taking into account factors impacting the inventory provisioning including trading assumptions being higher or lower than expected, management considers that a reasonable potential range of outcomes could result in an increase or decrease in inventory provisions of £9 million in the next 12 months. This would result in a potential range of inventory provisions of 9.6% to 13.1% as a percentage of the gross value of inventory as at 1 April 2023.

The net movement in inventory provisions included in cost of sales for the 52 weeks to 1 April 2023 was a release of £1 million (last year: release of £1 million). The total reversal of inventory provisions during the current year, which is included in the net movement, was £22 million (last year: reversal of £43 million). Both these amounts include the reversal of £1 million (last year: £16 million), referred to above, which has been presented as an adjusting item.

17. Cash and cash equivalents

	As at 1 April 2023 £m	As at 2 April 2022 £m
Cash and cash equivalents held at amortised cost		
Cash at bank and in hand	**152**	124
Short-term deposits	**77**	73
	229	197
Cash and cash equivalents held at fair value through profit and loss		
Short-term deposits	**797**	1,025
Total	**1,026**	1,222

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 1 April 2023 and 2 April 2022, no impairment losses were identified on cash and cash equivalents held at amortised cost.

18. Trade and other payables

	As at 1 April 2023 £m	As at 2 April 2022 £m
Non-current		
Other payables[1]	**–**	5
Deferred income and non-financial accruals	**19**	18
Contract liabilities	**57**	64
Deferred consideration[2]	**–**	4
Total non-current trade and other payables	**76**	91
Current		
Trade payables	**186**	181
Other taxes and social security costs	**50**	60
Other payables[1]	**10**	6
Accruals	**199**	204
Deferred income and non-financial accruals	**14**	13
Contract liabilities	**13**	13
Deferred consideration[2]	**5**	4
Total current trade and other payables	**477**	481
Total trade and other payables	**553**	572

1. Other payables comprise interest and employee-related liabilities.
2. Deferred consideration relates to acquisition 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. In the 52 weeks to 1 April 2023 payments of £6 million were made in relation to Burberry Middle East LLC (last year: £3 million) and no payment was made to the previous owners of Burberry Manifattura S.R.L (last year: £9 million).

Included in total trade and other payables are non-financial liabilities of £153 million (last year: £168 million).

18. Trade and other payables continued

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 1 April 2023 £m	As at 2 April 2022 £m
Retail contract liabilities	**6**	7
Licensing contract liabilities	**64**	70
Total contract liabilities	**70**	77

The amount of revenue recognised in the year relating to contract liabilities at the start of the year is set out in the following table. All revenue in the year relates to performance obligations satisfied in the year. All contract liabilities at the end of the year relate to unsatisfied performance obligations.

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Retail revenue relating to contract liabilities	**4**	4
Deferred revenue from Beauty licence	**6**	7
Revenue recognised that was included in contract liabilities at the start of the year	**10**	11

19. Lease liabilities

	Property lease liabilities £m
Balance as at 27 March 2021	1,020
Effect of foreign exchange rate changes	16
Created during the year	222
Amounts paid[1]	(229)
Discount unwind	27
Remeasurements[2]	2
Balance as at 2 April 2022	**1,058**
Effect of foreign exchange rate changes	20
Created during the year	157
Amounts paid[1]	(243)
Discount unwind	33
Remeasurements[2]	98
Balance as at 1 April 2023	**1,123**

	As at 1 April 2023 £m	As at 2 April 2022 £m
Analysis of total lease liabilities:		
Non-current	**902**	849
Current	**221**	209
Total	**1,123**	1,058

1. The amount paid of £243 million (last year: £229 million) includes £210 million (last year: £202 million) arising as a result of a financing cash outflow and £33 million (last year: £27 million) arising as a result of an operating cash outflow.
2. Remeasurements include COVID-19-related rent forgiveness of £13 million (last year: £18 million) and other remeasurements of £111 million (last year: £20 million). COVID-19-related rent forgiveness has been recognised as a credit in the Income Statement at 1 April 2023. This credit is included as an adjusting item. Refer to note 7. Other remeasurements relate largely to changes in the lease liabilities that arise as a result of management's reassessment of the lease term based on existing break or extension options in the contract, as well as those linked to an inflation index or rate review.

19. Lease liabilities continued

The Group enters into property leases for retail properties, including stores, concessions, warehouse and storage locations and office property. The remaining lease terms for these properties range from a few months to 15 years (last year: few months to 16 years). Many of the leases include break options and/or extension options to provide operational flexibility. Some of the leases for concessions have rolling lease terms or rolling break options. Management assess the lease term at inception based on the facts and circumstances applicable to each property including the period over which the investment appraisal was initially considered.

Potential future undiscounted lease payments related to periods following the exercise date of an extension option not included in the lease term, and therefore not included in lease liabilities are approximately £399 million (last year: £423 million) in relation to the next available extension option and are assessed as not reasonably certain to be exercised. Potential future undiscounted lease payments related to periods following the exercise date of a break option not included in the lease term, and therefore not included in lease liabilities, are approximately £130 million (last year: £157 million) in relation to break options which are expected to be exercised. During the 52 weeks to 1 April 2023, significant judgements regarding breaks and options in relation to individually material leases resulted in approximately £38 million (last year: £35 million) in undiscounted future cash flows not being included in the initial right-of-use assets and lease liabilities.

Management reviews the retail lease portfolio on an ongoing basis, taking into account retail performance and future trading expectations. Management may exercise extension options and negotiate lease extensions or modifications. In other instances, management may exercise break options, negotiate lease reductions or decide not to negotiate a lease extension at the end of the lease term. The most significant factor impacting future lease payments is changes management choose to make to the store portfolio.

Future increases and decreases in rent linked to an inflation index or rate review are not included in the lease liability until the change in cash flows takes effect. Approximately 18% (last year: 20%) of the Group's lease liabilities are subject to inflation linked reviews and 30% (last year: 33%) are subject to rent reviews. Rental changes linked to inflation or rent reviews typically occur on an annual basis.

Many of the retail property leases also incur payments based on a percentage of revenue achieved at the location. Changes in future variable lease payments will typically reflect changes in the Group's retail revenues, including the impact of regional mix. The Group expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

The Group also enters into non-property leases for equipment, advertising fixtures and machinery. Generally, these leases do not include break or extension options. The most significant impact to future cash flows relating to leased equipment, which are primarily short-term leases, would be the Group's usage of leased equipment to a greater or lesser extent.

Details of income statement charges and income from leases are set out in note 6. The right-of-use asset categories on which depreciation is incurred are presented in note 14. Interest expense incurred on lease liabilities is presented in note 8.

Total cash outflows in relation to leases in the 52 weeks ended 1 April 2023 are £396 million (last year: £376 million). This relates to payments of £210 million on lease principal (last year: £202 million), £33 million on lease interest (last year: £27 million), £122 million on variable lease payments (last year: £124 million), and £31 million on other lease payments principally relating to short-term leases and leases in holdover (last year: £23 million).

20. Provisions for other liabilities and charges

	Property obligations £m	Other £m	Total £m
Balance as at 27 March 2021	42	14	56
Effect of foreign exchange rate changes	1	–	1
Created during the year	9	8	17
Discount unwind	1	–	1
Utilised during the year	(3)	(2)	(5)
Released during the year	(1)	(5)	(6)
Balance as at 2 April 2022	49	15	64
Effect of foreign exchange rate changes	–	2	2
Created during the year	7	5	12
Utilised during the year	(3)	(1)	(4)
Released during the year	(4)	(8)	(12)
Balance as at 1 April 2023	**49**	**13**	**62**

The net charge in the year for property obligations is £3 million (last year: £8 million), relating to additional property reinstatement costs. The net credit in the year for other provisions of £3 million (last year: net charge of £3 million) includes charges of £5 million (last year: £8 million) relating to expected future outflows for property disputes, employee matters and tax compliance, and reversals of £8 million (last year: £5 million) relating to employee matters and other property matters.

	As at 1 April 2023 £m	As at 2 April 2022 £m
Analysis of total provisions:		
Non-current	**40**	36
Current	**22**	28
Total	**62**	64

The non-current provisions relate to property reinstatement costs which are expected to be utilised within 15 years (last year: 16 years).

21. Bank overdrafts

Included within bank overdrafts is £65 million (last year: £45 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 1 April 2023 and 2 April 2022, the Group held no bank overdrafts excluding balances on cash pooling arrangements.

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

22. Borrowings

On 21 September 2020, Burberry Group plc issued medium term notes with a face value of £300 million and 1.125% coupon maturing on 21 September 2025 (the sustainability bond). Proceeds from the sustainability bond will allow the Group to finance projects which support the Group's sustainability agenda. There are no financial penalties for not using the proceeds as anticipated. Interest on the sustainability bond is payable semi-annually. The carrying value of the bond at 1 April 2023 is £298 million (last year: £298 million); all movements on the bond are non-cash. The fair value of the bond at 1 April 2023 is £273 million (last year: £285 million).

On 26 July 2021, the Group entered into a £300 million multi-currency sustainability-linked revolving credit facility (RCF) with a syndicate of banks, maturing on 26 July 2026. There were no drawdowns or repayments of the RCF during the current or previous year, and at 1 April 2023 there were no outstanding drawings.

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

23. Share capital and reserves

Allotted, called up and fully paid share capital	Number	£m
Ordinary shares of 0.05p (as at 2 April 2022: 0.05p) each		
As at 27 March 2021	404,864,359	–
Allotted on exercise of options during the year	242,942	–
As at 2 April 2022	405,107,301	–
Allotted on exercise of options during the year	236,123	–
Cancellation of shares	(21,075,496)	–
As at 1 April 2023	**384,267,928**	**–**

The Company has a general authority from shareholders, renewed at each Annual General Meeting, to repurchase a maximum of 10% of its issued share capital. During the 52 weeks to 1 April 2023, the Company entered into agreements to purchase £400 million of its own shares, excluding stamp duty and fees, through two share buyback programmes of £200 million each (last year: one share buyback programme of £150 million). Both programmes were completed during the year.

The cost of own shares purchased by the Company, as part of a share buyback programme, is offset against retained earnings, as the amounts paid reduce the profits available for distribution by the Company. When shares are cancelled, a transfer is made from retained earnings to the capital reserve, equivalent to the nominal value of the shares purchased and subsequently cancelled. In the 52 weeks to 1 April 2023, 21.1 million shares were cancelled (last year: none).

As at 1 April 2023 the Company held 6.1 million treasury shares (last year: 8.4 million), with a market value of £157 million (last year: £140 million) based on the share price at the reporting date. The treasury shares held by the Company are related to the share buyback programme completed during the 53 weeks to 2 April 2022. During the 52 weeks to 1 April 2023, 2.3 million treasury shares were transferred to ESOP trusts (last year: none). During the 52 weeks to 1 April 2023, no treasury shares were cancelled (last year: none).

The cost of shares purchased by ESOP trusts are offset against retained earnings, as the amounts paid reduce the profits available for distribution by the Company. As at 1 April 2023, the cost of own shares held by ESOP trusts and offset against retained earnings is £42 million (last year: £11 million). As at 1 April 2023, the ESOP trusts held 2.3 million shares (last year: 0.6 million) in the Company, with a market value of £60 million (last year: £10 million). In the 52 weeks to 1 April 2023 the ESOP trusts and the Company have waived their entitlement to dividends.

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

		Hedging reserves			
	Capital reserve £m	Cash flow hedges £m	Net investment hedge £m	Foreign currency translation reserve £m	Total £m
Balance as at 27 March 2021	41	–	5	196	242
Other comprehensive income:					
Cash flow hedges – losses deferred in equity	–	(1)	–	–	(1)
Foreign currency translation differences	–	–	–	22	22
Total comprehensive income for the year	–	(1)	–	22	21
Balance as at 2 April 2022	41	(1)	5	218	263
Other comprehensive income:					
Cash flow hedges – gains deferred in equity	–	1	–	–	1
Foreign currency translation differences	–	–	–	14	14
Tax on other comprehensive income	–	(1)	–	–	(1)
Total comprehensive income for the year	–	–	–	14	14
Balance as at 1 April 2023	**41**	**(1)**	**5**	**232**	**277**

As at 1 April 2023 the amount held in the hedging reserve relating to matured net investment hedges is £5 million net of tax (last year: £5 million).

24. Commitments

Capital commitments

Contracted capital commitments represent contracts entered into by the year end for future work in respect of major capital expenditure projects relating to property, plant and equipment and intangible assets, which are not recorded on the Group's Balance Sheet and are as follows:

	As at 1 April 2023 £m	As at 2 April 2022 £m
Capital commitments contracted but not provided for:		
Property, plant and equipment	**38**	29
Intangible assets	**3**	2
Total	**41**	31

Other commitments

On 28 March 2023, Burberry announced it had entered into an agreement to acquire a business from Italian technical outerwear supplier Pattern SpA for an agreed purchase price of €21 million (£18 million), subject to closing conditions and working capital adjustments. The acquisition is expected to complete in FY 2023/24.

25. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Total compensation in respect of key management, who are defined as the Board of Directors and certain members of senior management, is considered to be a related party transaction.

The total compensation in respect of key management for the year was as follows:

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Salaries, short-term benefits and social security costs[1]	**9**	8
Share-based compensation (all awards and options settled in shares)	**4**	1
Total	**13**	9

1. Pension cash allowance is included within salaries, short-term benefits and social security costs

The Group donates each year to the Burberry Foundation, an independent charity which meets the criteria to be reported as a related party in accordance with IFRS. Charitable donations to the Burberry Foundation for the 52 weeks to 1 April 2023 were £2 million (last year: £1 million).

There were no other material related party transactions in the year.

26. 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 has been provided in these financial statements in accordance with the Group's accounting policies. The Group does not expect the outcome of current similar contingent liabilities to have a material effect on the Group's financial position.