



Gerry Murphy
Chair

Chair's Letter

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Dear Shareholder,

I am pleased to report that Burberry is in very good shape financially, operationally and strategically, thanks to our leadership team and the energy and commitment of our exceptional colleagues around the world. Jonathan Akeroyd, who joined Burberry as Chief Executive Officer just before the start of FY 2022/23, has set out a clear ambition for Burberry's longer-term growth as the quintessential British luxury brand and has set about achieving that ambition with great urgency.

Performance

Burberry is performing well and delivered record sales, profits and earnings per share. This strong financial performance has been achieved against a background of continuing global uncertainty, high inflation and ongoing recovery from the COVID-19 pandemic, especially in our important Asian markets where international travel and tourism are still well below pre-pandemic levels, and clearly demonstrates again the agility and resilience of our business.

As well as delivering for shareholders, we continued to bring Burberry's purpose to life, supporting all of our colleagues to reach their full potential and ensuring that Burberry is always and everywhere a welcoming, inclusive, fair and safe place to work and one that reflects, and is enriched by, the diversity of the communities in which we operate.

Our brand is rooted in the enduring values of our founder, Thomas Burberry. As a modern British luxury brand, we are using our products to drive positive change. During FY 2022/23, we renewed our commitment to act responsibly under the banner 'Burberry Beyond', laying out ambitious targets in relation to climate change and preserving the natural world, notably our determination to become Climate Positive by 2040. In this context, we are deepening our engagement with suppliers and continue to strengthen and enforce our rigorous ethical trading standards in our supply chain.

As he signalled a year ago, and detailed at our interim results presentation last November, Jonathan has energised the Group as he reinforces Burberry's position as the standard bearer for modern British luxury, leveraging our unique brand and heritage in the process. Amongst a host of key operational interventions, Jonathan's appointment of Daniel Lee, a young British designer who hails from our Yorkshire heartlands, as our Chief Creative Officer stands out as a statement of intent in this regard. As you can read in Jonathan's letter which follows, Daniel joins an executive team being repurposed to achieve the ambitious goals Jonathan has set for Burberry, adding new talent and ideas to our deeply committed and enthusiastic team.

Governance developments

Our new Directors' Remuneration Policy, which will be presented to shareholders for approval at the Annual General Meeting in July 2023, is set out on pages 212 to 225. Danuta Gray, Chair of our Remuneration Committee conducted an extensive engagement programme, engaging with shareholders controlling around 65% of our issued share capital. We are very grateful for the feedback we have received. Danuta's letter on pages 200 to 207 provides more detail regarding our proposed policy and the consultation process and we look forward to receiving your support.

Board changes

We recently said goodbye to Julie Brown who, as Chief Operating and Financial Officer over the last six years, has made a very significant contribution to Burberry's transformation and delivering our sustainability ambitions. As announced on 15 March 2023, Kate Ferry will succeed Julie as Chief Financial Officer and will join Burberry on 17 July 2023. Kate joins us from McLaren Group where she has overseen financial strategy and investor relations and will be a strong addition to our Board and executive team.

Matthew Key will retire from the Board and as Chair of our Audit Committee at the end of the 2023 AGM having served as a Non-Executive Director for just over nine years. On behalf of the Board, I would like to thank Matthew for his wise counsel, outstanding service to Burberry and his leadership of the Audit Committee since becoming Chair in February 2019. As previously announced, Alan Stewart, who joined the Board as a Non-Executive Director in September 2022 and has extensive experience as a chief financial officer and non-executive director of major international public companies, will take over as Chair of the Audit Committee when Matthew retires.

Dividend

Overall, given the continuing performance of the Group and its strong financial position, the Directors are pleased to recommend a final dividend of 44.5p per ordinary share subject to approval at the Annual General Meeting. This is consistent with our Capital Allocation Framework and gives a full year dividend per ordinary share of 61.0p (FY 2021/22: 47.0p) representing a pay-out ratio of around 50%. Also consistent with our Capital Allocation Policy, the Board has also approved a £400 million share buyback to be completed in FY 2023/24.

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Looking ahead

We enter FY 2023/24 with confidence, a clear and coherent vision for Burberry as the beating heart of modern British luxury, renewed creative direction and executive leadership to achieve that vision and a bold and explicit ambition for responsible growth, all built upon the foundations laid down in recent years.

In closing, I want to express my thanks to Jonathan, our executive team and colleagues everywhere for their relentless energy and commitment to this new and exciting phase of Burberry's evolution and to my fellow Board members for their unfailing engagement and invaluable advice to me and our executive team. As always, we thank our shareholders for their support.

Gerry Murphy

Chair

Our purpose and values

At Burberry, we are guided by the core belief that Creativity Opens Spaces. Our purpose informs the choices we make as a company and shapes our long-term goals.

A reference to Thomas Burberry's Open Spaces manifesto, our purpose draws on our heritage of pushing boundaries and making space for creativity to flourish.

For our founder, “open spaces” referred to the tiny pockets of air found within the weave of gabardine, the revolutionary fabric he invented. It was also a nod to the freedom his products gave to the pioneers who wore Burberry clothing, including explorer Sir Ernest Shackleton and aviator Betty Kirby-Green, and the open spaces they explored.

We uphold that tradition of innovation today to inspire and delight our customers with products of the highest quality and exceptional experiences.

Our purpose is underpinned by our values. Being creatively driven, forward thinking, open and caring, and proud of our heritage are hallmarks of our organisation at its best and have remained core to our brand since the Company was founded in 1856.