

# WE HAVE THE MOST OPPORTUNITY WHERE WE HAVE THE MOST AUTHENTICITY

Dear Shareholder,

I am deeply honoured to be writing to you as Burberry's Chief Executive Officer.

I joined Burberry at a very challenging time for our business. We had moved too far, too fast, with disappointing results. Our brand expression was too modern at the expense of celebrating our heritage. We introduced unfamiliar brand codes to our customers. We prioritised niche, seasonal fashion, obscuring our timeless core collections. As we pursued brand elevation, we took pricing too high. This resulted in significant financial underperformance.

Yet my first months have reaffirmed my belief that Burberry is an extraordinary luxury brand. Quintessentially British, equal parts heritage and innovation. We are the only luxury brand founded on the principle that clothing should protect people from the weather. This has never been more relevant than today.

It is clear to me that Burberry has the most opportunity where we have the most authenticity. We are already rekindling the unique creative and commercial alchemy that defined Burberry at its best. While it is still early in our turnaround, I am more optimistic than ever that Burberry's best days are ahead.

## FY 2024/25 performance

After a disappointing first half, we have moved with urgency to course correct, stabilise the business and position Burberry for a return to sustainable, profitable growth. For FY 2024/25:

- Revenue was £2,461 million, a reduction of 15% at constant exchange rates
- Adjusted operating profit was £26 million, a reduction of 88% at constant exchange rates
- Reported operating loss was £3 million, a reduction of 101%
- Adjusted diluted earnings per share (EPS) was a loss per share of 14.8 pence, a reduction of 107% at constant exchange rates
- Reported diluted EPS was a loss per share of 20.9 pence, a reduction of 128%

## Burberry Forward

In November, we set out Burberry Forward, our strategic plan to reignite brand desire, improve our performance and drive long-term value creation.

We have made immediate interventions to reset brand storytelling, enhance visual merchandising in stores and online and to align our product focus to our core categories. These actions have resulted in a significant improvement in comparable retail sales in the second half of the year relative to the first half.

We shifted to a Timeless British Luxury brand expression with campaigns including 'It's Always Burberry Weather' and 'Wrapped in Burberry', which delivered the strongest improvement we have seen in brand desirability in three years.

We have taken decisive action to reassert our authority in core categories such as outerwear and scarves. Our iconic products now take centre stage in our stores. We are seeing early success with styles that carry our beloved brand codes, including the Burberry Check. And, we have aligned our pricing with our category authority. These changes have had a positive response from our customers which gives us confidence in the path ahead.

At the heart of Burberry Forward is our commitment to restoring a culture of creative and commercial alchemy rigorously focused on our customer. To ensure our organisation is fit for purpose in a demanding and dynamic global market, we have proposed changes aimed at enhancing collaboration, increasing our agility and aligning our cost base to our size. This will drive efficiency and profitability, while protecting our investment in consumer-facing areas. We expect the proposed changes to unlock an additional £60 million of savings by FY 2026/27, enabling us to continue to fund our biggest growth opportunities. This is incremental to our previously announced £40 million cost-savings programme, bringing the combined annualised savings to £100 million by FY 2026/27.

## Looking ahead

We are still in the early stages of our turnaround in a challenging macroeconomic environment. Our focus is on accelerating the early progress we have made in reigniting brand desire, as a requisite for topline growth.

We are confident we can get back to generating £3 billion in annual revenue over time, while rebuilding margins and driving strong cash generation.

For 169 years, Burberry has embraced innovation and exploration. I would like to thank my colleagues around the world for their efforts to reignite brand desire and deliver our turnaround. Our brand has been resilient and enduring in all kinds of weather. We are committed to seizing the opportunities that lie ahead.

Joshua Schulman

Chief Executive Officer



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