

18 January 2023

BURBERRY GROUP PLC

THIRD QUARTER TRADING UPDATE

“Overall, we are pleased with our performance in the third quarter as double-digit revenue growth outside of Mainland China offset the impact of COVID-19-related disruption there. Europe in particular continued to perform well, driven by strong trading over the festive period, and leather goods delivered another quarter of double-digit growth globally. We remain confident in our ability to reach our medium-term targets, despite the current macro-economic environment. We are focused on executing our plan to realise Burberry’s potential as the modern British luxury brand and we look forward to unveiling Daniel Lee’s debut collection for Burberry on our return to London Fashion Week next month.”

- Jonathan Akeroyd, Chief Executive Officer

- Q3 comparable store sales increased 1% impacted by COVID-19-related disruption in Mainland China
 - Excluding Mainland China, comparable store sales grew 11%
 - EMEIA comparable store sales grew 19%, Americas -1%, APAC -7% with Mainland China -23%
- Strong programme of brand activations supported by pop-ups and social media driving customer engagement, including outerwear, Festive and Lunar New Year campaigns
- Accessories continued to perform well with double-digit comparable growth in leather goods
 - Lola handbag range continued to see strong growth, supported by new styles including the Vintage Check Bouclé with the Frances bag and Giant Check also performing well
- Women’s ready-to-wear comparable sales increased a mid-teen percentage supported by dresses and knitwear featured in our seasonal campaigns
- Outerwear comparable sales grew by a high-single digit outside of Mainland China
- New store concept on track to complete 65 stores in FY23
 - 15 completed in Q3 FY23 with higher AUR and productivity
- Share buy-back: £363m of the £400m buy-back completed by the end of the quarter

RETAIL REVENUE 13 WEEKS ENDED 31 DECEMBER 2022

£ million	31 December 2022	25 December 2021	% change Reported FX	CER*
Retail revenue	756	723	+5%	flat
Comparable store sales*	+1%	+7%		

*See page 4 for definition

OUTLOOK

Our near and medium-term targets remain unchanged as we continue to target high-single digit revenue growth with operating leverage ensuring good margin progression, notwithstanding the current macro environment. Based on the effective foreign exchange rates as of 30th December 2022, we expect a currency tailwind of c.£160m on revenue and c.£70m on adjusted operating profit in FY23.

The financial information contained herein is unaudited

BUSINESS REVIEW

Comparable store sales grew 1% in Q3 FY23, despite significant disruption from both lockdowns and the reopening of Mainland China. Outside of Mainland China comparable stores sales advanced 11% with EMEA, Japan, South Korea and South Asia Pacific all showing double-digit growth.

We started the second half with our outerwear campaign that was supported by over 50 pop-ups, VIP experiences, influencer campaigns, and a partnership with Minecraft. This included an activation in Hong Kong S.A.R, China, our first ever ice rink over the K11 MUSEA promenade. We followed this with our Festive campaign starring Shakira and Burna Boy called 'The Night Before' which celebrated the excitement and anticipation of festive preparations. This saw very strong traction with two joint Instagram posts with Shakira being some of our most engaging posts to date. We also achieved our best performing non-collab reel to date. We ended the quarter with our Lunar New Year campaign – take a leap – inspired by the Year of the Rabbit, featuring a playful interpretation of the TB monogram.

In December, Burberry won the Metaverse World and Gaming Experience Award at the 2022 British Fashion Awards, in recognition of our innovation in this space, including through our recent collaborations with Blankos Block Party and Minecraft. We were also recently honoured by the 2022 Prix Versailles Official World Awards for our Imagined Landscapes pop-up store in Jeju, South Korea. The awards celebrated the best in contemporary architecture, highlighting innovation and creativity as well as ecological efficiency and cultural impact.

By product, accessories grew double-digit comparable sales outside of Mainland China. This was supported by a dedicated campaign and a 360-degree programme of commercial activations for the Festive period. We launched new styles of the Lola bag such as the Bouclé and we continued to innovate across all ranges, seeing strong traction in our house codes. In addition to the Lola, the Frances bag and the Giant Check also performed well. Men's accessories categories grew strong double-digit comparable sales with bags increasing over 25% and SLG's up over 15%. Soft accessories over-indexed during this key time for the accessories category, with the iconic Archive Beige Check cashmere scarf driving ~60% of sales for the category. Outerwear saw high-single digit comparable growth outside of Mainland China.

The roll out of the new store concept continued with 15 stores completed in the quarter including Pacific Place in Hong Kong S.A.R, China and North Park Centre Dallas, USA leading to 37 for the year to date and 84 stores in the new concept in total. We remain on track to complete 65 stores in FY23 with our aim to complete the roll out of the portfolio by FY26. Financials of the new stores continue to show higher AUR and productivity. We delivered a strong plan of in-store and digital activations supporting the Festive period, including the opening of 18 pop-ups, a dedicated gifting hub on Burberry.com and client events in key flagship stores. These initiatives supported strong commercial performance, particularly for leather goods.

Our continued commitment to sustainability was recognised across ratings and benchmarks in the period. Burberry earned an 'A' rating in environmental non-profit CDP's annual 'A List' for leadership in transparency and performance to tackle climate change. We also maintained an 'AAA' rating from the MSCI for the fourth year in a row, highlighting our leadership in supply chain management and environmental performance. At the same time, we continued to support our communities throughout the cost-of-living crisis, partnering in the UK with youth charity, OnSide, to ensure that young people can access food, warmth and safety in an OnSide Youth Zone this winter.

REGIONAL COMPARABLE SALES PERFORMANCE

We continue to see a strong performance outside of Mainland China, up 11% in the period. The Group was partially offset by a 23% decline in Mainland China due to COVID-19 related restrictions. Overall, comparable store sales advanced 1% with a significantly different performance in each region.

- EMEIA grew 19%, led by sales to tourists. EMEIA nationals grew low-single digit in the period.
- Americas fell 1% - a slightly improved performance over the first two quarters. Sales to nationals were up 3% year-on-year with strong tourist flows into EMEIA.
- Asia Pacific fell 7% with Mainland China down 23%. Declines in Mainland China were partially offset by strong performances in South Korea up 10%, Japan up 28% and SAP up 15%.

The impact of space was -1% in the quarter leading to flat total retail sales at CER while FX was a positive contribution of 5%. In total retail sales grew 5% year-on-year at reported rates.

All metrics and commentary in this presentation are at reported FX and exclude adjusting items unless stated otherwise.

Constant exchange rates (CER) removes the effect of changes in exchange rates and the 53rd week in 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 on foreign currency procurement and sales through the Group's UK supply chain.

Comparable sales are 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.

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 conference call for investors and analysts to discuss this update today at 9am (UK time)
- The conference call can be accessed live on the Burberry 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 Preliminary results for the 52 weeks ending 1 April 2023 on 18 May 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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Notes to editors

- Burberry is a British luxury brand, headquartered in London
- At 31 December 2022, globally Burberry had 221 retail stores, 139 concessions, 56 outlets and 38 franchise stores, excluding pop-up stores.

APPENDIX

Based on effective FX rates as of 30 December 2022, there is a c.£160m tailwind from exchange rate movements on FY23 revenue and a c.£70m tailwind on adjusted operating profit. This compares to guidance given in November for a c.£170m tailwind on revenue and a c.£70m tailwind on adjusted operating profit.

Exchange rates	Forecast effective rates for FY23		Actual average exchange rates		
	30 December 2022	27 October 2022	H1 FY23	H1 FY22	FY22
£1=					
Euro	1.16	1.17	1.17	1.16	1.18
US Dollar	1.20	1.18	1.21	1.39	1.36
Chinese Renminbi	8.28	8.29	8.16	8.98	8.73
Hong Kong Dollar	9.41	9.26	9.50	10.79	10.63
Korean Won	1,565	1,595	1,579	1,583	1,596