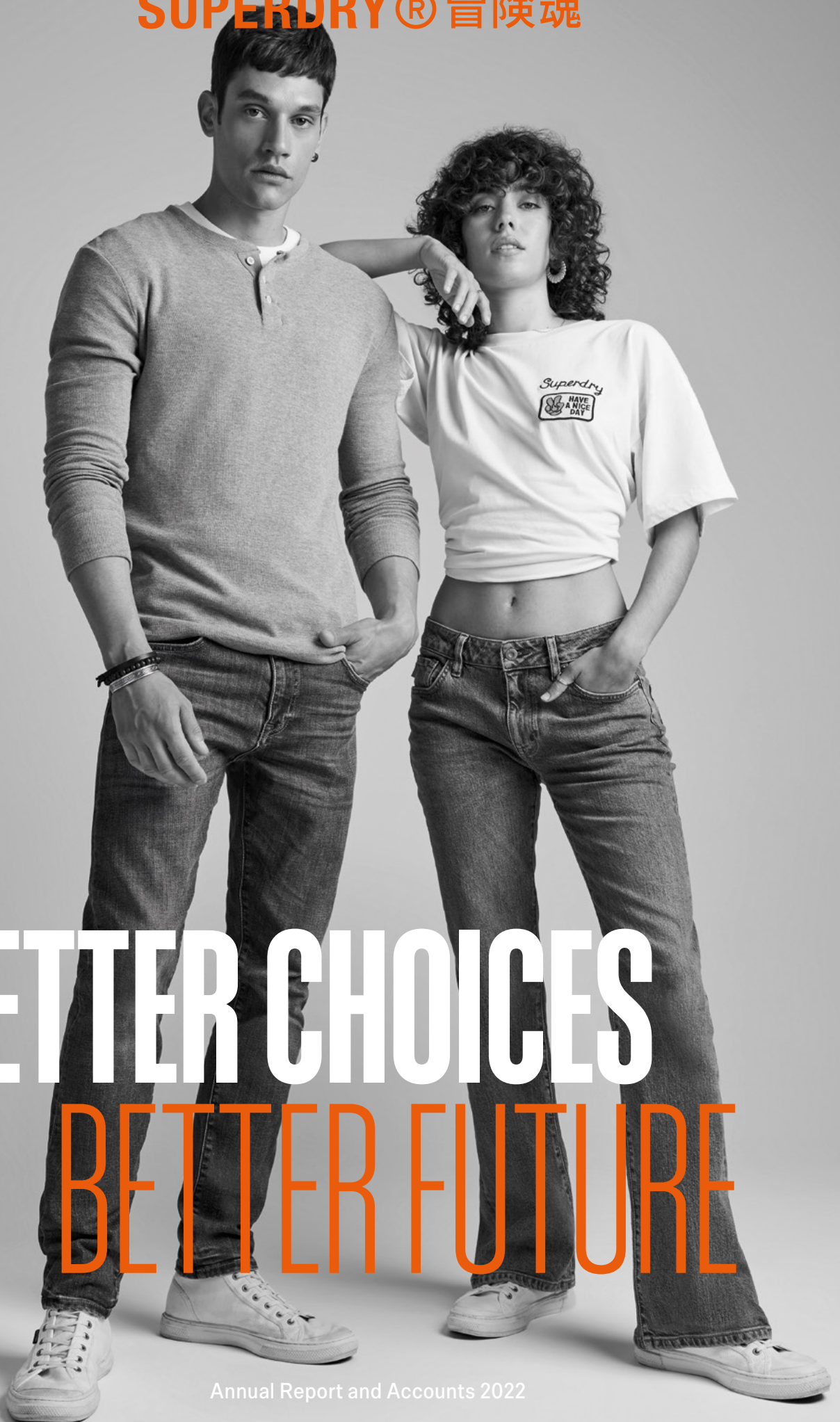


SUPERDRY® 冒險魂



BETTER CHOICES
BETTER FUTURE

Group revenue (£m)

£609.6m YoY movement 9.6%

2022		609.6
2021		556.1
2020		704.4

Statutory profit/(loss) before tax (£m)

£17.9m YoY movement (148.8)%

2022		17.9
2021		(36.7)
2020		(166.9)

Basic EPS

27.7p YoY movement (163.0)%

2022		27.7
2021		(44.0)
2020		(174.9)

Adjusted profit/(loss) before tax* (£m)

£21.9m YoY movement (273.8)%

2022		21.9
2021		(12.6)
2020		(41.8)

Adjusted basic EPS* (p)

36.3p YoY movement (287.1)%

2022		36.3
2021		(19.4)
2020		(43.5)

Closing net (debt)/cash*

£(1.0)m YoY movement (102.6)%

2022		(1.0)
2021		38.9
2020		36.7

* 'Adjusted' and 'Net (debt)/cash' are used as alternative performance measures (APMs). A definition of APMs and explanation as to how they are calculated is included in Note 36 to the Group and Company financial statements.



We have learned that the only way to make real change is by harnessing the passion and energy of our colleagues across the business.

See stories from our Sustainability Warriors throughout the report.

AT SUPERDRY WE NEVER STAND STILL. OUR FOCUS ON OUR MISSION TO BECOME THE #1 SUSTAINABLE STYLE DESTINATION IS WHAT MAKES US RESILIENT AS WE CONTINUE TO DELIVER ON OUR STRATEGY TO DRIVE POSITIVE CHANGE.

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Visit us online at:
corporate.superdry.com

RESILIENT PERFORMANCE



PETER SJÖLANDER
CHAIR, SUPERDRY PLC

A resilient financial performance in FY22 as we start to restore the Superdry brand to a premium position.

Welcome to Superdry's Annual Report for FY22, my first full year as Chair of Superdry plc.

FY22 has been another challenging year, with an evolving global macroeconomic back-drop as Superdry continues to make progress on the strategy, which was shared in our FY21 Annual Report and Accounts. Throughout FY22, the Board has overseen, in partnership with the Executive Committee and senior leadership team, the embedding and execution of this strategy, as well as ensuring resources are allocated in the right areas to enable the Group to withstand further disruption arising from the Covid-19 pandemic and the impact of emerging geopolitical and economic uncertainty.

Superdry delivered a resilient financial performance in FY22. Retail store revenues recovered and were up 62.6% from FY21; however, footfall has not yet returned to pre-pandemic levels. Ecommerce trading decreased, reflecting both channel shift back to physical retail, and the impact of reduced promotional activity. Managing our inventories and returning to a healthy balance between full price and off price has resulted in an increase in retail gross margin of 6.3%pts and our Wholesale channel grew in revenue terms by 5.5%. Our focus has been to deliver quality, style and sustainability to our customers, at excellent value, in order to restore the Superdry brand to a premium position. Alongside this, work has continued on tightly managing our cash flows and we have continued to re-gear retail store leases, wherever possible.

Our Asset Backed Lending Facility of up to £70m is due to expire at the end of January 2023, although current projections suggest the Group will remain cash positive throughout most of the first half of the calendar year. We have had positive discussions with prospective lenders but at this point we have not yet secured committed funding beyond January. The Directors acknowledge that, until these discussions conclude, a material uncertainty exists around the going concern of the Group, although we remain confident of a positive outcome.



CEO Review – page 16
CFO Review: Operational and financial performance – page 68

For full information on our FY22 results, or financial position, including going concern and material uncertainty, and on our strategic progress and priorities, please refer to the CEO and CFO reviews on pages 16 and 68 respectively. How We Manage Our Risks on page 53 explains how our principal risks and uncertainties have been agreed and monitored and about our risk mitigation activities.

Our ongoing response to the Covid-19 pandemic

The Covid-19 pandemic continued to impact our operations, with lockdowns once again being enforced in the United Kingdom and the European Union, forcing store closures and a return to remote working for head office colleagues at the end of November 2021. Our supply chains were impacted in India, Turkey and China as Omicron cases rose, resulting in delays which required careful management to avoid disruption to our customers. We reinstated our Incident Management Team to monitor events and once again prioritised the health and safety of our people, our customers and our suppliers. How We Manage Our Risks on page 53 contains further details of our approach to managing the Covid-19 pandemic.

Strategic deliverables and prioritising digital and technology projects

During FY22, the Executive Committee and senior leadership considered and agreed the key deliverables of our strategic plan, which was updated by the Board in March 2022. Two of our most important strategic initiatives are to 'Provide a leading consumer experience' and to 'Use technology to accelerate our plans'. To enable those, we have invested and will continue to invest in technology and digital projects. The Board established a Technology Committee in July 2021 to guide and monitor the modernisation and enhancement of our Ecommerce sites and the replacement of our core merchandising system. Further information about the Technology Committee and its work can be found in our Section 172 Statement on page 26 and in the Corporate Governance Report on page 78.

'Two of our most important strategic initiatives are to 'Provide a leading consumer experience' and to 'Use technology to accelerate our plans.'

Executive Committee appointments

Two important appointments were made to our Executive Committee in FY22. In November 2021, Cathryn Petchey was appointed Global People Director and Matt Horwood was appointed Chief Technology Officer. For further information about these appointments, please turn to our Section 172 Statement on page 26. The People report on page 47 contains further details about the work of the People team.

Environmental, social and governance matters

Our mission is 'To be the #1 sustainable style destination' and we believe that actions speak louder than words, delivering on projects that will positively impact the environment and our colleagues. Superdry is proud of its sustainability commitments and projects. In December 2021 Superdry was awarded an A- grade by environmental impact disclosure agency, CDP. For the last four consecutive years, Superdry has improved its CDP grading, demonstrating the pledges we have made to sustainability and to the transparent reporting of our impact on the environment. This Annual Report also includes our first TCFD disclosure on page 34. Progress on our sustainability programmes and targets can be found on page 40 and 41 of this report. Superdry also publishes a separate Sustainability Report at corporate.superdry.com and I urge you to take a look at our excellent work in this area.

In March 2022, the Remuneration Committee approved a Group pay award of 3.5% for UK head office and retail management, effective from 1 May 2022 (save for the Executive Committee where a 2% increase was approved). For further details on this, please refer to our Section 172 Statement on page 26, to the People report on page 47 and to the Directors' Remuneration Report on page 106. The People report also explains how we are seeking to enhance our employee value proposition and our culture in an increasingly competitive employment market.

In July 2022, the Board approved changes to its Board Diversity and Inclusion Policy, setting enhanced gender and ethnicity Board composition targets. Please turn to the Nomination Committee Report on page 94 to read about the Board Diversity and Inclusion Policy and to the People report on page 47 to read about our diversity and inclusion targets for recruitment at Superdry.

One of our strategic pillars is Great Governance. Noting the control issues that have continued to be identified in the year-end accounts close process, we have focused in FY22 on enhancing the quality of information flows between the Board and the Executive Committee and on our wider organisational governance – the controls, policies, procedures, training and culture that support governance. The Corporate Governance section of this report from page 78 explains our governance framework and our compliance with the UK Corporate Governance Code. The People report on page 47 contains details of our training programmes and how we communicate and engage with colleagues.

The Audit Committee Report on page 98 discusses our internal controls and How We Manage Our Risks on page 53 sets out our principal risks and uncertainties and our risk, including our response to the control issues that have been identified during the year-end close process.

We have eight key stakeholder groups at Superdry including investors, our people and our customers. The ways in which the Board has considered stakeholders in its decision-making are set out in our Section 172 Statement on page 26.

Board evaluation

In April and May 2022, an independent externally facilitated Board and Committee evaluation was performed. The outcomes of that review were discussed by the Board and have been used not only to set Board objectives for FY23, but to prompt wider discussions about Board balance and composition to ensure that the Board continues to be effective, diverse and that the right skills are in place to support the Executive Committee as it continues to implement the strategy. Please turn to page 90 for more details on the evaluation and its results.

Looking to the future: a challenging macroeconomic environment

The challenges emerging from the war in Ukraine and from the energy crisis, impacting household incomes and consumer confidence, alongside the threat of a global recession, are set to dominate FY23. Inflationary pressures and the subsequent impact on consumer spending were building throughout FY22 and continued into FY23 and show no signs of abating. These pressures are not unique to Superdry and there is uncertainty about how this will impact demand for our products globally. We believe that our resilience during FY22 has given Superdry a foundation on which to withstand these pressures, as we continue to focus on delivering our strategy and our Five-Year Plan.

Annual General Meeting

Our AGM is on Monday 31 October 2022 at our head office in Cheltenham. As announced on 5 October 2022, due to the timing of our preliminary results and publication of this Annual Report and Accounts, the AGM will cover routine business only. Certain resolutions which usually form part of the business of the AGM, will instead form part of the business of a separate general meeting of shareholders which is expected to take place in November 2022. Please see our Notice of AGM at corporate.superdry.com.

Faisal Galaria has announced his intention to step down at this year's AGM and I would like to thank Faisal on behalf of the Board and Superdry for his work as a Non-Executive Director. Please refer to the Corporate Governance section starting on page 78 for further details about the work of the Board.

Reappointment of auditor

During the year, Deloitte LLP advised the Company that they intended to step down as its auditor, following the completion of the audit of the Group's results for the 53 weeks ended 30 April 2022. In light of this, the Audit Committee initiated a process to find a new auditor, inviting expressions of interest from a number of audit firms. We expect to confirm the outcome of that process in due course.

Dividend

A final dividend has not been proposed for FY22 and an interim dividend has not been paid.

Thank you Superdry

I want to take this opportunity to extend my thanks to all of my colleagues at Superdry for their continued commitment and work, and especially to our retail store colleagues, who represent our brand with great customer service every day, and for whom the past two years have been really tough.

Peter Sjölander

Chair, Superdry plc



**'IT'S REALLY
ABOUT HAVING
A CONSCIOUSNESS
ABOUT WHAT YOU'RE
BUYING AND WHY...
I ASK MYSELF:
DO I REALLY NEED THIS?
HOW IS IT MADE?'**





Saffron Hocking

Actor

@saffronhocking
151k Instagram followers

#BetterChoicesBetterFuture
#Superdry

Saffron wears...
X opposition varsity bomber
Large logo crop bralette NH
Studios cupro short
Code chunky basket trainer



Zoé Tondut

Vlogger & influencer

@justezoe
1.58m Instagram followers

#BetterChoicesBetterFuture
#Superdry

Zoé wears...
High rise carpenter pants
Linen boyfriend shirt
Vintage vegan faux vulc low and
Code triangle elastic top

**‘SUSTAINABILITY IS
ALL ABOUT THINKING
OF NEW WAYS TO MAKE
CHANGES IN YOUR LIFE.’**



‘INSTEAD OF CREATING WASTE, I MAKE USE OF THE UNLOVED PIECES IN MY WARDROBE TO REPURPOSE AND MAKE THEM FEEL NEW AGAIN.’





Beabadoobee

Musician/Band

@radvxz
1.5m Instagram followers

#BetterChoicesBetterFuture
#Superdry

Beabadoobee wears...
Vintage repurposed tee
MA1 bomber
Vintage denim pleat mini skirt

OUR MODEL FOR SUCCESS

Plan & Design



To achieve our mission and deliver against our objectives, we begin the product planning phase 18 months before it launches in the market. This ensures we have aligned all our resource and talent with our strategy and ambitions.

We have a passionate team of 40 designers, each aligned to one of the collections within our consumer segmentation.

Short-order product gives us the opportunity to capitalise on trends with:

- Limited edition;
- Low volume product runs; or
- Augment the collection at a later point in the process.

Make



Once our designers have imagined next season's collection, it is over to our Sourcing team to work closely with our global network of suppliers to bring the product to life, in the most sustainable way possible.

The split of manufacturing in FY22 (ie, the Spring/Summer 2021 ('SS21') and Autumn/Winter 2021 ('AW21')) was 46% in China, 26% in India and 21% in Turkey with the remainder largely coming from Sri Lanka, Vietnam and Cambodia.

Please see the 'Sustainability' section on page 40 for more information on this pillar of our strategy and how it relates to our sourcing and production.

Manufacturing locations	
Bulgaria	1
Cambodia	4
Vietnam	10
Sri Lanka	19
India	51
China	78
Turkey	93

Ship



We have a truly global distribution network, serving our multi-channel operations worldwide. This is delivered through four main distribution centres:

- **'The Duke'** in the UK (500k sq. ft.) and **'The Baron'** in Belgium (720k sq. ft.), both of which are 'bonded', allowing us to minimise the impact on the business as a result of Brexit. These warehouses primarily deal with inbound stock for Stores and Ecommerce customers, as well as a small element of Wholesale;
- An additional warehouse in Ghent, Belgium (335k sq. ft.) deals only with Wholesale orders; and
- **'The Eagle'** in the USA (140k sq. ft.), a multi-channel fulfilment centre – handling inbound stock for Stores, Ecommerce and Wholesale orders.

Superdry distributes product to our global customer base seamlessly across multiple channels. We want our customers to be able to order from anywhere, from any device, using any payment method and have it delivered to any location from our distribution centres, whilst never compromising on our mission to become ‘the #1 sustainable style destination’.

Describing the product journey from initial creation through to end consumer purchase, our product lifecycle can be viewed across four critical activities:

Sell

Our global footprint has been achieved through a truly multi-channel approach, leveraging our eight routes to market to maximise the addressable market.

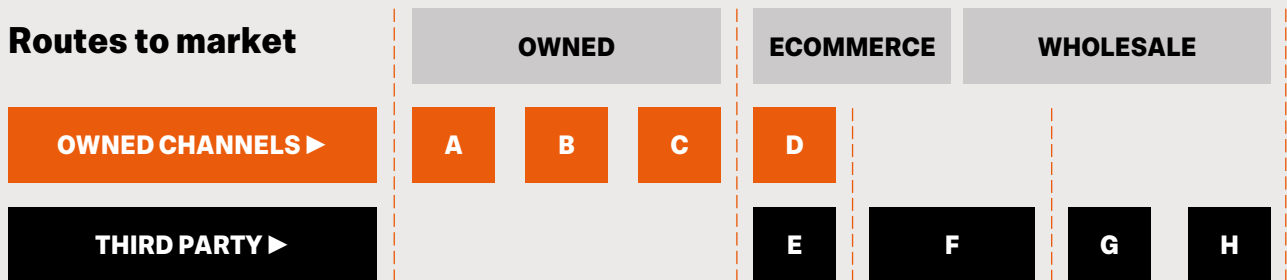
We remain committed to the high street and view stores as an integral element of the customer journey. Our Fulfil From Store and Click & Collect technology creates a seamless customer experience between digital and physical, as well as allowing us to optimise working capital.

We recognise that consumer habits continue to change and the switch to online has been accelerated by Covid-19. We continue to invest in our digital platform and this year transitioned to our new microservices platform. You can read more about our digital journey within the strategy section on page 22.

We distribute our products to customers seamlessly across the following eight routes:



Routes to market



A. Owned stores
Mono-branded stores, operated by the Group, in prime locations split between high streets and shopping centres.



B. Concessions
Smaller stores, largely located in airports, operated by the Group in retail space owned by partners.

C. Outlets
Sale of previous seasons' product in specialist stores.

D. Online store superdry.com
Digital flagship website, with localised sites in key markets.



E. Online distribution via offprice Ecommerce
Sale of previous seasons' product on outlet websites.

F Online distribution via partners
Distribution of Superdry merchandise using our key & independent retail partners' own online platforms.

Dual channel Ecommerce
Orders made through partner websites, but fulfilled by Superdry.

G. Key & independent partners
Freestanding multi-brand stores owned and run by retail partners, selling Superdry merchandise.

H. Franchise & licence business
Freestanding Superdry stores operated by partners.

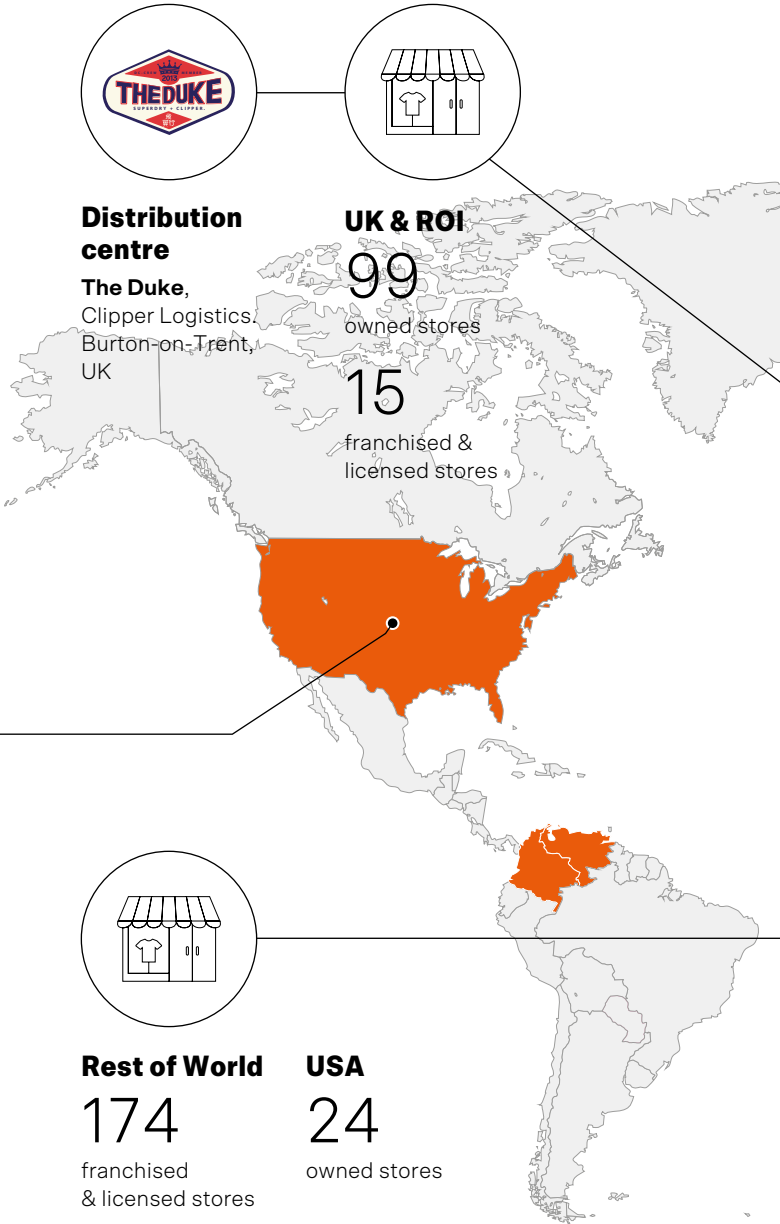
Wholesale
Orders made through partners websites and fulfilled by the partners.

WHERE WE OPERATE

Strong multi-channel capabilities

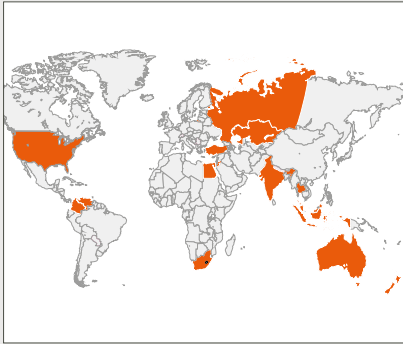
We have 220 stores across 12 different countries and 479 Superdry branded franchise and licensed stores in 53 countries, as well as 21 Superdry branded websites, translated into 13 languages.

21 branded websites	479 franchised & licensed stores
------------------------	-------------------------------------



Rest of World (including USA)

	515 employees
	£91.2m revenue



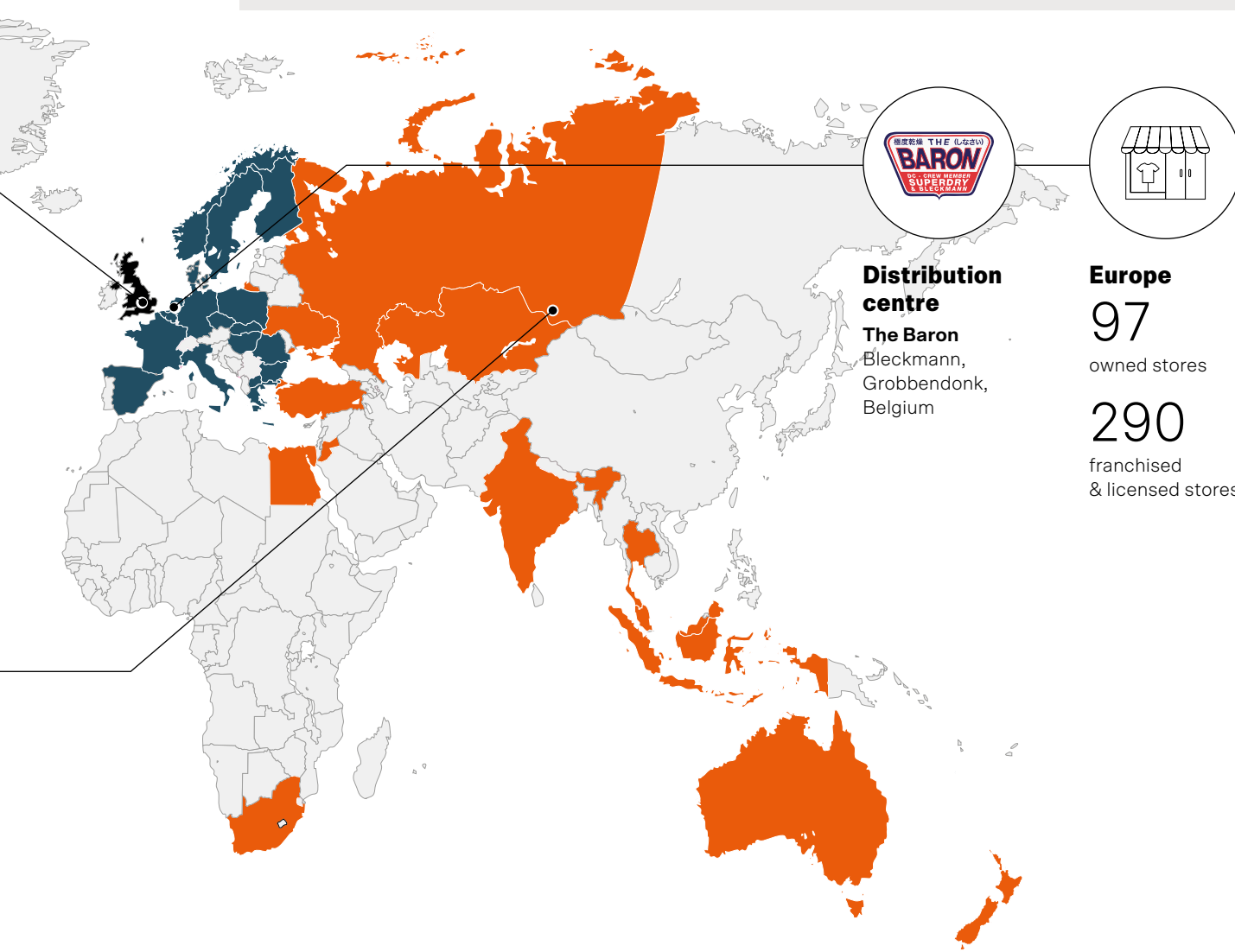
UK & ROI



2,532
employees

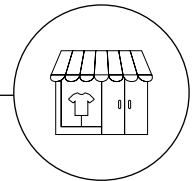


£224.1m
revenue



Distribution centre

The Baron
Bleckmann,
Grobendonk,
Belgium



Europe

97
owned stores

290
franchised
& licensed stores

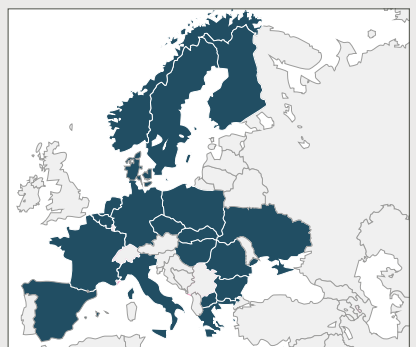
Europe



991
employees



£294.3m
revenue





IN ACTION

JULIAN DUNKERTON
CHIEF EXECUTIVE OFFICER

The last two years have caused unimaginable levels of disruption and uncertainty, with Omicron hitting at a critical sales period in FY22.

However, reflecting on the challenging environment we have been in since my return, I am proud of the progress we are making against the strategic initiatives we set out in our Annual Report last year and of the continued resilience our team has shown.

I am particularly pleased that we ended the year having delivered £21.9m adjusted profit before tax and £17.9m statutory profit before tax, an increase of £34.5m and £54.6m respectively year-on-year, as we saw the reopening of our store estate due to the easing and lifting of restrictions, and our commitment to a full-price trading stance, even as we contend with the macroeconomic headwinds. In line with the rest of the sector, we are mitigating some of this impact through selective product price rises in our Autumn/Winter22 and Spring/Summer23 collections as well as introducing delivery charges for online orders.

The Asset Backed Lending facility for up to £70m, is due to expire at the end of January 2023. Although we are in positive discussions with prospective lenders, we have not yet secured committed funding beyond this point. Until these discussions conclude, we recognise there is a material uncertainty around the going concern of the Group,

but remain confident on the prospect of a favourable outcome. You can read more about our FY22 financial results (a 53-week period) in the CFO's Review on page 68.

In the FY21 Annual Report I introduced our new strategy. Since then, we have continued to have style and sustainability as the overarching focus in everything we do. Reflecting this, we simplified and refined our mission statement: 'To be the #1 sustainable style destination.' To achieve this, our four strategic objectives remain unchanged:

- Inspire through product & style;
- Engage through social;
- Lead through sustainability;
- All underpinned by strong operational foundations to 'Make it Happen'.

Inspire through product

The achievement I am particularly proud of this year has been our move back to a full price trading stance. That has meant significantly reduced sale activity in stores since summer 2021 and limited markdown activity online, helping us to rebuild the premium position of the brand, and driving our Retail gross margin up 630bps to 67.9% in FY22 versus FY21. We believe this is the right strategic move for the brand as we focus on high-quality and sustainable profitability.

Our AW21 collection was our first opportunity to fully showcase our new customer experience in stores. We saw improvements across several key categories, particularly longline jackets and skirts, driving womenswear mix up +4%pts versus the pre-pandemic period two years ago. We will continue to replicate this customer experience digitally as we embed our new microservices platform. We saw continued progress in SS22, the first season of FY23, with the sell-through performance improving 16%pts year-on-year, with particular success seen in dresses and shirts.

‘The momentum around our recovery continues to grow, and I am particularly pleased we have ended the year with a profit, even as we contend with the same macroeconomic headwinds as our peers.’

Engage through social

Our marketing investment has increased this year with our influencer and affiliate army growing from 272 in FY21 to 2,349 this year, focused on our target demographic of under-25-year-old consumers.

A further highlight has been the great traction of our TikTok channel, which had grown from zero to over 270k followers by the end of FY22. Our videos have received over 22m views and our content reached over 33m followers, connecting with the younger demographic.

For FY22 we introduced a new KPI, ‘Brand Heat’, to provide a measure of Superdry’s resonance among consumers, which we believe is an indication of how well the strategic initiatives, particularly digital, are working. We have been pleased to see an increase of 3% year-on-year, as we continue to focus on reinvigorating the brand. For more details, please see the KPIs on pages 23 and 24.

Lead through sustainability

Last year I said we had a clear path on how we were going to improve our CDP Rating to an A, and I’m proud to say that this year we achieved an A-.

Sustainability continues to sit at the heart of the business, especially our sourcing. We remain committed to our goal of converting 20,000 farmers in India to organic practices and using 100% organic cotton in our garments by 2025. As at the end of FY22, we have invested in training to convert 7,508 farmers, up from 5,684 last year and donated over 65m organic cotton seeds. In addition, 47% of our purchased product volume¹ across AW21 and SS22¹ was sustainable (up 14% year-on-year). In SS22, 99% of our swimwear was converted to recycled materials, with 50.4m recycled bottles used to produce both SS22 swimwear and our AW21 and SS22 outerwear jacket fill.

Vintage sections have been introduced into some of our stores, including the Oxford Street flagship, as well as our ‘Recycled’ and Ringspun collections which focus on circularity and the importance of how many times an item can be worn, not just the sustainable materials used to make it.

For more detail on the achievements in Sustainability, please see our second annual Sustainability Report which is available on our website at corporate.sustainability.com.

Make it Happen

Our Executive team was strengthened further by two new hires, Matt Horwood, our Chief Technology Officer, and Cathryn Petchey, our Global People Director. Both bring a wealth of knowledge and experience that will be invaluable to delivering our strategy.

The most important technology project this year has been the move of our website from a legacy platform to microservices. As of August 2022, all our websites were live on the new platform and we will continue to invest in the customer experience to enhance our online opportunity. You can read more about the progress we have made in the Technology section of the Strategic Report on page 22.

Another key area of focus since I returned has been reducing the amount of inventory in the business, and in FY22, despite the challenging environment, we reduced the number of units by a further 2.6m year-on-year to 12.4m units, taking the total reduction to nearly 5m units since the end of FY19.

In summary

It has been another challenging year, but I am proud of the resilience shown by all our teams across the business. While the lasting impacts of Covid-19 on a volatile market has been exacerbated by the war in Ukraine, the cost-of-living pressures on consumers, and continued inflationary pressures across the supply chain, we continue to focus on making better choices for a better future and have made good progress against each of our key strategic pillars and are excited for our future plans.

Although we remain cautious on the macroeconomic outlook and the impact of inflation, we are confident that our strategy is positioning the brand for future success.

1. Sustainable product is defined as organic, low impact and/or recycled in line with our Environment Policy.



OUR MISSION-LED STRATEGY

BE THE #1 SUSTAINABLE STYLE DESTINATION

Inspire
through

**PRODUCT
& STYLE**

Engage
through

SOCIAL

Lead
through

SUSTAINABILITY

MAKE IT HAPPEN

We introduced our mission-led strategy in the FY21 Annual Report – see page 26 of that report for further information. In FY22, quality, style and sustainability at great value continue to be the overarching focus in everything we do. Reflecting this, we simplified our mission further: ‘To be the #1 sustainable style destination’. To achieve this, we continue to focus on our four strategic objectives.

These strategic objectives of ‘Inspire through product & style’, ‘Engage through social’ and ‘Lead through sustainability’ are all focused externally on increasing Brand Heat, a measure of Superdry’s resonance among consumers. Each of these is supported by our ‘Make it Happen’ internal framework, underpinned by a strategic pillar of ‘Great Governance’, which concentrates on driving continuous improvement and alignment across our operations.



INSPIRE THROUGH PRODUCT & STYLE

Inspire through product & style

Our collections are constructed to address opportunities in the market where the Superdry brand can operate with credibility and authority. This product segmentation underpins our aim to lead each market with value for money, whilst maintaining our quality, style and sustainability credentials. This style choice segmentation has now been rolled out across seven of our stores, with our Oxford Street flagship store representing the best expression of this customer experience.

Leveraging our strength in our core outerwear categories, in FY22 we introduced our range of longline jackets, delivering 7% of AW21 revenue year-on-year and driving an improvement in our womenswear mix of 4%pts compared to AW19.

In FY23 we will continue focusing on enhancing our collections and supporting our core product ranges through our short-order programme to take advantage of in-season trends, allowing us to target a younger demographic and increase our womenswear mix.

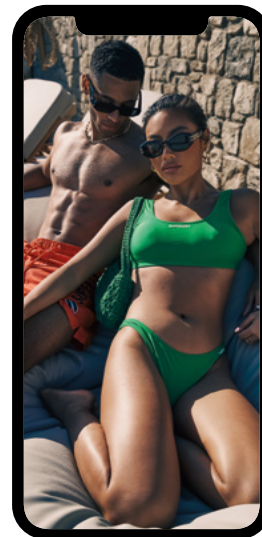


ENGAGE THROUGH SOCIAL

Engage through social

Our strategy builds on 'social-first brand marketing' approach to attract a younger demographic, and to ensure sustained engagement across our different platforms. We collaborate with influencers who are aligned with our collections and values. Our focus is on building earned content with them, which allows us to reach new audiences in an authentic way.

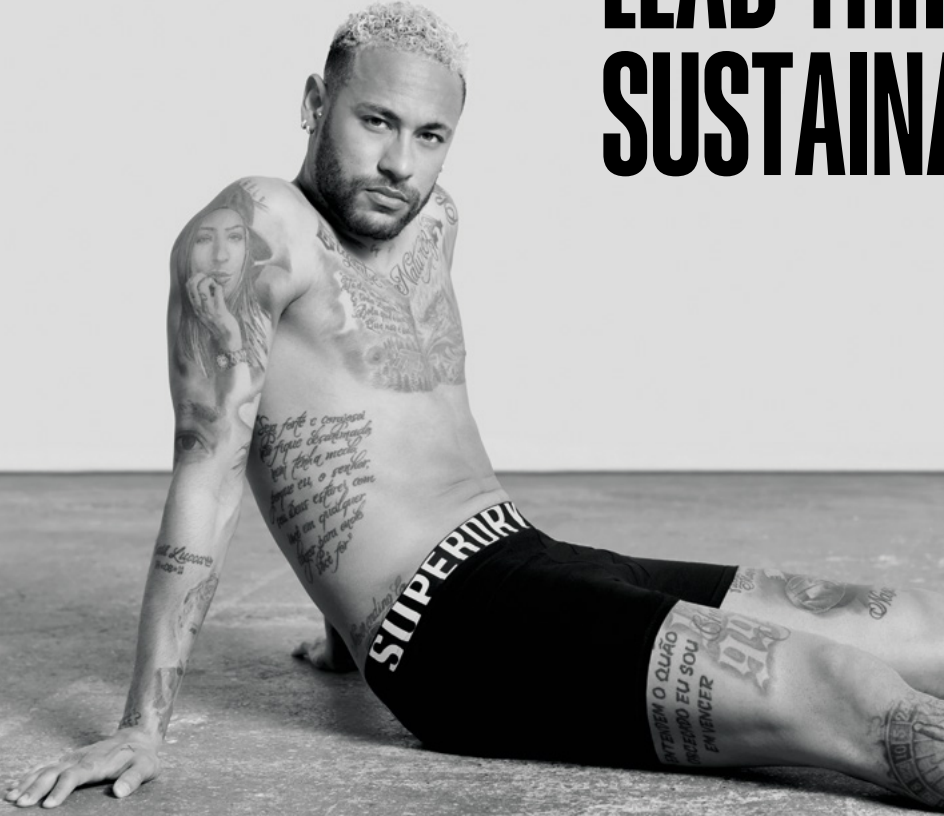
Through this focus, in FY22 we saw an acceleration of our social follower growth of 16% to 3.89m. We launched our TikTok account in September 2021, which had grown to over 270k by the end of April 2022. Our influencer army stands at 2,349, an increase of more than 7x since FY21.



In FY23, we will continue to grow our influencer and affiliate programmes across our key markets. This focus on driving traffic will be amplified through sustainability-centred marketing campaigns, leveraging our ESG credentials and ambition. In addition, the implementation of microservices technology at the start of FY23 will provide us with the platform to significantly improve the customer journey and experience, all of which will contribute to improved website conversion.



LEAD THROUGH SUSTAINABILITY



Lead through sustainability

We are making great progress on our ambition to 'become the most sustainable listed global fashion brand by 2030' and continue to put sustainability at the forefront of everything we do. You can read more in our Sustainability Report on page 40.



Our published Sustainability Report 2022: Available at: corporate.superdry.com

Make it Happen

Last year we articulated our sharpened strategy with the 'Make it Happen' operational pillar underpinning our external brand-focused objectives. Behind this broader objective are three core areas of focus:

1. Create an amazing employee experience
2. Integrated marketplace
3. Use technology to accelerate our plans

These are all underpinned by a strategic pillar of 'Great Governance'.



See overleaf for details →



MAKE IT HAPPEN CONTINUED



1. Create an amazing employee experience

Executing the strategy starts with our amazing people. Cathryn Petchey joined us as our Global People Director in November 2021 and has made good progress in moving our People agenda forward. Please see our People report on page 47 to find out more. Our highlights included launching a new careers site and online learning system and adapting a new approach to recruitment in the Oxford Street store. This meant we ended up with a diverse shop floor that represents our consumers in the best way. Our plan is to roll out this approach to the rest of the business in FY23. We also piloted a mentoring scheme with the Senior Women's Forum, supporting our gender and ethnicity diversity recruitment targets in place for the Board, the Executive Committee and the senior leadership team – please turn to page 48 of the People report for more information.

2. Integrated marketplace

To have the most efficient working capital cycle, we need to ensure our seasonal planning and execution is first class, and our customer experience across channels consistently inspires and engages consumers. FY22 saw the review and development of cross-channel market plans and development of our roadmap to becoming a truly omni-channel business. Please see our Business Model on page 12 which shows our channels to market and how our integrated marketplace links together in more detail.

3. Use technology to accelerate our plans

A significant focus for us continues to be evolving our technology capabilities. Our newly hired Chief Technology Officer, Matt Horwood, has established a new technology strategy to support the modernisation of our business to be increasingly data driven, automated and digitally enabled. The teams in the newly combined Technology organisation will support Group performance, using 'Objectives and Key Results (OKRs)', directly aligned with Group-wide objectives and strategic KPIs.

This year we completed development of our new digital commerce platform based on microservices. At the start of FY23, we completed the roll-out across all Superdry sites and with the increased flexibility, implemented our new mobile optimised design experience. In parallel, we have enhanced our in-store experience with mobile tills in our latest stores.

During FY22 we selected Oracle as our solution partner for the modernisation of how we plan and manage our merchandising, range, buying, allocation and replenishment. We have completed development of the Superdry Operating Model and our increased visibility into our 'Critical path'. Combined with this business-led transformation programme, we will deliver efficiency, accuracy and cross-functional alignment across our planning decisions, supported through the latest cloud based, data-driven software.

In FY23, we will complete this major programme, alongside introducing digital technology, to modernise and increase efficiency into other parts of Superdry value chain, eg, we will be rolling out 3D product design and development and a new digital portal to improve trading with our Wholesale partners.

The development and implementation of our data strategy will expand our data insight capabilities, both technically and organisationally, including skills development. Combined with the launch of our customer data platform, we will increase the accessibility of accurate data across the business, to drive better, more timely, relevant decisions.

OPERATIONAL

Social followers (m)

3.89m YoY movement 16.4%

2022		3.89
2021		3.34
2020		3.16

Definition – Number of unique accounts that have ‘followed’ the main Superdry accounts across all social channels (Facebook, Instagram, Twitter, Pinterest and YouTube).

Rationale – A measure of Superdry engagement with customers via online channels and the ability to convert customers into revenue either directly (eg click through) or indirectly (in-store, increased brand awareness).

Sustainable product mix (%)

47% YoY movement 14%

2022		47
2021		33
2020		17

Definition – % volume of ‘sustainably sourced’ product bought within the current financial year.

Sustainably sourced product defined as organic, low-impact and/or recycled in line with our Environmental Policy.

Rationale – A measure of the level of sustainable product being created by the Group – a proxy to the environmental impact, rather than revenue performance. This metric tracks against the ambition to be ‘the most sustainable listed fashion brand on the planet by 2030’.

Inventory days

181.4 YoY movement (11.9)%

2022		181.4
2021		205.8
2020		177.4

Definition – End of period net inventory/Last 12 months’ cost of goods sold * 365.

Rationale – A measure to track against reduction in overall inventory through tighter buying practices, carry over of foundation product (replenishment model) and more efficient use of clearance channels.

Active customer database (m)

2.67m YoY movement (4.0)%

2022		2.67
2021		2.78
2020		2.70

Definition – Number of customers on the Superdry database who have made a purchase in the last 12 months.

Rationale – A measure of the retention and growth of our customer base following the segmentation into collections, reflecting improved targeted marketing and resonance of our improved product.

Brand Heat*

31.44 YoY movement 2.7%

2022		31.44
2021		30.60

* In line with the strategy set out on page 19, Brand Heat has been identified as a new KPI in FY22.

Definition – In order to calculate Brand Heat, we use three measures from an external WGSN conducted interview of 17,500 people, which includes over 100 measures asked across 300 retailers.

Brand Heat is a bespoke measure using a weighted average of the percentage scores gathered from consumers for the below questions:

1. Prompted awareness (0.2): ‘When, if ever, have you bought from the following?’ A consumer is counted where they responded ‘Purchased’, ‘Never purchased’, but not ‘Don’t know them’.
2. Consideration (0.4): ‘Please select all of the retailers you would consider buying from?’ If Superdry is selected, the consumer will be counted.
3. Appeal (0.4) across three of our key markets (UK, Germany and USA): ‘How would you describe your opinion of the following retailers?’ A consumer is counted where they responded ‘Love’ and ‘Like a lot’.

Respondents are able to complete the questionnaire once every six months for brands they are aware of, not necessarily brands they have purchased from.

Rationale – A measure of Superdry’s resonance among consumers using the combined metrics of prompted awareness, consideration and appeal. Reflecting continuing advances in marketing, product assortment and consumer experiences. As we only started to track and report this metric in FY21, we do not have the comparable data for FY20.

FINANCIAL

Group revenue (£m)

£609.6m YoY movement 9.6%

2022		609.6
2021		556.1
2020		704.4

Statutory profit / (loss) before tax (£m)

£17.9m YoY movement (148.8)%

2022		17.9
2021		(36.7)
2020		(166.9)

Basic EPS

27.7p YoY movement (163.0)%

2022		27.7
2021		(44.0)
2020		(174.9)

Net working capital**

£121.0m YoY movement (2.5)%

2022		121.0
2021		124.1
2020		147.0

Adjusted profit/(loss) before tax* (£m)

£21.9m YoY movement (273.8)%

2022		21.9
2021		(12.6)
2020		(41.8)

Adjusted basic EPS (p)

36.3p YoY movement (287.1)%

2022		36.3
2021		(19.4)
2020		(43.5)

Closing net debt/(cash)*

£(1.0)m YoY movement (102.6)%

2022		(1.0)
2021		38.9
2020		36.7

* 'Adjusted' and 'Net debt/(cash)' are used as alternative performance measures (APMs). A definition of APMs and explanation as to how they are calculated is included in note 36 to the Group and Company financial statements.

** Net working capital is defined as inventories plus trade and other receivables less trade and other payables. The statutory measures from which it is calculated are included within the CFO Review on page 72.



'It has been wonderful to be part of the sustainability journey Superdry has been on. Being able to showcase the positive changes happening in the company to customers and co-workers is so fulfilling and I look forward for what is still to come!'

Megan Hunter
Scotland and Ireland Retail – Sales Assistant (Dundee)

NON-FINANCIAL INFORMATION AND SUSTAINABILITY STATEMENT

The table below shows where information can be found in relation to the requirements of Companies Act 2006 section 414CA and 414CB, including further information on policies and policy outcomes (where applicable):

Reporting requirement	Annual Report section(s)	Page number	Related policies and standards
Environmental matters, including the impact of the business on the environment and climate-related disclosures	TCFD Statement	34	Our Mission
	Sustainability report and KPIs	40	Environmental Policy
	Section 172 Statement and Stakeholders	26	Sustainable Development Goals (SDGs)
	How We Manage Our Risks	53	Chemical Compliance CDP climate change disclosures
Employees	Sustainability Report	40	Code of Conduct
	People Report	47	Health and Safety Policy
	Section 172 Statement and Stakeholders	26	Whistleblowing Policy
	Directors' Remuneration Report	106	Diversity, Inclusion and Equality Policy
			Board Diversity and Inclusion Policy
			Flexible Working Policy
Education and Professional Qualifications Policy			
			Maternity, Paternity and Shared Parental Leave policies
			Values
			Gender Pay Gap report
Social and community matters	Sustainability Report	40	Give Free Time initiative
	Section 172 Statement and Stakeholders	26	
Respect for human rights	Sustainability Report	40	Diversity, Inclusion and Equality Policy
			Ethical Trading Code of Practice
			Migrant Worker Policy
			Modern Slavery Statement and Policy
			Customer Privacy Policy
			Employee Privacy Notice
Anti-corruption and anti-bribery matters	How We Manage Our Risks	53	Anti-Bribery and Corruption Policy
	Corporate Governance Report	78	Code of Conduct
	Directors' Report	127	
Business model	Business model	12	
	CEO Review	16	
	CFO Review	68	
	Sustainability Report and KPIs	40	
	Financial KPIs	24	
Principal risks and uncertainties	How We Manage Our Risks	53	Risk Management Policy
Non-financial key performance indicators	Sustainability Report and KPIs	40	

SECTION 172 STATEMENT

In compliance with Companies Act 2006 section 414CZA, the Board makes the following statement in relation to FY22

The Board recognises that the medium and long-term success of the Group and its social licence to operate are linked to value creation for its stakeholders. Our stakeholders, what matters to them, the engagement processes that are in place and how feedback is received and considered by the Board as part of its decision-making, are set out in the table below.

Our purpose, culture, values and details of our employee engagement and feedback mechanisms can be found in the People report on page 47.

Superdry aims to meet the highest standards of conduct and has policies and procedures in place to support this (for example Code of Conduct, Using Social Media Policy,

Anti-Bribery and Corruption Policy and training, Modern Slavery Statement and Ethical Supplier Code of Practice (both published at corporate.superdry.com). A Whistleblowing Policy is in place and an independent whistleblowing line operates for the reporting of unethical behaviour (please turn to page 99 for more details of our whistleblowing arrangements).

Superdry aims at all times to act fairly as between its members, regardless of the size of their shareholding. Our financial results, notices of meetings and a range of information about Superdry are published at corporate.superdry.com and our AGM provides an opportunity for all shareholders to meet with and ask questions of our Board. We respond to queries and requests for information from all shareholders on a prompt basis via company.secretary@superdry.com and investor.relations@superdry.com.

Our stakeholders and the engagement processes

Stakeholder/why they are important	What matters to them	Engagement processes	How feedback reaches the Board
Shareholders			
Providers of capital and have a financial interest in our performance	<ul style="list-style-type: none"> Financial results Dividends and earnings per share Environmental, social and governance matters Strategy Efficiency Remuneration 	<ul style="list-style-type: none"> Annual General Meeting Annual/interim results Corporate website Consultation with investors and advisory agencies Investor events and roadshows Investor sustainability indexes (eg CDP) Stock market news Direct liaison through corporate brokers Social media Company Secretary in-box 	<ul style="list-style-type: none"> Investor Relations updates and analysis Corporate broker reports and presentations Face-to-face meetings and correspondence with investors In-person at the AGM and at investor events Media reports Reports from investor advisory agencies
Environment			
Central to our mission and to our sustainability objectives and initiatives	<ul style="list-style-type: none"> The impact of the Group's operations on the environment eg CO₂ emissions, use of plastic packaging, organic cotton production, sustainable farming practices 	<ul style="list-style-type: none"> Sustainable Development Goals Sustainable stories on our websites Social media Engagement with organic cotton farmers – please refer to the Sustainability Report and targets on page 40 Awards/recognition of our work 	<ul style="list-style-type: none"> Sustainability reports and presentations Supply chain reports and 'deep dives' Sustainability news on Workplace Sustainability Warriors

Stakeholder/why they are important	What matters to them	Engagement processes	How feedback reaches the Board
Community/wider society			
Help us to be a responsible business as we pursue our mission, sustainability ambitions and targets, and our governance objectives	<ul style="list-style-type: none"> • Corporate governance • Health and safety • Employment and conditions • Charitable donations • Environment • Sustainability 	<ul style="list-style-type: none"> • ‘Family and friends’ events • College placements and work experience • Jobs • Support for local charities 	<ul style="list-style-type: none"> • Health and Safety reports • SD Voice reports and presentations to Board • Sustainability news on Workplace
Customers – retail and trade			
Our customers are vital to our performance	<ul style="list-style-type: none"> • Value for money • Accessibility of product • Garment quality and reliability • Design • Customer service • Store or website experience • Sustainability and ESG matters 	<ul style="list-style-type: none"> • Direct contact in stores • Global Sales Meeting • Monitoring and reporting of sales, footfall, website traffic and internet search analyses • Customer satisfaction surveys • Customer services • Social media and websites • Annual Report • KPIs 	<ul style="list-style-type: none"> • Financial, sales, trading and footfall reports, analysis and KPIs • Trading analysis and sales data is shared with the Board on a weekly basis • Customer ratings and feedback • Internal KPIs to measure brand awareness • Previews of seasonal collections • Tours of retail stores
Colleagues			
People are central to the successful delivery of our strategic objectives	<ul style="list-style-type: none"> • Employment • Pay and benefits • Job security • Work/life balance • Mental health • Equality and diversity • Career opportunities • Sustainability • Health and safety 	<ul style="list-style-type: none"> • Superdry Voice (‘SD Voice’) meetings and feedback from colleagues on performance and that of the NED for workforce engagement (see the People report on page 48 for more information) • ‘Pulse’ surveys • Senior Women’s Forum • Diversity and Inclusion Forum • Workplace (internal social media) • Staff events such as SD Live and the Global Sales Meeting • ‘Threads’ magazine for store colleagues • Sustainability Warriors 	<ul style="list-style-type: none"> • NED for workforce engagement attends SD Voice meetings • People reports • Results of ‘Pulse’ surveys • SD Voice reports and presentations to Board • Diversity and inclusion reports (see the People report on page 52 for further information) • Health and safety reports • Workplace



‘I feel proud to work for a business where decisions are challenged on whether they are the most sustainable or ethical thing to do. The Sustainability Warriors consistently do this, helping us to push forward on our sustainability journey, at every level and within every department.’

Emily Saunders
Group Retail Support – Retail Operations Manager

Stakeholder/why they are important	What matters to them	Engagement processes	How feedback reaches the Board
Suppliers and contractors			
We recognise that relationships with suppliers and contractors are important to our financial performance	<ul style="list-style-type: none"> • Payment terms • Fair contractual arrangements • Communication • Success of Superdry • Anti-bribery and corruption • Ethical behaviour • Corporate governance • Sustainability 	<ul style="list-style-type: none"> • Supplier conferences • Face-to-face meetings and visits • Day-to-day contact between colleagues and suppliers • Modern Slavery Statement • Superdry Supply Chain Ethical trading page of corporate website and Ethical Trading Code of Practice • Respect programme • Contact with Superdry Legal or Property teams 	<ul style="list-style-type: none"> • Operational updates in CEO report • Supply chain deep dives at Board meetings • Risk Committee updates to the Audit Committee • Ethical compliance audits and reports to the Audit Committee
Media			
How the media reports on our activities impacts wider perceptions of Superdry	<ul style="list-style-type: none"> • Reports and stories • Regular communication • Sustainability 	<ul style="list-style-type: none"> • News releases/stories • Stock market announcements • Interviews • Visits and meetings • Social media • Websites 	<ul style="list-style-type: none"> • Reports circulated to the Board from our communications advisers • Analysis of investor sentiment is reported in Investor Relations reports
Government/Regulators			
Open and transparent interactions with government and regulators help us maintain high standards of business conduct	<ul style="list-style-type: none"> • Compliance with law and best practice • Corporate governance • Health and safety • Modern slavery • Data security • Policies and procedures 	<ul style="list-style-type: none"> • Meetings/briefings • Consultations • Dialogue with trade bodies • Specialist advisers • Interactions with tax authorities 	<ul style="list-style-type: none"> • Legal, governance and risk reports • Legal and regulatory briefings • Deep dives on areas of risk as they arise

Principal decisions

The Board considers its principal decisions to be those that have significant long-term implications for the Group and its stakeholders. At scheduled Board meetings, agenda items that are likely to have a long-term impact on stakeholders are highlighted. Templates for Board papers include a stakeholder section to highlight any likely impacts for both internal and external stakeholder groups to ensure that all stakeholders are considered as part of the Board decision-making process.

The principal decisions taken by the Board in FY22 were:

- Establishment of a Technology Committee to monitor the implementation of key technology and digital projects;
- Appointments to the Executive Committee (Global People Director and Chief Technology Officer) in November 2021;

- Approval of a Group pay award in March 2022;
- Approval of key strategic deliverables and internal KPIs in March 2022; and
- Approval of exiting underperforming retail stores negotiation of new and more favourable store lease terms throughout FY22.

Further consideration of these principal decisions follows, to demonstrate the ways in which the Board had regards to the matters set out in Companies Act section 172(1) (a) to (f).

In respect of **dividend policy**, no final dividend has been recommended by the Board and no interim dividends have been paid in FY22. For information about capital allocation, please refer to the CFO Review on page 68.

Principal decisions

Establishment of a Technology Committee to monitor the implementation of key technology and digital projects

Context:

The Board delegated authority to a Board committee for a limited time during the course of FY22, to have oversight of the early implementation of strategically important digital and technology projects, such as the refresh of Superdry's global Ecommerce sites and the replacement of the Mercatus merchandising management system.

In July 2021, a Technology Committee was established and met between August 2021 to May 2022. NEDs Faisal Galaria and Helen Weir were Committee members, along with Julian Dunkerton, Shaun Wills and Peter Sjölander. Executive Committee members Silvana Bonello and Justin Lodge joined all Committee meetings. Matt Horwood attended Committee meetings following his appointment in November 2021, taking the lead on digital and technology projects.

How the Board considered stakeholder feedback in reaching its decision

Feedback from consumers, colleagues and suppliers had indicated that our global Ecommerce websites did not have the desired functions and capability to optimise sales of our products to our customers. Feedback from colleagues and suppliers had also indicated that the Mercatus merchandise management system was reaching the end of its life and required replacement. At the time of establishing the Technology Committee, a search for a new Chief Technology Officer was ongoing and the Board wanted to ensure that there was sufficient oversight of these strategically important projects. The Technology Committee's terms of reference included the approval of roadmaps, the monitoring of digital and technology project key milestones, reviewing and agreeing any proposals or significant contracts and ensuring that the digital strategy remained on track.

Linkages to business model, strategy and the long-term success of the Group

Links to the Ship and Sell critical activities in our operational business model (please refer to pages 12 and 13), the Lead Through Sustainability objective, the Use Technology to Accelerate Our Plans objective, and the Digitise Superdry initiative in the strategic house model (please refer to page 19). The long-term success of Superdry partly rests on its ability to advance its digital platforms and capabilities, to successfully plan and control merchandise and to offer customers visually appealing and market leading Ecommerce environments.

Outcomes and long-term consequences for stakeholders

As a result of the refresh of our global Ecommerce sites, customers have enhanced online shopping experiences and choices. Following the replacement of Mercatus, which is due to be retired in March 2023, with the new Oracle system, product availability and business processes will be improved. Colleagues, specifically our merchandising, logistics, finance and retail store colleagues, will experience greater operational efficiencies and will have an increased level of control and oversight of stock levels and movements. The new system will also lead to improved purchase order management and better forecasting functionality. Sales may increase as a result of improved and efficient allocation and faster replenishment of product. Shareholders will benefit in the long term as sales and profitability improve. Suppliers and partners may benefit from increased sales in the long term, creating more supplier opportunities, shorter payment terms and lower risk. The environment will also benefit from the increased efficiencies arising from the new merchandising system, reducing the unnecessary movement of stock and lowering our carbon footprint. The forecasted expenditure relating to these projects was considered against the need for Superdry to modernise, find efficiencies in the long term and to enhance the digital customer experience and our internal processes.

Principal decisions

Appointments to the Executive Committee

Context:

In November 2021, the Board confirmed the appointments of Cathryn Petchey as Global People Director and of Matt Horwood as Chief Technology Officer. These appointments were important to the successful implementation of Superdry's strategic objectives.

For biographical details of our Executive Committee, please refer to corporate.superdry.com.

How the Board considered stakeholder feedback in reaching its decision

The Board made these appointments with the interests of all stakeholders in mind. Suitably experienced and qualified individuals with a strong record in the successful delivery of strategic projects, and whose behaviours were consistent with Superdry's values, were selected by the Board for interview. Both Cathryn and Matt had substantial experience in the retail sector and in their respective fields of expertise. The Board considered the interests of shareholders, as the long-term success of the Group is dependent on the right Executive Committee leadership being in place. Colleagues would benefit from enhancements to culture and employee value proposition that the new Global People Director would bring. Suppliers would experience benefits from the successful delivery of Superdry's strategy as the Group's financial performance improved, due to a continuing and better-performing business, faster payment practices and more commercial opportunities. An improvement in performance would positively impact customers, in the form of investment in stores, improved product offerings and enhanced Ecommerce platforms.

Linkages to business model, strategy and the long-term success of the Group

Our operational business model and the successful implementation of Superdry's business transformation plans, including its digital strategies and the elevation of the employee experience, are dependent on strong leadership in the areas of HR and IT. The long-term success of the Group is partly dependent on the success of Superdry's digital ambitions and its ability to attract and retain a skilled, motivated and diverse workforce.

Outcomes and long-term consequences for stakeholders

The enhancement of Superdry's employee value proposition, digital capabilities and improved business processes and systems will have positive impacts for all stakeholders, as additional value is created, and culture improves. Colleagues will benefit from strong HR and IT leadership and improvements in systems and processes. Shareholders experience additional value as strategic initiatives are implemented. Customers will experience improvements in digital interfaces such as our Ecommerce sites and in product range and choice. Communities will benefit from enhanced employment opportunities and the continuation of Superdry's community focuses.

Principal decisions

Approval of Group pay award in March 2022

Context:

A Group-wide pay award was approved by the Remuneration Committee on 24 March 2022 of 3.5% for UK head office and retail management colleagues (save for the Executive Committee where a 2% increase was approved), the removal of age-related pay for UK retail colleagues and in-country inflationary wage increases for global retail and international office-based colleagues.

For further details on Executive remuneration and policy please refer to the Directors' Remuneration Report on page 110.

How the Board considered stakeholder feedback in reaching its decision

Feedback from colleagues throughout Superdry, from the SD Voice employee engagement group and from the HR function had highlighted that pay and conditions were a principal factor in the retention and recruitment of people. Geopolitical and economic forces in FY22 contributed to high inflation and increases in the cost of living. The Board considered the needs of colleagues alongside the requirements of shareholders to create value in the short term and the Group's need to invest further in its digital capabilities.

Linkages to business model, strategy and the long-term success of the Group

People are essential to each of the four elements of our operational business model – Design, Make, Sell and Ship. The decision to implement a Group-wide pay award at a level designed to keep apace with the rising costs of living and in-country inflationary wage increases globally will benefit all colleagues. Superdry will benefit from reduced attrition, a decrease in operating costs associated with that, and improved levels of motivation in colleagues. There will be a positive impact on the strategic initiatives of Elevate the Employee Experience and Talent Management, leading to an enhancement of culture that will contribute to the long-term success of the Group.

Outcomes and long-term consequences for stakeholders

The Group pay award for UK head office and retail management was effective from 1 May 2022 and colleagues reacted positively, at a time when domestic energy costs were rising to unprecedented levels and food and other living costs were also rising.



'It's been great to be able to identify and bring together passionate and committed colleagues from all over Superdry, to help share ideas and implement positive change towards a more sustainable future. Giving everyone a platform and a voice is not only very uplifting but is crucial in how we will reduce our impact at the scale required over the next few years.'

Benedict Orchard

Energy and Environment Manager, Sourcing

Principal decisions

Approval of key strategic deliverables and internal key performance indicators

Context:

On 1 February 2022, the Board and Executive Committee held a strategy day to discuss the strategy and Five-Year Plan. The Board reviewed and approved key strategic deliverables and internal key performance indicators for the Executive team to implement and monitor on 24 March 2022

Please refer to pages 19 to 22 to read about our strategy and to page 100 to find out more about our Five-Year Plan and the FY23 Budget. The Executive Committee identified Specific Now (FY23), Next (FY24) and Future (FY25–FY27) key deliverables, spanning each of the strategic objectives and initiatives, with priority deliverables for FY23 highlighted. Internal key performance indicators have been designed to monitor and measure progress on the key deliverables.

How the Board considered stakeholder feedback in reaching its decision

Feedback from shareholders had indicated that the reset strategy was taking longer to unfold than anticipated, but there was an understanding from investors that Covid-19 had impacted the Group’s ability to deliver its strategy. Shareholders have welcomed the new product ranges but they have also indicated that sales need to grow, whilst maintaining the full price strategy. Shareholders want to see progress with our digital strategies, in particular the refreshment of our Ecommerce sites and upgrading of outdated internal IT systems. Feedback from customers and colleagues about the design and functionality of our Ecommerce sites, and feedback from colleagues, suppliers and trade customers about the modernisation and simplification of our internal design processes and systems, such as our design principles, critical path and range construct have also been included in the decision-making process.

Linkages to business model, strategy and the long-term success of the Group

The strategic key deliverables and internal KPIs link to the Design and Sell elements of the business operating model and are central to the successful delivery of the overall strategy and the ability to monitor progress and effectiveness. The successful delivery of the strategy and Five-Year Plan will create value for shareholders and put the Group back on the path to profitability. The continued roll-out of our sustainability initiatives will help us to achieve our mission to ‘Be the #1 sustainable style destination.’

Outcomes and long-term consequences for stakeholders

Shareholders will receive returns on investment and earnings. Colleagues will have increased job and economic security in the short term and financial, career and development opportunities in the longer term. The achievement of our sustainability objectives will have positive outcomes for the environment and for our supply chain partners. Suppliers will benefit from our continued operations, with the possibility of increased orders and more favourable terms. The fulfilment of our digital ambitions will lead to improved digital offerings and experiences, such as Ecommerce sites with greater functionality. Consumers will continue to enjoy well-designed, high-quality clothing and accessories and exceptional value for money. Enhanced and updated core systems and processes will ensure high standards of business conduct and higher levels of colleague motivation.

Principal decisions

Exiting underperforming retail stores and negotiating new and more favourable store lease terms

Context:

As retail store leases have reached their lease renewal dates across our portfolio, we have exited underperforming stores and have adopted a firm negotiating stance in order to achieve the most favourable lease terms possible, where decisions were taken to renew lease agreements

For more details on our financial decisions and performance, please refer to the CEO Review on page 16 and CFO Review on page 68.

How the Board considered stakeholder feedback in reaching its decision

The Board considered the interests of shareholders and the need for the Group's turnaround plan to be met and to return to profitability in the long term. The Board also considered the interest of colleagues, including the preservation of jobs at head office and in physical retail locations globally. Where retail stores were no longer performing, and a business case could not be made to continue to profitably operate a store, leases were terminated, and stores were closed. The Board considered that Retail employees may be adversely impacted in terms of job losses where stores were closed and colleagues could not be re-deployed; for example when the Regent Street store in London closed and the relocation to Oxford Street took place, colleagues were redeployed where possible. The Board also considered the position of suppliers, specifically commercial landlords, who were adversely impacted by the strong negotiating position that was adopted and by lower or no increase in rents in the medium term. However, the Directors have a duty to promote the long-term success of the Group, whilst taking the views of shareholders and a wide range of other stakeholders into consideration, and in this case concluded that the interests and needs of other stakeholders needed to be prioritised over those of commercial landlords. In many cases, Superdry's negotiating position with commercial landlords was strong due to the absence of any other serious interest in the property.

Linkages to business model, strategy and the long-term success of the Group

This links to the Sell element of our business operating model. Taking a firm stance in our lease negotiating process to take advantage of more favourable terms, in particular lower rents, has helped the Group to continue to operate during the Covid-19 pandemic and is contributing to lower overall operating costs and an increase in our gross profit margin, contributing to the long-term success of the Group.

Outcomes and long-term consequences for stakeholders

Shareholders will receive returns on investment and earnings. The ability of the Group to continue to operate will lead to increased job and economic security for colleagues in the short term and financial, career and development opportunities for them in the longer term. Wholesale partners will benefit from our continued operations, with the possibility of increased orders and more favourable terms. Consumers will continue to enjoy well-designed, high-quality clothing and accessories in physical stores in convenient locations globally.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

We recognise the importance of considering climate-related change in our business decision-making, given the increasing threat that climate change poses to the environment we operate in. We acknowledge that adopting the recommendations of the Task Force on Climate-related Financial Disclosures is an important step in transitioning to a low carbon economy.

The long-term success of our business will be subject to the environmental sustainability of our operations and our ability to manage existing and emerging climate-related risks on our performance.

As sustainability and responding to climate change is a key component of the Group’s strategy, our TCFD-aligned disclosures can be found throughout this report.

The table below shows how the disclosures in this report align to the TCFD recommendations and where the relevant information can be found. Responding to climate change is a core aspect of our strategy, which has been expanded on in the Strategy and Governance sections below.

We engaged a professional services firm, which is not our statutory auditor, to review our initial internal gap analysis and provide observations and recommendations for enhancing alignment with the TCFD’s Recommendations, which we have incorporated into our disclosures.

Superdry plc has complied with the requirements of LR 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures.

TCFD recommendation	Where to find our disclosures
Governance – Disclose the organisation’s governance around climate-related risks and opportunities	
a) Describe the Board’s oversight of climate-related risks and opportunities.	TCFD – Governance, page 35
b) Describe management’s role in assessing and managing climate-related risks and opportunities.	TCFD – Governance, page 35
Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	TCFD – Strategy, page 37 How We Manage Our Risks (climate-related risks) page 55
b) Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.	TCFD – Strategy, page 37
c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	TCFD – Strategy, page 37
Risk management – Disclose how the organisation identifies, assesses, and manages climate-related risks	
a) Describe the organisation’s processes for identifying and assessing climate-related risks.	How We Manage Our Risks (climate-related risks), pages 54 and 55
b) Describe the organisation’s processes for managing climate-related risks.	How We Manage Our Risks (climate-related risks), pages 54 and 55
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.	How We Manage Our Risks (climate-related risks), pages 54 and 55

TCFD recommendation

Where to find our disclosures

Metrics and targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

<p>a) Disclose the metrics used by the organisation to assess climate-related risks.</p>	<p>Lead through sustainability, (see KPIs 1-6 related to climate risk), pages 40 and 41 Environmental and climate disclosures, page 43</p>
<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>Streamlined Energy and Carbon Reporting (SECR) (Scope 1 and 2), pages 43 and 44 Scope 3 (indirect emissions), page 45</p>
<p>c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p>	<p>Targets Lead through sustainability, page 40 Environment and climate disclosures, page 43 Performance Environmental and climate disclosures, page 43 Streamlined Energy and Carbon Reporting (SECR) (Scope 1 and 2), pages 43 and 44 Scope 3 (indirect emissions), page 45</p>

Governance

Board oversight

The Superdry plc Board meets at regular intervals throughout the financial year. The Board consists of Executive Directors (the CEO and the CFO) and independent Non-Executive Directors.

The Board is accountable for overseeing the management of risks and opportunities within the business and delegates responsibility for the oversight of risk management to the Audit Committee, which meets at least four times during the financial year.

Climate and environmental sustainability are included in our risk register, which is reviewed by the Head of Internal Audit and Risk, Head of Sustainability (HOS) and the Global Sourcing and Sustainability Director (GSSD) quarterly and at the Risk Committee. This risk is also captured in our principal, risks and uncertainties (PRUs), and disclosed in the FY21 Annual Report and in this report. Quarterly updates of our PRUs are provided to the Audit Committee by the Head of Internal Audit and Risk.

An external Board evaluation was completed in May 2022, by independent Board evaluator Bvalco, which included the consideration of environmental matters and Board member experience. As environmental, social and governance (ESG) policy areas evolve, we will regularly review our governance structure, accountability and oversight in relation to ESG matters.

Management’s role in managing climate-related risks and opportunities

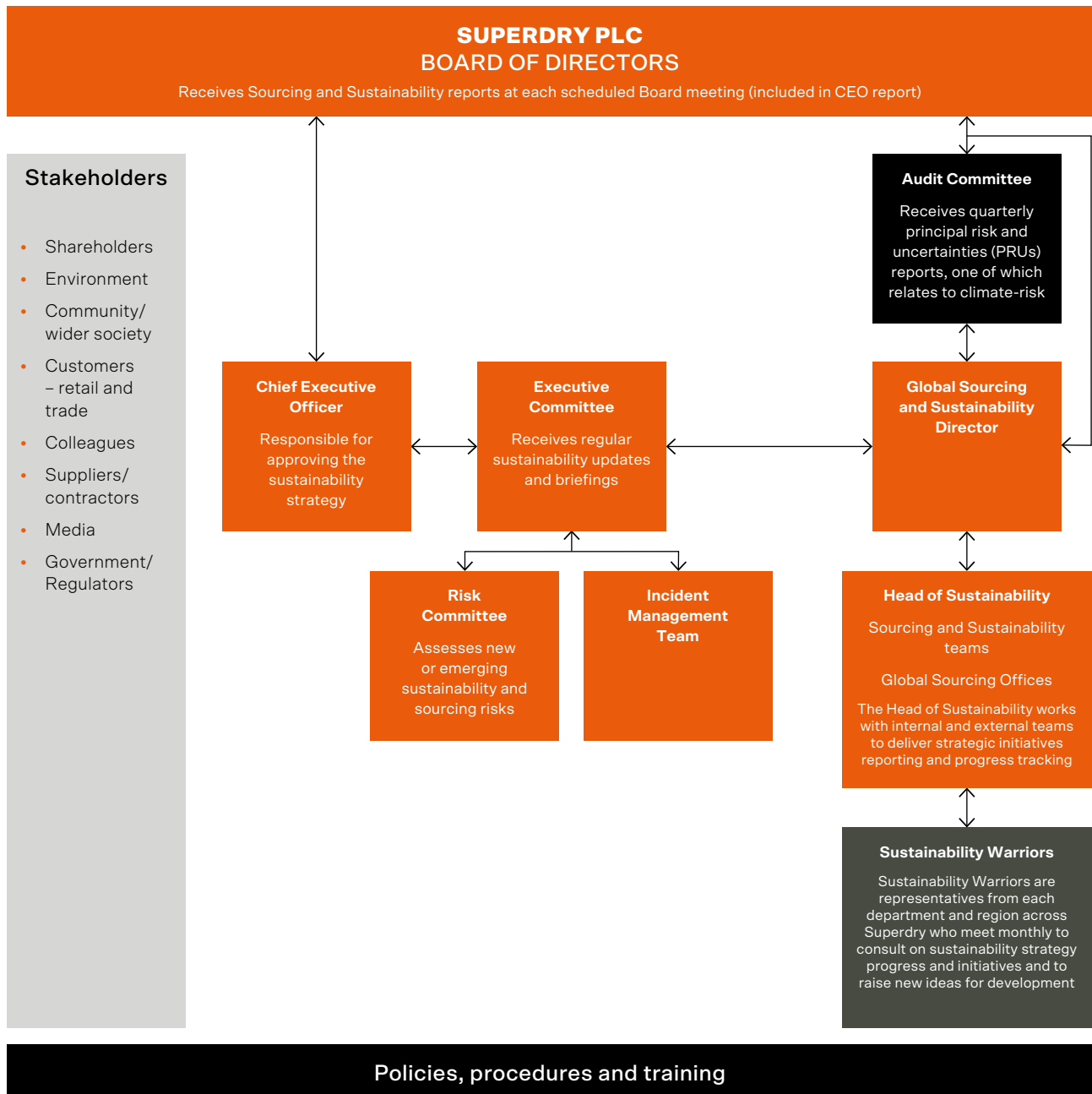
Our CEO is ultimately responsible for managing climate-related risks and opportunities; he approves the sustainability strategy, with the GSSD accountable for defining and setting the targets. The strategy is underpinned by three pillars: low-impact materials, net zero and communicating with integrity. Initiatives in place to deliver our low-impact materials and net zero pillars of our sustainability strategy will have a clear impact on our decarbonisation pathway and our climate strategy in support of the Paris Agreement, playing an active role to limit the global temperature rise to 1.5°C. Net zero emissions means that we will have no net impact on climate change from our carbon emissions, through drastic reductions and balancing the remainder through carbon removals. The impact of the KPIs listed under low-impact materials and net zero will be tested in FY23 as we align with Science Based Targets (SBTs), following our public commitment to certify our net zero target in line with their near and long-term horizons.

The CEO has responsibility for the approval of budgets, business plans and major capital expenditure. The overall budget and Five-Year Plan are approved by the Board each year. The GSSD regularly provides updates on sustainability (including environment/climate) opportunities, performance, and any emerging risks to the Company or brand to the Executive Committee. Superdry has a centralised global sustainability team, led by the GSSD, who has direct responsibility for the delivery of the sustainability strategy and performance against agreed targets. The GSSD actively monitors and assesses climate impacts. There is also an established Sustainability Warriors forum, which acts to make improvements across our sustainability focus areas and actively engage with customers and colleagues to create awareness of Superdry as a sustainable brand.

The remuneration of our Executive Directors is partly linked to our progress in delivering against a sustainability KPI. Both the Superdry Executive Committee and senior leadership team have an element of their annual performance bonus linked to this sustainability measure, which is a targeted increase in the mix of sustainable

product as a proportion of full-price sales. The definition of a sustainable product is defined in our Environment Policy which can be found at corporate.superdry.com. More details of this are set out in the Directors' Remuneration Report on pages 106 to 126.

Governance of sustainability at Superdry



Both the CEO and the GSSD are members of the Executive Committee. The CEO is an Executive Director on the Board of Superdry plc. The GSSD reports to the CEO.

Strategy

We recognise that the long-term success of Superdry will depend on the social and environmental sustainability of our operations, the resilience of our supply chain and our ability to manage the impact of climate change.

Sustainability is a key pillar of our strategy, highlighting the importance of sustainability to Superdry. That focus on sustainability is embedded in our financial reporting and management incentivisation. The remuneration of the Executive Directors and senior management includes a specific sustainability KPI. This continued focus on ESG has resulted in a number of accolades in FY22, most notably being ranked 1st in the inaugural Financial Times European GHG emissions table, a pan-European survey. Superdry also improved its CDP score to A- in 2021, placing the Company in the top 25% of the sector, and being one of the few companies in its peer group to show continued improvement since 2019.

Strategy and scenario analysis

In aligning with the TCFD recommendations, we have considered the impact from climate-related risks on Superdry's business, strategy and financial planning across our products, our operations and our supply chain. This includes an assessment of the impact of the most material risks with respect to the future potential scenarios that may crystallise in terms of global average temperature rises.

Though we believe Superdry's strategy would allow us to be part of the solution to limit global temperatures, we recognise that the 1.5°C and 4°C scenarios reflect a 'best' and 'extreme' case, based on the information available today. At this stage, we have considered both scenarios together (ie, 1.5°C and 4°C temperature increases) and their potential impact on the business. We will keep the future scenarios under regular review and update our climate risk assessments accordingly.

While forecasting with accuracy over this period is extremely challenging, our analysis concludes that the scenarios would present financial risks to Superdry, particularly a 4°C scenario. Qualitative disclosure has therefore been provided in this report as a first step in transparent disclosure. We will revisit our ability to provide a quantitative disclosure within next year's report, subject to further sector-specific information becoming available.

We are aware that the impacts of climate change will very likely have catastrophic effects on people and businesses and therefore are committed to fighting to limit the rise in global temperature as far as possible. As a result of this, and to ensure the Company is building resilience to temperature rises, we have incorporated the impact of climate change into our strategy, with sustainability being one of our key pillars (see the Strategy section on page 19). The actions and targets we are committed to within this pillar have been prioritised, alongside the risk mitigations outlined below, as we believe they are best placed to enhance the Company's resilience to climate change on a larger scale. Our detailed actions are set out in our Sustainability Report, available at corporate.superdry.com.

The impacts of climate change present risks to our business, strategy and financial planning, however, we accept that there are opportunities from the current and inevitable future impacts of climate change, that we can capture in order to help limit global temperatures further. For the purposes of assessing the risks, the time horizons we used were as follows:

Short term (S): 0-1 year

Medium term (M): 1-5 years

Long term (L): 5-10 years

The process for assessing and identifying climate-related risks is the same for all principal risks and is explained in How We Manage Our Risks on page 53. In our view, based on likelihood and impact, the material risks and opportunities would most likely manifest in the medium or long term as:

- Supply chain pressures, particularly raw material costs, for example, may impact our cost base and profitability margins;
- Consumer demand volatility, both in terms of discretionary spend but also shopping habits, for example, may impact revenue;
- Decreased productivity from environmental disruption and extreme weather events, for example, may impact our revenue and costs if this causes an increase in pressure on consumer demand and supply chain operations;
- Regulatory changes and frictional trading costs, including potential carbon taxes, for example, may impact the profit after tax; and
- Growing expectations for responsible conduct from stakeholders, including investors, lenders and consumers.

We acknowledge that these risks may vary across the geographies we operate in.

We have considered the potential for the financial statements to be impacted by climate change and highlighted how the risks and opportunities would likely manifest in the statement of comprehensive income in the above paragraph. On the balance sheet, the long-term assets which might be at risk from climate change are largely property, plant and equipment, the majority of which relate to leases for retail stores and computer equipment. While these assets could be impacted by climate change, their average useful life is less than six years, which is medium term, and consequently we have more visibility on the likelihood of these risks materialising and, therefore, the corresponding impairment risk is reduced.

Though Superdry in isolation cannot solve these issues, we are implementing a number of initiatives and operational changes in our strategy that will help mitigate these impacts. Further details of our other initiatives can be found in the Sustainability Report available at corporate.superdry.com.

Risk category

As per How
We Manage Our
Risks, pages 65 to 67

Risk/opportunity	Materiality	Mitigation
<p>Chronic physical risk (L)</p> <p>Supply chain cost pressures arising from raw material shortages.</p> <p>Scenario 1: Cotton crops fail and availability of virgin cotton materials declines, with associated cost increase.</p>	<p>High – Cotton was included in 76% of Superdry garments in FY22 and is a crop reliant on natural weather patterns.</p>	<p>Invest in cotton supply chains to build resilience.</p> <ul style="list-style-type: none"> By FY25 65% of our cotton usage will be from organic, in conversion or recycled sources; <ol style="list-style-type: none"> 20,000 farmers converting from conventional to organic cotton to supply Superdry products; and 10% of our cotton usage will be recycled cotton – including self-generated pre-consumer recycled cotton from off cuts and wastage.
<p>Market and technology (S, M)</p> <p>Consumer demand volatility, from lower discretionary spend and changing shopping habits.</p>		<ul style="list-style-type: none"> Mission: #1 sustainable fashion destination-opportunity to enhance reputation and brand value; Quality metrics: we produce long-lasting, high-quality product (not fast fashion); Vintage and reuse trends; and Inventory efficiency and full price trading, leading to higher sell-through (and therefore fewer garments produced to deliver same revenues).
<p>Acute physical risk (S, M, L)</p> <p>Decreased productivity from environmental disruption and extreme weather events.</p> <p>Scenario 2: Availability of most efficient freight routes decreases, with associated cost increase.</p>	<p>High – 78% of Superdry production is shipped from India/Far East.</p>	<ul style="list-style-type: none"> Net zero and renewable energy targets aim to reduce reliance on fossil fuels; R&D investment – lower impact and more resilient new materials; Increasing our Retail test orders focusing on near shore capabilities; Production closer to home and adopting modes of transport that are lower carbon and more resilient; Reducing the risk of over buying bulk stock on new untested product lines; Short order has currently booked 553 options and 498,000 pcs of which 469 options and 308,000 pcs are from Turkey; and 98% of stock volume is transported from factory to warehouse via sea, road and rail. Airfreight is capped at 2% in FY22 and will be capped at 1% from FY23 onwards.

As per How We Manage Our Risks, page 65 to 67

Risk/opportunity	Materiality	Mitigation
<p>Current and emerging regulation (S)</p>	<p>Evolving requirements at international, national, and state level meaning increased costs for high carbon activities, threats to market access and increased focus on liabilities.</p>	<ul style="list-style-type: none"> Local offices in all key source markets, continue to monitor changes to environmental legislation and monitor its implementation through our supply base; Dedicated central sustainability team tracking changes to reporting legislation in key markets; and Quarterly reporting to the Audit Committee covering all core changes to environmental compliance requirements.
<p>Reputation (S)</p>	<p>Growing expectations for responsible conduct from stakeholders, including investors, lenders, and consumers.</p> <p>Scenario 3: Investors, lenders and consumers benefit from Superdry achieving our mission statement, and targets.</p>	<p>High – Superdry’s strategic ambitions have sustainability at their core and ensuring stakeholder expectations are met on responsible conduct through transparent reporting.</p> <ul style="list-style-type: none"> Mission statement #1 sustainable destination – opportunity to enhance reputation and brand value; Leading through sustainability core strategic pillar with market-leading KPIs, annual reporting progress through Sustainability Report; Communicating with integrity is one of three principles underpinning the sustainability pillar; Drive to communicate our journey via all touchpoints – mapped, with delivery of the Better Choices Better Future campaign to consumers across all channels from June 2022; and Dedicated sustainability function and over 50 Sustainability Warriors in place to continuously deliver impactful change.

Having assessed the above scenarios and in line with How We Manage Our Risks on page 53, we do not believe there is any immediate material financial risk or threat to our business model, as the above are more likely to present themselves in the medium or long term. The quantitative analysis produced from modelling different climate change scenarios will be directly used in financial planning in response to climate change in future years. We acknowledge that some of the PRUs identify some climate-related exposure that may materialise in the short term, eg, transitional risks, however the likelihood and impact are not considered to be material given the relevant mitigations the Group has in place, as detailed in How We Manage Our Risks on page 53.

LEAD THROUGH SUSTAINABILITY


Our mission statement is to become the #1 sustainable style destination.

We have an obligation to make better choices and our strategic framework is in place to guide us to this goal.

‘Lead through sustainability’ means doing what’s right for our consumers, our products, our colleagues, our partners and, most importantly, our planet. It’s our way of addressing the impacts most associated with the fashion industry – sharing the growing sense of urgency to address our social and environmental impacts.

Our sustainability strategy continues to be built on three key pillars linked to seven clear KPIs.

By using low-impact materials, moving to net zero and communicating our journey with integrity, our initiatives aim to reduce our contribution to the climate crisis, lower the water and chemical impacts of our products as well as providing greater accountability and transparency on our progress.

 [Read our FY22 Sustainability Report on our website for more detail on our ambitious initiatives helping to deliver our KPIs.](#)

‘USE LOW-IMPACT MATERIALS’

This is our commitment to ensure our choice in materials demonstrates balanced improvement in carbon, water and chemical impacts.

We are doing this by moving all cotton to organic, or recycled, while also moving other materials into their recycled or low-impact alternatives.

To help achieve our plan we are investing in converting farmers to organic at the base of the chain, and in turn investing in sufficient organic land to meet our requirements.

1. 65% of all garments converted to organic, low-impact or recyclable alternatives by 2025.
2. 20,000 cotton farmers converting to certified organic cotton practices by 2025.
3. Full water footprint mapped by 2023 and reduced by 20% by 2025.

#	KPI	FY21	FY22	Target FY22	Target FY25
1	% Total product volume bought converted to organic, low-impact or recycled alternatives	33%	47%	39%	65%
2	# Cotton farmers converting to organic practices	1,824	7,508	6,500	20,000
3	% Total product volume with mapped water footprint (garment volume, water footprint by style, FY19 – FY22) *	-	-	71%	100%

* To avoid misinterpretation of the number we will not publish our average water footprint per garment until we have mapped our full water footprint. We are confident that with the current initiatives in place, we will achieve a minimum 20% saving by 2025, striving to achieve our 2030 goal of 40%.



‘Reading that I was part of the Superdry Sustainability Warriors was thrilling. I’m excited about learning more, expanding my knowledge on a personal level but also on a professional level to support my team at the store, and to make small steps to be part of a clean transition. Since I joined Superdry, the change from plastic bags to recycled paper bags has already had a huge impact. I’m always looking forward to what we will do next!’

Silvia Graells Garcia
Sales Assistant (Superdry Frankfurt Myzeil)
Sustainability Warrior for West Germany Retail

‘MOVE TO NET ZERO’

We remain committed to supporting the Paris Agreement, playing an active role to limit the global temperature rise to 1.5°C.

We mapped our full indirect (Scope 3) emissions footprint in FY22 in order to align with Science Based Targets (SBTs) in FY23. We aim to have no net impact on the climate from our greenhouse gas emissions by 2040 through drastic reductions and balancing the remainder with removals in line with SBT initiative (SBTi) guidance.

4. All packaging to be recyclable, reusable or compostable by 2025.
5. All owned stores and offices, and third-party distribution partner sites converted to renewable energy.
6. Net zero carbon emissions in our own and third-party logistics operations by 2030. The reported improvement covers our own and third-party logistics operations in FY22 (Scopes 1, 2 and categories 3, 4, 6, 8 and 14 in our Scope 3 report – listed in full on page 45). This KPI will be updated to reflect indirect, supply chain emissions included in our Science Based Target (SBT) in FY23.

#	KPI	Baseline FY17	FY21	FY22	Target FY22	Target FY25
4	% Packaging moved to recyclable, reusable or compostable alternatives	–	93%	98%	95%	100%
5	% Renewable energy used in stores, offices and distribution partner sites	55%	84%	91%	90%	100%
6*	Scope 1, 2 and partial Scope 3 emissions (TCO ₂ e/£m – % change against baseline year)	–	–41%	–59%	–45%	–60%
	Scope 1, 2 and partial Scope 3 emissions (TCO ₂ e)	76,776	33,308	25,025	–	–
	Scope 1, 2 and partial Scope 3 normalised emissions (TCO ₂ e/£m)	102.1	59.8	41.7	–	–

* KPI 6 is currently set against an FY17 baseline – this table therefore includes FY17 as our baseline year for this initiative only. Refer to table 2 which provides full breakdown of our market-based Scope 1 and 2 emissions (234 tCO₂e) and Scope 3 emissions – categories 3, 4, 6, 8 and 14 (24,791 tCO₂e) for FY22. This is normalised by turnover which for FY22 is £600.7m. In FY22 we completed our first full Scope 3 inventory for FY22. We will review this target and baseline year for KPI 6 in FY23 following submission of our Science Based Target (SBT).

‘COMMUNICATE OUR JOURNEY WITH INTEGRITY’

This represents the next phase in our strategy.

Significant foundational work was completed in FY22 to kick off our first consumer facing campaign ‘Better Choices Better Future’ in June 2022.

We continue to work with respected external delivery partners to support credibility in benchmarking our progress, while also making positive shifts in our supply base, with transparent and accountable reporting through our Sustainability Report.

Our KPI for this initiative focuses on how we are making positive shifts in our supply base, above and beyond baseline compliance in line with our Code of Practice. Respect and Dignity represents social sustainability, embedding strong systems for gender equality as well as grievance handling and remedy in factories.

7. All workers in Superdry’s supply chain actively engaged in our Respect and Dignity programme.

#	KPI	FY21	FY22	Target FY22	Target FY25
7	# Workers in our third-party supply chain actively engaged in our Respect and Dignity training programme	13%	22%	18%	50%

SUSTAINABILITY DISCLOSURE

This section covers FY22 from 1 May 2021 to 30 April 2022

It contains the necessary information including an overview of the Group's position and performance, and the impact of our sustainability strategy in managing our environmental and human rights risks and opportunities. The date range defined is maintained consistently year on year, and for FY22 this covers a 53-week period.

Overview

As a fashion brand, our activities have an impact on the planet and people connected to our value chain.

Our strategic pillar to 'Lead through sustainability' guides our approach to addressing these impacts, capitalising on the opportunities while managing and reducing the risks.

Growing expectations for responsible conduct from stakeholders present substantial opportunity to Lead through sustainability, and as such we continue to accelerate investment in our sustainability initiatives. Through our Sustainability Report, and newly launched [Sustainability Information Hub](#) on our Ecommerce platform, we are actively working to ensure our claims made about sustainability are transparent and credible.

Recognising that the fashion industry has substantial capacity to drive change, we work with numerous partners in collaboration, and to measure our progress in line with credible frameworks. We support the progress towards the UN Sustainable Development Goals (SDGs) to 2030 and provide detail on our KPI alignment with the SDGs on page 22 of our Sustainability Report.

Our value chain

Superdry designs, produces, transports, markets and sells garments, footwear and accessories, which are then in turn used (and loved) by our customers; eventually they are reused, recycled or disposed of.

We know from completing our full carbon baseline and 71% of our water footprint this year that a substantial proportion of our impact is in our upstream supply chain. We manufacture our products in 95 tier 1 third-party owned production sites and 161 tier 2&3 specialist process, fabric and trims sites located in India, Sri Lanka, Turkey, Bulgaria, China, Cambodia and Vietnam. Production is overseen by three sourcing offices covering each territory to ensure we can quickly respond to opportunities and risks.

For further information on our store and distribution network please refer to page 12.

Delivering our initiatives

Our CEO provides approval for our sustainability strategy, with the Global Sourcing and Sustainability Director (GSSD) accountable for defining and setting the targets.

Its implementation is the responsibility of the Head of Sustainability (HOS) who leads our dedicated sustainability function consisting of nine people located across head office and local sourcing offices. This function monitors and reports on compliance with our environmental and ethical policies, and delivers our strategic sustainability initiatives.

Our 50 Sustainability Warriors continue to be our internal activists, providing a collective voice to drive change across the brand.

Day-to-day accountability for KPI delivery is embedded across business functions – driven through three cross functional steering committees – one for each initiative. The groups are chaired by the GSSD and meet every six weeks. KPI performance is reported to our Executive Committee quarterly, and to our Board of Directors annually.

Forming our contractual terms of business, all suppliers are required to sign up to our Supplier Manual comprising our strategic sustainability targets, as well as policies stating the Group's minimum requirements (including our Code of Practice, Environmental Policy, Anti-Bribery and Corruption (ABC) Policy and Modern Slavery Policy).

All suppliers are required to comply with relevant local legislation as well as our own business principles. Suppliers are assessed and provided with feedback on sustainability and ethical performance using a cross functional scorecard on a bi-annual basis.

We invest significant resource in core programmes of work to help drive our strategy forward. Our budget (which covers operational spend on sustainability initiatives, charitable donations, payroll and CAPEX spend, and excludes spend on product) in FY22 was 0.25% of our total revenue, this represents an increase on FY21 (0.16% of turnover) and on FY20 (0.23% of turnover).

Forward spend on sustainability initiatives is expected to remain stable in FY23 and FY24, with a proportionate reduction from FY25 as farmers complete their conversion to organic cotton, and we complete roll out of LED bulbs to all owned retail stores.

We have a robust governance framework (page 36) in place to ensure effective oversight, ownership and accountability for managing delivery of our sustainability framework as well as medium and long-term social and environmental risk to the business, including our climate strategy.

Environment and climate disclosures

We seize opportunities and manage risks through our sustainability strategy.

Presenting a significant opportunity to our business, our disclosure roadmap includes improving transparency to customers and investors on the environmental impacts associated with our products and operations. Our Communicating with Integrity roadmap is published in our Sustainability Report. We are seeing a good consumer response to our disclosure roadmap in the performance of sustainably sourced stock levels versus sales. This year sustainably sourced stock drove 44% of trading against an average stock level of 41%, compared to FY21 where 32% of the stock drove 27% of the sales overall.

The environmental risks resulting from our business activities, on our value chain, communities and the planet, are updated annually and published at corporate.superdry.com/sustainability. Material environmental risks to our business are included in How We Manage Our Risks on page 53.

Aligning with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, the below table provides further disclosure on the relevant environmental metrics and targets associated with our sustainability strategy – this includes KPIs 1-6 supporting our net zero and low-impact materials goals.

KPI#	MATERIALITY	MEASUREMENT	VERIFICATION
1* 2 3	>85% of Superdry's raw material footprint is cotton and synthetic fibres – with documented high water, carbon and chemical footprints. 72% of Superdry garment volume bought contains cotton. Organic cotton saves 87% in water compared to conventional cotton (Higg Index). Organic cotton accounts for less than 1% of cotton grown globally (Textile Exchange).	Organic, low-impact and recycled defined using Textile Exchange's Preferred Fibre benchmark. Further information available in our Environmental Policy. Farmers in conversion or already converted to organic cotton, actively engaged through third-party in-person training on organic agronomic practices.	All garments certified by manufacturing sites in line with Organic Content Standard (OCS), Global Organic Textile Standard (GOTS), Global Recycling Standard (GRS), Recycled Content Standard (RCS) and Responsible Down Standard (RDS). 100% of farmers disclosed are registered with the Organic Cotton Accelerator's (OCA) farmer programme who validate GMO status, training impacts and organic premium payment. All farmer groups' 'Internal Control Systems' (ICS) are registered with APEDA Tracenet database and hold OCS or GOTS certification.
		Higg Materials Sustainability Index (MSI); Higg Product Module (PM).	N/A
4	Packaging used in our industry is often single use and often disposed of into waste streams without proper controls in place.	Metric tonnes of packaging components by composition. Recyclable plastics defined by Ellen MacArthur Foundation's Global Commitment.	Packaging used is reported to Ecosurety and Valpak who report our obligations under the Producer Responsibility Obligations (Packaging Waste) Regulations 2007 and equivalent European regulations.
5 6	The fashion industry contributes 4% to global greenhouse gas emissions (McKinsey 2020).	See SECR and Scope 3 sections.	

* Linked to remuneration; see page 36 for information.

Streamlined Energy and Carbon Reporting (SECR)

We have reported on all energy and carbon emission sources required under both the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the 2018 Regulations) which implement the government's policy on Streamlined Energy and Carbon Reporting (SECR).

Our energy consumption

Our global energy efficiency has improved by 21.9% to 176.7 kWh/M² against our baseline year of FY17.

This is driven by the installation of LED bulbs in 61% of our retail estate and offices (including retrofitting LEDs in a further 16 stores in FY22), as well as using energy optimisation technology, such as Building Management Systems (BMS).

We are on track to meet our target of a 25% reduction in consumption by 2025, ahead of schedule.

This reduction in our energy consumption has had a significant impact on reducing our location-based Scope 1 and 2 emissions (which ignores any direct purchases of renewable sourced electricity), with a 49.6% absolute reduction, and a 36.9% normalised (per £1m revenue) reduction on FY17.

Year-on-year our absolute energy usage has increased due to the impacts that Covid-19 had on our retail operations during FY21, which is the primary cause for our increase in absolute location-based Scope 1 and 2 emissions year on year since FY21.

Our direct greenhouse gas emissions

Year-on-year we have seen a decrease in our market-based Scope 1 and 2 emissions. This decrease has been seen both on an absolute basis as well as when normalised by revenue (per £1m).

Our absolute market-based Scope 1 and 2 emissions have reduced to 234 tonnes CO₂e, a 93.3% reduction since FY17

(our baseline year defined when setting this strategy in 2020), and a 29.5% reduction against FY21.

Our normalised market-based Scope 1 and 2 emissions have reduced to 0.39 tCO₂e/£m, a 91.6% reduction since FY17, and a 34.7% reduction against FY21. These reductions have been driven by:

- Our policy to source 100% renewable electricity across our global owned retail and office estate since 2018, and therefore reporting these as having an emission factor of 0gCO₂e/kWh under Scope 2;
- Purchasing additional certified renewable Energy Attribute Certificates (EAC) to cover wider Scope 2 purchased energy (heating and cooling); and
- Converting to a 100% Renewable Gas Guarantee of Origin (RGGO) certified gas contract across our UK stores and head office and purchased additional RGGOs to cover our European store gas usage. This reduced our Scope 1 emissions by 100.1 tonnes CO₂e.

ENERGY CONSUMPTION***	METRIC	% CHANGE vs. BASELINE	FY22	FY21	FY20	BASELINE FY17
Absolute Global Energy Use	MWH	-18.6%	21,832	19,337	24,946	26,837
Global Energy Efficiency	KWH/M²	-21.9%	176.7	150.5	183.0	226.4
Global Energy Efficiency	MWH/£1m sales	+1.8%	36.34	34.74	35.42	35.69
DIRECT GREENHOUSE GAS EMISSIONS – ABSOLUTE						
1	Tonnes CO ₂ e	-36.7%	234	182	162	369
2	Location Based*	-50.1%	4,788	4,738	7,264	9,598
	Market Based**	-100%	0	150	200	3,112
1+2	Location Based*	-49.6%	5,022	4,920	7,426	9,968
	Market Based**	-93.3%	234	332	362	3,481
DIRECT GREENHOUSE GAS EMISSIONS – NORMALISED BY REVENUE						
1+2	Location Based*	-36.9%	8.36	8.85	10.54	13.26
	Market Based**	-91.6%	0.39	0.60	0.51	4.63

Table 1: Superdry greenhouse gas emissions, Scopes 1 and 2 (both location and market based) – absolute and normalised by sales revenue; Superdry global energy use. **Scope 1:** Direct use of fuels within our owned company facilities; **Scope 2:** Purchased electricity, steam, heating, and cooling for own use within our owned company facilities.

We report our Scope 1 and 2 emissions figures using a ‘financial control’ approach, which means we include emissions from all parts of the business where we have direct financial and operating policies, including our owned and operated retail stores and office space. We calculate our direct emission figures using actual consumption data from smart meters and accurate meter reads/invoicing. However, access to this type of data is not always possible. In FY22, 12% of our direct emissions were calculated from estimated source data.

* **Location based** means we use a ‘grid average’ greenhouse gas (GHG) emission factor based on the average mix of all generating technologies in the countries we operate. This provides insight into carbon intense grid electricity emissions and helps identify where our largest climate impacts are, to set appropriate and positive ambitions, such as the use of renewable energy. The proportion of location based carbon emissions reported that relates to the United Kingdom and offshore area for FY22 is 48.9% (2,458 tonnes CO₂e). In FY21, this was 42.3% (2,082 tonnes CO₂e).

** **Market based** considers the type of energy bought; this reporting considers our use of renewable electricity at an emission factor of 0gCO₂e/kWh. The proportion of energy consumption reported that relates to the United Kingdom and offshore area is 65.5% (153 tonnes CO₂e). In FY21, this was 27.8% (92 tonnes CO₂e).

*** **Energy consumption** refers to energy used within Superdry direct global operations across our stores and offices.

The proportion of energy consumption reported that relates to the United Kingdom and offshore area for FY22 is 50.3% (10,853,093 kWh purchased electricity, heating and cooling, and 138,829 kWh gas). In FY21, this was 45.8% (8,785,490 kWh purchased electricity, heating and cooling, and 72,535 kWh gas). Our energy consumption inventory comprises 93% purchased electricity, 3% heating and cooling and 4% direct combustion of natural gas.

Scope 3 (indirect) emissions

Initiatives in place to deliver our low-impact materials and net zero pillars of our sustainability strategy will have a clear impact on our decarbonisation pathway to net zero, forming our ‘climate strategy’ and supporting the Paris Agreement, playing an active role to limit the global temperature rise to 1.5°C. This means we aim to have no net impact on the climate from our greenhouse gas emissions, through drastic reductions and balancing the remainder with removals.

Recognising our largest impact is in our upstream value chain, this year we also started on our journey to set verified Science Based Targets (SBTs) in FY23 and completed our first full Scope 3 (indirect) emissions footprint for FY22.

Going above and beyond basic disclosure, in this section we provide detail on our progress against our previous targets set on limited Scope 3 categories as well as emissions calculated for our full footprint.

- We have achieved a 59.2% reduction against our current target, -60% in Scopes 1, 2 and partial Scope 3 (A) by

2025 on FY17 baseline of 102.1 tCO₂e per £1m revenue (see KPI table on page 44);

- Most near (2030) and long (2040) term reductions in our climate strategy will be focused on Scope 3 (A and B) which accounts for 99.9% of our total FY22 GHG footprint, notably our focus on category 1, purchased goods and services, as it is the source of 63.7% of our entire emissions; and
- To align with SBTs we estimate needing to achieve an average annual reduction of 4.2% in absolute emissions per year to 2030, which we are confident we can achieve.

We improved our CDP score from a C in December 2019 to an A- in December 2021 and are committed to continuing to lead in disclosing our carbon impact as well as the results from the ambitious decarbonisation projects throughout our business and supply chain.

Further detailed commentary on the key focus categories, as well as relevant decarbonisation projects for these categories, is available in our Sustainability Report.

Group carbon emissions in our own and third-party logistics operations – reported KPI for FY22

SCOPE	GREENHOUSE GAS EMISSIONS (tCO ₂ e)	FY22	% OF TOTAL EMISSIONS
1	Combustion of fuel and operation of facilities	234	0.1%
2	Electricity, heat, steam, and cooling purchased for own use	0	0.0%
3	A		
	Category 3: Fuel and Energy Related Activities	1,900	0.6%
	Category 4: Upstream Transportation and Distribution	16,458	4.9%
	Category 6: Business Travel	1,601	0.5%
	Category 8: Upstream Leased Assets	315	0.1%
	Category 14: Franchises	4,517	1.3%
	TOTAL PARTIAL SCOPE 3 (A)	24,791	7.4%
1, 2, 3 (A)	TOTAL	25,025	7.4%
	NORMALISED EMISSIONS (TCO ₂ e/£m) *	41.7	-

Group carbon emissions covering all additional categories mapped as part of our full Scope 3 inventory – to be included in our Science Based Target from FY23 onwards

SCOPE	GREENHOUSE GAS EMISSIONS (tCO ₂ e)	FY22	% OF TOTAL EMISSIONS
3	B		
	Category 1: Purchased Goods & Services	214,205	63.7%
	Category 2: Capital Goods	6,745	2.0%
	Category 5: Waste Generated in Operations	94	0.0%
	Category 7: Employee Commuting and Working from Home	2,238	0.7%
	Category 9: Downstream Transportation and Distribution	4,044	1.2%
	Category 10: Processing of Sold Products	N/A	N/A
	Category 11: Use of Sold Products	80,755	24.0%
	Category 12: End of Life Treatment of Sold Products	2,992	0.9%
	Category 13: Downstream Leased Assets	N/A	N/A
	Category 15: Investments	N/A	N/A
	TOTAL SCOPE 3 (B)	311,072	92.6%
3 (A+B)	TOTAL SCOPE 3 (A+B)	335,864	99.9%
1, 2, 3 (A+B)	TOTAL	336,098	100%

Table 2: FY22 Scopes 1, 2 and 3 emissions. **Scope 1:** Direct use of fuels within our owned company facilities; **Scope 2:** Purchased electricity, steam, heating and cooling for own use within our owned company facilities, market based. **Scope 3:** Indirect emissions associated with upstream and downstream activities in our value chain.

Scope 3 emissions have been calculated in two phases. ‘3A’ accounts for our target in FY25 with a baseline year of FY17, -60% in normalised emissions across Scope 1, 2 and partial 3 (covering five categories). In FY22, we included all other relevant categories when calculating our full Scope 3 footprint, ‘3B’. In FY23, we will start to calculate our decarbonisation pathway on our full GHG footprint aligning with guidance from the Science Based Targets initiative (SBTi).

* reported KPI.

Methodology statement

All emissions disclosed in tables within this section (1 and 2) have been prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard (revised edition), WRI/WBCSD GHG Protocol Scope 2 Guidance 2015 and WRI/WBCSD Corporate Value Chain (Scope 3). This methodology aligns to the criteria of the Science Based Targets initiative (SBTi) so that this data can be used to calculate a Science Based Target and ensure consistency in the scale of reduction needed in our fight against climate change.

We used emission factors published by the Department for Business, Energy and Industrial Strategy (BEIS) and the Department for Environment, Food and Rural Affairs (DEFRA) as well as databases from AIB and Climate Transparency.

This year, we completed an annual verification of our FY22 Scope 1, 2 and 3 emissions declared within tables 1 and 2. This verification was undertaken by Bureau Veritas to the ISO 14064-3:2019 standard. Their full statement of verification can be seen at corporate.superdry.com.

Data is reported for FY22, which runs from 1 May 2021 to 30 April 2022.

Human rights disclosures

Our approach to human rights is guided by the UN Guiding Principles on Business and Human Rights (UNGPs), in adopting the principles of leveraging change and utilising effective due diligence and remedial actions to detect and manage risk.

We respect and uphold human rights wherever we operate and are aware that risks can arise within our own business and supply chains.

We are aware that outsourcing our supply chain and distribution network to third-party partners presents human rights risks and have established mechanisms to closely monitor and manage these risks – from the selection of factories for production, ongoing monitoring of their compliance to our policies and, if required, responsible exit should any major non-conformities be identified and not remedied.

Our Code of Practice represents our foundational requirements, and wider human rights policies work alongside local laws to ensure a minimum standard of protection is afforded to our colleagues, and for our supply chain partners to uphold in relation to their employees.

Material human rights risks to our business are included in ‘How We Manage Our Risks’ on page 65. We review our core human rights risks from our business annually and publish our assessment at corporate.superdry.com, alongside wider policies designed to provide additional protection to the people operating in our business and supply chain.

Supporting our human rights commitment is our Modern Slavery Statement. This is published in line with the UK Modern Slavery Act and the California Transparency in Supply Chains Act (2010) and is available on our corporate website at corporate.superdry.com.

Human rights due diligence

We are seeing significant positive shifts in our supply base, driving accountable reporting, and we are committed to sharing further detail on how we work with our factories to ensure fair and safe conditions with all workers treated with respect and dignity.

We have a dedicated ethical trading function, including labour standards experts in each key sourcing territory, and strict standards in place to ensure manufacturers are operating factories that meet our baseline Code of Practice requirements.

In FY22, 91% of our tier 1 factories were ranked in line with or above highest ratings of social and environmental compliance – a 11% increase since last year. The 9% who fall below our social and ethical requirements are actively engaged in improvement over a defined period through our Intensive Care Programme (ICP) or exited in line with our Responsible Exit Process.

The programme involves targets and milestones agreed between the supplier, Superdry leadership teams and local experts. Additional training is then delivered by third-party specialists, with regular visits to monitor improvement. More information about the ICP can be found in our FY22 Sustainability Report.

We have built a wider framework to support factories move above and beyond our compliance requirements, our ‘Respect and Dignity’ programme, embedding strong systems for gender equality as well as grievance handling and remedy in factories. Detailed case studies are provided in our Sustainability Report on our website on page 19.

As part of our roadmap for communicating with integrity, in 2022 we released our Average Wage Benchmark – covering all average wage levels paid by [Superdry suppliers](https://corporate.superdry.com). We have also made the commitment to publish our factory base information in FY23.

In FY22, Bureau Veritas (BV) undertook an independent review of Superdry’s due diligence processes and reporting within our product supply chain. Recommendations were presented to our Audit Committee, confirming our approach in driving due diligence as market leading and supporting our roadmap to greater disclosure on our human rights impact.

How we grade fair and safe conditions in our supply chain:

- **Blue Grade 6%:** Leading social and environmental compliance, sustainability initiatives in place.
- **Green Grade 11%:** Leading social and environmental compliance.
- **Yellow Grade 74%:** Performs in line with social and environmental compliance requirements.
- **Orange Grade 9%:** Falls below our social and ethical requirements, actively engaged in improvement over defined period (ICP) or exited.
- **Red Grade 0%:** Critical failure, urgent resolution or exit.

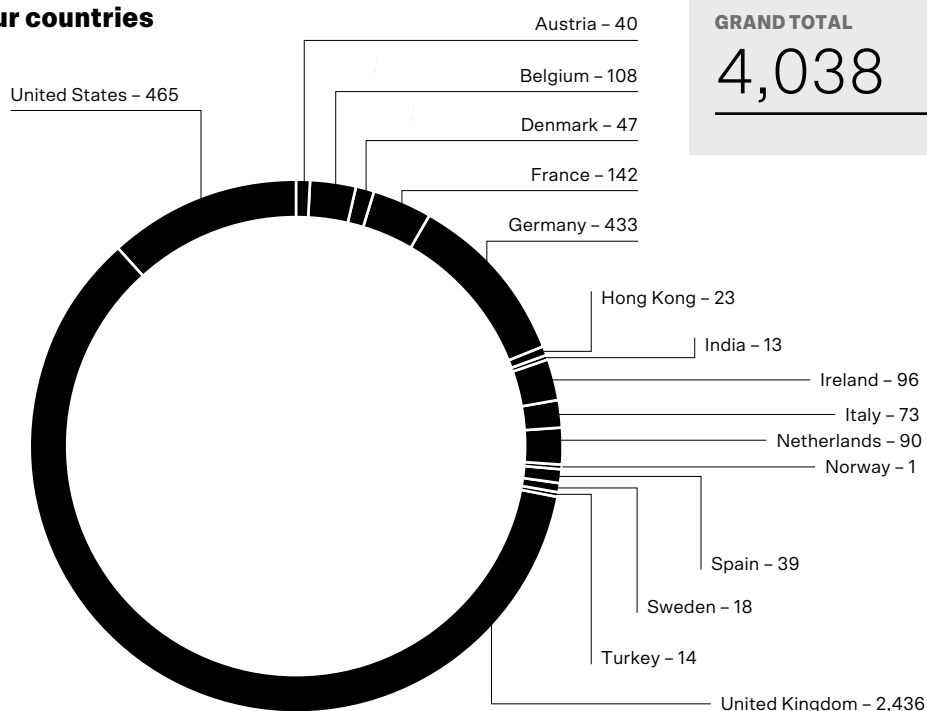
OUR PEOPLE

Superdry continues to be a truly diverse global community. We employ 4,038 colleagues across 16 countries (as of 30 April 2022). Whilst most of our workforce are young (68% are under 30 years of age), we are a multi-generational team.

Our generations

Generation	Global head office		Global retail		Grand Total	
	# Colleagues	%	# Colleagues	%	# Colleagues	%
Boomers – 1946-1964	25	3%	6	0.2%	31	1%
Gen X – 1965-1980	205	22%	102	3%	307	8%
Gen Y – (Millennials) 1981-1995	539	59%	936	30%	1475	37%
Gen Z – 1996-2010	148	16%	2,077	67%	2225	55%
Grand total	917	100%	3,121	100%	4,038	100%

Our countries



GRAND TOTAL
4,038
 Number of colleagues

Gender

Gender identity	Global head office		Global retail		Grand total	
	# Colleagues	%	# Colleagues	%	# Colleagues	%
Female	536	58%	1,851	59%	2,387	59%
Male	381	42%	1,264	41%	1,645	41%
Non-binary	0	0%	1	0.02%	1	0.02%
Not-disclosed	0	0%	5	0.12%	5	0.12%
Total	917	100%	3,121	100%	4,038	100%

* Global head office includes all Wholesale and Ecommerce employees

Culture and values

We believe our Superdry culture is unique, and we aim to create a progressive people culture where all employees feel valued, engaged, and can thrive. Our People team works towards the common goal of creating an amazing people experience.

We know that a team that embodies our values of passion, being real and doing it together, underpinned by a true spirit of adventure, will help to drive our business forward as we attract new, highly talented colleagues and keep our existing colleagues engaged as we grow.

Talent and employee value proposition

To achieve our strategic goals, we need to recruit and retain talented people which has been a key challenge for us, as it has for many businesses. Our head office location in Cheltenham has several benefits but there is a limited talent pool, requiring us to work harder to attract candidates from further afield. The attraction to a retail career has also been diminished as a result of Covid-19, with many retail colleagues choosing to pursue alternative careers after experiencing long periods of furlough. As we continue to focus on our recovery from the impacts of the pandemic, we have focused on laying the foundations of our updated Talent Strategy, ready to build on this further in FY23. Actions have included:

- Continuing to embed our OpenBlend talent system through manager and employee training, and updating our digital materials to support valuable one-to-one conversations between line managers and their team members;
- Launching our online learning system, Shinpo Space, for global head office employees, providing access to curated learning opportunities on more than 200 topics from compliance to leadership, and even digital skills;
- Using innovative recruitment approaches to ensure a diverse team, eg using digital job-based assessment technology to identify top talent;
- Running our first Emerging Talent Programme, identifying 16 management-level colleagues with the potential to grow into future business leaders and offering them a hybrid development experience;
- Piloting a mentoring scheme with the Senior Women's Forum, designed to support top female talent into leadership. This initial pilot is now being developed into a global mentoring scheme; and
- Commencing a review of the leadership development courses aligned to our leadership behaviours (Future Minded, Highly Engaging, Delivery Oriented), with a view to offering digital and face-to-face learning experiences for our leaders across FY23.



Communication and feedback

Superdry Voice

Following the successful launch of our UK head office and retail Superdry Voice groups (SD Voice), we launched two further groups for our EU and US employees during FY21. We now have 35 SD Voice members globally, representing their colleagues across head office and retail. The groups are supported by Cathryn Petchey, Global People Director, and Helen Weir, our designated independent NED for colleague engagement. Helen regularly joins SD Voice meetings to hear feedback on key employee focuses such as the Annual Pay Review (APR), Pulse Survey results, and other matters that the SD Voice wishes to raise. Helen's involvement with the SD Voice ensures the Board has direct insight into employee views and key themes of discussion, therefore helping the Board make informed decisions regarding any employee-impacting propositions. The SD Voice has provided support and consultation to our approach to the Annual Pay Review, recognition and benefits, charity, events and operational practices, which were subsequently reported to the Board.

Pulse Surveys

FY22 was our second year of running our global Pulse Surveys, focusing on real-time topics and revisiting previous Pulse Survey themes. Since August 2021, we have carried out four Pulse Surveys: Strategy, Diversity and Inclusion, Wellbeing, and Engagement and Culture. Participation consistently increased over the year, with repeat surveys drawing in significantly more responses, with 780 responses from 16 countries, growing to 1,297 for the second survey, 1,341 for the third and 1,859 for the fourth. These have been instrumental in helping us to drive engagement and facilitating feedback from our global employee base.

Workplace

We use Facebook Workplace as our principal internal communications tool. All colleagues and the Board of Directors have access to Workplace, on which a range of Company information and resources are shared, for example:

- Colleague health and wellbeing;
- Training events;
- Retail news and updates;
- Our latest social media campaigns;
- Previews of new product and design; and
- Events, promotions, competitions.

Other engagement activities

SD Live events

SD Live events are an important tool to connect with our employees globally, sharing key business updates, celebrating success, and sharing employee recognition. During FY22 we have held 11 SD Lives providing a deep dive of the Superdry strategy, celebrating the opening of the new Oxford Street flagship store, and providing updates on diversity and inclusion at Superdry. As we move into a hybrid environment at our head office, we are continuing to run these sessions virtually so that all employees globally can connect.

Panel events

During FY22, we held several virtual and in-person panel events discussing important world topics, hosted by members of the Executive team and our D&I Champions. Topics included Pride, Wellbeing, Black History Month, International Women’s Day and mental health, with further events planned for FY23.

→ **Spring event**

at Cheltenham head office in March 2022.



↑ **Spring event**

at Cheltenham head office in March 2022.



↑ **International Women’s Day Panel**

at Cheltenham head office in March 2022.

In-person events

As Covid-19 restrictions eased and we moved into a hybrid working environment, we held our first in-person employee events at our Cheltenham head office in over two years. In October 2021, we held eight sessions over two days, bringing over 600 employees together to learn about the AW21 new collections. In March 2022, as part of the new season SS22 launch, we held six events over three days, to educate our employees about the new collection. We plan on holding these events at the start of every season going forward.



↑ **Wellness Talk for Mental Health Awareness Week**

With Hussain Al-Zubaidi in May 2022.



Charity

Our retail and head office teams are an incredibly passionate and driven community, and we support them to do local, community-driven fundraising. Our head office teams utilise team ‘away days’ to support local charities and share their experiences on Workplace. Our employees’ passion to support charities, both locally and globally, led us to launch a new initiative called Give Free Time in October 2021.

Give Free Time

As an organisation we are committed to engage, empower, and honour the communities we work and live in, and this initiative gives our employees the opportunity to do that. We want to support and enable our people to dedicate their time and skills to leave a positive and inspiring legacy. As part of our Community Activation pillar, we introduced a scheme that allows and encourages our head office colleagues to dedicate one day of paid time each financial year to a good cause, free to those that benefit, aligning with our values.

From litter-picking around our Cheltenham head office and surrounding area, to preparing the woodlands for the charity WAM Youth, our colleagues are hands-on and love to get involved.

Silent auctions

In FY22, we held two silent auctions to raise money for Cheltenham Open Door and The DEC Ukraine Humanitarian Appeal respectively. In December 2021, we raised £2,190.45 for Cheltenham Open Door, with colleagues bidding on hotel rooms for the Christmas party. In April 2022, following the postponed event, employees raised a further £2,206.31 for The DEC Ukraine Humanitarian Appeal.

Gender Pay Gap

We have recently published our Gender Pay Gap Report 2021 (with a snapshot date of 5 April 2021).

We count this as one of many measures of our progress. Whilst there were no colleagues on furlough during the period, there was a residual impact of Covid-19 on our gender pay gap. For year-on-year comparison, we have compared our gap in 2021 to 2019 (since a number of colleagues were furloughed during 2020). This shows a median gender pay gap reduction of 1.8% from 4.5% to 2.7%, and a small increase of 1.1% on the mean gender pay gap which is now 23.7%. We remain focused on ensuring that Superdry is a great place to work and are committed to reducing our gender pay gap.

Data

To monitor the achievement of our diversity leadership targets, we have reported on the leadership statistics quarterly. The following table shows the data, as of 30 April 2022. We aim to achieve our targets by 2025.

Executive team

Gender target

A minimum of 33% of the Executive Committee to be female

Performance

Male 67% Female 33%

Ethnicity target

A minimum of 14% of the Executive Committee to be from Black, Asian or Minority Ethnic backgrounds

Performance

11% from Black, Asian or Minority Ethnic backgrounds

Leadership team

Gender target

A minimum of 50% of the leadership team to be female

Performance

Male 63% Female 37%

Ethnicity target

A minimum of 14% of the leadership team to be from Black, Asian or Minority Ethnic backgrounds

Performance

8% from Black, Asian or Minority Ethnic backgrounds

Wellbeing

We launched our Wellbeing Programme in May 2022 with key principles in place to support a holistic approach to wellbeing at Superdry. These were as follows:

- Commit to reducing the stigma of mental illness and promote open dialogue with each other;
- Strive for an inclusive, respectful work community in which everyone can be their best;
- Support line managers to have better, more open conversations with employees; and
- Support our programme with better data to highlight trends and inform decisions.

We have planned events through the coming months focusing on specific topics such as mental health and the menopause. We are engaging with our employees by creating Wellbeing Champions to represent our diverse workforce, to engage locally with people on initiatives, and feed back what is important to them to help inform future decisions on wellbeing.

We rolled out a new Employee Assistance Programme in July 2022 with our partners, Health Assured, with a renewed offering for employees, not only covering crisis management, but also important topics such as financial, legal, and general health advice. Employees will be able to access free webinars,

← **In November 2021, Store Leaders Beckie Andrews and Conrad Reid**

volunteered at Brixton Soup Kitchen, helping to organise their food supplies and serving out 40 hot meals.

↓ → **The Store Development team using one half of their Give Free Time day in March 2021.**

They spent the morning volunteering with the Cotswold Wardens on the Sherborne Estate, which is cared for by the National Trust.

videos and up to eight sessions of free counselling support. This is available via an app for both our UK and international colleagues.

In July 2022, we engaged with a new occupational health provider, Health Partners, to support absence management and enable employees to be at work, by providing a national network of professional support and advice.

Hybrid working

We have launched our new Hybrid Working Policy which balances flexibility, whilst connecting employees with our culture and team collaboration. Support for the approach has been positive and allows trust in line managers to make the right decisions for their teams.

We recognise that our future talent will not always reside within a commutable radius of Cheltenham, and our flexibility will be key in ensuring that we can continue to attract a diverse workforce and enabling our employees to have a healthy work/life balance.



Diversity, equality and inclusion

Diversity recruitment

To attract more diverse talent to our head office in Cheltenham, we launched our Growing Futures Programme – a bursary scheme that provides support to new colleagues from an ethnic minority background to relocate to the area, or to provide other financial support that might be needed.

We have also worked closely with our third-party agents and resourcing partners to support more balanced shortlists for recruitment, and have included provisions for this in their contracts.

Diversity, equality and inclusion training

Our Learning and Development team developed new unconscious bias training for the recruitment of colleagues to our flagship store on Oxford Street, in London. This was also rolled out to several teams across the business and more recently, to all retail leadership. We also created our own anti-racism training which will be hosted on our new e-learning platform, Shinpo.

Internal communications and celebrations

In addition to celebrating Pride Month, Black History Month, International Women’s Day and Autism Awareness Week, we began producing a short film series, ‘In Conversation With...’, hosted by Ruth Daniels, General Counsel and Company Secretary, inviting guests to speak about DEI and to learn more about their experiences. The first interview was with our CEO, Julian Dunkerton, who talked about the actions being taken to ensure Superdry continues to have a diverse and inclusive culture. The second interview was with external guest, Elgar Johnson, Editor-In-Chief of CircleZeroEight and former GQ Style Fashion Director, who shared his experiences and views of diversity, equality and inclusion. Some of our D&I Champions joined Elgar to discuss Superdry’s diversity and inclusion strategy, and the importance of finding one’s own voice. The third film in the series focused on Pride Month, with one of our Oxford Street store colleagues discussing his journey as a trans man. We will continue to celebrate these important events and provide an open platform for our colleagues to share their views and experiences.

Dialogue and transparency

Following up on our Diversity and Inclusion Pulse Survey results, we wanted to create a more open dialogue on this topic. We created an employee network, the D&I Champions, which includes colleagues from retail and head office in the UK, US and EU. They meet every month to create space for feedback, discussions and the sharing of ideas. The D&I Champions have influenced all diversity and inclusion projects and events since the network was established, and developed their own projects such as a Diversity, Equality and Inclusion Calendar for the business. To drive engagement across the whole business, we opened a Workplace group dedicated to diversity and inclusion, that is used by colleagues to share campaigns and stories.



↑
Our colleagues who spoke about what
Black History Month 2021 meant to them.



↑
For Independent Women’s Day 2022
We asked some of our colleagues to write down and share what #BreakTheBias meant to them.

HOW WE MANAGE OUR RISKS

We understand the need for an effective system of risk management. To ensure we have robust processes to identify and prioritise those risks to which Superdry is most exposed, and that these risks are appropriately managed, we have continued to develop and improve our risk management practices.

These improvements included the introduction of a ‘Clear and Present Danger’ review, that will support in identifying emerging risks through conversations with individual members of the Executive and collectively at Executive Committee, and adapting risk management practices to incorporate new standards for corporate, climate-related financial reporting from the Task Force on Climate-related Financial Disclosures (TCFD). These activities culminated in a revised set of principal risks and uncertainties (PRUs) so that the ongoing assessment of risk, through quarterly reviews with senior management, the Executive team and Audit Committee, is focused on the most significant risks faced by Superdry. This process also ensures that risks that could, for example, impact the Group’s ability to continue as a going concern are assessed.

Our PRUs have been assessed against the Group strategy and risk mitigation activities have been prioritised accordingly. We continually review our risk management practices and look to improve where appropriate. For example, during FY23, we will determine risk appetite for each of the PRUs.

Risk management framework

The organisation’s processes for identifying and assessing risks are included within the Corporate Risk Management processes as per our Risk Management Policy (last approved in July 2021 by the Audit Committee). Superdry has an established Risk Management Policy to ensure there is a consistent approach in the way our principal risks are identified, assessed, managed and reported.

For the assessment of risk, we use a 5x5 probability-impact risk matrix to assess the impact as ‘insignificant’, ‘minor’, ‘moderate’, ‘significant’ or ‘major’. Each impact category has a definition across multiple facets including financial impact, health and safety, people, brand reputation and climate. Risks assessed as ‘major’ are those which are likely to result in >£20m reduction in profits, severe injury/death, adverse change affecting >50% employees, brand health falling to a critical and potentially terminal level, or extreme weather events causing uncertainty in procuring agricultural inputs, disrupted distribution networks and damaged manufacturing facilities. Further considerations associated with climate change are detailed in the climate-related risks (TCFD) section below.

To ensure a consistent approach to the management of risks, a risk matrix is used to give each risk a relative score based on a combination of the probability and impact. Risks are scored at three points:

1. Before considering what controls are in place (gross risk);
2. Considering the effectiveness of the current controls in place (net risk); and
3. After any further action taken to mitigate the net risk in order to achieve a level of risk which is in line with Superdry’s risk appetite.

A comparison of the level of the net risk against Superdry’s risk appetite will determine whether action is required to further mitigate the risk. Any action to manage risk needs to be appropriate, achievable and affordable. The impact expected if no action is taken is considered against the cost of action and the reduction in the overall level of the risk.

Each risk identified and recorded in the risk register has a ‘risk owner’ assigned, who is the individual (member of the Executive) with the appropriate authority and experience to understand and manage the risk exposure and ensure that this is monitored and updated. Risk owners will assume overall responsibility for ensuring all mitigating actions are completed by agreed deadlines. The Head of Internal Audit and Risk reviews key risks with risk owners on a quarterly basis or more frequently if required.

The achievement of Superdry’s strategy will involve taking risks (eg strategic, operational, financial, reputational etc.) and our PRUs are mapped to our strategy on page 56. However, risks are only accepted where it is appropriate to do so and where decisions to accept are informed and in line with Superdry’s risk appetite. Our risk appetite has been defined and agreed by the Board and helps frame decision-making.

Superdry’s risk appetite statement:

‘We aim to be risk aware, recognising that to achieve our objectives we will take on certain risks in an informed manner. When a risk is at an acceptable level, the risk will be recognised but further mitigating action may not be undertaken. Circumstances where this could apply would include when the cost or effort to implement a control outweighs the potential impact if the risk materialises. We will not take risks that could negatively affect the safety of customers or colleagues, be detrimental to our brand, involve illegal behaviour, or endanger the future existence of the business.’

Macroeconomic climate

The current macroeconomic climate has seen significant inflationary pressures, most notably in energy prices, resulting in cost-of-living increases, and squeezed disposable income which is affecting consumer spending. While these are market issues, and therefore not unique to Superdry, there remains uncertainty over how long they will prevail and the impact they will have on demand for Superdry products. Inflationary pressures are also present in other areas including payroll, as well as in other significant expense items, such as performance marketing as online competition grows.



The Russian invasion of Ukraine and the unprecedented sanctions imposed in response by the UK and others have created uncertainty in the global economy, and the impact of war comes against the backdrop of already high inflation and rising energy prices. The Ukraine crisis has exacerbated the risks associated with the already deteriorating macro-economic climate and complicated potential mitigants, given the reliance on Russia for oil, natural gas and metals. For example, our supply chain is potentially at risk from shortages, shipping delays and higher prices caused by factories, freight companies and ports becoming overwhelmed in trying to source enough raw materials and components to meet consumer demand. Specific exposures and associated mitigating activities relating to Superdry, are considered within individual risk areas below.

Coronavirus

As in FY21, the pandemic has continued to adversely impact the Group during FY22. For example, our retail performance has been disrupted in all territories, through enforced store closures and/or different levels of restrictions (eg number of customers allowed in store, Covid-19 verification schemes) and suppressed levels of footfall. Despite a gradual recovery of store traffic, we are yet to see a return to pre-Covid levels.

The response to the virus continued to be overseen by our Covid-19 Incident Management Team (the ‘IMT’), formed of members of the Group’s Executive team and Head of Internal Audit and Risk. The IMT met frequently during the financial year, with increased oversight during times when the pandemic had the most significant impact on the business, eg the emergence of the Omicron variant. The priority was, and will always be, the safeguarding of colleagues and customers whilst maintaining delivery of business operations, and taking actions to protect the long-term financial position of the Group.

Climate-related risks (TCFD)

For the first time, the Group now reports on a number of climate-related financial disclosures to provide information on the impact of climate change, including consideration of climate-related risks.

The identification and management of climate-related risk is integrated within the organisation’s Risk Management Policy as described above. In order to identify and assess these risks, we have analysed the future potential scenarios that may crystallise in terms of global average temperature rises, and the potential impact on our business. Qualitative disclosure has been provided as a first step and we will work towards quantitative disclosure in the future, as more sector-specific information becomes available.

Climate-related risks are separated into two categories:

Physical risks

- Acute physical; and
- Chronic physical.

Physical risks from climate change will be event-based (acute) or longer-term climate pattern shifts (chronic). Physical risks can have a direct impact such as damage to assets, and indirect impacts including supply chain disruption.

- Changes in availability and cost of raw materials;
- Disruption to upstream logistic networks; and
- Damage to property and assets.

Transitional risks

- Reputation;
- Regulation;
- Technology;
- Legal; and
- Market.

The road to a low-carbon economy will involve addressing the mitigation and adaptation requirements related to climate change. This is likely to materialise in the form of extensive policy, legal, technology and market changes.

- Increased compliance costs and reporting obligations could have an impact on asset values and future revenues;
- Increased costs from introduction of carbon taxes;
- Substitution and transition costs to lower emissions technology; and
- Shifts in consumer preferences.

Transitional risks are non-exhaustive and those listed are included within our environmental risk register.

To support with disclosures of our risks, our Risk Management Policy also includes definitions of short, medium and long-term horizons:

Short term

0 - 1 year

As a fashion brand we operate our business on two main seasons and two capsule collections; therefore, within a financial year, we review year-on-year seasonal trends to inform short-term risk assessment.

For example, when planning a future season, we review trends related to raw material production to inform buying patterns, forecasting and prioritising appropriate materials to mitigate risk. One example is that when planning a cotton-rich season such as Spring/Summer, we will book fabric in advance to secure organic cotton availability due to volatility as a result of environmental factors.

This time frame aligns with our short-term financial planning horizon.

Medium term

1 - 5 years

Exposures include risks associated with our aim to move 65% of our cotton to organic, and net zero in our own and third-party distribution operations.

Over the next five years we are diversifying into recycled and transitional cotton to de-risk market volatility of organic due to environmental impacts.

This time frame aligns with our medium-term financial planning horizon (our Five-Year Plan, which is the basis for our viability statement within the Annual Report).

Long term

5 - 10 years

Long-term exposures are aligned with our sustainability strategy horizons which look over a longer time frame than other business operations to give us direction over the next decade (but not longer to avoid dilution of meaning or impetus).



With this time frame, we also aspire to align our long-term sustainability goals with widely recognised timescales for impact such as the Sustainable Development Goals and the Paris Climate Agreement. Our long-term goals, for example, are 100% organic cotton in all cotton products, and net zero across our third-party logistics operations.

Over the next 10 years, we will continue to reduce airfreight and move to alternative low-carbon fuels to de-risk the increasing cost of logistics and the cost of achieving our net zero goals.

PRINCIPAL RISKS AND UNCERTAINTIES

Strategy - Mapping to PRUs



Risk	Mitigation	Movement in the year
<p>PRU 1: Macroeconomic instability</p> <p>Link to strategy: All (see page 56)</p> <p>Superdry operates in a wide range of markets that are exposed to changing economic and political environments that could impact consumer spending, lead to increased operational costs, and impact profitability.</p> <p>During the second half of the financial year, cost of living increases have squeezed disposable income which is affecting consumer spending. In addition, our supply chain has also experienced inflation, including hikes in raw materials, energy prices and logistics costs. An already deteriorating macroeconomy has been exacerbated by Russia's invasion of Ukraine.</p>	<p>Fully resourced and skilled leadership team.</p> <p>A Five-Year Plan that recognises the current economic issues, and the implementation of a strategy that leverages the strength of our brand across different customer segments and geographies to mitigate reliance on a particular customer segment in a particular country.</p> <p>Based on consumer insight, we continue to assess shifts in demand and ensure our plans are responsive to the market.</p> <p>Macroeconomic and political tensions are monitored closely. Regular reviews of the Company's pricing strategy and cost base are undertaken in conjunction with forecasting disciplines to ensure we are dealing with changes in the macroeconomy in a timely manner.</p> <p>Robust business continuity processes to support in the event of significant interruption to the business.</p>	<p></p> <p>Effective mitigation of risk in this area is challenging, given the external factors that are outside our control and that are difficult to predict. Whilst we believe we are effectively managing those risks within our control, this risk is deemed to have increased since last year.</p>
<p>PRU 2: Design and product</p> <p>Link to strategy: Inspire through product and style</p> <p>Superdry's ability to achieve success depends on a relevant commercial product strategy that is aligned to brand position, our consumer segmentation and focus on commercial opportunities.</p> <p>A poor product strategy will mean we fail to meet consumer needs and trends, leading to a product range that is insufficiently differentiated or unattractive to target consumers, and ultimately a deterioration of the brand.</p>	<p>We continue to design the product range against each style choice and segmentation: entry, core, statement and exploration, through the lens of over and under-25-year-old consumers.</p> <p>Enhancing our short-order capability has enabled us to respond more quickly to consumer trends, increase product choice online, and test and learn to find successful commercial products that can form part of the entry, core and statement segments of our range.</p> <p>The Group's brand and product strategy, based on insight-driven, quality ranges and collections, continues to be embedded across the business, supported by our Brand and Channel Marketing teams. We have sought to align our product offering with consumer sentiment, targeting core markets and aligning to commercial opportunities.</p> <p>To align to the wider business strategy, sustainability is at the forefront of everything we do, through designing and producing our range from low-impact materials.</p>	<p></p> <p>We continue to embed our refined product strategy, using low-impact materials and targeting core markets, and aligning to commercial opportunities. As such, we believe the risk to be at a lower level to last year.</p>

Key





No change




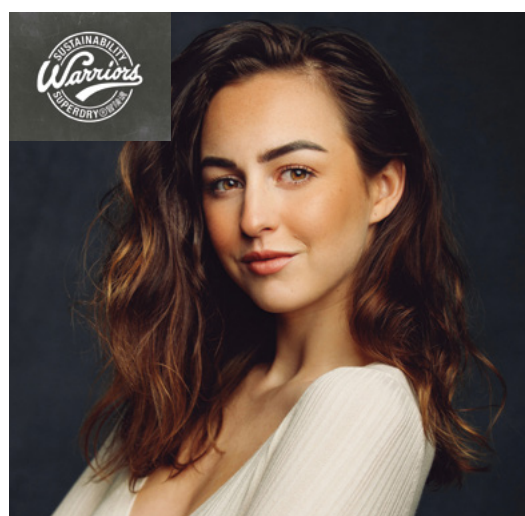
Increased risk



Decreased risk



Risk	Mitigation	Movement in the year
<p>PRU 3: Significant business interruption:</p> <p>Link to strategy: Use technology to accelerate our plans</p> <p>Compromise to our key technological/ physical assets would significantly impede our ability to trade. The Group also remains exposed to further waves of Covid-19 and associated lockdown measures taken by governments, including the enforced closure of our stores.</p> <p>Key assets include:</p> <ul style="list-style-type: none"> • Ecommerce platform; • Distribution centres; • Critical IT; • Head office; and • Large stores. 	<p>Business continuity measures (eg Incident Management Plans and Incident Management team) continue to be reviewed and enhanced to improve capability where the Company is most exposed to interruption.</p> <p>Business continuity measures have been deployed through the management of the Covid-19 crisis during the financial year.</p> <p>Resilience is also considered for our key physical and technological assets. For example, operating a series of multi-channel distribution centres capable of serving all channels in a specific geographic region, with common operating systems, provides significant built-in resilience in the event of the failure of a single distribution centre.</p> <p>Our current Ecommerce platform is hosted in a secure cloud environment with performance testing of customer peak loading, around-the-clock monitoring of key interfaces, user experience and support team availability. Our new Ecommerce platform will extend our resilience capability by leveraging additional cloud security and continuity functionality.</p> <p>An ongoing programme of desktop exercises, designed to test business responses to other significant business interruption scenarios, continues. During the financial year, an independent review assessed our ability to respond to a significant interruption at one of our distribution centres.</p>	 <p>The risk has various components across different asset types, which are often interlinked.</p> <p>The Group has adopted a prioritised approach to business continuity in the year, including invoking plans to respond to real-world scenarios (eg Covid-19) and exercising plans in the event of a significant failure (eg distribution centre outage).</p> <p>The focus of the new digital strategy is for new developments (eg new website) to be hosted by cloud services, providing native resilience.</p> <p>As such, the likelihood and impact of this risk when compared to last year is considered to have reduced.</p>
<p>PRU 4: Elevated stock levels</p> <p>Link to strategy: Operate in an integrated marketplace</p> <p>Elevated stock levels represent a risk in terms of shortfall in cash flow, additional markdowns and additional storage costs. Significant levels of ‘off-price’ (eg outlet and clearance) stock represents a risk in that it is typically more difficult to clear. Trading volatility, such as that caused by a squeeze on consumer spending, may create an excess of stock to clear that may be brand damaging if discounting and third-party clearance operators are regularly used.</p>	<p>A robust, data driven ‘Open to Buy’ process which involves regular meetings with a sub-set of the Executive team to determine buy levels for each channel per season. This ensures that buying decisions reflect the projected customer needs by channel. Stock reporting continues to be a standing agenda item at Executive Committee meetings and regularly communicated to the Board. During FY22, we also created a Demand Planning team whose remit is to align financial, demand and operational planning through meeting customer demand with the appropriate level of supply.</p> <p>Our clearance strategy continues to focus on maximising opportunities through our Ecommerce and physical outlets. Our contracted clearance partner has assisted in further reducing stock levels during FY22.</p>	 <p>Progress has been made in terms of reducing year-on-year stock levels from 15.0m units to 12.4m units and responding to trading volatility caused by Covid-19 by reducing our ‘Open to Buy’ levels. Off-price stock has also been reduced, with short-order capability also reducing the risk of excessive buying activity.</p> <p>As such, we believe the risk to have reduced from prior year.</p>



Risk	Mitigation	Movement in the year
<p>PRU 5: Performance across our global, omni-channel proposition represents a risk and also an outcome of other risks described in the Intro section above. Specifically:</p> <p>Underperformance of our retail stores</p> <p>Link to strategy: Operate in an integrated marketplace</p> <p>In line with market trends, the ongoing consumer preference shift towards digital shopping channels has seen declining consumer visits to stores and declining profitability in the physical retail environment. During FY22, while the estate has been disrupted in some territories, there has been a gradual recovery of store traffic, although this has varied across the countries in which we operate. The recovery has yet to reach pre-Covid levels.</p> <p>Throughout the year, we have been required to continue to implement a number of different restrictions across our estate (eg number of customers allowed in store, closure of fitting rooms, use of sneeze screens etc.) all of which adversely impacted performance.</p> <p>Recent inflationary pressures, cost of living increases and reduced levels of disposable income also represent a risk in terms of retail performance.</p>	<p>Our Five-Year Plan continues to focus on supporting the profitability of the store estate and addressing any loss-making stores. The strategy is focused on key regions, including UK, Europe and the USA. Each store across our entire store estate has been classified in a specific category that guides future action: rental re-gears, exits, relocation, size amendment or store re-fit.</p> <p>We continue with our belief that a full price sales mix is the right approach with a focus on driving conversion rates for those customers coming to stores.</p> <p>During FY22, we have traded in line with local government regulation with the safety of our customers and colleagues at the forefront of our decision-making, which has enabled the majority of the estate to trade for the majority of the year.</p> <p>We have also refitted a number of our stores as an initial trial. This was to ensure these stores reflected the best expression of the brand in 2022. This has contributed to increased footfall and a strong trading performance. We will continue the programme of re-fits in FY23.</p> <p>During FY22, our store re-gear programme has been accelerated and we continue to see significant savings.</p>	<div style="text-align: center;">  </div> <p>At the time of writing, while we are fully open and trading from a store perspective, uncertainty remains in terms of the level of disruption (eg lockdowns and suppressed footfall) that Covid may cause across our estate during FY23. We anticipate suppressed footfall in our stores through the first half of FY23, as the recovery from Covid continues. While footfall continues to be impacted, we have seen sustained periods of full store trading and an increasing level of footfall in key markets. As such, we believe the risk to be lower than prior year.</p>





‘Working for a business which is so eager to make an impactful environmental change is something I am proud to be a part of. Having a team of Warriors who are passionate about sustainability, change, developing their knowledge and skills is so rewarding. Having a platform where the Warriors can voice their ideas as individuals and stores allows us to build a strong community and create better choices for a better future.’


Daisy Kellow
 Retail Content Creator
 Sustainability Warrior for Retail Communications


Risk	Mitigation	Movement in the year
<p>PRU 5 continued:</p> <p>Underperformance of Wholesale channel</p> <p>Strategic objective: Operate in an integrated marketplace</p> <p>Wholesale performance continues to be at risk from similar factors as our own store estate. This includes short-term threats relating to Covid-19, which has continued to impact the ability of our partners to trade at optimal levels. Additional risks to performance include brand perception, grey market distribution (where product is obtained from an unofficial marketplace), the macroeconomic climate and global supply chain pressures which impact our ability to deliver on time and in full to customers.</p> <p>Wholesale performance has recovered from FY22 but has yet to see pre-Covid levels of trade.</p>	<p>During the course of the year, we have seen our dispatch profile to our wholesale customer base return to more normalised levels, leading to higher levels of fulfilment and lower returns risk. Focus on a segmented approach to our wholesale customer base is now part of our planning processes.</p> <p>We have maintained strong dialogue with partners to facilitate payments, with strong levels of collection despite the challenging economic conditions.</p> <p>In response to the significant levels of stock, caused in part by Covid-19, focus has been directed on increasing surplus stock clearance through a limited number of wholesale clearance partners.</p> <p>To reduce grey market distribution, we carry out customer due diligence and conduct investigatory measures where appropriate. The integration of RFID (radio frequency identification) has also served to reduce grey market risk, by being able to identify the origin of the stock.</p>	 <p>As with our own retail estate, uncertainty remains in terms of the level of disruption (eg lockdowns and suppressed footfall) that Covid may cause across our estate during FY23, as well as the increases in the cost of living.</p> <p>However, through effectively managing our exposure to debt, higher levels of fulfilment, a reduced Covid exposure, and the management of our wholesale account base through customer segmentation, we believe that the risk is lower than prior year.</p>
<p>Underperformance of Ecommerce channel</p> <p>Strategic objective: Operate in an integrated marketplace/ Engage through social</p> <p>Ecommerce performance represents a significant growth opportunity; however, it also represents a risk in terms of delivery of short/medium and long-term business objectives.</p> <p>We will be unable to achieve these objectives if the consumer is moving faster than we can adapt and our Ecommerce platforms are perceived to be behind competitor propositions. Consumers are drawn to Ecommerce platforms that make the experience of browsing, shopping, discovering and ultimately purchasing, engaging, efficient and cost effective.</p> <p>Ecommerce revenue during FY22 has been lower than prior year, but comparable with two years ago. The major drivers for this are the unwind of Covid tailwinds in online trading and a shift to a more disciplined stance on promotional activity. Where there have been comparable full price trading periods, we have seen encouraging performance.</p>	<p>Key to our digital strategy is the implementation of the microservices technology at the start of FY23. This will enable us to enhance the customer experience and respond more quickly to changes in consumer trends to meet demand.</p> <p>We continue to build on brand marketing activity across PR, social media and influencers.</p> <p>Learnings from this year have enabled us to further optimise our marketing mix for the future, to drive improved returns from marketing investment across all channels.</p>	 <p>While we have experienced reduced revenues versus prior year, we continue to invest in our digital capability and prioritise development opportunities associated with the digital channel. As such, we believe the risk to be at a similar level to prior year.</p>

Risk	Mitigation	Movement in the year
<p>PRU 6: Internal controls requiring improvement</p> <p>Link to strategy: Use technology to accelerate our plans</p> <p>There are a number of underlying causes that pose a risk of significant control failure that could lead to financial loss, heightened risk of fraud and error, increased audit fees and prior year adjustments.</p> <p>People: there has been a significant turnover of Finance team members over the past few years, meaning a lack of continuity.</p> <p>Processes: many current transactional processes are manual and result in significant requirements for reconciliation, review and analysis. This can, and has, caused significant backlogs which can cause difficulties in closing the accounts in a timely manner.</p> <p>Technology: existing financial systems are not set up to make best use of functionality, nor provide the functionality required to enable controls to be performed efficiently and effectively.</p>	<p>A finance transformation programme, ‘Project Phoenix’, is being implemented to address risks associated with internal controls that require improvement. The objectives of the project are to standardise, optimise and automate processes, as well as eliminating inefficiencies, where possible. This will be achieved through enhancements to resourcing, processes, policies and systems.</p> <p>The project represents a three-year piece of work (FY22–FY24). The year one focus has been to seek to remediate legacy issues and plan for sustained improvement. The focus for year two is to action and enable improvements, and year three will focus on embedding these improvements across the key areas of transformation.</p> <p>The improvement areas made during FY22 include developing technical capability in key areas (eg IFRS 9, Financial Instruments, IFRS 15, Revenue Recognition, and IFRS 16, Leases), and the introduction of a new reconciliation tool, Blackline.</p> <p>We have sought to enhance the internal controls questionnaire (ICQ) process, so that we can obtain a regular and richer understanding of the operational effectiveness of the internal controls. Control owners are required to complete these questionnaires on a quarterly basis. Improvement made during FY22 has been the provision of evidence to support self-assessment attestation.</p>	 <p>We recognise that in order to make sustained improvement, we need to implement systemic change, which will come through the three-year implementation of Project Phoenix. Whilst we have sought to remedy legacy issues, further progress is needed. Due to control deficiencies, such as those within stock and accounts payable, we believe the risk of not completing the finance transformation programme within the planned three-year time period, has increased when compared to prior year. See page 104 for the Audit Committee report and internal control effectiveness.</p>
<p>PRU 7: Changes in exchange rates</p> <p>Link to strategy: Make it Happen</p> <p>Our financial results could be impacted by changes in exchange rates. The majority of our stock purchases are made using foreign currency (US\$ or €) and, therefore, our costs are exposed to foreign exchange movements. This is partially offset by a proportion of sales receipts being in foreign currencies. At a macro level, the continued impact of Covid-19, Russia’s invasion of Ukraine and a post-Brexit environment may lead to continued exchange rate fluctuations in the short to medium term, creating uncertainty around GBP profit and cash equivalents.</p>	<p>Our forecast foreign exchange exposures are hedged in accordance with the Group’s approved Treasury Policy. Our Hedging Policy seeks to mitigate any sudden impact caused by foreign exchange volatility. As part of a transfer pricing review, the Group’s intercompany position on its loans and overdrafts has been reviewed with the aim to further reduce foreign exchange risk.</p> <p>Oversight is managed through Audit Committee review and a Treasury Committee, which considers foreign exchange exposures and opportunities and uses forward foreign exchange contracts to manage the exposure in the major currencies in which we trade.</p> <p>Board approval is required if additional hedges are needed that are over and above existing Treasury Policy thresholds.</p>	 <p>While we have benefited from working in line with an embedded Treasury Policy, other factors, such as the war in Ukraine, create volatility in the foreign exchange markets. As such, at year-end, we believed the risk to be at similar levels to prior year. Since year-end, we have seen volatility from the foreign exchange rate markets creating uncertainty around GBP profit and cash equivalents for exposures that are not mitigated by our Hedging Policy.</p>

Risk	Mitigation	Movement in the year
<p>PRU 8: Liquidity</p> <p>Link to strategy: Make it Happen</p> <p>During FY22 there was continued closure of stores and reduced footfall when our store estate was able to open. This adversely impacted a key cash generating channel from the Group’s trading capabilities.</p> <p>The disruption in the global supply chain during the year has meant continued volatility in the working capital cycle putting pressure on cash flows. This is in addition to the typical seasonal cash cycle, for example, where peak trading receipts do not align with the timing of the peak outflows of cash for stock purchases.</p>	<p>Significant liquidity is provided by an Asset Backed Lending (ABL) facility (up to £70m), that expires at the end of January 2023, and an overdraft (£10m) being sufficient to meet our cash requirements in the short term. Adherence to our Treasury Policy ensures that we operate with sufficient headroom. Discussions are taking place to secure committed financing prior to the end of the current arrangement.</p> <p>Coming out of the pandemic, cash management has remained a major priority, with the management of stock commitments, negotiation of rental reductions and effective management of our debtors being key elements. Key operating teams across stock purchasing and property have focused on phasing and payment terms for our largest outflows.</p>	<p></p> <p>We believe the risk to have increased from prior year. While we have demonstrated a track record of proven cash management since the start of the pandemic, there is a material uncertainty given our current lending facility expires at the end of January 2023 and our base case cash flow forecasts indicate that funding will be required during the going concern period. See page 73 for the Going Concern statement.</p>
<p>PRU 9: Recruit, develop and retain quality leaders including key man risk</p> <p>Link to strategy: Creating an amazing people experience</p> <p>We need to recruit, develop and retain the calibre of leadership and talent across the business that will enable us to achieve our strategic objectives. Failure to do so could limit our opportunities for growth and increase costs of recruitment and retention. Equally, we need to ensure that our talent and leadership pool is reflective of our strategy.</p> <p>Covid has contributed to the market being more candidate-led, with increased demand for skills in digital and creative roles. There are additional demands on flexibility from candidates and we are having to go further afield for our talent pool, and compete with other organisations in terms of attracting and retaining talent.</p> <p>The CEO remains core to the operation of the business and his absence could have a significant adverse impact on the business.</p>	<p>During the financial year, we hired key Executive roles including a Global People Director and Chief Technology Officer. The Executive team is now at full strength and could provide cover in the event of anything untoward happening to the CEO in the short term.</p> <p>The Nomination and Remuneration Committees assist the Board in ensuring that the Board and Executive Committee retain an appropriate structure, size and balance of skills to support Superdry’s strategic objectives and values.</p> <p>Restricted shares were awarded to colleagues in October 2021, focusing on the retention of key senior talent, and a pay review was undertaken across all geographies and levels during the year. During FY23 we aspire to become a Real Living Wage employer in the UK.</p> <p>We continue to embed our approach to talent management, including the performance review process, to develop leaders of the future, and promoting from within the business wherever possible. The approach includes setting priorities based on the Company’s strategic initiatives with a focus on wellbeing.</p> <p>Adjustments, such as flexible working arrangements, including at head offices, have been adapted and reviewed to modernise working practices in an environment where government imposed Covid-related restrictions no longer exist. This has culminated in a more formal hybrid working model that will set us up for success in a post Covid era.</p>	<p></p> <p>It is apparent that the candidate-led market we are operating in means our ability to attract and retain talent is being impacted. For example, it is taking longer to recruit, resulting in short-term resourcing gaps in some areas. As such, we believe the exposure to have increased since last year.</p> <p>We recognise there are internal levers we can utilise (eg pay and benefits review, flexible working patterns, leadership development programmes) but we are also operating in a challenging environment where we are competing with others for talent on a national and, at times, international basis.</p>

Risk	Mitigation	Movement in the year
<p>PRU 10: Ineffective strategy</p> <p>Link to strategy: All</p> <p>If the wrong strategy is developed, or the strategy is not implemented effectively, this could significantly impact the success of the business and erode corporate and investor sentiment.</p>	<p>During the financial year, the Group has continued to refine the strategic model to adapt to the evolving marketplace we are now operating in. During FY23, we will move to the execution phase of the strategy.</p> <p>Regular updates have been shared with the Board, including a detailed five-year financial plan for the business in the longer term. Central to this is a financially disciplined approach to forecasting, budgeting and control of costs, to return the Group to profitability, and maintain a strong cash position.</p> <p>During the year, significant focus has been on engaging the wider business to ensure there is understanding and alignment on the roles various teams will have when implementing the strategy.</p> <p>Appropriate governance structures have been introduced including dedicated Executive ownership and regular steering committees for each strategic initiative. Management will be held to account for the execution phase of the strategy through scorecards and KPIs.</p>	 <p>Having evolved the strategy over the course of the year and established the foundations to deliver the strategy, we believe the risk to have reduced since last year.</p>
<p>PRU 11: Key markets – USA</p> <p>Link to strategy: Operate in an integrated marketplace</p> <p>Failure to stem losses and return to growth in the USA could lead to investment without sufficient return in a reasonable timeframe, and the deployment of significant management resource at a time when we have multiple priorities.</p> <p>A significant proportion of current losses are attributable to retail channels, with contributory factors including onerous leases within our store estate and reduced store revenues, which in part are due to Covid-19.</p>	<p>The property strategy continues to be executed in the USA. This has seen the closure of a number of loss-making stores. The Group is introducing flexibility to rental negotiations where appropriate through, for example, the transfer to turnover-only leases with short notice periods.</p> <p>Significant work has been undertaken in relation to wholesale with a focus on the management and associated commercial opportunities of strategic wholesale accounts. Governance in this area has been enhanced through the introduction of an Integrated Marketplace Steering Committee and the hire of a wholesale lead in the US.</p> <p>We continue to monitor the ongoing impact of Covid, which had a more significant adverse impact on store revenue in the first half of FY22. However, key tourist destinations, eg Times Square, continue to see suppressed levels of footfall.</p>	 <p>We have successfully introduced reductions in the cost base of the store estate (eg leases) and significant progress has been made in identifying strategic wholesale accounts to drive sustainable profitable revenue streams. As such, we believe the risk to have reduced from last year.</p>

Risk	Mitigation	Movement in the year
<p>PRU 12: Information security and threat of data privacy breach</p> <p>Link to strategy: Use technology to accelerate our plans</p> <p>There is a risk our information security is breached, causing data and/or systems compromise. This could lead to fraud, impact our ability to trade, regulatory scrutiny, litigation or fines, and cause damage to the brand.</p> <p>As we determine and implement the technologies (eg new website) that will unlock data and support the delivery of our strategy, we will change the information security profile of the business (eg movement of core infrastructure to the cloud) which could lead to a cyber or data privacy breach. Whilst a cloud-based infrastructure should enhance our cyber security, we need to adapt our control measures to reflect the changing risk profile.</p> <p>The external cyber threat landscape has intensified since Covid-19 (eg Log4J, the internet vulnerability that impacted millions of computers running online services) and the Russian invasion of Ukraine, with organised crime groups carrying out targeted campaigns against a range of organisations.</p>	<p>We have a Data Protection and Information Security Steering Group which meets regularly. It is a cross-functional group which reviews the proactive steps the business takes to manage the risks around data privacy and information security.</p> <p>During the year, we devised and launched a new consumer-facing Privacy Policy and reviewed technical and organisational risk management strategies. The Group also runs internal education and communication programmes to promote a culture of compliance, aided by a new earning management system.</p> <p>As we implement our strategy, a new governance framework will underpin the development and implementation of new technologies, ensuring that information security and data privacy risks are considered, and appropriate mitigations prioritised.</p> <p>Specific information security developments in the year have included:</p> <ul style="list-style-type: none"> Implementation of enhanced email phishing credentials using artificial intelligence that tracks patterns of user behaviour. Improved ransomware protection. Introduction of mandatory, multi-factor authentication for highly privileged user accounts. More secure software development through training and application vulnerability scanning. <p>Risk events associated with information security and data protection are reviewed during the year by the Risk Committee, promoting a programme of continuous improvement.</p>	 <p>Actions taken in the year have enhanced our understanding of the risk profile, and investments in people and systems are designed to protect us to further reduce risk in this area.</p> <p>Whilst we continue to improve our internal technical and organisational controls to reduce risk, the external climate continues to see a trend towards cyber-attacks becoming more prevalent and sophisticated. As such, we believe the risk to be at a heightened level to last year.</p>

Risk	Mitigation	Movement in the year
<p>PRU 13: Ethical (including human rights)</p> <p>Link to strategy: Lead through sustainability</p> <p>Failure by suppliers to adhere to our Ethical Trading Code of Practice could erode our reputation as a responsible brand. We recently launched a marketing campaign to promote our sustainability credentials that will raise the brand's profile in this area. Customer enquiries on ethical trading continue to increase, awareness of modern slavery and the fast fashion debate are also growing and failure to demonstrate our credentials in this area could also lead to reputational damage.</p> <p>There is potentially an increased risk of human rights issues through the supply chain, as a result of changing local conditions, for example, the ongoing impact of Covid-19.</p>	<p>We have a dedicated team responsible for ethical sourcing matters and dedicated local experts in our key markets to detect and mitigate risks associated with changing market conditions. The Group is a member of the Ethical Trading Initiative, which seeks to improve the lives of workers worldwide. We engage with our suppliers and expect them to operate in accordance with our Ethical Trading Code of Practice, which is available at corporate.superdry.com.</p> <p>We assess the status of operating practices through a schedule of audits and visits and, where necessary, work with suppliers on improvement plans. Any factory that fails to remedy significant issues is placed on an exit plan.</p> <p>During the year, the Audit Committee received regular reporting on compliance with our Ethical Trading Code of Practice. In addition, an independent assessment was also carried out to benchmark our compliance programme and associated performance with our peer group.</p> <p>In response to the Advertising Standards Authority's guidance on greenwashing, our Ethical and Legal teams ran a training programme for our marketing teams to ensure we are communicating our sustainability messaging with credibility and integrity.</p>	 <p>We continue to enhance controls associated with ethical risk, commensurate with our responsibilities as a leading fashion brand. As awareness increases and we continue to become more vocal in this area, we are likely to face additional scrutiny. We believe we are well placed to respond to such scrutiny but may have limited control over external commentary. As such, we believe the risk to remain at a similar level to last year.</p>
<p>PRU 14: Climate-related risk</p> <p>Link to strategy: Lead through sustainability</p> <p>We have grouped climate-related risks into two categories: transitional (which tend to be shorter-term risks associated with moving towards a low carbon economy), and physical (which tend to be longer-term risks). Whilst it is recognised that these risks will have an adverse impact on the business if they materialise, effective mitigation represents an opportunity in that it will provide us with a competitive advantage against others in our sector.</p> <p>For each of the transitional and physical risks identified, we have considered the time horizon over which these are likely to be most prevalent. Definitions of short (S), medium (M) and long-term (L) time horizons can be found on page 55.</p> <p>See page 34 for the TCFD section.</p>		

Transitional risks:

REPUTATION (S)

Awareness of the environmental impact of climate change is increasing, and a failure to meet expectations would adversely impact our brand, especially given our mission to 'be the #1 sustainable style destination'.

CURRENT REGULATION (S)

Failure to comply with mandatory reporting requirements which may result in financial penalties.

EMERGING REGULATION (M, L)

The emergence of any new regulation could lead to changes to existing policies and procedures and associated costs (eg climate-related taxes).

TECHNOLOGY (M, L)

Not keeping up with changes to technology, or to changes in its availability, could result in a severe financial and strategic impact eg reliance on availability of both energy reduction/efficiency technologies and renewable energy technologies in order to meet our net zero goal through our 'reduce' and 'convert' stages.

REPUTATION

We aim to mitigate this risk through our strategic pillar, to 'Lead through sustainability', and communicating our climate-related journey with integrity across all our stakeholder groups, including our established community of over 50 Sustainability Warriors to continuously deliver impactful change. We aim to ensure we avoid any risk associated with 'greenwashing' by aligning with legislation in this area.

The Group has set milestones to ensure that we remain on track to meet our 2025 and 2030 sustainability goals and progress is tracked against key environmental initiatives such as packaging, emissions and compliance with wider environmental regulation. The business increasingly uses recycled materials to make products more sustainably.

Our sustainability goals are in line with established material impacts for a fashion brand and align with the United Nations Sustainable Development Goals (SDGs).

CURRENT REGULATION

We use a number of reporting, certification, verification and assurance mechanisms to understand, calculate, manage and publish our impacts.

Training has been given to relevant teams to ensure compliance with the Green Claims Code.

EMERGING REGULATION

Superdry has membership of multiple trade bodies and collaborative working groups which have a focus on environmental and sustainability topics, including emerging regulation and horizon scanning.

TECHNOLOGY

We have committed to invest >£1m in CAPEX over the next three years to fully invest in best available optimisation technologies, including Building Management Systems (BMS) and LED lighting in 100% of our stores and main third-party warehouses.

We align our strategy closely to our suppliers, including requesting all our production partners to:

1. Certify to ISO 50001 standard (a best practice energy management system) to reduce their energy consumption; and
2. Switch to renewable electricity to remove carbon intense equipment.

To date, 22 of our garment factories have certified to ISO 50001, accounting for 47% of our annual volume, and saving an average of 15% in their energy use and costs.



Whilst consumer and regulatory attention in this area continues to grow, we are well placed to mitigate associated risks through the emphasis we are placing on our environmental credentials, through, for example, the verification of our impacts on the environment, investment in green technologies, and increased use of low-impact materials such as organic cotton.

As such we believe the risk to be at a similar level to last year.

Transitional risks:

LEGAL (S, M)

Superdry may face litigation when breaching any climate-related legislation.

MARKET (S, M)

Potential changes in climate temperature could have an adverse impact on the sales of certain seasonal products and linked to reputational risk, increasing consumer awareness, where consumers become more sceptical of brands and their impacts on climate change which could adversely reduce sales.

Physical risks:

ACUTE PHYSICAL (S, M, L)

Extreme weather events such as flooding, hurricanes and landslides which pose a risk of disruption to upstream logistics networks and our supply base.

CHRONIC PHYSICAL (L)

Changes in availability of our raw materials resulting from changing climates (eg cotton volumes and yields) may reduce with higher average air temperature, or lower annual rainfall, meaning we have to source from further afield, which could lead to increased prices or producing fewer garments.

LEGAL

We monitor all legal requirements through our global Legal team, using periodic external law reviews to capture any emerging laws.

Factories must adhere to our global Code of Practice and Environmental Policy as defined in our Supplier Manual, and are audited annually to confirm compliance. Each year, factories are surveyed to collect data associated with the impact they have on climate.

MARKET

Publication of our Sustainability Report which articulates our strategy, core KPIs and how we are achieving our targets, including implementing our net zero targets to limit global temperature rise to 1.5°C in line with recommendations of the Paris Agreement (UN Climate Change Conference).

We publicly demonstrate our environmentally sustainable operations where realised, tangible and meaningful, in order to abate risk of brand reputation.

ACUTE PHYSICAL

A varied geographic spread of our supply base and the introduction of a short-order process with our Turkey production partners so that we are more agile in the movement of product to market, in the event that longer logistics routes have been impacted by climate change.

Adopting alternative modes of transport that are lower carbon and more resilient, for example rail links between the Far East and Europe, and Turkey and Belgium, as well as using barges on level-controlled canals instead of roads.

CHRONIC PHYSICAL

We are mitigating this through our goals to use more low-impact materials which require fewer resources and are therefore less impacted by climate change. This includes:

1. Moving to fully organic cotton by 2030. We have committed to training and converting 20,000 farmers to use organic farming practices by 2025, supporting them on their three-year journey to organic certification. We are increasing the number of farmers we work with directly to help ensure continuity of organic cotton supply.
2. Moving all polyester jacket fill to recycled polyester.
3. Increasing our use of recycled cotton to de-risk any short and medium-term risks associated with the supply of organic cotton.

Additional mitigation measures (eg climate-related scenario planning) can be found in other parts of the Annual Report as signposted in the TCFD section (page 34).

CFO REVIEW

Shaun Wills

Chief Financial Officer (CFO)



Group revenue increased by 9.6% year-on-year to £609.6m, largely driven by restrictions lifting in our key markets as we lapped enforced store closures. The reopening of the store estate and our commitment to a full price stance helped us

to report an adjusted profit before tax of £21.9m, the first adjusted profit the business has made since before the pandemic. FY22 includes a non-cash gain of £12.6m (FY21: £0.5m gain), largely in relation to revaluation of foreign currency assets. In addition, the adjusted profit includes £16.8m of IFRS 16 lease modification gains (FY21: £14.3m). The statutory profit before tax is £17.9m, an increase of £54.6m from the £(36.7)m loss in FY21.

FY22 was a 53-week period and the additional week accounted for £9.7m of revenue and gross profit of £5.7m. While we recognise that, under normal circumstances, comparisons on an equivalent 52-week basis would be appropriate, given the disruption from Covid-19 we do not believe the impact is material enough for readers to misinterpret our results, therefore the below FY22 figures use 53-week numbers, unless otherwise stated.

‘The reopening of our store estate and our commitment to a full price stance helped us to report our first adjusted profit before tax since before the pandemic.’

		FY22 £m	FY21 £m	Change %
Revenue	Stores	228.4	140.5	62.6%
	Ecommerce	155.7	201.8	(22.8)%
	Wholesale	225.5	213.8	5.5%
Group Revenue		609.6	556.1	9.6%
Gross profit:	Stores	161.9	93.6	73.0%
	Ecommerce	99.0	117.5	(15.7)%
	Wholesale	81.7	82.0	(0.4)%
Gross profit		342.6	293.1	16.9%
Gross profit margin %		56.2%	52.7%	3.5%pts
Selling and distribution costs		(273.6)	(258.7)	5.8%
Central costs		(57.9)	(62.9)	(7.9)%
Impairment credit on trade receivables		1.8	3.8	(52.6)%
Other gains and losses		17.0	19.3	(11.9)%
Adjusted operating profit/(loss)		29.9	(5.4)	n/a
Adjusted operating margin		4.9%	(1.0)%	5.9%pts
Net finance (expense)/income		(8.0)	(7.2)	11.1%
Adjusted profit/(loss) before tax		21.9	(12.6)	n/a
Adjusting items:				
	Fair value movement on forward contracts	13.7	(4.7)	n/a
	IFRS 2 charge – Founder Share Plan	0.6	(0.5)	n/a
	Restructuring and strategic costs	–	(1.0)	n/a
	Intangibles write off	–	(2.1)	n/a
	OLP and impairment charges	(18.3)	(15.8)	15.8%
Total adjusting items		(4.0)	(24.1)	(83.4)%
Profit/(loss) before tax		17.9	(36.7)	n/a
Tax (expense)/credit		4.8	0.6	700.0%
Profit/(loss) for the period		22.7	(36.1)	n/a

Stores

Revenue increased 62.6% year-on-year to £228.4m as we lapped enforced store closures and restrictions were lifted in our key markets. However even though the stores were able to trade for the majority of the year and store days lost were only 4% in FY22 vs 39% in FY21, footfall remained suppressed throughout the period, not returning to pre-pandemic levels.

The total store footprint remained roughly in line with FY21, with 11 net store closures (FY21: 10 net store closures), bringing the year-end number to 220 stores (FY21: 231) in 12 different countries. We do not anticipate any material changes in the overall size of the store estate going forward, but will continue to assess opportunities and necessary store closures as they arise.

Store Revenue by Territory	FY22 £m	FY21 £m	Change
UK and Republic of Ireland	123.7	57.4	115.5%
Europe	76.5	64.6	18.4%
Rest of World	28.2	18.5	52.4%
Total Store revenue	228.4	140.5	62.6%

Ecommerce

Ecommerce revenue, a combination of sales made through our owned websites and those made online through third parties, as a percentage of Retail revenue (defined as the combined total of Store and Ecommerce revenues) has decreased by (18.5)% to 40.5% in FY22. This reflects both the shift back to physical trading, after a period of heightened online trading while stores were shut, as well as reduced online promotional activity, which have together contributed to a decrease of (22.8)% in Ecommerce revenue year-on-year.

Retail revenue	FY22 £m	FY21 £m	Change
Stores	228.4	140.5	62.6%
Ecommerce	155.7	201.8	(22.8)%
Total Retail revenue	384.1	342.3	12.2%
Ecommerce revenue as a proportion of Total Retail revenue	40.5%	59.0%	(18.5)%
Ecommerce revenue as a proportion of Group revenue	25.5%	36.3%	(10.8)%

At the end of the year, Superdry had 21 branded websites, translated into 13 languages (FY21: 21, 13) and worked with 30 online third-party partners where we fulfilled orders (FY21: 32).

Ecommerce Revenue by Territory	FY22 £m	FY21 £m	Change
UK and Republic of Ireland	76.8	109.1	(29.6)%
Europe	69.0	78.0	(11.5)%
Rest of World	9.9	14.7	(32.7)%
Total Ecommerce revenue	155.7	201.8	(22.8)%

Wholesale

The majority of our Wholesale revenue is generated in Europe, which suffered prolonged disruptions from Covid-19 due to the timing of relaxation of social distancing measures. This led to an increased level of stock carried forward for our partners. Despite this, we are pleased that Wholesale revenue was up 5.5% year-on-year, at £225.5m.

At the end of the year, the Group had Wholesale operations in 53 countries (FY21: 53), including 452 franchise stores (FY21: 448) and 27 Superdry branded license stores (FY21: 27).

Wholesale Revenue by Territory	FY22 £m	FY21 £m	Change
UK and Republic of Ireland	23.6	31.0	(23.9)%
Europe	148.8	140.9	5.6%
Rest of World	53.1	41.9	26.7%
Total Wholesale revenue	225.5	213.8	5.5%

Gross Margin

As we have said throughout the Annual Report, a key element of our strategy – and a highlight for FY22 profitability – has been our move towards a full-price trading stance. The full-price sales mix for Retail has increased 26%pts¹, driving an increase in total gross margin of 350bps to 56.2% year-on-year. In addition, the higher mix of Store revenue has also had a positive impact on the overall gross margin. There has been a slight decline in wholesale margin driven by product mix and some wholesale clearance activity driven by the stock reduction programme.

Gross Margin by channel	FY22 £m	FY21 £m	Change
Stores	70.9%	66.6%	4.3%pts
Ecommerce	63.6%	58.2%	5.4%pts
<i>Total Retail Gross Margin</i>	<i>67.9%</i>	<i>61.6%</i>	<i>6.3%pts</i>
Wholesale	36.2%	38.4%	(2.1)%pts
Total Gross Margin	56.2%	52.7%	3.5%pts

Total operating costs

	FY22 £m	FY21 £m	Change
Selling and distribution costs	(273.6)	(258.7)	5.8%
Central costs	(57.9)	(62.9)	(7.9)%
Impairment credit on trade receivables	1.8	3.8	(52.6)%
Other gains and losses	17.0	19.3	(11.9)%
Total operating costs pre-adjusting items	(312.7)	(298.5)	4.8%

Total operating costs, pre-adjusting items, increased 4.8% to £312.7m (FY21: £298.5m) and includes store, distribution, marketing, head office, central and depreciation costs, impairment credit/(losses) on trade receivables and other gains and losses.

Selling and distribution costs increased by £14.9m, largely due to the return of property rates payments which totalled £12.4m, (FY21: £2.1m) as the government rates holiday came to an end. The other primary driver was an increase in payroll of £8.3m as stores reopened, furlough support stopped, and staff hours began to normalise to pre-pandemic levels. In addition, there was a strategic decision to increase marketing spend as we worked to improve engagement with a younger demographic using brand and performance marketing, and a greater volume of travel and corporate activity as social distancing restrictions began to relax. There has been continued focus to improve efficiencies within distribution to partially offset the above costs.

Central costs have reduced by £5.0m, largely due to a non-cash £12.6m gain (FY21: £0.5m gain) recognised on revaluation of foreign currency assets in the year, particularly as a result of the movement in the US Dollar. Central costs, excluding the impact of FX, increased to £(70.6)m (FY21: £(62.4)m) in line with normalisation of costs post-Covid.

Reflecting the steady rate of collections against our debtor book, we recognised a £1.8m impairment credit on trade receivables (FY21: £3.8m).

Within the above costs, there has been a small reduction in depreciation and amortisation, the majority of which sits in selling and distribution costs, of £4.7m to £48.7m, largely as a result of the diminished net asset balance from prior year impairments.

Other gains and losses pre-adjusting items (which include royalty income and other income, largely related to lease renegotiations under IFRS 16) were £17.0m (FY21: £19.3m), a decrease of (11.9)%. In the prior year there was a significant accounting gain of £14.3m, compared to £16.8m in FY22. Also included are the net exit costs of Regent Street, £8.1m.

Other gains and losses pre-adjusting items	FY22 £m	FY21 £m	Change
Royalty income	7.2	4.2	71.4%
IFRS 16 lease modification and terminations	16.8	14.3	17.5%
Lease termination:			
Settlement fee	(8.1)	-	n/a
Other income	1.1	0.8	37.5%
Total other gains and losses pre-adjusting items	17.0	19.3	(11.9)%

Leases

As disclosed in previous years, most of our leases meet the requirements to be accounted for under IFRS 16 'Leases'. Where leases are turnover rent only or expire within 12 months, they are outside the scope of the standard. In FY22, only £4.4m (FY21: £5.6m) is recognised within Store costs for the gross rental charge on these leases.

In the current year, prior to the end of the practical expedient under IFRS 16 in relation to Covid-19-related rent concessions, we recognised a £4.4m (FY21: £7.7m) credit in Store costs within the Group Profit and Loss for one-off rent savings in relation to 82 leases:

Lease category	FY22		FY21		Change	
	# Leases	One-off saving	# Leases	One-off saving	# Leases	One-off saving
Leases under IFRS 16	69	3.7	62	4.0	7	(0.3)
Leases not recognised under IFRS 16	13	0.7	15	1.9	(2)	(1.2)
No lease payment due to Covid-related closures (not IFRS 16)	-	-	5	1.8	(5)	(1.8)
Total operating costs pre-adjusting items	82	4.4	82	7.7	-	(3.3)

Rent payments to landlords during FY22 totalled £71.7m (FY21: £45.4m). The figure was higher in the current year as a result of £15.7m rent deferrals which were paid (FY21: £24.0m). As at the end of the year we have £8.2m remaining rent deferrals which we expect to settle in the next year or to crystallise as permanent waivers.

At the end of FY22, we had renewed a total of 55 store leases, out of a store base of 220, for an average lease commitment of three years at an average reduction of 45%. We anticipate achieving this level of reduction across the remainder of the portfolio.

As a reminder, for leases which are recognised under IFRS 16, the benefit of future lease modifications will be seen in the Group Profit and Loss through a reduction in depreciation and interest payments and in the Cash Flow Statement through a reduction in lease payments. In some cases where the lease liability exceeds the right-of-use asset, there may also be an element recognised within other gains and losses on modification (£16.8m in FY22).

Finance costs

Net finance costs were roughly in line with the prior year at £8.0m (FY21: £7.2m). £5.1m (FY21: £5.5m) relates to interest expense on leases under IFRS 16.

Adjusting items

	FY22	FY21	Change
Fair value movement on forward contracts	13.7	(4.7)	n/a
IFRS 2 charge – Founder Share Plan	0.6	(0.5)	n/a
Restructuring and strategic costs	–	(1.0)	n/a
Intangibles write off	–	(2.1)	n/a
OLP and impairment charges	(18.3)	(15.8)	(15.8)%
Total adjusting items	(4.0)	(24.1)	(83.4)%

Adjusting items relate primarily to store asset net impairment charges (£16.8m) and an onerous property related contracts provision charge (£1.5m), totalling £18.3m (FY21: £15.8m). The net impairment charge of £16.8m has been allocated between right-of-use assets (£14.4m, FY21: £7.4m) and property, plant and equipment (£2.4m, FY21: £3.3m). It reflects management's view of the impact of the current macroeconomic climate and the challenges this is having on disposable incomes, and therefore expected future footfall.

One other significant item is a £13.7m gain in respect of the fair value movement in financial derivatives (FY21: £(4.7)m) to hedge Euro receivables and US Dollar payables, which has been driven by the movements between the hedging rate and the spot rates during the period. Further details can be found on adjusting items in Note 6.

Profit/(loss) before tax

Driven by the reopening of stores, our adjusted loss of £(12.6)m in FY21 has improved to a profit of £21.9m in FY22. FY22 includes a £12.6m revaluation of foreign currency assets in the year (FY21: £0.5m gain).

In addition to the above, the statutory profit before tax, after accounting for total adjusting items of £(4.0)m (FY21: £(24.1)m), is £17.9m (FY21: £(36.7)m loss).

Taxation in the period

Our tax credit on adjusted profits is £7.8m (FY21: £3.3m tax charge on adjusted losses).

Our tax credit on statutory profits is £4.8m (FY21: £0.6m tax credit on statutory loss).

The Group's adjusted effective tax rate is lower than the statutory rate of 19% (FY21: 19%). This is primarily due to the increase in value of UK deferred tax assets when measured at the newly enacted UK tax rate of 25% (FY21: 19%), movements in deferred taxation recognised in respect of leases, tax losses and the provision made for uncertain tax positions as required by accounting standards.

The net tax charge on adjusting items totals £3.0m (FY21: £3.9m tax credit), which arises primarily as a result of movement on derivative contracts, impairments to the right-of-use asset values, and impairments to property, plant and equipment at the balance sheet date.

Profit/(loss) after tax

After adjusting items, Group statutory profit after tax for the year was £22.7m, compared to a £(36.1)m loss in FY21.

Profit/(loss) per share

Reflecting the profit achieved by the Group during the year, adjusted basic EPS is 36.3p (FY21: (19.4)p).

The adjusted performance of the business, offset by the adjusting items outlined above, results in a reported basic EPS of 27.7p (FY21: (44.0)p) based on a basic weighted average of 81,879,072 shares (FY21: 82,028,188 shares). The decrease in the basic weighted average number of shares is predominantly due to 768,990 shares being purchased by the Superdry EBT in December 2021. These shares are excluded from the calculation of basic EPS. This decrease is partially offset by 87,357 5p ordinary shares being issued during the year under Buy As You Earn schemes.

Adjusted diluted EPS is 35.0p (FY21: EPS (19.4)p) and diluted EPS is 26.7p (FY21: EPS (44.0)p). These are based on a diluted weighted average of 84,977,467 shares (FY21: 82,028,188 shares).

Dividends

Given the current uncertainty and challenging macroeconomic environment, and to maintain liquidity, the Board did not propose an interim dividend and has made the decision not to recommend a final dividend for FY22.

Cash flow

Cash preservation and liquidity remains a top priority for the business. The end of pandemic-related support from governments, a lower than anticipated recovery in consumer footfall and demand, the shift towards a full-price trading stance, and the challenging macro environment have resulted in a drawdown of £18.4m on our ABL financing facility. Our net debt at the year-end is £(1.0)m, a decrease of £39.9m since FY21. See Notes 25 and 26 for further details.

	FY22	FY21	Change
Operating cash flow before movements in working capital	45.4	29.7	52.9%
Working capital movement	1.8	20.4	(91.2)%
Taxes	0.4	2.5	(84.0)%
Net cash generated from operations	47.6	52.6	(9.5)%
Purchase of PPE and intangible assets	(17.6)	(13.6)	29.4%
Net interest paid	(8.0)	(7.2)	11.1%
Lease incentives – landlord contributions	6.3	–	n/a
Drawdown of ABL facility	164.7	–	n/a
Repayment of ABL facility	(146.3)	–	n/a
Purchase of treasury shares	(2.0)	–	n/a
Proceeds of issued share capital	–	0.1	n/a
Repayment of lease liability principal	(66.6)	(39.9)	66.9%
Net (decrease) in cash and cash equivalents*	(21.9)	(8.0)	173.8%
Cash and cash equivalents at the beginning of period	38.9	36.7	6.0%
Other (including foreign currency movement)	0.4	10.2	(96.1)%
Cash and cash equivalents at the end of period*	17.4	38.9	(55.3)%
ABL Facility	(18.4)	–	n/a
Net Debt	(1.0)	38.9	(102.6)%

* Cash and cash equivalents includes overdrafts.

Movements in working capital generated a cash inflow of £1.8mm (FY21: £20.4m) driven by a decrease in inventories of £(16.7)m, as we continue to reduce the level of stock in the business. This has been partially offset by an increase in trade and other receivables of £13.6m as Wholesale revenues also increase.

Purchase of Property, Plant and Equipment ('PPE') and intangible assets has increased in FY22 by 29.4% to £17.6m in line with our investment into digital, with spend largely focused on the migration of our website platform to microservices and the replacement of our merchandising system, which will continue into FY23.

The increase in our repayment of lease liability principal by 66.9% to £66.6m is due to the payment of £15.7m of deferred rent, which was held back during store closures as a result of Covid-19. As at the end of FY22, we have £8.2m remaining deferred rent which we expect to pay through FY23, though we anticipate a portion will crystallise as a permanent benefit as we continue lease negotiations.

Net working Capital

	FY22	FY21	Change
Inventories	132.7	148.3	(10.5)%
Trade and other receivables	117.5	102.3	14.9%
Trade and other payables	(129.2)	(126.5)	2.1%
Total net working capital	121.0	124.1	(2.5)%

Total net working capital decreased (2.5)% to £121.0m as at the end of FY22, and as proportion of revenue has decreased from 22.3% to 19.8%.

The continued focus on reducing inventory has seen units decrease by a further 2.6m units to 12.4m, a 17.3% reduction year-on-year. The total inventory balance has decreased 10.5% to £132.7m. This is reflective of the reduction in units offset by a higher average price per unit, which is primarily the result of a higher mix of more expensive Autumn/Winter product on hand and a decrease in inventory days from 205.8 to 181.4 in FY22. The inventory balance is net of a provision of £6.1m (FY21: £9.1m).

Total trade and other receivables increased 14.9% to £117.5m, in line with the increase in Wholesale revenue. Total trade and other payables have increased 2.1% to £129.2m largely due to deferred rent for non-IFRS 16 leases of £0.9m (FY21: £11m) and timing of inventory shipments. The deferred rent for IFRS 16 leases of £8.2m (FY21: £24m) is included within lease liabilities.

Internal controls

During FY20 and FY21, a number of accounting and control issues were identified, many of which are commented upon in Deloitte's audit report for each of those respective years. As a result of this, the Audit Committee undertook a review of the internal controls environment which led to the design and implementation of a multiyear remediation plan for the finance department. This plan was focused on month-end controls, particularly around inventory, accounts payable and cash, finance automation and new system design and implementation. Whilst progress has been made on some areas over the first year of this plan, which has focused on redefining processes and undertaking groundwork, it has been slower than desired and there have been further significant weaknesses identified during the year-end process this year, specifically in inventory and accounts payable. The remediation programme for these new issues will be layered into the existing plan. It is anticipated that during FY23, the systems implementation phase, progress

1. 'Lost store days' calculated as the simple average number of stores closed each day of the period as a percentage of total potential trading days in the period, excludes impact of restricted trading hours.

will be accelerated as new tools with inbuilt controls are introduced to the business. These new systems will increase the level of automation and standardisation in the Group's processes, helping to ensure the control environment is appropriate and sustainable in the long-term. To date, Blackline, automatic balance sheet reconciliation software, SoftCo, a company-wide purchase order and accounts payable automation system and an upgrade to the Cognos financial planning system have already been completed. However, it will take time to fully implement and embed the system and process changes needed to ensure the Group has an effective internal control environment and until then, the Group will continue to be reliant on a number of manual reviews and reconciliation controls which need to be improved as a matter of urgency.

The combined controls remediation programme and finance transformation plan remains one of the top priorities for the finance department, Audit Committee, and the wider business throughout FY23 and beyond and will be over-resourced in the near term to ensure improvements are delivered through the current financial year and eventual completion of the programme in FY24. Further details can be found in the Audit Committee report on page 98.

Outlook

We remain cautious about the near future as we continue to face a challenging macroeconomic environment, high levels of inflation, and the potential impact of these on consumer spending patterns. However, we continue to make good progress across our strategic pillars, and we believe these initiatives will help to offset some of that potential risk. I would also like to highlight the importance of refinancing our Asset Backed Lending facility which expires at the end of January 2023 and is covered in more detail in the Assessment of Group Prospects below.

We have maintained good inventory availability across the Group, despite predicted supply chain issues, which has allowed us to launch our AW22 season in line with our expectation. We expect revenues to continue to recover throughout FY23, although still not reaching pre-pandemic levels.

Increasing cost inflation, exacerbated by the conflict in Ukraine, is likely to put pressure on operating margins across each of our territories. The Group has taken action to hedge energy costs – with the majority of UK energy fixed until Summer 2024 and the remaining European requirement fixed until the end of December 2022, but expects to see inflation across other areas of the cost base. We expect to deliver an adjusted profit before tax of between £10m and £20m in FY23.

Assessment of Groups Prospects

Going concern

Background and context

The financial position of the Group, its cash flows and liquidity position are set out in the financial statements. Furthermore, the Group financial statements include the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and exposure to credit and liquidity risk (please refer to note 34).

Like many businesses in the retail sector, Superdry has been through a period of unprecedented challenges over recent years. The global pandemic resulted in the enforced closure of stores, with many trading days lost. The principal impact of Covid-19 in FY22 was from the emergence of the Omicron variant in December 2021, which resulted in significantly reduced footfall during the key Christmas trading period, and predicted supply chain capacity issues in China, which necessitated early order placement for Autumn/Winter22.

Despite a resurgence of store visits in many European countries following vaccination programmes and the lifting or easing of restrictions in Superdry's key markets, footfall has still not recovered to pre-pandemic levels.

The Russian invasion of Ukraine occurred in the second half of FY22, and whilst the Group was not directly impacted, the lasting effects of the pandemic on supply chains, the resultant input price inflation and the consequential impact on consumer confidence has increased the uncertainty in our forecasts, particularly in the short term, and therefore further challenges, our ability to achieve the brand reset and the financial objectives in our plan.

In response to the challenging macroeconomic conditions and to partially offset the adverse impacts above, there are several key mitigations that the Group has undertaken:

- Price rises ranging from 4%-6% across AW22 and SS23 and the introduction of delivery charges for all online orders.
- Increasing the mix of core product, which has a life of more than one season, and consequently reducing the clearance and buy cycle, which remains our largest cash mitigation.
- Re-introducing targeted clearance activity in our stores.
- Identified a number of operational savings and cost efficiencies across the Group.
- Recognised £4.4m of one-off rent savings in FY22 relating to the disrupted periods during Covid-19. These one-off rent benefits are in addition to the ongoing lease renewal savings that have been achieved to date, which we expect to continue to be realised as we review our store estate.

Borrowing Facilities

The Group has an up to £70m Asset Backed Lending Facility (ABL) which expires in January 2023 and an uncommitted overdraft facility of up to £10m available on a rolling annual basis. At the year-end, £18.4m of the ABL facility had been drawn down, £3.1m of the overdraft had been utilised, and the Group had a net debt balance of £(1.0)m. The maximum drawdown on the ABL facility was £21m in October 2021, as peak working capital coincided with the need to weather the impact of temporary closures in the EU and continuing suppressed footfall across all markets.

As at 1 October 2022, which coincides with the Group's working capital peak, the Group had drawn down £45.3m with a net debt balance of £38.9m.

As the overdraft is uncommitted, it has not been considered by the Directors as part of the going concern or viability assessment.

The covenants on the ABL facility are tested quarterly, with the next test due at the end of October 2022 and then again in January 2023, albeit this is the date the facility expires. These are based around the Group's adjusted fixed charge (rent and interest) and are calculated on a 'frozen GAAP' basis and hence unaffected by IFRS 16 'Leases'.

Base case

The Group's going concern assessment covers the 12-month period from the date of approval of the financial statements, derived from the latest FY23 and FY24 forecasts in the Group's medium term financial plan (the 'Plan'). As the long-term effects of Covid-19 and the more short-term escalating cost-of-living crisis continue to impact the wider retail sector and the Group, our trading outlook has been adjusted to reflect these uncertainties. The most significant assumptions in this revised set of projections are:

- All trading channels benefit from ongoing product improvements, operational initiatives and marketing activity to support the brand reset which began in October 2020, the full benefit of which is not yet realised, given the challenging macroeconomic environment. This benefit is offset by pressure on all trading channels as a result of the cost-of-living crisis impacting consumer spending.
- Store trading is predicted to improve year-on-year with footfall recovering steadily over the duration of FY23 and through FY24 as stores remain fully open across all geographies, and consumer demand gradually returns, though stabilising at a lower level than previously forecast, and below pre-Covid-19 levels. Profitability will be in line with FY22, with the impact of re-introduced targeted clearance activity, largely offset by the recurring benefits of renegotiated leases.
- Ecommerce revenues will benefit from investments to improve the website user experience following the migration to a microservices platform, which was fully implemented by August 2022 and will improve in conversion rates and basket values, as well as facilitate the launch of additional partner programmes.

- Wholesale revenues begin to modestly recover in FY23 and throughout FY24, with a return to order book growth, reflecting a steady recovery from the pandemic-impacted trading of FY20-FY22. This will continue to be impacted by the ongoing economic uncertainty globally, but particularly across our biggest Wholesale market in Europe.
- Cost inflation pressures are assumed to be largely offset with price increases of 4-5% for Autumn/Winter22 and 5-6% for Spring/Summer23 and the implementation of delivery charges for online orders.
- Continued investment in marketing will result in increased spend across FY23 and FY24.

In assessing the Group's going concern status the Directors considered the base case (with the assumptions outlined above) and a number of other forecast scenarios, all of which include a requirement for a financing facility, albeit for short periods of time, in line with our working capital cycle.

Reverse Stress Test

Given the base case reflects the results of the turnaround plan and due to the current macroeconomic uncertainties already discussed, the Group has modelled a 'reverse stress test' scenario up to the end of January 2023 when the current ABL facility expires, to ensure there is sufficient headroom on the facility and covenant tests to allow the Group to operate within the agreement until this point.

The reverse stress test calculates the necessary shortfall to sales forecasts in the Plan, net of feasible mitigating actions, that would create a situation where the Group either:

- Requires additional sources of financing, in excess of those that are committed; or
- Breaches the lending covenants on the existing facility.

Given the headroom over the available facility until the end of January 2023 and the encouraging trading we have seen over recent weeks following the launch of our Autumn/Winter22 collection, as well as our proven ability to effectively manage cash, the Directors consider the likelihood of breaching the facility limit or the associated covenant tests prior to the expiry, to be remote.

This assessment is linked to a robust assessment of the principal risks facing the Group, and the reverse stress test reflects the potential impact of these risks being realised. The principal risks are outlined in the How We Manage Our Risks section on page 53.

Ongoing Discussions

As noted above, the existing ABL facility is due to expire in January 2023. The terms of the agreement state that an extension of the existing ABL facility can only be formally requested 60 days before expiry of the initial term. The Directors believe they will be able to secure committed financing prior to the end of the current arrangement and are in positive discussions with a number of prospective lenders. An agreement to a new committed facility is critical in both delivering the planned business performance and also concluding on going concern.

The Directors consider that the current up to £70m facility is sufficient, until expiry in January 2023. Projections show the business will be cash positive for a large part of FY23 and FY24, but the seasonal stock buy for both retail and wholesale does mean that a facility during the peak working capital cycle from August through to early September.

Summary

After considering the forecasts, sensitivities and mitigating actions available and having given due regard to the risks, uncertainties and continued challenges in the macro environment, the Directors note that until those discussions conclude on the future funding facility, there exists a material uncertainty. This may cast significant doubt over the Group's ability to continue as a going concern until said funding is secured and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The material uncertainty relates to:

- going concern regarding secured funding, as the current funding facility is in place for less than 12 months following the date of signing and the base case cash flow forecast indicates that funding will be required in the going concern period.

The financial statements have been prepared on a going concern basis, whilst noting the material uncertainty above.

Viability Statement

In line with the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a longer period than that required by the 'going concern' provision. The Directors have assessed the viability of the Group over the five-year period through to FY27 using the medium-term financial plan. The five-year viability period coincides with the Group's strategic review period. The Plan assumes the successful implementation of the turnaround strategy to reset the brand, reversing the decline in performance which began in FY19 and has been exacerbated by the impact of Covid-19 and the cost-of-living crisis, and return the Group to historic profit margins whilst delivering long term growth. However, the Directors recognise that the prevailing conditions make it challenging to forecast future outcomes.

The viability assessment has considered the potential impact of the principal risks on the business, in particular future performance (including the success of the brand reset and turnaround strategy, and the broader economic recovery) and liquidity over the duration of the Plan. In making this statement, the Directors have considered the resilience of the Group under various market conditions, together with the effectiveness of any mitigating actions and the availability of financing facilities.

The assessment has been made, at the date of signing these accounts, with reference to:

- The Group's financial position at the year ended 30 April 2022 including the current and forecast funding position and the Directors' expectation that funding will be available, notwithstanding the need to refinance when the existing facility ends in January 2023;
- The Group's strategy and business plan;
- The Board's risk appetite;
- The Group's principal risks and uncertainties and how these are identified, managed and mitigated;
- The Group's going concern assessment; and
- The external environment that the Group operates within.

The Group is still profitable and is projected to be so throughout the life of the Plan. In the short term, the viability of the Group is impacted by the financing issues, including the need for funding, discussed in the Going Concern section.

Whilst recognising the challenging retail environment will increase the risks and costs around the future refinancing of this facility, based on current market conditions and the proven ability to manage cash during the pandemic, the Directors believe that Superdry has the appropriate plans, current assets and mitigations in place to maximise the prospects of a successful renewal in advance of the January 2023 ABL expiry. The viability assessment therefore assumes that the Group renews the facility and sufficient funding is available over the duration of the viability period.

Based on this assessment, the Directors have a reasonable expectation that the Group will have sufficient resources to continue in operation and meet its liabilities as they fall due over the period to April 2027, taking into account the need to resolve the material uncertainty relating future financing. However, a significant sustained downturn either in the wider economy or through strategic failure, a failure to renew the committed financing facility in January 2023 or the facility not being available over the whole viability period, would threaten the viability of the business over this five-year assessment period.

Julian Dunkerton
Chief Executive Officer
6 October 2022

Shaun Wills
Chief Financial Officer
6 October 2022

1. Net full price sales from full price channels, excluding mark-down product but including basket building mechanics (e.g., 3 for 2 offers).

BOARD OF DIRECTORS

We have an experienced Board which works with the Executive Committee to ensure that information flows facilitate stakeholder focused decision-making, and that our governance enables Superdry to achieve its strategic goals.



Peter Sjölander

Chairman

Appointed: 29 April 2021

Tenure: 1 year 5 months

Peter was CEO of Helly Hansen from 2007 to 2015, where he delivered a step change in the performance of the brand, driving its transition from being a business focused on its local Scandinavian markets to a globally recognised brand. Earlier in his career, Peter spent 13 years at Nike in a number of leadership roles across marketing, product and general management, working in the Nordics, Netherlands and USA at a time of rapid growth for the brand. Following that, Peter joined Electrolux where he was responsible for brand and product, driving a shift from an industrial agenda to a consumer-centric one. He is currently a Non-Executive Director of Dometic Group AB (listed in Sweden).

He is also a senior adviser to Altor Equity Partners and EQT Group.

Contribution to the long-term success of Superdry

Peter brings international, brand, turnaround and digital expertise and leadership to the Superdry Board.



Julian Dunkerton

Executive Director

Appointed: 2 April 2019

Tenure: 3 years 6 months

Julian co-founded Superdry in 2003 and went on to build a global retail business and brand with a reputation for quality, fit, design, and value for money. In 2010, Julian led the successful float of Superdry on the London Stock Exchange at an initial value of £400m.

In 2015, Julian stepped down from his role as Chief Executive, returning to Superdry in April 2019, and he was appointed permanent CEO in December 2020.

Julian continues to focus on brand and design and is an ambassador for sustainability.

Contribution to the long-term success of Superdry

Julian has huge passion for and commitment to the Superdry brand and has substantial knowledge of Superdry products and markets. Julian leads on sustainability.



Shaun Wills

Executive Director

Appointed: 26 April 2021

Tenure: 1 year 5 months

Shaun joined Superdry in April 2021 and brings over 30 years' experience gained in a number of household-name clothing brands and retailers, most recently as Finance Director of Marks and Spencer's Clothing and Home division. He has operated in both fast-growth and turnaround situations and is well versed in digital transformation and the complexities of international expansion. As well as having held a number of CFO roles, he has also held leadership roles in Ecommerce, strategy, merchandising, property and logistics, and has experience as CEO of a multi-brand business. Shaun is a member of the Chartered Institute of Management Accountants.

Contribution to the long-term success of Superdry

Shaun's significant retail and financial experience in transformation environments provides the Board and the Company with strong financial leadership.



Helen Weir



Independent
Non-Executive Director

Appointed: 11 July 2019

Tenure: 3 years 3 months

Helen is the Senior Independent Director, Chair of the Nomination Committee and is also the designated NED for colleague engagement. She has extensive experience of both publicly quoted companies and retail businesses, having been Finance Director of Marks and Spencer, John Lewis, Lloyds Bank (where she was also the CEO of the Retail Bank) and Kingfisher. Helen is a member of the Supervisory Board of Koninklijke Ahold Delhaize N.V. where she chairs the Governance and Nomination Committee, a Non-Executive Director of Greencore Group, where she chairs the Audit Committee, and a Non-Executive Director and Chair Designate of National Express Group Plc. Her previous non-Executive roles include SABMiller, Royal Mail, and Just Eat. Helen is a Fellow of the Chartered Institute of Management Accountants and was awarded a CBE for services to Finance in the 2008 honours list.

Contribution to the long-term success of Superdry

Helen's extensive financial and retail experience, her commitment to colleague engagement and her work with the SD Voice.

- A Audit Committee
- R Remuneration Committee
- N Nomination Committee
- Chair of Committee



Faisal Galaria R N
 Independent
 Non-Executive Director
Appointed: 29 July 2019
Tenure: 3 years 2 months

Faisal brings extensive digital expertise to the Superdry Board. Faisal is the CEO of Blippar, a global Augmented Reality technology company. Previously, he was the Chief Strategy and Investment Officer of GoCompare Group, where he helped lead its listing on the London Stock Exchange in November 2016 and oversaw several successful acquisitions. He has held senior roles at a number of leading global digital businesses including Spotify, Kayak.com and Skype and has extensive experience in management consulting, as a partner at Alvarez & Marsal and Andersen.

Faisal is not standing for re-election at this year's AGM.



Georgina Harvey A R N
 Independent Non-Executive
 Director

Appointed: 29 July 2019
Tenure: 3 years 2 months

Georgina is an experienced Non-Executive Director and is a member of of the Board of Capita plc, where she is the Senior Independent Director and Chair of Remuneration Committee, and a member of the Board of McColls Retail Group plc. Prior to developing her portfolio career, Georgina spent seven years as managing director of Regionals at Trinity Mirror, sitting on the Executive Committee.

Contribution to the long-term success of Superdry

Georgina's commercial experience and specialist knowledge of and leadership on remuneration matters, including investor consultation on remuneration policy. Georgina has spent additional time working with our Global Sourcing and Sustainability Director on sustainability matters.



Alastair Miller A R N
 Independent Non-Executive
 Director

Appointed: 11 July 2019
Tenure: 3 years 2 months

Alastair is a Non-Executive Director of NewRiver REIT plc, a property investment company specialising in retail assets, where he is the Senior Independent Director and Chairman of the Remuneration Committee. Alastair was Chief Financial Officer at New Look from 2000 until 2014 and was one of the MBO team who helped take the company private in 2004 and led a number of subsequent refinancings. Previously, he was the Group Finance Director at RAC, having joined from Price Waterhouse where he was a management consultant. Prior to that he was Finance Director of a company within the BTR plc Group. Alastair qualified as a Chartered Accountant with Deloitte Haskins and Sells and holds a BSc in Economics.

Contribution to the long-term success of Superdry

Alastair's experience in finance and audit, his leadership of the Audit Committee and his work with the Executive Team on finance and audit related matters.



Ruth Daniels
 Group General Counsel
 and Company Secretary

Appointed: 3 February 2020

Ruth joined Superdry in February 2020 and brings 30 years of legal, governance and commercial experience from private practice, as well as in-house roles at Ancestry.com, CPA Global and Global Media & Entertainment. Ruth has acted for key brands and brings extensive experience of working in digital and international environments, as well as those undergoing transformation. Before qualifying as a lawyer, Ruth began her career in Retail.

Election or re-election at AGM

Board/ Committee member	Election	Re- election
Peter Sjölander		●
Julian Dunkerton		●
Shaun Wills		●
Faisal Galaria		
Georgina Harvey		●
Alastair Miller		●
Helen Weir		●

CHAIR'S GOVERNANCE STATEMENT

I am pleased to report that Superdry's governance framework has continued to serve the Group well in FY22. My fellow Directors and I have continued to guide and support the Executive Committee during my first full year as Chair of Superdry plc. On the pages that follow, our governance frameworks and how the Board and its Committees have operated and engaged with the Executive Committee and senior leadership, have been described in order to show that the Board continues to perform effectively.

Peter Sjölander
Chair, Superdry plc



Corporate governance statement of compliance

The Group is subject to the UK Code of Corporate Governance (the 'Code') which was issued by the FRC in 2018. For the year ended 30 April 2022, the Board considers that it has fully complied with the Code. This report, together with the reports of the Audit, Nomination and Remuneration Committees and the other statutory disclosures, provides information about our governance structures and Code compliance; the table on pages 80 to 85 'Applying the principles of the Code to Superdry', explains in detail how we have applied each principle and where in this report you can find further information.

Peter Sjölander
Chair, Superdry plc
6 October 2022

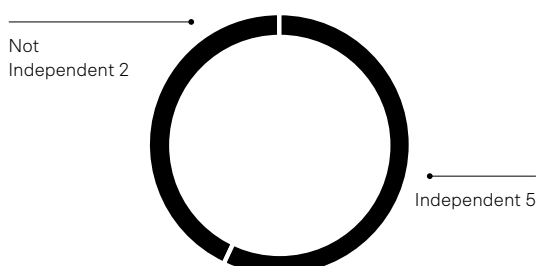
This Corporate Governance Report includes:

- Director and officer biographies (pages 76 to 77);
- Statement of compliance with the Code and a description of how the Code principles have been applied to Superdry (pages 80 to 85);
- Governance Framework (page 86);
- Board activities and discussions (pages 88 to 89); and
- The reports of the Nomination (page 94), Audit (page 98) and Remuneration (page 106) Committees.

The governance priorities of the Board in FY22 have been:

- Continuing to work with the Executive Committee to guide the strategy and to identify and monitor the key business processes which will impact the successful delivery of our strategy;
- Continuing to monitor progress of the internal controls framework review, the responsibility for which has been delegated to the Audit Committee – please see page 100 for details;
- Promoting good information flows between the Board and the Executive Committee and ensuring that actions are followed up on a timely basis;
- Establishing a Technology Committee;
- Nurturing culture and promoting diversity and inclusion;
- Independently facilitated external Board evaluation and objective setting; and
- Continued compliance with the Code.

Board independence



GOVERNANCE AT A GLANCE

Board meeting attendance FY22 (25 April 2021 – 30 April 2022)

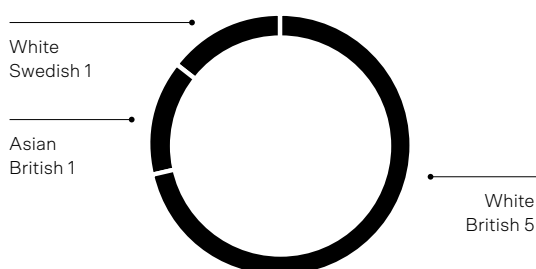
The Board held six scheduled meetings in FY22. The attendance of Board and Committee members is set out in the table below. The Chair ensures that regular meetings are also held with the Non-Executive Directors, without the presence of the Executive Directors.

Board/Committee member	Member since	Board No. of scheduled meetings attended	Audit Committee No. of scheduled meetings attended	Nomination Committee No. of scheduled meetings attended	Remuneration Committee No. of scheduled meetings attended	Technology Committee No. of scheduled meetings attended
Peter Sjölander	29 April 2021	6/6	N/A	3/3	N/A	5/5
Julian Dunkerton	2 April 2019	6/6	N/A	N/A	N/A	4/5
Shaun Wills	26 April 2021	6/6	N/A	N/A	N/A	5/5
Faisal Galaria	29 July 2019	6/6	3/3*	3/3	6/6	5/5
Georgina Harvey	29 July 2019	6/6	5/5	3/3	6/6	N/A
Alastair Miller	11 July 2019	6/6	5/5	3/3	6/6	N/A
Helen Weir	11 July 2019	6/6	5/5	3/3	6/6	5/5

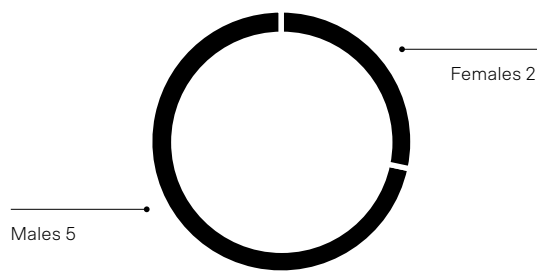
* Faisal Galaria stepped down from the Audit Committee on 19 November 2021.

Board diversity information

Ethnic diversity



Gender diversity



Directors' skills matrix

	International experience 4	Strategy and transformation 14	Technology/ Digital/ Ecommerce 24	Retail/ Consumer/ Commercial 124	Brand 1234	Financial/ Accounting 1234	Regulatory environment/ Listed/ Governance 1234	Supply chain/ Logistics 34	Sustainability 13	HR/ People management 4	Risk 1234
Peter Sjölander	●	●	●	●	●	●	●	●	●	●	
Julian Dunkerton	●	●		●	●				●		
Shaun Wills	●	●	●	●		●	●				●
Faisal Galaria	●	●	●	●			●				
Georgina Harvey		●	●	●			●		●	●	
Alastair Miller		●		●		●	●	●			●
Helen Weir	●	●	●	●		●	●	●			●

Key – Link to strategic objectives:

1. Inspire through product and style
2. Engage through social
3. Lead through sustainability
4. Make it Happen

Applying the principles of the Code to Superdry

The following pages explain how we have applied the principles of the Code to Superdry and where further information can be found.

1. Board Leadership and Company Purpose

Code principles	How we have applied the principles and where further information can be found
<p>A: A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.</p>	<p>Board biographies containing details of the skills and relevant entrepreneurial experience of our Board members are on pages 76 to 77.</p> <p>Our Governance Framework section on page 86 explains the governance structure, how authority is delegated, and how decisions have been reached. The activities of the Board in FY22 are set out on pages 88 to 89.</p> <p>The effectiveness of the Board is judged each year as part of the annual Board evaluation. Details of the FY22 independent external Board evaluation, a comprehensive interview-based assessment conducted with the Board, Executive Committee and Company Secretariat, are on page 90. Progress on FY22 Board objectives and details of objectives set for FY23, as a result of that evaluation, are on pages 90 to 91.</p> <p>Our Section 172 Statement and stakeholders are set out on pages 26 to 33. The Section 172 Statement explains how the principal decisions made by the Board in FY22 promoted the long-term sustainable success of the Group and generated value for shareholders and wider society. Further details of the activities of the Board and its Committees can be found in this Corporate Governance Report and in the reports of the Nomination (page 94), Audit (page 98) and Remuneration (page 106) Committees.</p> <p>The following sections of this Annual Report contain details of our financial performance and KPIs, business model and strategy: CFO Review page 68, KPIs pages 23 and 24, business model pages 12 and 13, strategy pages 19 to 22 and financial results pages 148 to 210.</p> <p>The Sustainability Report on pages 40 to 46, considers our sustainability performance and contains sustainability metrics and comparative information. Superdry also publishes a separate Sustainability Report and its sustainability and ethical trading policies, at corporate.superdry.com. The TCFD disclosure on page 34 explains how we govern and consider climate change risk.</p> <p>The People report on page 47 explains how Superdry is working to enhance its employee value proposition and how Superdry contributes to its communities.</p>
<p>B: The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.</p>	<p>Our purpose is 'To inspire and engage style-obsessed consumers, while leaving a positive environmental legacy' and has been approved by the Board. Our Superdry values and culture are set out in the People Report on page 47.</p> <p>Our business model is on pages 12 and 13 and our strategy is on pages 19 to 22. Our Sustainability Report on pages 40 to 46 demonstrates our commitment to sustainable practices which align with our purpose and strategy.</p> <p>The Board Diversity and Inclusion Policy on page 97 sets out the Board's statement on diversity and inclusion.</p> <p>The Board biographies on pages 76 to 77 provide further details of our Board members and their professional backgrounds and experience. Each Non-Executive Director has a service contract in place which contains standard terms relating to their statutory duties, their role and responsibilities and the values and standards of behaviour that are expected of them. Our induction process includes briefings on behavioural expectations and relevant codes of practice and policies and procedures, such as our Share Dealing Code and Policy, are given to Directors as part of their onboarding process.</p> <p>Our Board has access to Workplace, a Company-wide communications and information sharing tool. The Board has appointed a designated independent NED for workforce engagement and reviews the results of our regular Pulse surveys to allow them to monitor culture. Presentations have been made to the Board by the SD Voice and the Diversity and Inclusion group. Please see the People report for further information (page 47).</p>

1. Board Leadership and Company Purpose (continued)

Code principles	How we have applied the principles and where further information can be found
<p>C. The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.</p>	<p>Please refer to the CEO Review on page 16 , CFO Review on page 68, KPIs on pages 23 and 24 and Financial Statements from page 148 for full details of our financial performance.</p> <p>How We Manage Our Risks on pages 53 to 67 discusses our risks and the systems for risk management and the Audit Committee Report on page 98 sets out the work of that Committee, the internal controls framework and the work that has been completed on our internal financial controls.</p> <p>The Board receives CEO, finance and risk updates at each of its scheduled Board meetings where KPIs are monitored closely. The Board also receives weekly sales reports from the CFO in order to monitor sales performance.</p>
<p>D. In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.</p>	<p>Our Section 172 Statement and our stakeholder table on pages 26 to 33 provide details of our stakeholders, what matters to them, the mechanisms for engagement with them, and how stakeholder feedback, including from shareholders, reaches the Board and Executive Committee and how that feedback is considered when making decisions.</p> <p>The People report on page 47 provides further details on colleagues and communities as stakeholder groups, including how we obtain feedback from our workforce and how we communicate effectively with them.</p> <p>Our Sustainability Report on pages 40 to 46 provides details of our sustainability performance and our TCFD disclosure on page 34 explains how we are considering and governing climate change risk.</p>
<p>E. The board should ensure that workforce policies and practices are consistent with company values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.</p>	<p>Further details of our policies and procedures can be found at corporate.superdry.com and the People report on page 47 has details of training and values.</p> <p>The Directors' Remuneration Report on page 106 contains further information on Remuneration Policy and the work of the Remuneration Committee in monitoring workforce pay.</p> <p>The Section 172 Statement and stakeholder information on pages 26 to 33 provide information about how the Board and Executive Committee's decision-making processes influence the long-term sustainable success of the Group.</p> <p>Further information about the SD Voice, presentations to the Board and interactions with the workforce designated NED can be found in the People report on page 47.</p> <p>Details of our independent confidential whistleblowing line and Whistleblowing Policy can be found on page 99.</p>

2. Division of Responsibilities

Code principles	How we have applied the principles and where further information can be found
<p>F. The Chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chair facilitates constructive board relations and the effective contribution of all NEDs, and ensures that Directors receive accurate, timely and clear information.</p>	<p>Board policies and processes are in place to ensure that the Board functions effectively and efficiently (for example the annual Board evaluation process, the division of responsibilities between the Chair and Senior Independent Director, and Matters Reserved for the Board, available at corporate.superdry.com.</p> <p>This Corporate Governance Report contains details of Board balance, the division of responsibilities, how authority is delegated and the independence of the Chair and the NEDs (see Board biographies on pages 76 to 77).</p> <p>The annual Board evaluation considers the effectiveness of the Chair, of each Director and of the Board as a whole. The evaluation also examines the quality of Board packs and information flows between the Board and the Executive Committee and the dynamics at work in the Boardroom. For full details of the Board evaluation conducted in FY22, please see page 90.</p> <p>The Chair works with the Company Secretariat to plan agendas for Board meetings and ensures that Directors receive the right information on a timely basis.</p>
<p>G. The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.</p>	<p>The Board biographies, indicating independence, are on pages 76 to 77 and an independence chart is on page 78.</p> <p>The Non-Executive Directors were independent on appointment and continue to be considered independent. The Chair was independent on appointment. Independence is reviewed on a continual basis by the Chair with reference to the registers of directorships and Directors' conflicts of interest and on an annual basis as part of the annual Board evaluation.</p> <p>At least one third of the Board are independent Non-Executive Directors.</p> <p>The Chair facilitates open and frank discussions during Board and Committee meetings, where debate and challenge is encouraged, and decisions are reached collectively.</p> <p>The Schedule of Matters Reserved for the Board can be found at corporate.superdry.com.</p> <p>A Delegation of Authority matrix is in place and was reviewed and updated in May 2022.</p> <p>The Chair meets regularly with the NEDs without the presence of Executive Directors to discuss Board matters.</p>
<p>H. Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.</p>	<p>The existing commitments of NEDs are reviewed prior to joining the Board.</p> <p>Service contracts clearly set out the duties, responsibilities and expected time commitments of NEDs. Anticipated time commitments are discussed with candidates at interview and as part of our induction process.</p> <p>The time commitments of NEDs and of the Chair are also considered as part of the annual Board evaluation – please refer to page 90 for further details.</p> <p>Board biographies outlining the experience of each NED are on pages 76 to 77. The Board skills matrix is on page 79. Our Board and Committee attendance table is on page 79.</p> <p>The Board activities table for FY22 is on pages 88 and 89 and provides an overview of the discussions at Board meetings in FY22 and in early FY23.</p>
<p>I. The board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.</p>	<p>The FY22 external Board evaluation results are on pages 90. The quality of information provided to the Board in Board packs and reports was considered as part of that review.</p> <p>The Company Secretariat supports the Board in its work and receives regular feedback from the Chair and the NEDs on the quality and appropriateness of information, supplying further information on request and working with the Executive Committee to provide more detailed or specific information when necessary.</p> <p>Induction packs contain a range of Company policies and processes, such as the Share Dealing Code and Policy, Anti-Bribery and Corruption Policy and Whistleblowing Policy.</p>

3. Composition, Succession and Evaluation

Code principles	How we have applied the principles and where further information can be found
<p>J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for Board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.</p>	<p>The processes for appointments to the Board and to the Executive Committee are set out in the Nomination Committee Report on page 94.</p> <p>Succession planning is included in the annual programme of works for the Nomination Committee.</p> <p>The annual Board evaluation considers Board balance, composition and succession planning – details of that evaluation and its results can be found on page 90.</p> <p>Board biographies are on pages 76 to 77, our Board skills matrix page is on page 79 and Board diversity information is on page 79.</p> <p>The Board Diversity and Inclusion Policy and statement is in the Nomination Committee Report on page 97.</p>
<p>K. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.</p>	<p>Please refer to the Board biographies on pages 76 to 77 where tenure is set out, and the Board skills matrix on page 79. The annual Board evaluation considers the balance of skills, knowledge and experience of Board members.</p> <p>The processes for appointments to the Board are in the Nomination Committee Report on page 96.</p> <p>Consideration of tenure is carried out annually by the Nomination Committee, please refer to page 95, and is also reviewed as part of the Board evaluation, please refer to page 90 for further details.</p>
<p>L. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.</p>	<p>Please refer to details of the FY22 Board evaluation, results and objective setting on pages 90 and 91. Please also refer to the Board biographies on pages 76 to 77 which sets out the continuing contributions of each Board Director with reference to re-election at the forthcoming AGM.</p>

4. Audit, Risk and Internal Control

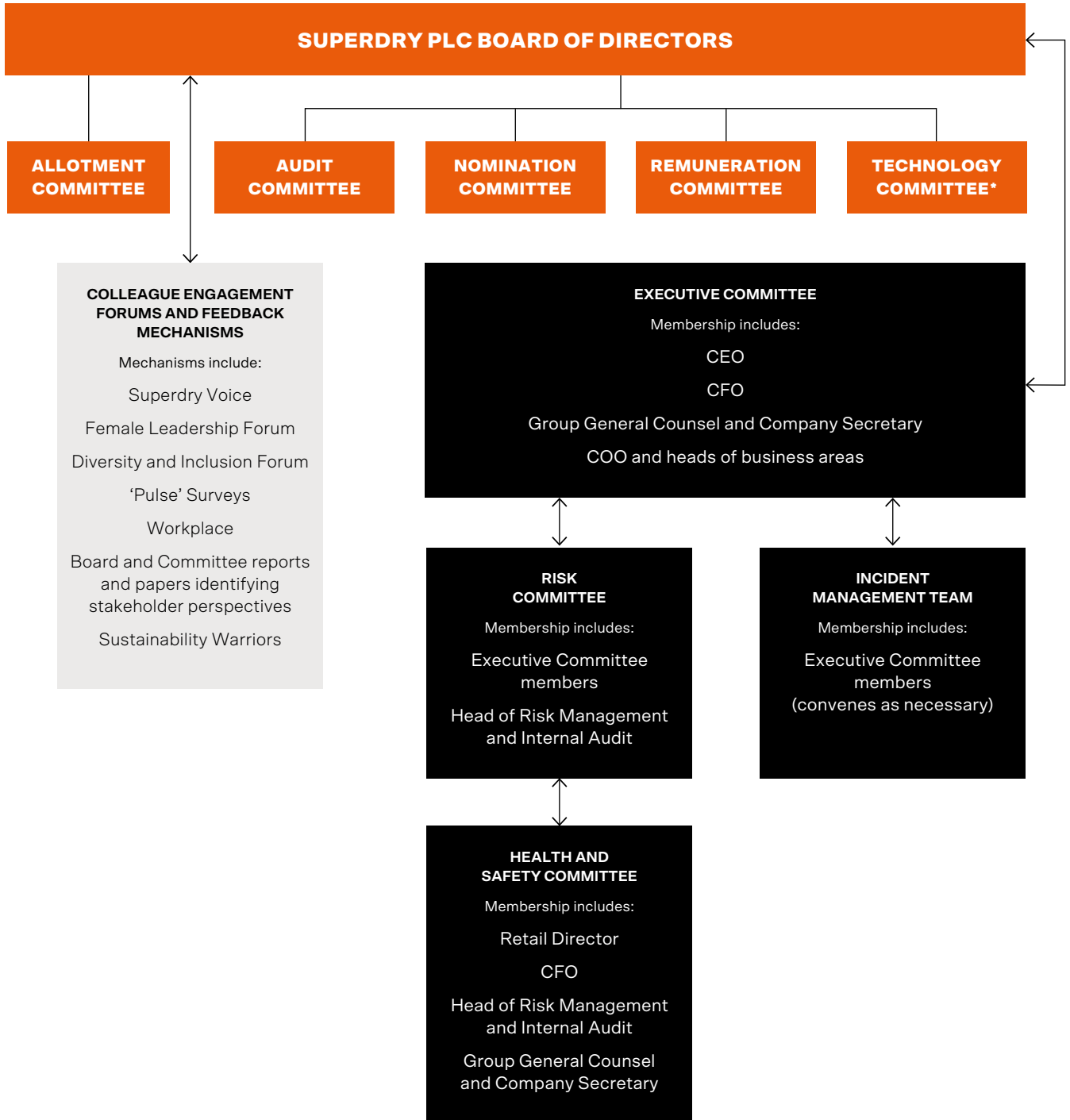
Code principles	How we have applied the principles and where further information can be found
<p>M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.</p>	<p>Please refer to the Audit Committee Report on page 98 and to the Audit Committee terms of reference available at corporate.superdry.com.</p>
<p>N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.</p>	<p>Our fair, balanced and understandable statement is on page 131. For further details please turn to the CEO Review on page 16, the CFO Review on page 68, How We Manage Our Risks on page 53, the Financial Statements from page 148 and the Independent Auditor's Report on page 132.</p>
<p>O. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.</p>	<p>Please refer to How We Manage Our Risks on page 53, to the Audit Committee Report on page 98 and to the Board activities and discussions in FY22 table on pages 88 and 89.</p>

5. Remuneration

Code principles	How we have applied the principles and where further information can be found
<p>P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.</p>	<p>For details of our Remuneration Policy, the work of the Remuneration Committee and Executive Director remuneration, please turn to the Directors' Remuneration Report on pages 106 to 126.</p>
<p>Q. A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.</p>	<p>For details of our Remuneration Policy, the work of the Remuneration Committee and Executive Director remuneration, please turn to the Directors' Remuneration Report on pages 106 to 126. The terms of reference for the Remuneration Committee are available at corporate.superdry.com.</p>
<p>R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.</p>	<p>For details of Director independence, please refer to the Board biographies on pages 76 and 77 and to the independence infographic on page 78. For further details on Remuneration Policy please turn to the Directors' Remuneration Report on page 106.</p> <p>Independence is considered as part of the annual Board evaluation – please refer to page 90 for full details.</p>

OUR GOVERNANCE FRAMEWORK

Superdry governance framework



* Met between August 2021 and May 2022

Our governance framework is structured to enable the effective operation and governance of the Group. The Board is collectively responsible for promoting the long-term sustainable success of the Group for all stakeholders. It comprises the Chair, CEO, CFO, Senior Independent Director (SID) and three further NEDs. The Board delegates specific responsibilities to each of its Committees, documented in terms of reference which are reviewed and approved by the Board, annually. Each Committee is chaired by a different independent NED, who each provide verbal updates on committee activities and key decisions at each scheduled Board meeting. The Board also maintains a Schedule of Matters Reserved, which is reviewed annually, and includes long-term strategic plans, capital expenditure over a certain level, budgets, approval of financial results and dividends.

There is a clear division of responsibilities between the Chair and the CEO. The duties of the Chair and Senior Independent Director are documented and reviewed regularly. All documents and terms of reference are available at corporate.superdry.com.

Responsibility for the day-to-day running of the Group is delegated to the CEO, who in turn delegates certain responsibilities to Executive Committee members relevant to their respective areas of responsibility. Details of our Executive Committee can be found at corporate.superdry.com. The Executive Committee is collectively responsible for: developing and implementing the agreed strategy and objectives; developing, implementing, and monitoring budgets; reviewing the performance of the senior management team, as well as talent development of and succession for the wider workforce; regularly reviewing the organisational structure; monitoring and reviewing Group risk; and identifying new business opportunities. The CEO reports formally to the Board at each scheduled meeting and seeks Board approvals where necessary, in line with the Delegation of Authority (DoA).

In July 2021, the Board established a Technology Committee which met from August 2021 to May 2022. The Committee was delegated authority to monitor and support the implementation of digital and technology projects. Further details about the responsibilities and work of that Committee can be found on page 92 of the Corporate Governance Report, and page 29 of our Section 172 and stakeholders report.

Other key operational committees include:

- The Risk Committee – responsible for the effective management of the Group’s risk management framework and processes;
- The Health and Safety Committee – responsible for the effective management of the Group’s global health and safety culture, and supporting management processes; and
- The Incident Management Team (IMT) – responsible for the management of incidents that could cause significant and adverse interruption to the business; for example, during FY22, the IMT met to oversee the continued response to the global Covid-19 pandemic.

Our DoA sets out the authorities given to individuals in the business, ensuring that decisions are taken at the right level and to reduce business and operational risk. It is regularly reviewed to ensure it remains relevant to our structure and activities.

Board meeting agendas are discussed and agreed by the Chair, CEO and CFO with the Company Secretary several weeks in advance of each meeting. The agendas contain standing items to ensure that reporting is balanced and consistent including Committee updates, CEO report, CFO report (covering management accounts, capital expenditure plans and investor relations updates), Legal and Governance, and Health and Safety. Board papers are circulated five working days in advance of meetings to allow adequate time for review and preparation. A level of information is contained in Board packs that allows consideration of strategic matters, whilst not over-burdening the Board with an unnecessary level of detail on operational or ‘business as usual’ matters. Templates are used for Board reports for consistency and to highlight key information.

Where Directors are not able to attend part of any Board or Committee meeting, Board members review the papers circulated for that meeting and provide comments to either the Chair, or the Group General Counsel and Company Secretary in advance of the meeting. All Directors attended each scheduled Board meeting in FY22. Following meetings, minutes are drafted and aim to be circulated within one week and an actions list is circulated with designated owners and specific time frames for the completion of actions.

The Company Secretariat maintains governance calendars and annual programmes of works for each Committee, to ensure that items are reviewed at appropriate times in the year at Board and Committee meetings. Care is taken by the Chair and Company Secretary to ensure that sufficient time is allowed for the discussion of agenda items, including stakeholder perspectives. Strategic updates and business area ‘deep dives’ are undertaken at scheduled Board meetings. For further information on the Board’s activities and discussions in FY22, please see below.

Board activities and discussions in FY22

Meeting	Activity/discussion	Link to strategic objectives
	<p>All scheduled Board meetings received the following reports:</p> <ul style="list-style-type: none"> • Updates from the Audit, Remuneration, Nomination and Technology Committee chairs • CEO report (including People, Risk, Sustainability and supply chain) • CFO (management accounts, finance reports, capital expenditure requests, IR updates) • Legal and Governance • Health and Safety dashboard and reports 	
	<p>The following items formed part of Board meeting discussions and activities during FY22, and up to the date of this report</p>	
5 July 2021	<p>Technology Committee</p> <p>The composition and responsibilities of a new Technology Committee were agreed to monitor the implementation of key technology and digital transformation projects.</p>	<ul style="list-style-type: none"> • Use technology to accelerate our plans • Digitise Superdry • Unlock data
5 July 2021	<p>Review of risk and principal risks and uncertainties</p>	<ul style="list-style-type: none"> • All objectives and initiatives
5 July 2021	<p>Chief Operating Officer 'first 90 days in' presentation</p> <p>Silvana Bonello presented an assessment of her first months in post as COO.</p>	<ul style="list-style-type: none"> • All objectives and initiatives
17 September 2021	<p>'Deep dive' on Integrated Marketplaces</p> <p>Silvana Bonello (Chief Operating Officer), Craig McGregor (Global Retail Director) and Justin Lodge (Chief Marketing Officer).</p>	<ul style="list-style-type: none"> • Operate in an integrated marketplace • Shift from multi-channel to omni-channel
22 October 2021	<p>'Deep dive' on people, talent and retention</p> <p>Presentation from Head of Talent Acquisition.</p>	<ul style="list-style-type: none"> • Creating an amazing employee experience • Talent management
17/18 November 2021	<p>Board visits to The Duke distribution centre, Burton-on-Trent, and to the new Oxford Street, London flagship store</p>	
17 November 2021	<p>'Deep dive' on marketing – influencer and ambassador strategy and Performance Marketing methodology</p> <p>Justin Lodge, (Chief Marketing Officer).</p>	<ul style="list-style-type: none"> • Create 'Best in Class' social media engagement • Create an effective content factory
3 December 2021*	<p>Covid-19 risk mitigation</p> <p>Black Friday trading update</p> <p>Share Dealing Code and Share Dealing Policy review</p> <p>Whistleblowing Policy – updated to reflect the requirements of the EU Whistleblowing Directive. See the Audit Committee Report on page 99 for further details on whistleblowing.</p>	<ul style="list-style-type: none"> • All objectives and initiatives
19 January 2022*	<p>FY22 Interim results and announcement</p>	

Meeting	Activity/discussion	Link to strategic objectives
31 January 2022	Chief Technology Officer ‘first 90 days in’ presentation Matt Horwood.	<ul style="list-style-type: none"> Use technology to accelerate our plans
31 January 2022	Global People Director ‘first 90 days in’ presentation Cathryn Petchey.	<ul style="list-style-type: none"> Create an amazing people experience
1 February 2022*	Group Strategy Review Board and Executive Committee strategy day at which Executive Committee members updated the Board on progress against the strategic objectives. Please see pages 19 to 22 for more information about the strategy.	<ul style="list-style-type: none"> Deliver profitable growth
24 March 2022	Five-Year Plan and strategy	<ul style="list-style-type: none"> ALL
24 March 2022	ESG Governance proposal	<ul style="list-style-type: none"> Lead through sustainability Great governance
24 March 2022	‘Deep dive’ on Health and Safety Craig McGregor (Global Head of Retail) and Ian Morgan (Health and Safety and Facilities Manager).	<ul style="list-style-type: none"> Create an amazing people experience Great governance
24 March 2022 09 May 2022	FY23 Budget The Group’s FY23 budget and Five-Year Plan was considered and approved by the Board.	<ul style="list-style-type: none"> Deliver profitable growth
9 May 2022	Potential new auditor presentation (RSM)	<ul style="list-style-type: none"> ALL
9 May 2022	‘Deep dive’ on stock Silvana Bonello (Chief Operating Officer).	<ul style="list-style-type: none"> Deliver profitable growth
11 May 2022*	Pre-close trading statement announcement	<ul style="list-style-type: none"> ALL
15 July 2022	‘Deep-dive’ on Ecommerce Justin Lodge (Chief Marketing Officer).	<ul style="list-style-type: none"> Use technology to accelerate our plans Provide a leading consumer experience
15 July 2022	Diversity and Inclusion update (including progress on Board, Executive Committee and senior leadership team diversity and inclusion targets)	<ul style="list-style-type: none"> Create an amazing people experience Lead through sustainability
16 September 2022	‘Deep dive’ on Wholesale Silvana Bonello (Chief Operating Officer).	<ul style="list-style-type: none"> Deliver profitable growth Operate in an integrated marketplace
16 September	‘Deep dive’ on buy process	<ul style="list-style-type: none"> Inspire through product and style Deliver profitable growth
6 October	FY22 Annual Report and preliminary results	

* Not scheduled meetings.

Other governance matters

NED independence and time commitments

Our Board consists of four independent NEDs (Georgina Harvey, Faisal Galaria, Alastair Miller and Helen Weir), two Executive Directors (Julian Dunkerton and Shaun Wills) and Chair Peter Sjölander, who was considered by the Board to be independent on his appointment on 29 April 2021. The independence of the NEDs is reviewed on an annual basis. The time commitments and performance of the NEDs are also reviewed as part of that process; service contracts clearly set out the anticipated time commitments of their roles. Further terms ensure that the Chair and NEDs continue to meet the requirements of the Code. No NED has exceeded the maximum nine-year term of service noted in the Code. The Board considers that each of its NEDs continues to dedicate sufficient time to their roles and is independent. Due to the continued impact on the Group of the global pandemic, the impact of the Ukrainian war on operations, colleague wellbeing and the global economic outlook, and the continued refinement of our strategy, the NEDs dedicated additional time to their Board duties during FY22.

External Board evaluation and objective setting

In April and May 2022, an external Board evaluation was carried out by independent board evaluator Alison Gill of Bvalco Limited. Neither Alison Gill, nor Bvalco Limited, have any other connection with the Group or any of its Directors.

The review consisted of:

- Initial review of Board and Committee agendas, packs and information;
- One-to-one interviews with all Board and Executive Committee members, the Group General Counsel and Company Secretary and the Deputy Company Secretary;
- Alison Gill attended Board and Committee meetings and the Board and Executive Committee strategy review day;
- Review of the balance of skills, knowledge and experience on the Board;
- Evaluation of the Chair’s performance;
- ‘One to one’ feedback sessions with the Chair, SID, CEO, CFO and General Counsel and Company Secretary and a separate feedback session with the Board as a whole; and
- A detailed written report, including recommendations for change and potential Board objectives for FY23.

Board objectives FY22 – results

	Objectives	Results
Strategy	Monitor the implementation of the Five-Year Plan, focusing on key deliverables and on holding the CEO, CFO and Executive team to account for its delivery, ensuring there is an appropriate governance framework that underpins it.	The Board successfully monitored the implementation of the Five-Year Plan; the strategic deliverables were approved by the Board in March 2022, with priority deliverables presented in May 2022. A governance and reporting framework underpins the strategy.
Technology	Oversee, through the Technology Committee, the effective delivery and implementation of the technology roadmap.	The Technology Committee was set up and held meetings throughout FY22 – please refer to the Technology section below on page 92.
Engagement with colleagues	Ensure Board members continue to engage with Superdry colleagues to enhance the Board’s understanding of colleague sentiment, culture and values.	The Board received regular People reports and Pulse survey results and have access to Workplace. Board members visited head office, distribution centres and stores to engage with colleagues at all levels.
Diversity and Inclusion	Actively monitor Superdry’s diversity and inclusion targets and hold management to account for building a diverse, inclusive and respectful culture.	The Nomination Committee reviewed the Board Diversity and Inclusion Policy, set new targets for Board diversity and inclusion and reviewed progress on Superdry’s diversity and inclusion targets on 15 July 2022 – please refer to page 97 for details.
Board composition and succession planning	To further consider Board composition and succession during FY22.	Board balance and composition was considered as part of the external Board evaluation during FY22 – please refer to page 90.

Board objectives agreed for FY23

Topic	Who	Objective
Shifting mindset and culture	Chair	<ol style="list-style-type: none"> 1. Focus Board time on the most important strategic matters. 2. Continuing to build Board and Executive Committee relationships. 3. Broadening the scope of diversity and inclusion initiatives to engage with wider communities.
Building the Executive Committee as a team and clarifying the expectations of the Board	CEO	<ol style="list-style-type: none"> 1. Create an Executive Committee development programme which should include setting a behavioural code of conduct. 2. The Executive Committee should also consider how it interfaces with and gets the best value from the Board. This discussion should include: <ol style="list-style-type: none"> a. Feeding back to the Executive Committee the outcome of the Board review. b. Hosting a discussion about what the Executive Committee wants from and can expect from the Board. c. Making clear on every agenda item the purpose and desired outcome. 3. The Non-Executive Directors should consider their role in helping the team to develop.
Gaining strategic clarity	The whole Board	<ol style="list-style-type: none"> 1. Collate a full set of outstanding strategic questions. 2. Fully define the strategic imperatives. 3. Decide the rhythm and regularity by which each strategic imperative should be brought back to the Board. 4. Embed regular checks and reflections to ensure the Board is using its time on the most important strategic matters.
Board composition and diversity	Nomination Committee Chair	<ol style="list-style-type: none"> 1. Consider increasing the size of the Board by one or two more Non-Executives. 2. The Nomination Committee should complete a review of the skills matrix of the Board in light of the business strategy. Particular areas for consideration should be international experience, brand and Ecommerce. 3. Targets for Board diversity should be considered in the light of best practice, particularly for gender, age, ethnicity and LGBT.
Effectiveness of the Nomination Committee	The Chair	The Nomination Committee needs to consider Board composition/ succession and Executive Committee succession. This should deliver both plans for key person risk as well as longer-term plans for Executive succession.
Effectiveness of the Company Secretariat	The Company Secretary and General Counsel	Ensure the Company Secretariat has a role which is increasingly educational and facilitative of the Executive and Board needs, as well as administrative.
Effectiveness of controls	Audit Committee	The Audit Committee should ensure significant progress is made in FY23 with the Group's finance transformation project to establish a robust control environment.

Technology Committee

During FY22, the Board established a Technology Committee to monitor and support the implementation of key digital projects, which included refreshing the Ecommerce websites and replacing the merchandising management system which was reaching the end of its life. The Committee was disbanded in May 2022 once these key projects had been initialised, with the Board continuing to oversee and monitor the performance of these systems.

Members of the Committee included Peter Sjölander (Chair), Helen Weir, Faisal Galaria, Julian Dunkerton and Shaun Wills. Executive Committee attendees included the Chief Operating Officer, Chief Marketing Officer and, from his appointment in November 2021, the Chief Technology Officer.

Key responsibilities of the Committee include:

- Providing the Technology and Digital teams with strategic direction;
- Monitoring the deployment of key projects against roadmaps;
- Reviewing and agreeing new initiatives for the delivery of strategic objectives; and
- Ensuring an appropriate technology strategy for Superdry in line with the strategic objectives, with an emphasis on execution, delivery and people capability.

There were five scheduled meetings throughout FY22 and one inter-meeting update in March 2022. The table below sets out the matters reviewed and discussed by the Technology Committee at each meeting. The Committee Chair provided a verbal update of the Committee's work at each scheduled Board meeting.

Committee meetings

Scheduled meetings

Agenda items

FY22

5 August 2021

- Terms of reference/agreement of scope/mechanism for reporting outcomes to the Board;
- Digital Transformation proposal (including the review of existing capabilities and recruitment challenges in a competitive environment);
- Life of an order;
- Technology infrastructure and operating model; and
- Customer Data Platform (including CAPEX and potential cost-savings).

22 September 2021

- Technology/Digital projects RAG List (monitoring and oversight of the replacement of our merchandising and inventory planning system, and upgrading our Ecommerce websites);
- Technology/Digital Roadmap;
- Enterprise Data Strategy update; and
- Digital B2B.

12 October 2021

- Technology/Digital projects RAG List;
- Ecommerce websites – status update; and
- Roadmap for recruiting/developing digital talent.

3 December 2021

- Technology/Digital projects RAG List;
- Ecommerce websites – status update; and
- Digital Product Roadmap.

10 February 2022

- Targets for 'Vital Few' integrations in technology systems;
- Merchandising management system update;
- Ecommerce websites – status update (including external assurance review);
- Technology/Digital projects RAG List;
- Digital Product Roadmap; and
- Retail stores hardware contract tender.

FY23

24 May 2022

- Merchandising management system update;
- Ecommerce websites – status update;
- Technology/Digital projects RAG List;
- Digital Product Roadmap – Q1 focus;
- Website KPIs; and
- Addressing the Tech Talent challenge.

Further information about the work of the Committee can be found in the Section 172 Statement on page 26. The Committee held its final meeting on 24 May 2022, as it had fulfilled its purpose of steering the introduction of Superdry's technology roadmap. The Chief Technology Officer provides regular updates to the Board.

Diversity and inclusion

The Board has oversight of diversity and inclusion matters but delegates authority to the Nomination Committee to consider these matters. In July 2022, the Nomination Committee approved a revised Board Diversity and Inclusion Policy, to include enhanced diversity targets introduced by the Financial Conduct Authority in April 2022. Please see the Nomination Committee Report at page 94 for further details of our Board Diversity and Inclusion Policy and statement. The People report on page 52 provides further information about our progress against our diversity and inclusion targets.

Risk management and internal control

The Board confirms that there are processes for identifying and mitigating risks and a system of internal financial and non-financial controls. For a description of our systems for risk management, please see How We Manage Our Risks on page 53. For further information on our internal control framework and the ongoing work to ensure it is robust, please see the Audit Committee Report on page 98.

Whistleblowing arrangements

The Group operates an independent and confidential, global whistleblowing line for the reporting of unethical conduct – for full information please turn to page 99.

Directors' conflicts

The Directors are required to avoid a situation in which they have, or could have, a direct or indirect conflict with the interests of the Company. The Board has established a procedure whereby the Directors are required to notify the Chairman and the General Counsel and Company Secretary of all potential new outside interests and actual or perceived conflicts of interest that may affect them in their roles as Directors of Superdry. All potential conflicts of interest are authorised by the Board and changes to the register of Directors' interests are reviewed by the Board at scheduled Board meetings.

Directors' indemnity insurance

We maintain Directors' and Officers' Liability Insurance which provides appropriate cover for any legal action brought against our Directors and/or officers. In accordance with section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for all Directors of Group companies, in respect of liabilities incurred as a result of their office, as far as is permitted by the law.

Re-election of Directors and AGM

At the AGM, Directors will offer themselves for re-election. We consider the Directors offering themselves for re-election to be effective, committed to their roles and to have sufficient time available to perform their duties. For further information on the specific reasons why each Director's contribution is important to the Group's long-term sustainable success, please refer to pages 76 and 77.

Our AGM will take place on Monday 31 October 2022. The notice of the meeting can be found at corporate.superdry.com. The Directors consider that each of the proposed resolutions in that notice are in the best interests of the Group and shareholders. The resolutions are put to a poll, rather than a show of hands, to ensure that the votes of all shareholders are counted, even if they cannot attend in person. Proxy forms allow for three-way voting. All Board members attend the AGM and are available to answer questions during the meeting or to discuss matters more informally following the meeting.

Approved and signed on behalf of the Board

Ruth Daniels

Company Secretary

6 October 2022

NOMINATION COMMITTEE REPORT

‘The role of the Nomination Committee is to ensure that the Board and Executive Committee have the right balance of skills, knowledge and experience to both discharge their responsibilities and to respond appropriately to emerging challenges and opportunities.’

Helen Weir

Chair of the Nomination Committee



Dear Shareholders

Welcome to my first Nomination Committee Report, following my appointment as Chair of the Committee on 9 June 2022. I would like to take this opportunity to thank the Chair of the Board and former Nomination Committee Chair, Peter Sjölander, for his work as Chair of this Committee from 21 April 2021 until he stepped down as Committee Chair on 9 June 2022.

At Superdry, we recognise the importance of building an experienced, effective and inclusive Board and Executive Committee that works openly together to achieve Superdry’s strategic objectives.

There were no new Board appointments during FY22; however, Non-Executive Director Faisal Galaria announced on 10 June 2022, that he would not seek re-election at this year’s Annual General Meeting (AGM) due to other external commitments. Faisal joined the Board, along with myself and fellow Non-Executive Directors Georgina Harvey and Alastair Miller in July 2019, at a time of change for Superdry. He has been a great source of support to the Board and Executive Committee, particularly in relation to digital and technology planning and projects, and I would like to take this opportunity to thank Faisal for his service to this Committee and to Superdry. The Board is currently in the process of recruiting a new Non-Executive Director and expect to be able to announce the successful candidate during FY23.

There were two important new appointments to our Executive Committee in FY21. Cathryn Petchey, Global People Director, and Matt Horwood, Chief Technology Officer, both joined Superdry in November 2021, to lead the key business areas of HR and Technology, respectively.

Nomination Committee – members

- Faisal Galaria
- Georgina Harvey
- Alastair Miller
- Peter Sjölander
- Helen Weir (Chair)

Nomination Committee – attendance

- There were three scheduled meetings during FY22, and all Committee members attended each meeting. Please refer to the Board and Committee meetings attendance table on page 79 for details.
- Regular attendees at meetings included the Global People Director, the Group General Counsel and Company Secretary and the Deputy Company Secretary. The role of secretary was performed by the Company Secretary or their Nominee. A report of the Committee’s activities is given to the Board at each of its scheduled meetings.

Towards the end of FY22, we reviewed elements of our organisational structure to ensure they remained fit for purpose and ready to take on the challenges of our strategy and Five-Year Plan.

The independent external Board evaluation that was originally scheduled to take place in FY23 was brought forward to take place at the end of FY22, as the Board believed that, following the appointments of Peter Sjölander and Shaun Wills in April 2021, this was the right time to perform a detailed and independent review of the balance of skills, knowledge, experience and diversity on the Board, how effectively the Board was performing and how interactions between the Board and the Executive Committee were operating.

Committee meetings

Scheduled meetings

Agenda items

FY22

1 July 2021

- Review of Board and Executive Committee objectives for FY22;
- Colleague engagement (Pulse) survey results;
- Review and approval of Nomination Committee report (Annual Report FY21);
- Director tenure and election/re-election at AGM;
- Balance of Board skills, knowledge and experience; and
- Review of Committee governance calendar and standing agenda.

31 January 2022

- Review of organisational structure;
- Progress check on Board objectives for FY22;
- Timing and process for annual Board and Committee performance review;
- Committee terms of reference annual review; and
- Review of Committee governance calendar and standing agenda.

24 March 2022

- Review of organisational structure.

FY23

9 May 2022

- Review of organisational structure; and
- Review of high level results of the independent external Board evaluation.

9 June 2022

- Consideration of election/re-election of directors at 2022 AGM;
- Board and Committee composition;
- Resignation/appointment of Committee Chair;
- Executive Committee objectives (FY23).

15 July 2022

- Independent external Board evaluation detailed results report;
- Consideration of results of FY22 Board objectives;
- Board objective setting for FY23;
- CEO objectives for FY23;
- Board diversity and inclusion policy review (including review and amendment of Board diversity targets);
- Executive Committee performance review process update;
- Review of draft Nomination Committee report for FY22;
- Final recommendations for election/re-election of Directors at forthcoming AGM.

Principal roles and responsibilities

The Nomination Committee:

- Leads on the process for new appointments to the Board and to the Executive Committee and ensures that appointees have the requisite skills and experience to support the development of the Group's strategy;
- Regularly reviews the composition of the Board and Executive Committee; and
- Reviews and monitors diversity and inclusion throughout Superdry and formally reviews the diversity of the Board and its Committees on an annual basis, as part of the annual Board evaluation.
- Keeps under review the succession needs of the Board, Executive Committee and senior leadership team at Superdry, including the challenges and opportunities facing the Group, to ensure it remains competitive;
- Ensures that appropriate procedures are in place to enable the nomination, induction, training and evaluation of Board Directors and members of the senior leadership team; and
- Reviews the time commitments and independence of potential and existing NEDs to ensure that they have sufficient time to fully discharge their duties.

The full terms of reference for the Nomination Committee are reviewed annually and can be found at corporate.superdry.com. For further information on the skills, experience and tenure of Board members, please refer to the biographies on pages 76 to 77 in the Corporate Governance Report.

Appointments to the Board and Executive Committee - our policies and processes

There is a formal and robust process for the appointment of new Directors to the Board. Candidate profiles are drawn up by the Committee, the Global People Director and, where appropriate, the CEO, and long lists are prepared, often with the assistance of specialist search agencies. Under the instruction of the Committee, all external search agencies used in FY22 were scrutinised for their ability to deliver a diverse range of candidates. Initial interviews are conducted by the Chair of the Board (where appropriate) and Global People Director, and suitable candidates are shortlisted for longer, in-depth interviews that may include Committee members and/or the CEO. Candidates are scrutinised to ensure that they have sufficient time to dedicate themselves to the role and their relevant skills, knowledge and experiences are weighed up against those already in place. Detailed references are taken. Once the best overall candidate has been identified, a recommendation is made by the Committee to the Board, which has responsibility for all Board appointments.

A similar process is followed for appointments to the Executive Committee, whereby candidate long lists are drawn up by the Global People Director, often with the assistance of specialist search agencies. Interviews are conducted by the Global People Director and CEO. Shortlisted candidates are interviewed by a panel, which may include other members of the Executive Committee and/or members of the Nomination Committee. A proposal is made to the Nomination Committee, which has responsibility for approving all appointments to the Executive Committee, to allow it to maintain oversight over all senior level appointments.

External search agencies used during FY22 were Heidrick & Struggles, Korn Ferry and the Up Group (each of these agencies has signed up to the standard voluntary code of conduct for executive search firms, which includes a provision on diversity goals). There is no connection between those agencies and the Group or with any of the Directors of Superdry plc or any of its subsidiary companies.

Where prospective Board and Executive Committee candidates are of equal merit, the Committee will advocate the selection of candidates that will increase diversity at Superdry. Our gender and ethnicity diversity targets for the Executive Committee and senior leadership are set out in the People report on page 50. Our commitments on diversity and inclusion are driven by the Board's Diversity and Inclusion Policy (see below), which supports a diverse pipeline of candidates for Board, Executive and senior leadership positions. However, we are aware that our work in this area is by no means complete and the Board continues to monitor diversity and inclusion targets, and to find ways to improve diversity on the Board, the Executive Committee and throughout Superdry.

Board and Committee annual evaluation

During April and May 2022, an independent and externally facilitated Board and Committee evaluation was undertaken. A key recommendation arising from the evaluation of the Nomination Committee, was to appoint a new Chair of the Committee to reduce the additional burden on the Chair of the Board and I was delighted to have been elected to that position. Please refer to page 90 and 91 in the Corporate Governance Report for full details of this review, including outcomes and objectives for FY23.

Induction, site visits, training and continuing development

During FY22, the Nomination Committee, in conjunction with the General Counsel and Company Secretary, oversaw the arrangement of Directors' training. A plan for training and continuing development for FY23 has been agreed with the Board.

Store and site visits that were part of induction plans for Peter Sjölander and Shaun Wills from April 2021, and part of the Board's annual schedule of visits that was interrupted by the Covid-19 pandemic, resumed during FY22 with visits to several UK stores including the new flagship store on London's Oxford Street and to Superdry's UK distribution centre in Burton-on-Trent, both in November 2021.

Colleague engagement

The results of colleague engagement surveys (Pulse Surveys) are presented to the Board in the CEO report at Board meetings as results become available. Pulse surveys on wellbeing, diversity and inclusion, strategy and employee engagement have been issued during FY22 and in early FY23 and the results were published on Workplace. Please refer to the People report on page 47 for more information about colleague engagement and Pulse surveys, including the work of the SD Voice colleague engagement forum, the diversity and inclusion forum and the senior women's leadership forum. Please also refer to our Section 172 Statement on page 26 for information about colleagues as a stakeholder group.

Board Diversity and Inclusion Policy

The Committee approved a revised Board Diversity and Inclusion Policy at its meeting on 15 July 2022, with updated gender and ethnicity targets for Board composition, to align with the FCA's new listing rule which will come into force for reporting periods starting on or after 1 April 2022. Please refer to the People report on page 50 for details of our Executive Committee and senior leadership team ethnicity and gender diversity targets and results.

Board Diversity and Inclusion Policy Statement

The Board believes that it is vital to have a fully diverse and inclusive Board, comprising Directors with a mix of skills, knowledge, experience, backgrounds, gender, age, ethnicity and other characteristics. It is the Board's strong belief that a diverse Board with different perspectives, insights and viewpoints, promotes improved decision-making and ultimately benefits Superdry's stakeholders through a long-term sustainable business. The Board understands that supporting our workforce in a culture of trust and respect is essential to the success of Superdry, where colleagues feel valued and rewarded for the work they do. The tone for diversity and inclusion across the organisation is set from the top, and the Board believes that a diverse leadership team and an open and inclusive culture form part of Superdry's core values. We believe there is strength in difference. All appointments to the Board are made on merit against a set of objective criteria, in the context of the skills, experience, independence and knowledge, which the Board requires to be effective.

The Board fully supports the Hampton-Alexander Review targets to increase the number of women in senior leadership positions in FTSE companies. The Board also supports, and is aligned with, the recommendations of the Parker Review and the MacGregor Smith Review, which aim to improve ethnic diversity on FTSE boards and in the workplace.

Board Diversity and Inclusion targets

The following targets were agreed by the Board on 15 July 2022:

- A gender diversity target of at least 40% of Board directors to be women;
- At least one of the following senior Board positions to be a woman – Chair, Chief Executive Officer, Chief Financial Officer or Senior Independent Director; and
- An ethnic diversity target of at least one Director to be from a minority ethnic background.

Superdry's present Board composition for minority ethnic communities is 14% and the percentage of women on our Board is 29%. At least one senior Board position is held by a woman (Helen Weir is the Senior Independent Director).

Please also refer to our Gender Pay Gap reporting on page 50 and on our website corporate.superdry.com.

Annual re-election of Directors

As required by the Code, each Director offers themselves up for re-election at the AGM. The Committee considered each Director's tenure, performance, as part of the independent external evaluation (including contribution to the activities of the Board and its Committees), independence and other external commitments to ensure that each Director continues to fulfil their responsibilities to Superdry plc. Director tenure is indicated on pages 76 and 77 in the Board biographies. Faisal Galaria announced on 10 June 2022 that he would not stand for re-election at this year's AGM.

Helen Weir

Nomination Committee Chair
6 October 2022

AUDIT COMMITTEE REPORT

‘Our focus on improving the internal financial controls remains a key priority with further investment in additional resource and IT systems committed during the year.’

Alastair Miller

Chairman of the Audit Committee



As Chairman of the Audit Committee, I am pleased to present the Audit Committee Report for the financial year ended 30 April 2022. This is my third report as Chair and I would like to take this opportunity to thank my fellow Committee members, the Finance, Risk and Internal Audit teams at Superdry and our external auditor, Deloitte, for the work that has gone into this year’s audit. I would also like to take this opportunity to thank NED Faisal Galaria, who served on the Audit Committee from 29 July 2019, when he joined the Superdry plc Board, to 19 November 2021, when he stepped down from the Committee.

The economic environment during the year has been challenging as we experienced further disruption from the pandemic, both domestically and internationally. The return to some sort of normality has also created considerable uncertainty around footfall levels and sales activity making forecasting particularly difficult. As a result, a sharp focus on cashflow and liquidity has been one of the key priorities for the Audit Committee during the year. Further analysis of the financial performance of the business and the impact from Covid-19 can be found in the CFO Review on page 68. The ways in which the pandemic has impacted our risks can be found in How We Manage Our Risks, on pages 53 to 54.

The Audit Committee has also been focused on the improvement to the internal financial controls within Superdry under a multi-year remediation project. Progress has been hindered by high levels of staff turnover and extended periods of working from home and consequently, Deloitte have once again highlighted continuing internal control deficiencies in their audit report. A more detailed explanation can be found later in this report under ‘Review of the Effectiveness of Internal Controls’ on pages 104 to 105. This, therefore, remains one of our key priorities for the year ahead.

This is the final year that Deloitte will be acting as Superdry’s auditors, and I would like to thank them for their robust and diligent audits over the last few years and for their wise counsel. We are currently in the process of appointing a replacement auditor which should be finalised shortly.

Audit Committee – members

- Georgina Harvey
- Alastair Miller (Chair)
- Helen Weir

Faisal Galaria stepped down from the Audit Committee on 19 November 2021

Audit Committee – attendance

There were five scheduled meetings during FY22, and all Committee members attended each meeting. Please refer to the Board and Committee meetings attendance table on page 79 for full details.

Regular attendees at meetings included the Chief Executive Officer, the Chief Financial Officer, the Group Financial Controller, the Head of Internal Audit and Risk, the Group General Counsel and Company Secretary and the Deputy Company Secretary. The role of secretary was performed by the Company Secretary or their Nominee. A report of the Committee’s activities is given to the Board at each of its scheduled meetings.

Representatives of the external auditor, also attended each scheduled meeting.

Independence and relevant experience

The Committee is comprised of independent NEDs. The biographies of Committee members can be found on pages 76 and 77 of this report. At least two members of the Committee are considered by the Board to have competence in accounting (Alastair Miller and Helen Weir) and all members have recent and relevant financial experience, alongside significant retail sector expertise. For full details please refer to the biographies on pages 76 and 77.

About this Audit Committee Report

This report records the activities of the Committee in FY22 and explains how the Committee has discharged the responsibilities delegated to it by the Board. The complete terms of reference for the Audit Committee were revised and updated by the Committee during FY21 and can be found on our website.

Principal roles and responsibilities

The Audit Committee:

- Monitors the integrity of the Group’s annual financial statements, the half-year report and any formal announcements relating to the Group’s financial performance, including reviewing significant financial reporting judgements. The Committee receives regular reports from the Group’s external auditor;
- Reviews and challenges significant accounting policies, whether the Group has followed appropriate accounting standards and the clarity and completeness of financial disclosures;
- Reviews information in the financial statements relating to risk management and audit and keeps under review the effectiveness of the internal audit function, the systems of internal controls and the frameworks for risk management. The Committee provides oversight of the Group’s Risk Committee. The Committee ensures that the Group’s internal audit function is adequately resourced;
- Provides advice, when requested by the Board, on whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group’s financial position and performance, business model and strategy;

- Reviews and monitors the independence of the external auditor and the objectivity and effectiveness of the external audit process and the audit plan. The Committee ensures that the provision of non-audit services by the external auditor does not impair its independence or objectivity. The Committee recommends the appointment of the external auditor to the Board; and
- Reviews the Group's whistleblowing arrangements on an annual basis.

Meetings

Committee meetings follow a standing agenda which covers the key Audit Committee areas of oversight according to its terms of reference: financial information, external audit, internal audit, risk management, internal controls and any other matters which it considers it should review. The Committee's work is governed by an annual programme, which is reviewed regularly.

Performance review

An externally facilitated independent Committee performance review took place during April and May 2022 as part of the Annual Board and Committee performance review. The review found that the Audit Committee continued to function well and was fully discharging its responsibilities, whilst contributing effectively to the Group's overall governance framework. Please refer to page 90 in the Corporate Governance Report for further details on the review.

Whistleblowing arrangements

The Group has a Whistleblowing Policy and an independent, externally facilitated whistleblowing line is in operation (Safecall). The Committee reviewed Superdry's whistleblowing arrangements in July 2021 and in July 2022 and found them to be operating in accordance with expectations. The Whistleblowing Policy is reviewed on at least an annual basis by the Committee. The Whistleblowing Policy was also reviewed in December 2021 to ensure that it was compliant with the requirements of the EU Whistleblowing Directive. The Committee is satisfied that colleagues continue to have the opportunity to raise concerns in confidence about possible fraudulent activity or unethical behaviour. The Committee is also satisfied that arrangements are in place for the full investigation and escalation of matters reported to the whistleblowing line. The Committee received a detailed analysis of the calls received by the whistleblowing line in FY22 in July 2022 and there were no instances of reported fraud.

Full details of the work of the Committee during FY22 can be found below. This is intended to provide shareholders with an understanding of the principal matters that were reviewed and discussed and of our schedule of work throughout FY22 and in early FY23.

I will be available at our AGM and subsequent GM to respond to any questions about the Committee's work.

Alastair Miller

Audit Committee Chairman

6 October 2022

How the Audit Committee operated in FY22

Financial reporting

The Committee reviewed and evaluated the appropriateness of the half-year and full-year financial statements with management. The full-year financial results were reviewed with the external auditor. The half-year results were reviewed by PwC who were engaged to perform a limited procedures review, conducted at the Committee's request. At the request of the Board, the Committee considered whether the Annual Report and Accounts, taken as a whole, were fair, balanced and understandable and whether they provided the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy.

The Committee discussed the critical accounting policies, assumptions and estimates, including key accounting judgements, concluding that those estimates, assumptions and judgements were reasonable based on the information available. The Committee reviewed the going concern (including the material uncertainty) and viability of the Group over the longer term, as part of its assessment of the Group's risk.

Key judgements and estimates

Fixed asset impairment

Following impairment to the Group's property, plant and equipment (PPE) and right-of-use assets of the store cash generating units (CGUs) in FY20 and FY21, an impairment review is performed on an annual basis in order to determine the recoverable amount of each store CGU. The carrying value of the store CGUs is adjusted accordingly. The impairment review is based upon the Group's medium term financial plan. The medium-term financial plan is prepared on a 'top down' basis and has been attributed to individual stores based on their historic performance relative to the rest of the store estate. The Committee considered management's approach to the impairment review with a focus on the medium-term financial plan across the store portfolio and the judgement to assume no lease extensions in determining the forecast store cash flows. The Committee considered the methodologies, sensitivities and assumptions used in the modelling of the impairment assessment adopted by management. This included challenging the projected cash flows, long-term growth rates and discount rates used. The Committee considered the wider trading environment, including the impact of inflation on both input costs and the squeeze on consumer spending, as well as the slow recovery of footfall following the Covid-19 pandemic. The committee was satisfied that the medium-term financial plan appropriately reflected the external challenges currently faced by Superdry.

Inventory

The inventory balance is recognised net of an overall provision of £6.1m (FY21: £9.1m). The inventory provision consists of a £1.8m (FY21: £2.4m) provision for excess inventory that resulted from the Covid-19 pandemic.

The provision relates to slow-moving Spring/Summer 20 product that is forecast to be sold at a loss through various clearance channels. A further provision of £2.1m (FY21: £4.1m) is recognised in relation to high-end Autumn/Winter 20 concept product, which experienced very low sell through rates. The reduction in the provision versus FY21 reflects better than expected sell through in FY22, however a significant provision remains due to the ageing nature of the stock and expected declining sell-through. The Committee reviewed the methodology and assumptions used by management to determine the provision required at the end of FY22.

Debtors and bad debt provisioning

The bad debt provision of £4.7m (2021: £8.6m) includes a specific provision and an expected credit loss (ECL) provision, calculated in accordance with IFRS 9. The specific provision of £3.2m (2021: £6.0m) is calculated for higher risk trade receivables, relating to customers who have balances over £30k that are at least 30 days overdue. The ECL provision of £1.5m (2021: £2.6m) is calculated for the aggregated remaining debtors profiled by country and based on the Group's historic loss experience, together with forward looking information. The Committee reviewed the debtor summary, ageing profiles and the provisions for bad debts to ensure they remained appropriate taking account of performance in the year against last year's provision and cash collections post year end. Provision was made for balances assessed as being uncollectable on a customer-by customer basis, having regard to available credit insurance and any security held by the Group. The Committee was satisfied with the level of provision, given both the profile of the year-end debtor book and the Group's historic loss experience

IFRS 16

During FY22, the Group has continued to benefit from significant rent renegotiations, arising as a result of the Covid-19 pandemic. Where rent renegotiations have been agreed with landlords, these have been integrated into the IFRS 16 model. The Group has adopted the practical expedient for Covid-19 related rent concessions for any rent modifications or renegotiations meeting the recognition criteria, which allows the Group to recognise rent concessions within profit or loss rather than treat them as a lease modification. Covid-19 related IFRS 16 rent concessions resulted in a credit to profit or loss of £3.7m. IFRS 16 lease modifications and renegotiations resulted in a further credit of £16.8m to other gains. The Group also continues to recognise an onerous contract liability for the service charges element of the rental contracts, which is outside the scope of the standard.

Going concern and viability

The committee reviewed and challenged management's FY23 budget, with a particular focus on the reverse stress test scenario up until January 2023, the point at which the current ABL facility expires. The committee challenged the key assumptions made, including the impact of the cost-of-living crisis, the longer-term effects of the Covid-19 pandemic and the mitigating actions available to management in responding to these challenges. The Committee was satisfied that the risk of breaching the existing facility limit or associated covenant tests prior to expiry in January 2023, was remote.

However, while the refinancing of Superdry's current Asset Backed Lending (ABL) facility remains ongoing, the Committee considers management's conclusion, that there exists a material uncertainty in respect of going concern, appropriate. This is on the basis that the current funding facility is in place for a period of less than 12 months from the date of the approval of the annual report and accounts.

Superdry plc's investment in subsidiaries

The Committee also reviewed the recoverability of the intercompany receivables and carrying value of investments in its subsidiaries, which use the same key assumptions as the goodwill impairment calculations to estimate the value in use of each subsidiary. The Committee considered the sensitivity impact of changes in assumptions and potential additional impairment if performance is adverse to forecast.

Other matters

Five-year plan

The Committee reviewed the updated medium-term planning assumptions used in the going concern and viability considerations as well as in the calculations for impairment and assessments of recoverability of deferred tax assets. Although there remains a high level of uncertainty as a result of the current macro-economic outlook, the Committee's analysis supports the plan adopted.

Internal controls framework review

Throughout F21 and FY22 a control deficiency remediation project has been ongoing. Whilst progress has been made on some areas over the first year of this plan, it has been slower than desired and there have been further significant weaknesses identified during the year-end process, specifically in stock and accounts payable. The Committee continues to be regularly updated on the progress of the remediation project, however recognises that there remain significant improvements to be made going forward. It remains a top priority to ensure significant progress is made in FY23, as is further outlined in the 'Review of the effectiveness of internal controls' section below.

Asset Backed Lending Agreement

The existing ABL, which has been in place since August 2020 with banking partners HSBC and BNPP is due to expire at the end of January 2023. As stated in the going concern section above, the committee has satisfied itself that the risk of a breach of the facility limit or the associated covenant tests prior to the expiry date is remote. The Committee also made enquiries into the governance and controls surrounding the operation of the ABL facility, concluding that those arrangements were working to the standards required.

The Committee has an annual calendar of business which is designed to ensure it discharges its responsibilities over the course of each reporting year. The table below shows the business considered at each meeting in FY22 and in early FY23.

Committee meetings

Scheduled meetings

Agenda items

FY22

23 July 2021

- Key financial judgements and estimates;
- FY21 external audit timetable and process;
- Risk management;
- Internal Audit activity updates and FY22 Internal Audit plan;
- Internal controls framework;
- Ethical audit compliance;
- Draft Audit Committee Report (annual financial report);
- Non-audit services policy;
- Review of Whistleblowing and Anti-Bribery and Corruption arrangements and Gifts Register; and
- Review of insider list protocols.

31 August 2021

- Key financial judgements and estimates;
- Draft Going Concern statement and Viability statement for FY21;
- Internal controls framework;
- External auditor's final report for FY21;
- External auditor fees for FY21 audit;
- Annual financial report and accounts FY21 including fair, balanced and understandable assessment;
- Preliminary results draft RNS and investor presentation; and
- Private session held with external auditor.

18 November 2021

- Key financial judgements and estimates;
- Finance transformation roadmap;
- Directors' and Officers' insurance renewal;
- Internal controls framework;
- Group transfer pricing arrangements;
- Group policy and the corporate criminal offence;
- Group corporate structure review;
- Scope for the half-year financial review;
- Treasury Policy review;
- Review of Risk Management policy;
- Internal Audit activity;
- Shrinkage 'deep dive';
- Proposals to amend the Group Share Dealing Code and Policy;
- Results of a Business Continuity exercise (simulation of a loss of a distribution centre);
- Review of effectiveness of the external auditor; and
- Private session held with Committee members.

Committee meetings

Scheduled meetings

Agenda items

FY22

14 January 2022

- Key financial judgements and estimates;
- Review of FY22 half-year results, draft RNS and investor presentation;
- Going Concern paper;
- Refinancing – exploration of options paper;
- Treasury arrangements review;
- Ethical audit compliance; and
- Private session held with Committee members.

24 March 2022

- Key financial judgements and estimates update;
- FY22 full-year audit timetable and process;
- Approach to viability assessment;
- TCFD reporting;
- Tax Strategy review;
- Group corporate structure review;
- Finance transformation update;
- Full-year audit plan and materiality;
- Review of level of non-audit services;
- Audit engagement letter and fee;
- Review of independence of external auditor;
- FY23 Internal Audit plan;
- Ethical audit compliance – update; and
- Committee terms of reference review.

FY23

9 May 2022

- FY22 audit update;
- Treasury update;
- Hedging compliance review;
- Review of the effectiveness of internal controls;
- Strategic risk review (PRUs);
- Review of the effectiveness of risk management;
- Assessment of information security maturity;
- Annual financial statement fraud mitigation review;
- Data Privacy review; and
- Shrinkage – follow up on audit actions.

Committee meetings

Scheduled meetings

Agenda items

FY23

15 July 2022

- FY22 audit update;
- Refinancing update;
- Key financial judgements and estimates;
- Audit Committee draft report (Annual Report FY22);
- Audit Committee metrics dashboard;
- Finance transformation roadmap update;
- Annual review of Risk Management Policy;
- PRUs – risk appetite and assurance mapping;
- Insurance tender;
- Update on audit, reporting and corporate governance reform;
- TCFD final draft Annual Report disclosure;
- Internal controls questionnaires report;
- Update on outstanding Internal Audit actions;
- Whistleblowing Policy and arrangements annual review; and
- Anti-Bribery and Corruption Policy and arrangements annual review (including excerpt of Gifts and Hospitality Register).

2 September 2022

- Key financial judgements and estimates;
- Draft Going Concern statement and Viability statement;
- External auditor's report FY22;
- External auditor fees for FY22 audit;
- Annual financial report and accounts FY22;
- Fair, balanced and understandable assessment; and
- Preliminary results draft RNS and investor presentation.

European Electronic Single Format (ESEF)

This annual financial report has been prepared in compliance with the ESEF regulation. EU listed companies must produce their annual reports in eXtensible HyperText Markup Language (XHTML) for reporting periods beginning on or after 1 January 2020 and International Financial Reporting Standards (IFRS) reporters must use inline XBRL (iXBRL) to allow the consolidated data in primary financial statements to be machine-readable.

Committee areas of focus for FY23

The Committee's main areas of focus for FY23 will be to monitor cash flows and to ensure that the refinancing is adequate to meet the liquidity requirement of the Group, through the ongoing uncertain global trading environment. The Committee will also be firmly focussed on the improvement of internal financial controls as part of the finance transformation roadmap, and an improvement in the year-end audit process as we transition to a new firm of auditors. The implementation of new technology during the year will be a key part of this transformation. The execution of the FY23 Internal Audit plan, approved on 24 March 2022, will also be an area of focus for the Committee. The Committee will also continue to oversee the embedding and enhancement of Superdry's TCFD reporting.

Internal Audit

The Group's internal audit plan is developed by the Head of Internal Audit and Risk supported by an Internal Audit Manager and specialist, third-party resource where appropriate. The plan is agreed with the Audit Committee for each financial year.

During FY22, internal audits have been carried out in the following areas: wholesale sales order process, wholesale contracts, compliance with US law and regulations, cyber security, payroll and furlough. An independent review was also conducted to assess the business's ability to respond to a significant outage at one of its distribution centres.

Throughout the financial year, internal audit also reviewed business risk assessments of the operational and financial impacts of Covid-19, including impacts on teams and team safeguarding, security of closed locations and maintenance of supply chain and supported the development of business continuity and impact mitigation plans.

Detailed reports containing the findings and recommendations of internal audits are presented to the Executive Committee and Audit Committee along with remediation plans, where necessary. Remediation actions are communicated to business owners and are monitored and actively followed up by the Internal Audit team, through to completion by agreed timescales.

Where appropriate, members of the Executive Committee have been asked to attend Audit Committee meetings to provide updates on the implementation of remediation plans. The Audit Committee believes the Internal Audit function to have been effective during FY22.

The internal audit plan is subject to ongoing review during the year, so that it is agile enough to adapt to changing circumstances and to react to events where necessary.

The internal audit plan for FY23 will be to audit the implementation of changes to the control environment as part of the ongoing finance transformation project. Controls associated with key system implementations in other parts of the business will also be audited, including stock and cyber security controls associated with the refreshed website. An independent maturity assessment will be undertaken for ESG, which represents an emerging area of regulation, as well as an audit of the business's governance arrangements to support overseas compliance.

Review of the effectiveness of internal controls

Background

During FY20, a number of accounting and control issues were identified by both internal audit and the external auditor (Deloitte). Details of the control weaknesses were included in Deloitte's FY20 audit report and included matters relating to management review controls, balance sheet reconciliations, transactional processing controls and deficiencies in general IT controls.

In FY21, the Audit Committee and the Finance team implemented a remediation plan focused on remediating key balance sheet controls around inventory, accounts payable and cash as well as improving the month end close and management review processes ahead of the FY21 year end. An Internal Audit review of the progress made against the Group's remediation plan in Q4 FY21 found a number of areas where the control environment required further improvement. Deloitte continued to identify control weaknesses consistent with those identified from the previous audit in FY21 and again included details in their audit report. Consistent with FY20, further work was required including additional detailed transactional testing to ensure the risk associated with the controls weaknesses was addressed. The delay in the FY21 results announcement ensured there was sufficient time for both management and the external auditor to complete the required work.

Current position – effectiveness of the Group's controls in FY22

Deloitte has continued to identify significant weaknesses in the Group's control environment during the course of the FY22 audit, highlighting a significant number of audit adjustments as a result. Their audit report continues to explain weaknesses in the Group's transactional processing controls, month end close the books process, management review controls and general IT controls. Unfortunately, particular issues have been identified in the accounts payable and inventory business processes (specifically inventory cost variance accounting) during the current year

external audit, indicating a deterioration of controls in these areas. This has been exacerbated by high employee turnover within the Finance team resulting in the loss of knowledge of the Group's processes in these areas which, in lieu of effective systems, is essential for the adequate maintenance of controls. Despite the implementation of IFRS 16 accounting software, the process continues to be complex especially as the IFRS 16 accounting is maintained outside of the underlying general ledger and recorded as an overlay adjustment through the consolidation process.

Consistent with FY20 and FY21, the deferral of the announcement of the FY22 results has again been necessary to allow more time for the Finance team, the Board and Audit Committee, and the external auditors to undertake the additional work required to respond to the control weaknesses identified and ensure there is no risk of material error. The additional work performed has included performing detailed, transaction verification testing in certain areas. Further details are set out in the Independent Auditor's Report on page 132.

Finance Transformation Plan and future actions

A finance transformation plan (the 'Plan') was developed by the new finance leadership team following the completion of the FY21 audit in order to address the Group's control deficiencies. The Plan is establishing a framework for the improvements required across the Group, focusing on the four pillars of people, processes, policies and systems.

As part of the transformation plan, an internal control questionnaire (ICQ) has been implemented. This requires control owners to attest on a quarterly basis that the controls in their areas are being operated as designed. Consistent with the findings of internal and external audit referred to above and in the Independent Auditor's Report on pages 132 to 147, the results of the ICQ indicate that there remain control deficiencies that need to be addressed.

It is clear that significant further work and focus is needed to improve the effectiveness of the Group's internal controls and the pace of change is not as originally planned. The deterioration in controls in inventory and accounts payable in particular is disappointing. Recruitment activity in FY22 has sought to build the strength and depth of the finance team and although some progress has been made, further work is needed to increase the technical competencies and seniority of the finance team across both financial reporting and tax and establish a solid foundation on which the transformation plan can be built.

The Group plans to implement a number of new systems in FY23 including Blackline, a new reconciliation tool; SoftCo, a new AP automation system, and an upgrade to the Group's accounting system. The new systems will help increase the level of automation and standardisation in the Group's processes helping to ensure the control environment is sustainable in the long term. However, it will take time to implement the system changes needed to ensure the Group has an effective internal control environment and until then, the Group will continue be reliant on a number of manual review and reconciliation controls, which as set out above need to be improved as a matter of urgency.

Focus by the Audit Committee

The Audit Committee will be regularly updated on the progress made in FY23. Particular areas of focus for the Audit Committee will include:

- Ensuring that a robust month end close process is established;
- Regularly reviewing the strength and depth of the finance team, given the resourcing issues faced in FY22;
- Oversight of the planned system changes;
- Actions take to address the control observations raised by internal and external audit; and
- Management’s response to the results of the quarterly ICQ questionnaire.

The finance transformation plan is a multi-year project and is expected to be completed by FY24, albeit there remains a risk that it may take longer than this, hence the increase in the ‘risk indicator’ highlighted in PRU 6 associated with the control environment on page 61.

Anti-bribery and corruption

Controls are in place to ensure ongoing compliance with the Bribery Act 2010. The Committee reviews, on an annual basis, a report and the Group’s corporate gift and hospitality register, which includes gifts and hospitality given and received by colleagues from external business relationships, above an agreed threshold. The Group’s Anti-Bribery and Corruption Policy was reviewed in July 2022.

External auditor

Review of effectiveness of external auditor

A review of the effectiveness of the FY21 external audit, undertaken by an internal survey of members of the Committee, the CFO, and the internal Finance team, was undertaken and the results considered by the Committee in November 2021. The review concluded that Deloitte effectively executed the external audit.

Supervision and scope of external audit

The Committee oversees the external auditors by reviewing, challenging and approving the audit plan and ensuring that it is consistent with the scope of the audit engagement. The Committee meets regularly with the external auditors, both with and without management present.

During the review of the audit plan, the Committee discussed and agreed those financial statement risk areas identified by the auditors that required additional audit emphasis, including the impact on the Group of the Covid-19 pandemic and global economic and geopolitical uncertainty. The audit opinion on pages 132 to 147 provides a full explanation of the scope of the audit, concept of materiality and key accounting and reporting judgements.

Independence of external auditor

Auditor independence is maintained by reviewing Deloitte’s confirmation of their independence and monitoring the nature and value of non-audit services carried out. The Committee will continue to ensure that employees of the external auditor who have worked on the audit in the past two years are not appointed, without prior approval of the Committee, to senior financial positions within the Group. In addition, the rotation of the lead partner occurs every five years.

The Committee assessed the independence of the external auditor and concluded that they were independent and that there were no non-audit services provided by Deloitte in the year under review.

Reappointment of auditor

During the year, Deloitte LLP advised the Company that they intended to step down as its auditor, following the completion of the audit of the Group’s results for the 53 weeks ended 30 April 2022. In light of this, the Committee initiated a process to find a new auditor, inviting expressions of interest from a number of audit firms, and discussing the Group’s requirements with a number of those firms. We expect to confirm the outcome of that process in due course.

Audit fees

The Committee was satisfied that the level of audit fees payable in respect of the audit services provided of £3,349,000 (FY21: £2,500,000) was appropriate.

Non-audit services

The Group’s policy for non-audit services is in line with the recommendations set out in the Financial Reporting Council’s (FRC) Guidance on Audit Committees (2016) and the requirements of the FRC’s Revised Ethical Standard (2019) (the Ethical Standard). In line with those recommendations and requirements, an external audit firm is only appointed to perform a service when doing so would be consistent with both the requirements and the principles of the Ethical Standard, and when its skills and experience make it the most suitable supplier. In addition, the Ethical Standard requires an assessment of whether it is probable that an objective, reasonable and informed third party would conclude that independence is not compromised.

At times, it is in the Group’s and shareholders’ interests to engage the external audit firm to deliver services. For permitted non-audit services that are clearly trivial, the Audit Committee has pre-approved the use of the external auditor subject to the limits set out in the Group’s Non-Audit Services Policy. The level of non-audit fees is monitored to ensure that they do not exceed 70% of the average annual statutory audit fees payable over the last three financial years.

There were no non-audit services performed by the external auditor in FY22 (FY21: nil).

DIRECTORS' REMUNERATION REPORT

Part 1: Annual Statement

'During FY22, the Remuneration Committee has focused on implementing the new Remuneration Policy which was approved by shareholders at the 2021 AGM. In addition, the Committee has reviewed reward structures and workforce pay at Superdry to ensure it supports the business on its path to growth and to promote the long-term success of the Group for all stakeholders.'

Georgina Harvey

Chair, Remuneration Committee



Dear Shareholders

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 30 April 2022.

This financial year has continued to be impacted by the Covid-19 pandemic and by emerging geopolitical and economic factors. The Executive team has continued to control costs as it implements our reset strategies, with strong focuses on improving our digital capabilities, and on our aim of being the leading sustainable brand. The Committee's activities during FY22 have centred around:

- Switching from Performance Share Plan awards to Restricted Share Plan awards following shareholder approval at the 2021 AGM. Details of the switch, and our detailed rationale, were set out in last year's Directors' Remuneration Report; and
- Supporting the Executive team and the Group by carefully balancing the incentivisation and motivation of Superdry's workforce with prudent financial management.

Remuneration Committee

Membership and attendance in FY22

Members

- Georgina Harvey (Chair)
- Faisal Galaria
- Alastair Miller
- Helen Weir

Attendance

There were six scheduled meetings during FY22, and all Committee members attended each meeting with the exception of Faisal Galaria who attended five out of six meetings (see the Board and Committee meetings attendance table on page 79 for details). Regular attendees at meetings included the Chief Executive Officer, the Chief Financial Officer, the Global People Director, the Group Company Secretary and General Counsel, the Deputy Company Secretary and the International Reward Manager. The Group's independent remuneration consultants may also attend meetings. The role of secretary was performed by the Deputy Company Secretary or their Nominee. A report of the Committee's activities is given to the Board at each of its scheduled meetings.

Preparation of this report and compliance

This report has been prepared in accordance with the Large and Medium-Sized Companies and Group (Accounts and Reports) Regulations 2013, as amended, the UK Code of Corporate Governance 2018 "The Code" and the Listing Rules. The report is split into three sections: the annual statement which summarises remuneration outcomes for FY22 and how our policy will operate for FY23; the Remuneration Policy report (as approved by shareholders at the 2021 AGM); and the Annual Report on Remuneration, which sets out how the policy was implemented for FY22 and how it will be implemented for FY23. The Directors' Remuneration Report (excluding the Remuneration Policy) will be subject to an advisory vote at the November general meeting.

Committee activities during FY22

The key activities undertaken during the year were as follows:

- Reviewing the remuneration of the senior executives and other senior managers (including salary, benefits and pensions and any bonus schemes if applicable);
- Reviewing and approving the FY22 Restricted Share Awards proposal and grant;
- Reviewing the FY22 Annual Bonus Scheme and determining the award level;
- Reviewing Group-wide share plans in light of the Group's evolving strategy and prevailing economic conditions and business performance;
- Reviewing the principles of Group annual pay and benefits encompassing all employees globally;
- Considering remuneration-related measures to mitigate the continuing impact of Covid-19 on Superdry;
- Reviewing and approving the annual Gender Pay Gap report;
- Reviewing and approving the CEO pay ratio;
- Reviewing and approving an updated Remuneration Committee terms of reference;
- Reviewing the FY21 Directors' Remuneration Report and Group-wide remuneration policies;
- Considering and approving the remuneration of senior new hires, including the Chief Technology Officer and Global People Director;
- Considering any termination arrangements for departing senior executive colleagues; and
- As part of the annual Board performance review, conducting an internal Committee performance review against the Committee's terms of reference, considering the results of that review and identifying objectives to drive improvements in Committee performance.

In addition, when determining the Policy and practices, the Committee has addressed the following (as per Provision 40 of the Code):

Clarity – our Policy is simple and understood by our senior team, by wider colleagues (including the SD Voice, Superdry's colleague engagement forum) and by investors who participated in our FY21 consultation.

Simplicity – the Committee uses plain language to explain the Policy to colleagues, investors and wider stakeholders. Our remuneration structures are not complex.

Risk – our Policy is based on (i) a combination of both short and long-term plans based on financial and non-financial targets; (ii) a combination of cash and equity; and (iii) a number of shareholder protections (ie, post vesting holding periods, shareholding guidelines, malus and clawback provisions) which have been designed to reduce the risk of inappropriate risk taking.

Predictability – our incentive plans are subject to individual caps, and our share plans have also been subject to dilution limits. The scenario charts in the Remuneration Policy illustrate how the rewards potentially receivable by our Executive Directors vary based on performance and share price growth.

Proportionality – there is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the structure of our annual bonus and Restricted Share Awards (RSAs), together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.

Alignment to culture – Superdry's culture and strategy is fully supported through the annual bonus, which measures performance against the KPIs that underpin the delivery of our strategy and use of RSAs which creates both internal and shareholder alignment.

Throughout FY22, Superdry colleagues have been consulted on various topics of remuneration. Specifically, the SD Voice, has been consulted on the approach to the grant of Restricted Share Awards, Group pay review, job levelling and recognition practices. These sessions were used to inform decision-making at the Remuneration Committee and take feedback as to whether the remuneration practices were in line with those in the Code and Policy specified.

Principal roles and responsibilities of the Committee

- Determines the framework and policy for the remuneration of the Chair, Chief Executive Officer, Executive Directors, the General Counsel and Company Secretary and other Executive Committee members;
- Advises on and agrees the total individual remuneration of each Executive Committee member, giving due regard to any legal requirements, the Code and the Listing Rules;
- Approves the design of the annual bonus scheme (and targets) and share awards operated for Executive Committee members, the total annual payments made under such schemes and provides oversight and

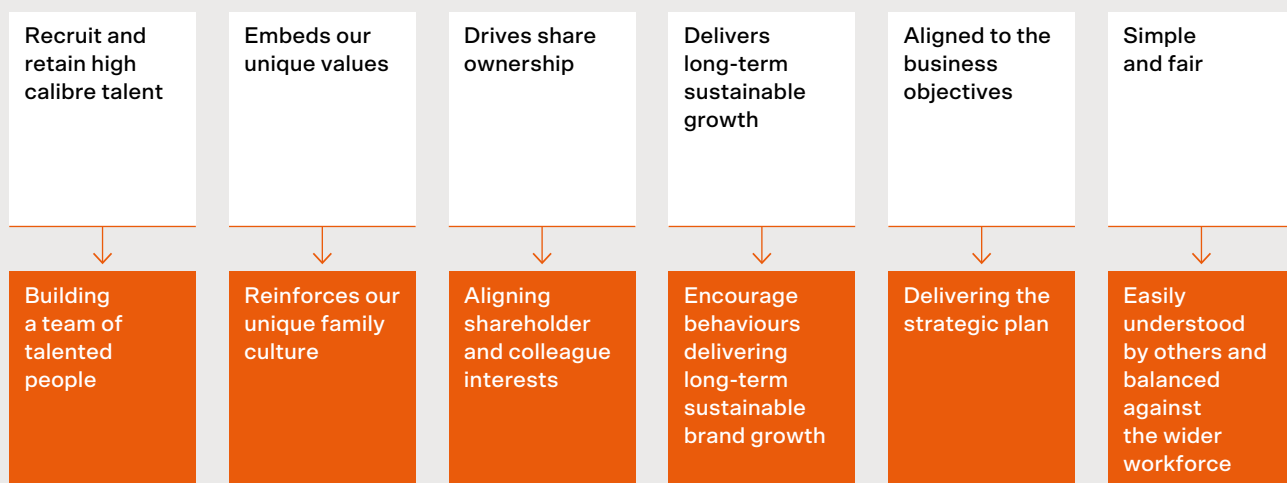
guidance in relation to other Group-wide incentives/share award proposals, to ensure that these are aligned to performance, Superdry's culture and the Board's risk appetite;

- Oversees and advises on the Remuneration Policy and benefits structures throughout the Group to ensure that they are aligned with the Group's strategy, culture and values while promoting its long-term success and enabling the attraction, retention and motivation of all colleagues to deliver the Group's strategy; and
- Oversees the wider workforce remuneration strategy along with total reward initiatives to ensure that both the Executive and wider workforce are aligned.

Remuneration framework

The Board is committed to ensuring that the remuneration framework supports the strategy and that those individuals tasked with leading Superdry are motivated to drive the business objectives and priorities that need to be

successfully delivered. To align the interests of our leaders with those of shareholders, a significant proportion of performance-related remuneration is in the form of RSAs, designed to encourage a long-term, sustainable mindset. The Remuneration Policy for leaders at Superdry is based on the principles below.



Implementation of Directors' Policy for FY22

- **Base salary:** No base salary increases were awarded to Executive Directors from 1 May 2021. The CEO's base salary was maintained at £600,000 p.a. and the CFO's salary was maintained at £375,000 given his 26 April 2021 appointment date.
- **Benefits in kind and pension:** No changes were made to benefit or the workforce aligned pension provision.
- **Annual bonus:** Performance against the profit and strategic targets resulted in a formulaic annual bonus outcome of c.93% of the maximum. However, while performance against the financial and strategic targets that were set at the start of the financial year was strong, following consideration of the stakeholder experience more broadly, including the Company's share price performance and the wider economic environment at the current time, the Committee decided not to award an annual bonus to Executive Directors for FY22.
- **Long-term incentives:** Although no PSP awards are held by the current Executive Directors, the 2018 PSP award lapsed in FY22 and the 2019 PSP is expected to lapse in full.

No changes were made to Non-Executive Director fees in FY22.

Use of discretion

As detailed in the annual bonus section above, the Committee applied downward discretion to reduce the annual bonus to £nil to ensure that the total remuneration packages for the CEO and CFO appropriately reflect the broader stakeholder experience in respect of the year under review.

Implementation of Directors' Policy for FY23

The Committee intends to operate the Directors' Remuneration Policy for the CEO and CFO for FY23 as follows:

- **Base salary:** Executive Director base salaries were increased by 2% from 1 May 2022, which was lower than the average general workforce increase across Superdry.
- **Benefits in kind and pension:** No changes will be made to benefits or the workforce aligned pension provision.
- **Annual bonus:** The annual bonus plan will be operated for FY22/23 in line with the prevailing Policy albeit bonus potential will be capped at 100% of salary rather than the 150% of salary Policy maximum. Performance metrics will be based on financial (majority) and personal/strategic (minority) targets.
- **Restricted Share Awards (RSAs):** RSAs to be granted in FY22/23 will:
 - Vest after three years from the grant date, subject to continued employment, satisfactory individual performance and a positive assessment of performance against the underpin. No shares can be sold until at least five years from grant, other than those required to settle any taxes; and
 - Be set at a maximum of 75% of salary, albeit the Remuneration Committee will consider the prevailing share price at the time of grant.

No changes are expected to be made to Non-Executive Director fees in FY23.

Consideration of remuneration elsewhere in the Company

At the Committee meeting in March 2022, the results of a comprehensive Group-wide pay review were considered by the Committee. The recruitment and retention of talented people is central to Superdry's success, and the creation of an amazing employee experience is a key initiative in our strategy. To support this, and against a backdrop of a very competitive jobs market and significant escalations in the costs of living for our people, the Committee approved a 3.5% pay award (effective 1 May 2022) for UK head office and UK Retail management (save for the Executive Committee where a 2% increase was approved) and the removal of age-related pay and in-country inflationary wage increases for global retail and international office based colleagues.

Also in the year, the Committee approved, in September 2021, restricted share awards which remained extended to junior management and experienced professionals for the second time at Superdry, honouring a commitment by the Committee to encourage and facilitate share ownership throughout the workforce at Superdry. The Committee also reviewed the operation of the FY22 Bonus scheme and approved the FY23 Bonus scheme.

Board changes in FY22

There were no changes to the Superdry Board during FY22.

Conclusion

I would like to take this opportunity to thank my fellow Remuneration Committee members for their dedication during FY22 and to thank Cathryn Petchey, Global People Director, who joined Superdry in November 2021 and has worked extensively with the Committee in the latter part of the financial year to support our work.

I trust that shareholders will continue to support Superdry's Remuneration Policy and that you will support this Directors' Remuneration Report at the November general meeting.

Georgina Harvey

Remuneration Committee Chair

6 October 2022

Part 2: Directors' Remuneration Policy (unaudited)

The following section of this report sets out a summary of the Directors' Remuneration Policy which was approved by shareholders at the 2021 AGM. The full Policy as approved by shareholders is set out in the Annual Report 2021.

Policy scope

The Policy applies to the Chairman, Executive Directors and Non-Executive Directors.

Policy duration

Following shareholder approval at the 2021 AGM, the Policy will apply from that date for a maximum of three years.

Remuneration Policy overview

We aim to provide a remuneration structure and approach that helps align the interests of Executives and shareholders, and enables the attraction, retention and motivation of high calibre people with the capability to drive continued growth of the business. Where the Committee has discretion in implementing the Remuneration Policy, that discretion will be exercised diligently and in a manner aligned with shareholder interests. Discretion will only be exercised within the boundaries and limits set out in the Remuneration Policy.

Summary of the Executive Director Remuneration Policy

Element: Base salary

Purpose and link to strategy

Set at levels to attract and retain talented Executive Directors of the high calibre required to develop and deliver our ambitious growth strategy. Base salary will reflect each Executive Director's individual skill, experience and role within the Group. Any changes to salary will take account of average increases across the Group.

Maximum opportunity

Salary increases will typically be in line with the general level of increase awarded to other employees in the Group and/or the Executive Director's country of employment.

In exceptional circumstances (eg, where there is an increase in scale, scope and/or responsibility, to reflect the development and success of the individual within the role, and/or to take account of relevant levels/market movements) a higher increase may be awarded.

There is no prescribed maximum base salary level or maximum annual increase.

Current salaries are detailed in the Annual Report on Remuneration.

Operation

When determining base salary the Committee typically takes into account:

- Salary levels for comparable roles at companies of a similar size, industry, global scope and complexity;
- Business and individual performance;
- Changes to the scale and complexity of the role; and
- Salaries paid to other employees across the Group.

Base salary is normally paid on a monthly basis in cash. The base salary for each Executive Director is normally reviewed annually in May by the Committee although an out-of-cycle review may be conducted if the Committee determines this is necessary. A salary review will not necessarily lead to an increase in salary.

Performance measures

Individual and business performance are taken into consideration when deciding salary levels.

Element: Pension

Purpose and link to strategy

To provide retirement benefits which are market competitive and to enable us to attract and retain Executive Directors of the right calibre.

Maximum opportunity

In line with the general workforce contribution rate (as a % of salary).

Operation

Executive Directors can choose to participate in the personal pension plan relevant to the country where they are employed, and/or to receive a cash allowance, or a combination of the two. Our Group personal pension plan is a defined contribution plan.

Element: Other benefits

Purpose and link to strategy

To ensure Superdry is broadly competitive on benefits with broader market practice.

To support personal health and well-being.

Maximum opportunity

There is no maximum level of benefits provided to an individual Executive Director.

Participation by Executive Directors in the SAYE scheme, and any other all-employee share plan operated in the future, is limited to the maximum award levels permitted by HM Revenue & Customs.

Operation

Benefit provision is set at an appropriate market level taking into account market practice in the Executive Director's home jurisdiction, the jurisdiction where they are based, and benefits for similar roles at similar companies and the level/type of benefits provided elsewhere in the Group.

The benefits to which Executive Directors are entitled include (but are not limited to) private medical insurance (for the individual and their family), company sick pay, holiday pay, life assurance, car allowance and staff discount on Superdry products. Other benefits may be provided where appropriate.

In-country and global relocation support may also be provided where appropriate.

Executive Directors are eligible to participate, on the same basis as other employees, in our SAYE and BAYE schemes. They may also be granted eligibility to participate on the same terms in any new benefit plans, including all-employee share incentives, set up for the wider employee group.

Element: Annual performance bonus

<p>Purpose and link to strategy</p> <p>To encourage and reward the achievement of challenging financial and strategic performance targets during a financial year. The performance measures set each year align to our strategy and shareholder value creation.</p>	<p>Maximum opportunity</p> <p>Up to 150% of base salary.</p>
<p>Operation</p> <p>Bonus payments up to 100% of salary are normally awarded in cash and are not pensionable. An individual Executive Director may choose to defer bonus awarded into our Group personal pension plan.</p> <p>Bonus deferral: To the extent that bonus potential is restored to the 150% of salary Policy maximum during the Policy period, one third of any bonus will be deferred into shares for three years.</p>	<p>Performance measures</p> <p>Performance is normally assessed over one financial year.</p> <p>The annual performance bonus may be based on financial metrics (eg, revenue and/or profit) and personal and/or strategic business objectives. The majority of the bonus will be determined by Group financial performance. Metrics and targets will be relevant to the particular performance year and are aimed at securing a sustainable long-term business model.</p> <p>The performance criteria and performance targets are determined by the Committee each year and include threshold levels for minimum award (below which no bonus will be awarded), on-target award and maximum award.</p> <p>The Committee will set demanding performance targets to encourage stretch performance. These targets are considered to be commercially confidential and will therefore be disclosed in due course after the performance period has ended.</p> <p>A straight-line sliding scale between threshold (no more than 25% of opportunity), target (50% of opportunity) and maximum (100% of opportunity) is used to determine the level of award.</p> <p>Malus and clawback provisions apply as described below.</p>

Element: Restricted Share Awards

Purpose and link to strategy	Maximum opportunity
<p>Drives sustained long-term performance, aids retention and aligns the interests of Executive Directors with shareholders.</p>	<p>Up to 75% of base salary.</p>
Operation	Performance measures
<p>Restricted Share Awards are granted on a discretionary basis and are subject to continued employment at the end of a three-year performance period with a two-year post-vest holding period. Awards may be structured as conditional awards or nil or nominal cost options.</p> <p>Executive Directors may benefit, in the form of cash or shares, from the value of any dividend paid between the date of grant and the date of vesting (or post vesting holding period if later) to the extent that awards vest.</p>	<p>Although no formal performance measures apply to RSAs, the Committee will retain discretion to reduce the vesting level (including to zero) after key strategic measures over the vesting period have been considered (including but not limited to revenue, % of full price sales, cash flow, PBT and margin) and being satisfied that there have been no environmental, social or governance issues resulting in material reputational damage.</p> <p>Malus and clawback provisions will apply as described below.</p>

Element: Share ownership guidelines

Purpose and link to strategy	Level
<p>To help further strengthen the alignment between management and shareholders.</p>	<p>Minimum of 200% of base salary.</p>
Operation	
<p>In employment: Executive Directors not holding shares worth at least 200% of their base salary will be expected to retain 50% of any share award which vests (net of tax) until such time as that level of holding is met.</p> <p>Post cessation: Executive Directors will need to retain shares equal to 100% of the in-post shareholding guideline up until the second anniversary of employment cessation (or actual shareholding if lower).</p> <p>Any shares purchased by an Executive Director, shares acquired in respect of the IPO, shares acquired through buyout awards and share awards granted prior to the 2020 AGM will be excluded from this post cessation guideline.</p>	

Selection of performance measures

Profit is normally the primary financial measure for the annual bonus plan. At the sole discretion of the Remuneration Committee, adjusting items may be removed where the inclusion of such items would be inconsistent with fair measurement, and actual tax may be adjusted to normalised rates if it is considered unsustainable. Performance targets relating to the annual bonus plan are normally set from the Group's annual budget, which is reviewed and signed off by the Board prior to the start of each financial year. Targets are based on a number of internal and external reference points. Targets are set to be stretching but achievable, with regard to the particular strategic priorities and economic environment in a given year. Strategic targets for the annual bonus may be set each year based on the Company's prevailing strategic objectives at that time. Targets will be set on a measurable, quantifiable basis where possible, but due to the nature of the objective, may require some subjective assessment.

In respect of the RSAs granted to Executive Directors, the Committee must be satisfied with Superdry's performance and delivery against performance measures (including revenue, % of full price sales, cash flow, PBT and margin) and be satisfied that there have been no environmental, social or governance issues resulting in material reputational damage.

The Committee retains the discretion to alter the weighting, substitute or use new performance measures for future incentive awards, if they are believed to better support the strategy of the business at that time.

Malus and clawback provisions

The Committee has discretion to cancel, reduce or clawback individual or all annual bonus awards in certain circumstances including:

- A misstatement of results that resulted in an award being paid at too high a level;
- A material failure of risk management or health and safety;
- Serious reputational damage to Superdry; and/or personal misconduct; and
- Corporate failure or insolvency.

The Committee may at any time before the vesting of share awards reduce the number of shares in certain circumstances including if:

- A material misstatement of financial results has resulted in the award having been granted over a higher number of shares than would otherwise have been the case; and
- The number of shares awarded was based on any other kind of error or basis of information or assumption that turns out to be inaccurate and resulted in the award having been granted a higher number of shares than would otherwise have been the case.

For three years after any PSP/RSA award vests, the Committee may decide that the individual is subject to clawback if:

- There has been a material misstatement of results that resulted in an award being paid at too high a level;
- There has been an error in assessing any performance condition or there was inaccurate or misleading information or assumptions that resulted in the award vesting at a higher level than otherwise would have been the case; and
- There has been serious reputational damage to Superdry; and/or personal misconduct; and
- There is a corporate failure or insolvency.

Legacy arrangements

The Company will honour any commitments entered into prior to the approval and implementation of the current Remuneration Policy and Executive Directors will be eligible to receive payment from any historical awards made.

Scenario chart

The charts below show potential pay-out under the current Directors' Remuneration Policy using the following assumptions:

- Minimum
- Consists of base salary, benefits and pension;
 - Base salary from 1 May 2022;
 - Benefits are based on estimated values for 2022/23;
 - Pension of 4% of salary; and
 - RSA of 75% of salary (noting that actual awards may be lower).

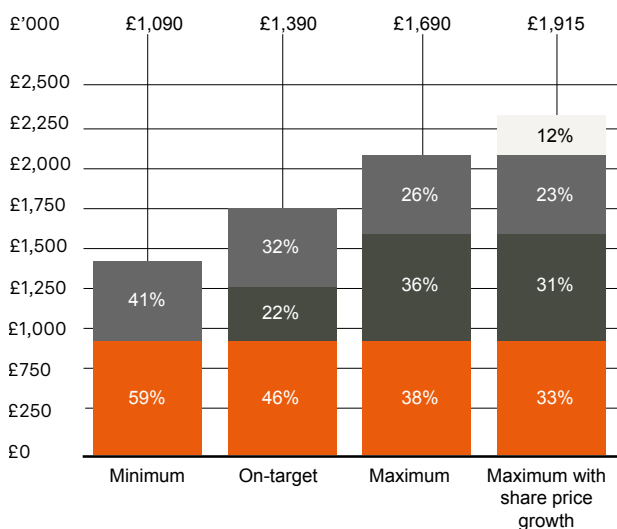
	Base salary	Benefits	Pension	RSA	Total minimum
Julian Dunkerton	£612,000	£16,000	£24,480	£459,000	£1,111,480
Shaun Wills	£382,500	£12,000	£15,300	£286,880	£696,675

- Target
- As per the minimum scenario plus an on-target annual bonus of 50% of the maximum potential.

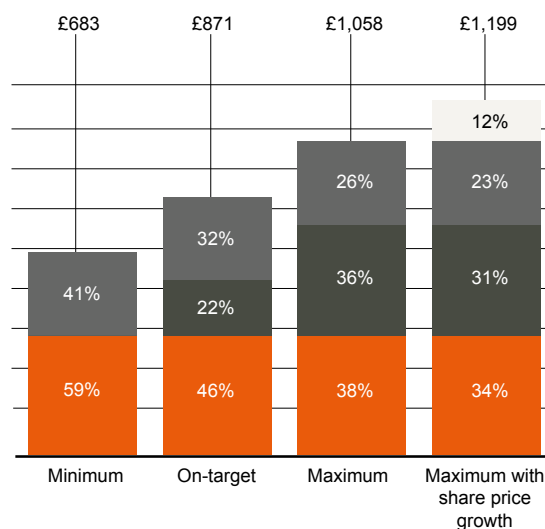
- Maximum
- As per the minimum scenario plus a maximum annual bonus (150% of salary), noting that potential awards may be lower (the potential for FY23 will be set at 100% of salary).

- Maximum with 50% share price growth
- As the maximum scenario plus the value resulting from a share price growth of 50% from the RSA award.

Julian Dunkerton Chief Executive Officer



Shaun Wills Chief Financial Officer



■ Fixed pay (salary, benefits, pension)
 ■ Annual bonus
 ■ RSA
 Share price growth

Remuneration arrangements across Superdry

The reward philosophy continues to be consistent across Superdry, namely that reward should support our business strategy and be sufficient to attract, motivate and retain high performing individuals. Within this framework, there are differences for a range of reasons, including global location, culture, best practice, employment regulation and the local employment market conditions.

- **Salaries and benefits** – a range of factors are considered including business performance, individual capability and performance, the pay of other employees and external market data;
- **Annual performance bonus** – consistent with the Remuneration Policy for Executive Directors, annual bonuses are typically linked to business performance with a focus on profit, although the business retains the right to void a bonus award in circumstances where we deem an individual has not performed to an acceptable level or has acted inappropriately during the performance period;
- **Share awards** – selected below Board employees may be invited to receive Restricted Share Awards on the same or similar terms to those granted to Executive Directors;
- **All employee share schemes** – in the UK the Group operates SAYE and BAYE share schemes which are open to all eligible employees. Under the SAYE scheme employees can elect to save up to £500 each month for a fixed period of three years. At the end of the savings period, individuals may use their savings to buy Superdry ordinary shares at a discount capped at up to 20% of the market price set at the launch of the scheme. The BAYE scheme gives employees the opportunity to buy shares up to the value of £1,800 per year using pre-tax earnings. For every 10 shares purchased through this scheme the Group offers one free matching share; and
- **Retirement benefits** – in line with local country practices, we encourage all employees to contribute appropriate savings toward their retirement. In the UK, we operate pension arrangements within the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010.

Executive Directors' service agreements

The following table sets out a description of any obligations on Superdry, contained in the current Executive Directors' contracts, which could give rise to, or impact, remuneration payments or payments for loss of office.

Element	Terms
Notice period	Julian Dunkerton – 12 months by Superdry and 12 months by the Executive Director. Shaun Wills – 6 months by Superdry and 6 months by the Executive Director.
Contract date	Julian Dunkerton – 2 April 2019 (interim appointment), 16 December 2020 (permanent appointment) Shaun Wills – 26 April 2021
Base salary	As per contracts
Pension contributions	Employer pension contribution
Contractual benefits	Contractual entitlement to: <ul style="list-style-type: none"> • Private medical insurance; • Company sick pay; • Life assurance • Holiday pay; • Car allowance; and • Discount on Superdry products.
Annual bonus	Participation is subject to the Committee's discretion
Long-term incentive plan	Participation is subject to the Committee's discretion

The service contract for any new Executive Director is likely to include provisions for a notice period of up to six months by either party, an annual salary review and participation in the Company's annual bonus scheme and RSA.

All Executive Director service contracts are available for inspection at our registered office during normal hours of business and at our AGM.

Discretions retained by the Committee

The Committee will operate the annual bonus plan and share plans according to their respective rules (or relevant documents), in line with the applicable approved Remuneration Policy and in accordance with the Listing Rules where relevant. The Committee retains certain discretions, consistent with market practice, with regard to the operation and administration of these plans. These include, but are not limited to, the following in relation to RSAs: the participants; the timing of grant of an award; the size of an award; within policy limits the determination of vesting; the discretion that may be required if dealing with a change of control or restructuring of the Group; determination of the treatment of leavers; adjustments required in certain circumstances (eg, rights issues, corporate restructuring events and special dividends); and reviewing performance underpins from one cycle to the next.

In relation to the annual bonus plan, the Committee retains discretion over: the participants; the timing of grant of a payment; the determination of the bonus payment; dealing with a change of control; determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen; the annual review of performance measures and weighting; and targets for the annual bonus plan from year to year.

In relation to the annual bonus plan, the Committee retains the ability to adjust the targets and/or set different measures if events occur (eg, material acquisition and/or divestment of a business) which cause it to determine that the conditions are no longer appropriate and that an adjustment is required so that the conditions achieve their original purpose and are not materially more or less difficult to satisfy.

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with our major shareholders.

The operation of our SAYE and BAYE share schemes will be as permitted under HM Revenue & Customs' rules and the Listing Rules. Details of shares or interests in shares held by Executive Directors at the end of the financial year are set out in the Annual Report on Remuneration. These remain eligible to vest based on their original award terms.

Approach to the recruitment and retention of Executive Directors

When hiring a new Executive Director or promoting to the Board from within Superdry, the Committee will offer a package that is sufficient to attract, retain and motivate the right talent, while at all times aiming to pay no more than is necessary. In determining an appropriate remuneration package, the Committee will take into consideration all relevant factors including but not limited to the impact on other existing remuneration arrangements, the candidate's location and experience, external market influences and internal pay relativities.

The remuneration package for a new Executive Director would be set in accordance with the terms of our prevailing approved Remuneration Policy at the time of appointment and take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Salary would be provided at such a level as required to attract the most appropriate candidate and may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance have been proven and sustained. The annual bonus potential would be limited to 150% of salary and RSAs would be limited to 75% of salary.

Pension provision will be workforce aligned and other benefits will be offered in line with local market practices dependent on where an Executive Director is located.

In addition, the Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an Executive Director leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions. For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue. For external and internal appointments, the Committee may agree that certain relocation and/or incidental expenses (as appropriate) will be met.

Policy on payment for loss of office

We are committed to ensuring a consistent approach and to not paying more than is necessary in the circumstances of loss of office. In the event of an early termination of a contract, the policy is to seek to minimise any liability. When managing such situations, the Committee takes a range of factors into account, including contractual obligations, shareholder interests, organisational stability and the need to ensure an effective handover. Executive Directors may be entitled to a payment in lieu of notice ('PILON') if notice is served by us. In the normal course of events, the Executive Director would work their notice period. In the event of termination for cause (eg, gross misconduct or negligence), neither notice nor PILON would be given and the Executive Director would cease to perform services immediately.

In the event of termination for reasons other than cause (for example, resignation) where the individual is requested by us to cease working before the end of the notice period, PILON may be payable. If a portion of the notice period is served, the PILON payment will be reduced on a pro rata basis. Payments may be made on a phased basis. Alternatively, rather than making a PILON, we may place an Executive Director on garden leave for the duration of some or all of their notice period.

Where an Executive Director leaves during a financial year, the annual bonus will not be payable with respect to the period of the financial year worked in line with the Group's annual bonus scheme rules.

Any share-based entitlements granted to an Executive Director under our share plans will be determined based on the relevant plan rules. The default treatment for RSAs is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, ill health, injury, disability, retirement, sale of the employing company or business outside the Group or any other circumstances at the discretion of the Committee, 'good leaver' status may be applied. For good leavers, awards will normally vest on their normal vesting date, subject to the satisfaction of the relevant performance underpin at that time, and will be reduced pro rata to reflect the proportion of the performance period actually served. However, in the event of the death of an Executive Director, the Committee has discretion to determine that awards vest at cessation, subject to performance underpin, with no service pro rata reduction.

Payment may also be made in respect of accrued benefits, including untaken holiday entitlement, in line with the treatment of other employees.

In addition, as is consistent with market practice, we may pay a contribution towards an Executive Director's legal fees for entering into a settlement agreement and may pay a contribution towards fees for outplacement services as part of a negotiated settlement.

There is no provision for additional compensation on termination following a change of control, nor liquidated damages of any kind.

Consideration of conditions elsewhere in Superdry

The Committee has oversight of the main compensation structures throughout Superdry's business and actively considers the relationship between general changes to employee remuneration and to Executive Director remuneration. When considering changes to Executive Director remuneration, the Committee is provided with relevant comparative employee information (for example, average salary review) across Superdry.

The Committee does not consider it appropriate to consult directly with employees when formulating Executive Director reward policy. However, it does take into account employee feedback on remuneration from employee surveys, as provided to the Committee by the Group People Director.

Consideration of shareholder views – consultation on Remuneration Policy

The Committee consulted with Superdry's top 15 investors and the main proxy advisory agencies (the IA, ISS and Glass Lewis) in FY21 and early FY22 in respect of seeking shareholder approval to change to the Remuneration Policy at the 2021 AGM. After reviewing feedback received, the Committee adopted a more conventional approach to post employment cessation shareholding guidelines as promoted by the IA (ie, 100% of the in-employment share-holding guideline for two years post cessation) and this change was incorporated into the new Remuneration Policy. Consistent with good practice, a wrap up letter was sent to those consulted at the end of the consultation exercise which set out the feedback received, and the Committee's response. The Committee was encouraged by the positive feedback and was grateful for the support received from the vast majority of investors consulted.

Summary of the Non-Executive Director Remuneration Policy

The Board aims to recruit high calibre Non-Executive Directors with broad commercial, digital or other relevant experience. The Remuneration Policy is as follows:

Element	Fees
Purpose and link to strategy	Fees are set at an appropriate level to attract and retain high calibre Non-Executive Directors and reflect the time commitment and responsibilities of each role and fees paid in other companies of a similar size, industry, global scope and complexity.
Operation	<p>Fees are normally reviewed annually and are normally paid in cash.</p> <p>Each Non-Executive Director is paid a basic fee for undertaking Non-Executive Director and Board duties. A higher fee is paid to the Chairman of the Board and the Senior Independent Director. Additional fees may also be payable for taking on Committee responsibilities and other Board duties.</p> <p>Non-Executive Directors also receive staff discount on Superdry products. Non-Executive Directors do not receive any other benefits other than reasonable expenses. Travel and other appropriate expenses (including fees incurred in obtaining professional advice in the furtherance of their duties) incurred in the course of performing their duties are reimbursed to Non-Executive Directors along with any associated taxes.</p> <p>Non-Executive Directors are covered by the Directors' and Officers' insurance and indemnification.</p>
Maximum opportunity	As is the case for the Executive Directors, there is no prescribed maximum fee or maximum fee increase. The aggregate fees payable to all Non-Executives combined are capped as set out in Superdry's Articles of Association.
Performance measures	No performance measures apply. Fees are set at an appropriate level to attract and retain high calibre Non-Executive Directors.

When recruiting a new Non-Executive Director, the remuneration arrangements offered will be consistent with the policy presented above. Non-Executive Directors are appointed for an initial period of three years (subject to election at the Company's AGM) and then continue to serve subject to annual re-election at the Company's AGM. Appointments may be terminated by either the Company or the Non-Executive Director giving three months' written notice. Save in respect of retirement by rotation, a Non-Executive Director being removed from office will be entitled to compensation equal to the fee during any remaining notice period.

Name	Date of appointment
Peter Sjölander	29 April 2021
Helen Weir	11 July 2019
Alastair Miller	11 July 2019
Faisal Galaria	29 July 2019
Georgina Harvey	29 July 2019

All Non-Executive Director letters of appointment are available for inspection at our registered office during normal hours of business and will also be available at our AGM.

Part 3: Annual Report on Remuneration

The following part of the Directors' Remuneration Report, together with the Annual Statement, will be subject to an advisory vote at the 2022 Accounts General Meeting, expected to be in November 2022 and sets out how the Remuneration Policy will be implemented in FY23, and how it was implemented in FY22.

The following sections of the Annual Report and Financial Statements are identified as audited or unaudited as appropriate.

Implementation of the Remuneration Policy for financial year 2023

Base salary (audited)

Executive Directors' base salaries are normally reviewed annually on 1 May, taking into account business and individual performance, salary levels at companies of a similar size, industry, global scope, growth and complexity and the salaries paid to other employees across Superdry. Current annual base salary levels, which were increased by 2% from 1 May 2022 (which was less than the increase applied across the general workforce), are as follows:

		From 1 May 2022	From 1 May 2021	Increase
Julian Dunkerton	Chief Executive Officer	£612,000	£600,000	2%
Shaun Wills	Chief Financial Officer	£382,500	£375,000	2%

Benefits in kind and pension (unaudited)

No changes will be made to benefit provision. Executive Director pension provision will continue to be set at 4% of salary (into the Group's personal pension plan and/or in the form of a salary supplement).

Annual bonus (unaudited)

A bonus plan will be operated for FY23 in line with the prevailing Policy albeit bonus potential will continue to be capped at 100% of salary rather than the 150% of salary Policy maximum. Performance metrics will be based on financial (majority) and personal/strategic (minority) targets and will be disclosed, together with the actual performance and payout, in next year's Directors' Remuneration Report.

Long-term share awards (unaudited)

As per the FY22 awards, RSAs to be granted in FY23 will:

- Vest after three years from the grant date, subject to continued employment, satisfactory individual performance and a positive assessment of performance against the underpin. No shares can be sold until at least five years from grant, other than those required to settle any taxes; and
- Be set at a maximum of 75% of salary for the CEO and CFO albeit the Remuneration Committee will consider the prevailing share price at the time of grant. The actual grant levels, which may be lower than 75% of salary, will not be agreed until closer to the date of grant.

Non-Executive Directors (audited)

No change will be made in financial year 2023 to the annual fees for Non-Executive Directors. Annual fee levels for FY23 are therefore as follows:

Role	From 1 May 2022	From 25 April 2021	Increase
Chairman	£200,000	£200,000	0%
Base fee for Non-Executive Directors	£55,000	£55,000	0%
Senior Independent Director increment	£17,500	£17,500	0%
Audit/Remuneration Committee Chair increment	£12,500	£12,500	0%

Single figure remuneration (audited)

		Base salary/ Fees ¹	Taxable benefits ²	Pension contributions ³	Annual bonus	LTIP/RSA	Other payments	Total pay	Total fixed pay	Total variable pay
Non-Executive Chairman										
Peter Sjölander ⁴	FY22	201,111	2,529	–	–	–	–	203,640	203,640	–
	FY21	–	–	–	–	–	–	–	–	–
Executive Directors										
Julian Dunkerton	FY22	600,000	11,211	24,000	–	–	–	635,211	635,211	–
	FY21	537,500	13,698	43,250	–	–	–	594,448	594,448	–
Shaun Wills	FY22	375,000	13,834	15,000 ⁶	–	–	–	403,834	403,834	–
	FY21	–	–	–	–	–	–	–	–	–
Non-Executive Directors										
Helen Weir	FY22	72,500	896	–	–	–	–	73,396	73,396	–
	FY21	64,948	484	–	–	–	–	65,432	65,432	–
Alastair Miller	FY22	67,500	938	–	–	–	–	68,438	68,438	–
	FY21	60,469	–	–	–	–	–	60,469	60,469	–
Georgina Harvey	FY22	67,500	1,172	–	–	–	–	68,672	68,672	–
	FY21	60,469	441	–	–	–	–	60,910	60,910	–
Faisal Galaria	FY22	55,000	172	–	–	–	–	55,172	55,172	–
	FY21	49,271	186	–	–	–	–	49,457	49,457	–
Former Directors										
Peter Williams ⁴	FY22	–	–	–	–	–	–	–	–	–
	FY21	179,167	–	–	–	–	–	179,167	179,167	–
Nick Gresham ⁵	FY22	–	–	–	–	–	–	–	–	–
	FY21	167,204	5,182	13,790	–	–	–	186,176	186,176	–

- As disclosed in last year's Directors' Remuneration Report, salaries/fees were voluntarily reduced in the first three months of FY21 as result of the Covid-19 pandemic.
- Benefits include a car allowance, medical insurance and expenses in relation to the performance of duties.
- Pension contributions for Julian Dunkerton, which are paid in the form of a cash allowance, reduced from 7.5% to 4% of salary from 1 April 2021. Shaun Wills received a 4% of salary pension contribution from appointment.
- Peter Williams stepped down as Chairman on 28 April 2021. Peter Sjölander was appointed Chairman on 29 April 2021.
- Nick Gresham stepped down from the Board on 15 October 2020.
- Employer pension contributions for FY22 were made during FY23.

Annual bonus for the year ended 30 April 2022 (unaudited)

	Weighting (% of salary)	Threshold	Maximum	Actual	Payout (% of max)
EBITDA	70%	£-0.5m	£7.5m	£8.6m	70%
Inventory Reduction*	15%	13m	12m	12.9m	8.25%
Goods on hand (Units)					
Sustainable Product Mix*	15%	33%	36%	45%	15%
Volume of Sustainable Product Sold					
Total	100%				93.25%
Negative Committee Discretion					-93.25%
Total (Post Committee Discretion)					0%

* Not payable unless the threshold EBITDA target was achieved.

As set out above, performance against the profit and strategic targets resulted in a formulaic annual bonus outcome of 93.25% of maximum (equating to 93.25% of salary). However, while performance against the financial and strategic targets that were set at the start of the financial year was strong, following consideration of the stakeholder experience more broadly, including the Company's share price performance and the wider economic environment at the current time, the Committee decided not to award an annual bonus to Executive Directors for FY22.

Vesting of PSP awards (audited)

The PSP awards granted on 23 September 2019 were based on three financial years ending 2021/22. Noting that no current Executive Director holds 2019 PSP awards, the awards lapsed as follows:

Metric	Performance condition	Threshold target	Stretch target	Actual	% vesting
EPS (30%)	10% of this part vests for EPS growth of 15% p.a., increasing to 50% of this part vesting for EPS of 23% p.a., increasing to 100% of this part vesting for EPS growth of 30% p.a., as measured from FY19 to FY22.	15%	30%	Below threshold	0% (max. 30%)
TSR (70%)	25% of this part of the award vests if the Group's TSR is ranked at the median of the comparator companies, increasing on a straight-line basis to 100% vesting of this part if the Group's TSR is ranked at the upper quartile of the comparator group (FTSE AllShare companies in the following sub-sectors: Apparel Retailers, Broadline Retailers, Clothing and Accessories, Furnishings, Home Improvement Retailers, Speciality Retailers and Toys).	Median	Upper quartile	Below median	0% (max. 70%)
Vesting %					0%

Share awards granted in the year (audited)

Following shareholder approval at the 2021 AGM, RSAs granted to the Executive Directors in FY22 were as follows:

	Date of grant	Basis (% of salary)	Number of shares under award	Face value of shares awarded*	Vesting Date
Julian Dunkerton	22 October 2021	60%	143,426	£366,453	22 October 2024
Shaun Wills	22 October 2021	41%	60,657	£154,979	22 October 2024

* Based on the 22 October 2021 closing share price of 255.5 pence.

RSAs will normally vest after three years from grant subject to:

1. Continued employment;
2. Satisfactory personal performance during the vesting period; and
3. A positive assessment of performance against the underpin; and once vested, the resulting shares may not be sold until at least five years from the grant date (other than to pay relevant taxes).

Underpin: While the default position is that RSAs granted to Executive Directors ultimately vest, the Committee will retain discretion to reduce the vesting level (including to zero) after considering a number of performance measures over the vesting period aligned to the business strategy including but not limited to revenue; % of full price sales; cash flow; PBT; and margin, and being satisfied that there have been no environmental, social or governance issues resulting in material reputational damage. In addition, and irrespective of performance against the underpin, the Committee will retain discretion to reduce the vesting level in exceptional circumstances.

Directors' interests in share awards and share ownership (audited)

The beneficial and non-beneficial interests of the Directors in the share capital of Superdry at 30 April 2022 are set out below:

Interests in shares

	30 April 2022 Ordinary Shares	24 April 2021 Ordinary Shares	Shareholding guideline %	% against salary	Guideline met?	RSA	Deferred shares	SAYE	BAYE	Total
Executive Directors										
Julian Dunkerton	17,023,707	16,651,436	200%	4,341% ¹	Yes	143,426	-	-	-	17,167,133
Shaun Wills	4,634	-	200%	2% ¹	Not Yet	60,657	-	-	-	65,291
Non-Executive Chairman										
Peter Sjölander	150,000	-	-	-	-	-	-	-	-	150,000
Non-Executive Directors										
Helen Weir	10,000	5,000	-	-	-	-	-	-	-	10,000
Alastair Miller	30,000	20,000	-	-	-	-	-	-	-	30,000
Faisal Galaria	-	-	-	-	-	-	-	-	-	-
Georgina Harvey	-	-	-	-	-	-	-	-	-	-
Former directors										
Peter Williams	-	77,222	-	-	-	-	-	-	-	-
Nick Gresham	-	-	-	-	-	-	-	-	809	809

1. Calculation based on the share price as of 30 April 2022 (153 pence).

Payments to past Directors (audited)

No payments were made to past Directors in FY22.

Payments for loss of office (audited)

No payments for loss of office were made in FY22.

The following sections of the Annual Report and Financial Statements are unaudited.

Relative importance of the spend on pay (unaudited)

The following table sets out the percentage change in distributions to shareholders and employee remuneration costs.

The significant drop in FY21 is due to a salary reduction of 25% for Julian Dunkerton, CEO, between April and September 2020 and former CFO, Nick Gresham, between April and June 2020 in conjunction with c80% of the wider workforce being placed on furlough at that time.

	FY22	FY21	Change
Employee remuneration costs (£m)	95.5	81.9	16.6%
Ordinary dividends (£m)	0	0	0%
Special dividends (£m)	0	0	0%

CEO pay ratio (unaudited)

Under disclosure legislation, we are required to calculate and publish our CEO pay ratio on an annual basis. The table below shows how the CEO's single figure remuneration for FY22 compares to equivalent single figure remuneration for full-time equivalent UK employees, ranked at the 25th, 50th and 75th percentile on total remuneration.

For the calculation method, Option A was chosen (based on data as at 30 April 2022) as this was considered to be the most robust approach to calculating the ratios. Option A involves calculating the actual full time equivalent remuneration for all relevant employees for the fiscal year in question. These values are then listed in order from lowest to highest and the values at the three percentile points are identified.

Total remuneration

Year	Method	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio
2020	Option A	44:1	38:1	28:1
2021	Option A*	36:1	34:1	23:1
2022	Option A	34:1	31:1	24:1

* CEO salary includes a 25% reduction in salary as at 30 April 2022.

The underlying data for salary and total remuneration is as follows:

Year	Salary			Total remuneration		
	25 th percentile	Median	75 th percentile	25 th percentile	Median	75 th percentile
2020	£15,015	£16,770	£22,252	£15,015	£17,261	£23,077
2021	£16,302	£17,374	£24,999	£16,302	£17,491	£25,996
2022	£18,525	£20,377	£25,565	£18,525	£20,377	£26,520

The Superdry Remuneration Committee believes in executive reward packages that are competitive and balanced against the wider workforce and aligned to our principles. The CEO in Superdry is the employee with the highest level of pay because he has the highest level of responsibility. Julian is eligible to be awarded RSAs through the Group Leadership Share Plan and Group annual bonus, meaning that the ratio may increase in future years.

The Committee considers that the median CEO pay ratio is representative of the UK employee base. During FY22 there was no increase to Julian Dunkerton's salary, however an average UK increase of 1.5% was awarded to the wider workforce.

Whilst there is a marginal increase for FY22 compared to FY21, this is largely driven by the salary reduction that Julian received due to Covid-19. The better comparison is for FY20; the reduction in the ratio from FY20 to FY22 is led by factors such as the removal of age related pay in our retail stores.

Percentage change in remuneration

The table below shows the percentage change in salary or fees, benefits and annual bonus earned between (i) FY20 and FY21; and (ii) FY21 and FY22 for the Board, compared to the average earnings of all of the Group's employees. Where Directors served part financial years, their fees have been annualised.

	Financial year	Base salary/ fee	Benefits	Annual bonus
Chairman				
Peter Sjölander	2022	0%	N/A	N/A
	2021	N/A	N/A	N/A
Executive Directors				
Julian Dunkerton	2022	+11.6% ²	N/A	N/A
	2021	-10.4% ¹	N/A	N/A
Shaun Wills	2022	0%	N/A	N/A
	2021	N/A	N/A	N/A
Non-Executive Directors				
Alastair Miller	2022	+11.6% ²	N/A	N/A
	2021	-10.4% ¹	N/A	N/A
Faisal Galaria	2022	+11.6% ²	N/A	N/A
	2021	-10.4% ¹	N/A	N/A
Georgina Harvey	2022	+11.6% ²	N/A	N/A
	2021	-10.4% ¹	N/A	N/A
Helen Weir	2022	+11.6% ²	N/A	N/A
	2021	-10.4% ¹	N/A	N/A
Employee population	2022	+1.69% ⁴	N/A	+100% ⁴
	2021	+0.26% ³	N/A	N/A

1. 25% reduction to salary for five months during the period May 2020 – September 2020. The reduction shown in 2021 has been restated from -12% to -10.4% after a review revealed a miscalculation in last year's report. Salaries reverted to previous levels.
2. There was no official annual pay review conducted by Superdry in FY 2021 and this number refers to a small number of exceptional pay changes of employees in head office.
3. A standard increase of 1.5% was applied to the majority of the wider workforce, a small number of employees received a higher increase through market alignment. The annual bonus change relates to no bonus paid for FY21 and between threshold and maximum bonus for FY22

Workforce engagement

The Committee continues to be informed of any proposed pay changes below Board level and ensures that the Executive Directors' reward packages align to the Company strategy. During FY22, Superdry continued to engage the workforce through the employee feedback forum, SD Voice. The meetings were attended by Helen Weir, Non-Executive Director, Cathryn Petchey, Global People Director, and employee elected representatives. The purpose of SD Voice is to engage and obtain honest feedback on topics such as pay principles and strategy, share plans and additional benefit offerings. This year Helen and Cathryn also presented details around the role of the Remuneration Committee and how Executive Director pay is determined against the wider workforce. This was to deepen the knowledge and understanding to SD Voice members around why we have a Remuneration Committee and how they influence Superdry's decision-making in all areas of remuneration.

Gender Pay Gap report (unaudited)

The annual sharing of our Gender Pay Gap report provides further insight and is being used to actively enhance our internal diversity conversation. Like many organisations we currently have a gender pay gap, which we would, of course, aspire not to have and we have a robust and transparent action plan to make inroads into this.

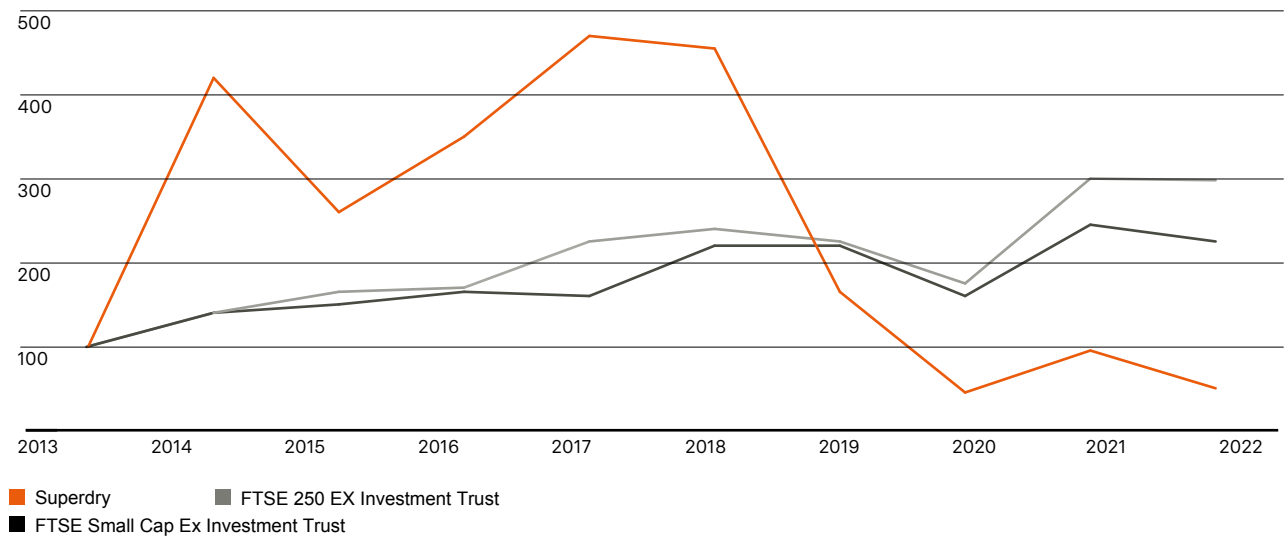
The Committee recognises that gender pay measures are very different from equal pay comparisons and is confident that our Group-wide approach to pay means that we do not allow unequal pay to exist within Superdry. The Committee has concluded that the Superdry gender pay gap demonstrates that, as the majority of senior roles remain to be filled by men, we need to continue to improve diversity in our most senior job levels and execute on our diversity plan that we have shared with colleague stakeholder groups.

Our full report on gender pay is available at corporate.superdry.com. Further details on our approach to diversity and inclusion can be found in our People report on page 52.

Performance graph (unaudited)

The graph below shows the total shareholder return for the Group compared with the TSR of the FTSE 250 (excluding Investment Trusts) and FTSE SmallCap (excluding Investment Trusts) over the 10 years to 30 April 2022. The FTSE 250 and SmallCap indexes were selected as Superdry was a constituent of one or the other of them for the period shown.

Total shareholder return Source: Datastream (a Refinitiv product)



Historic single figure table (audited)

The table below sets out the Chief Executive Officer's single figure remuneration over the past 10 years.

Year ended	Chief Executive Officer	Total remuneration	Annual bonus (% of max)	Long-term incentives (% of max)
2022	Julian Dunkerton	£635,211	0%	n/a
2021	Julian Dunkerton*	£594,448	0%	n/a
2020	Julian Dunkerton*	£651,477	0%	n/a
2019	Julian Dunkerton*	£50,246	n/a	n/a
2019	Euan Sutherland†	£809,196	0%	0%
2018	Euan Sutherland†	£2,662,526	65.5%	100%
2017	Euan Sutherland†	£4,000,708	96.1%	58.2%
2016	Euan Sutherland†	£1,677,125	85.0%	n/a
2015	Euan Sutherland†	£602,862	33.3%	n/a
2015	Julian Dunkerton*	£419,180	–	n/a
2014	Julian Dunkerton*	£419,412	–	n/a
2013	Julian Dunkerton*	£419,406	–	n/a

* Julian Dunkerton was appointed as Interim Chief Executive Officer on 2 April 2019 and assumed the title of Chief Executive Officer on a permanent basis from 16 December 2020. He previously held the role of Chief Executive Officer from 2012 to 22 October 2014 when he switched to the role of Product and Brand Director.

† Euan Sutherland was appointed as Group Chief Executive Officer on 22 October 2014 and stepped down on 2 April 2019. His 2018 total remuneration figure has been updated to reflect the actual value of his 2015 PSP awards which vested in August 2018. The figure disclosed in the 2018 Annual Report was based on an estimate. His 2020 total reflects the final payment of his deferred bonus share plan from 2017.

Advisers to the Committee

FIT Remuneration Consultants LLP were retained as the Committee's independent remuneration adviser for FY22. Fees charged by FIT on the basis of time and materials for remuneration advice amounted to £37,941 (ex VAT) (prior year fees were £50,696 (ex VAT)). No other services were provided by FIT to the Group during the year. The Committee is satisfied that the advice provided was independent. FIT is a member of the Remuneration Consultants Group and complies with its code of conduct.

Dilution

The current dilution against the 10% in 10-year share plan limit for employee and Executive share programmes is 4.95%.

Statement of shareholder voting

Shareholder voting in respect of the Directors' Remuneration Policy (last approved at the 2021 AGM) and last year's Annual Report on Remuneration received the following votes from shareholders:

		For	Against	Votes withheld
Directors' Remuneration Policy (2021 AGM)	Total number of votes	49,549,604	1,542,688	436,379
	% of votes cast	96.98	3.02	
Directors' Remuneration Report (2021 AGM)	Total number of votes	51,271,578	250,823	6,270
	% of votes cast	99.51	0.49	

The Annual Statement and Directors' Remuneration Report, excluding the Directors' Remuneration Policy, will be subject to an advisory vote at the 2022 Accounts General Meeting, expected to be in November 2022.

Georgina Harvey

Remuneration Committee Chair

6 October 2022

DIRECTORS' REPORT

This Directors' Report includes the information required by applicable law, with cross referencing used where relevant data is provided in other parts of this Annual Report.

Superdry plc is UK domiciled but has a number of overseas subsidiaries and has branches in Austria, Italy, Norway, Portugal and Switzerland.

This Directors' Report and the Strategic Report on pages 12 to 75 comprise the 'management report' for the purposes of the Financial Conduct Authority's Disclosure and Transparency Rules (DTR 4.1.8R). The management report includes an indication of likely future developments for Superdry.

Results and dividends

Our financial statements for FY22 are on pages 148 to 210. No interim dividends were paid to shareholders during the period. The Directors do not recommend the payment of a final dividend in respect of FY22.

Significant events since the end of the financial year

Details of significant events since the balance sheet date are contained in Note 38 to the financial statements. An indication of likely future developments in the business of the Group are included in the Strategic Report on page 73.

Risk management and internal controls

A description of the principal risks facing the business, emerging risks and the Group's approach to managing those risks is on pages 53 to 67 in How We Manage Our Risks. Further information on the Group's system of internal controls and the review of those controls can also be found in that section and in the Audit Committee Report on pages 104 and 105.

Financial risk management, policy and objectives

For further information regarding financial risk management, policy, objectives, the use of financial instruments and hedging policy, please refer to Note 34 to the financial statements.

Approach to taxation and taxation governance

Our tax strategy seeks to ensure that the approach taken to our tax affairs is aligned with the high standards of corporate governance set by our Board to promote the interests of our investors, customers, colleagues and other stakeholders. We have a responsibility to pay the amount of tax legally due in any country in accordance with the rules set by the relevant government.

The Group's taxation strategy is determined by the Board and is reviewed on an annual basis by the Audit Committee. Operational responsibility for the taxation strategy rests with the CFO. The tax strategy is published at corporate.superdry.com and sets out how tax risk is assessed, managed and governed.

The Audit Committee considers taxation risk as any risks manifest themselves, or when they are identified by the Group's risk management framework. Where risks are reviewed, actions are agreed to mitigate them or to eliminate them, if possible. Internal controls are in place, and these are subject to periodic internal audits.

Share capital, control and restrictions on voting rights

Details of our issued share capital are shown in Note 35 to the financial statements on page 204.

We have one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings. The ordinary shares are listed on the Official List and traded on the London Stock Exchange.

There are no restrictions on the transfer of ordinary shares other than:

- Certain restrictions which may from time to time be imposed by laws and regulations (for example, insider dealing); and
- Pursuant to the Listing Rules of the Financial Conduct Authority and Superdry's share dealing code whereby certain employees of the Group require approval to deal in its ordinary shares.

We are not aware of any arrangements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

Directors – appointment, election and re-election

The rules relating to the appointment and replacement of the Directors are contained in our Articles of Association. Any specific rules regarding the election and re-election of Directors are referred to in the Corporate Governance Report on pages 78 to 93.

Articles of Association

Any changes to the Articles of Association must be approved by our shareholders.

Notifiable interests in issued share capital

Please note that these holdings may have changed since the Group was notified; notification of any change is not required until a further notifiable threshold is crossed.

Notifications received from 30 April 2022 to 6 October 2022:

Notifications of major transactions in shares (as at 6 October 2022)

Shareholder	No of voting rights at date of notification	% of voting rights at date of notification	Nature of holding (direct/indirect)	Date of notification
James Holder	5,742,883	6.99%	Direct	10 May 2021
Gatmore Capital Management LLP as manager for Gatmore Special Opportunities Master Fund Ltd	4,925,005	5.99%	Direct and Indirect	26 November 2021
Gatmore Capital Management LLP as manager for Gatmore Special Opportunities Master Fund Ltd	4,015,706	4.89%	Direct and Indirect	22 December 2021
Gatmore Capital Management LLP as manager for Gatmore Special Opportunities Master Fund Ltd	3,214,869	3.92%	Direct and Indirect	10 January 2022
Gatmore Capital Management LLP as manager for Gatmore Special Opportunities Master Fund Ltd	2,447,869	2.98%	Direct and Indirect	02 February 2022
Julian Dunkerton	17,828,879	21.7%	Direct	01 June 2022

Share buy backs

The Group proposes to renew the authority granted by shareholders at the AGM in 2021 to repurchase up to 10% of its issued share capital.

Share schemes

The Group presently operates three employee share schemes: Restricted Share Awards (**RSAs**), Save As You Earn (**SAYE**) and Buy As You Earn (**BAYE**). All shares allotted under these share schemes have the same rights as those already issued.

Under the BAYE share scheme, employees are entitled to acquire shares. These shares are held in trust by Computershare Trustees (the **Trustees**). Voting rights are exercised by the Trustees on receipt of a participant's instructions. If a participant does not submit an instruction to the Trustees, no vote is registered. In addition, the Trustees do not vote on any unawarded shares held under the BAYE scheme as surplus assets. The Trustees have also elected to waive dividends on any unawarded shares held under Trust relating to dividends payable during the year. As at 30 April 2022, the Trustees held 768,990 unawarded shares in trust.

Superdry's Employee Benefit Trust has also waived all dividends payable in respect of the ordinary shares held by it.

Founder Share Plan

The Founder Share Plan (**FSP**), established on 12 September 2017 by Julian Dunkerton and James Holder, did not vest, as the market value of the Company's shares on the maturity date of 30 September 2020 did not achieve the value stipulated in the FSP agreement. No shares will be granted and the scheme will expire on 30 September 2022.

Directors and Directors' interests

Details of the Directors as at the date of this report can be found on pages 76 and 77. Details of Directors who served during FY22 can be found in the Corporate Governance Report on page 79.

The interests of the Directors and their closely associated persons in the share capital as at 30 April 2022, along with the details of Directors' share awards, are contained in the Directors' Remuneration Report on pages 106 to 126.

No Director has any other interest in any shares or loan stock of any Group company or was or is materially interested in any contract, other than his or her service contract, which was subsisting during or existing at the year end and which was significant in relation to the Group's business.

Details of Director indemnity provisions can be found in the Corporate Governance Report on page 93.

Related party transactions

Details of related party transactions can be found in Note 21 on page 185 and 186 of the financial statements. For details of Directors' service contracts please refer to page 116 in the Directors' Remuneration Report.

UK Code of Corporate Governance statement

Our statement can be found in the Corporate Governance Report on page 80 to 85.

The Takeover Directive

The rights and obligations attached to the issued share capital are set out in our Articles of Association.

At the 2021 AGM, shareholders approved resolutions authorising the Group to:

- Allot shares up to an aggregate nominal value of £1,367,467 (representing one third of our issued share capital as at 14 September 2021);
- Approve the disapplication of pre-emption rights for cash issues of ordinary shares with a nominal value of £205,120 (representing approximately 5% of our issued share capital as at 14 September 2021); and
- Approve an additional authority following changes in The Pre-Emption Group's Statement of Principles which provided that an allotment of up to an additional 5% of our issued share capital may also be made on a non-pre-emptive basis if that allotment was used only for the purposes of financing a transaction which the Board determined to be an acquisition or other capital investment (within the meaning of The Pre-Emption Group's Statement of Principles).

Resolutions will be proposed at this year's AGM to renew these authorities. Further details are set out in the notice of the AGM.

Health and safety

The Group is committed to providing a safe and healthy environment for all employees, customers, suppliers and partners. Practices and policies are regularly reviewed to ensure that our approach to health and safety, training, risk assessments, safe systems of working and accident reporting remain appropriate. For further information on internal audit please refer to page 103 and for risk management please see pages 53 to 67.

Legal and regulatory compliance

The Legal team is responsible for identifying and carrying out assessments of those areas of the business where material legal and regulatory risks may be present.

Superdry continues to increase its controls on the use of standard agreements to achieve greater consistency and protection where we license and franchise our brand.

Superdry continues to train and advise the organisation with respect to its obligations under data protection, competition, anti-bribery and corruption and other applicable laws. Superdry continually reviews its intellectual property portfolio in light of its strategy and has made and will continue to make further registrations to ensure that protection is robust.

Where issues are identified, mitigating actions are built into a plan involving the drafting and communication of policies and the delivery of training where appropriate, or are approached by way of a revision to key contractual terms. The Board receives regular reports on material litigation and the legal action taken to support our strategy. The Audit Committee reviews the effectiveness of the internal control framework on an annual basis.

Whistleblowing

A confidential whistleblowing line is in place and is managed through an independent third-party provider and covers all countries in which we operate. Information on how to use our whistleblowing line is widely available to colleagues. All matters arising from the use of the whistleblowing line are referred to the Company Secretarial team and investigated by the Human Resources team. The Audit Committee receives a detailed analysis of all matters arising through the whistleblowing line on an annual basis. For further details please turn to page 99.

Greenhouse gas emissions, energy consumption and energy efficiency action

Please refer to the table on page 44 of the Sustainability Report. The proportion of carbon dioxide emissions reported that relates to the United Kingdom and offshore area is 48.9% (location based) and 65.5% (market based). The proportion of energy consumption reported that relates to the United Kingdom and offshore area is 50.3%.

Anti-bribery and corruption

The Group has an Anti-Bribery and Corruption Policy (ABC Policy) in place which is reviewed regularly by the Board. The ABC Policy was reviewed, updated and approved in July 2022. The ABC Policy sets out the legal obligations and responsibilities of employees in relation to anti-bribery and corruption law, including decision trees for employees in relation to gifts and hospitality. A gift register is in place and colleagues must report and seek permission to accept gifts and hospitality over a prescribed financial value. The gift register is reviewed by the Audit Committee on an annual basis. Anti-bribery and corruption training is mandatory for all colleagues. Guidance is provided to colleagues along with information on how to manage these risks. ABC Policy information and compliance requirements are incorporated into our Supplier Manual and in our contractual arrangements with our partners. (For further information on transparency in our supply chain, please refer to corporate.superdry.com/sustainability/reporting and policies.) We have strong escalation routes upon breach of our ABC Policy. A Board-approved and Group-wide Code of Conduct is in place and is also reviewed by the Audit Committee on an annual basis. Any suspected incidents of fraud are escalated to our Legal and Risk teams for immediate investigation and action and any confirmed incidents of fraud are reported to the Board on an annual basis (or more frequently if necessary). No such incidents have been identified in FY22. There have been no reported incidents in relation to the ABC Policy in FY22. Controls associated with our ABC Policy have been captured within our internal control framework and assurance over their operational effectiveness will be provided as part of the ongoing embedding of that framework. For whistleblowing, please see above.

Political donations

No political donations or political expenditure have been made by the Group during this financial year.

Location of disclosures

The table below sets out the location of disclosures that have been incorporated into the Directors' Report by reference, including those required by LR 9.8.4:

Disclosure	Page
Allotment of equity securities	151
Annual General Meeting	131
Business relationships with suppliers, customers and others	169
Corporate Governance Report (including the reports of each committee of the Board)	76
Directors' interests	122
Directors' statement of responsibility	131
Disability – fair treatment	52
Diversity and Inclusion Policy	52
Emoluments (Directors')	119
Employee participation in share schemes	116
Employee engagement and communication	48
Environment	43
Financial instruments and financial risk management	199
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Going Concern and Viability Statement	73
Internal controls	104
Key performance indicators	23
Long-term incentive plans	171
People	47
Related party transactions	185
Risk management	53
Share capital	204
Sustainability	40
Unaudited financial information	210
Waivers of dividends	177

Non-financial information statement

In accordance with Companies Act 2006 sections 414 (CA) and (CB), a non-financial information statement can be found in the Strategic Report on page 25, which sets out non-financial information reporting requirements and their locations.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report (including the Directors' Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group financial statements for each financial year

Under that law the Directors are required to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards. The directors have also chosen to prepare the parent company financial statements under United Kingdom adopted international accounting standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and its profit or loss for that period. In preparing each of the Group and Company financial statements, International Accounting Standard 1 requires the Directors to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Assess the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with law and regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed on pages 76 and 77, confirms that to the best of their knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole;
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Statement on disclosure of information to auditor

The Directors confirm that, so far as each is aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has taken all the steps he or she should have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of Companies Act 2006.

AGM

The AGM will take place on Monday 31 October 2022 and a separate Accounts General Meeting is expected to take place in November 2022. Please see our Notice of AGM at corporate.superdry.com for further details.

Ruth Daniels

Company Secretary

6 October 2022

Registered office:

Unit 60, The Runnings, Cheltenham,
Gloucestershire GL51 9NW

Registered in England and Wales, registered
number 07063562

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUPERDRY PLC

Report on the audit of the financial statements

1. OPINION

In our opinion:

- In our opinion:
- the financial statements of Superdry plc (the 'parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 April 2022 and of the Group's profit for the 53 week period then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group Statement of Comprehensive Income;
- the Group and Parent Company Balance Sheets;
- the Group and Parent Company Statements of Changes in Equity;
- the Group and Parent Company Cash Flow Statements; and
- the related notes 1 to 39.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

2. BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw your attention to note 1b in the financial statements and the detailed information on pages 153 to 155, which indicates that a material uncertainty exists that may cast significant doubt on the Group and parent Company's ability to continue as a going concern as the Group does not have access to sufficient, committed bank facilities throughout the going concern period.

The Group has an up to £70m Asset Backed Lending Facility ("ABL") which expires in January 2023 and an uncommitted overdraft facility of up to £10m available on a rolling annual basis. At the year-end, £18.4m of the ABL facility had been drawn down, £3.1m of the overdraft had been utilised and the Group had a net debt balance of £(1.0)m. The maximum drawdown during FY22 on the ABL facility was £21m in October 2021.

As at 1 October 2022, which coincides with the Group's working capital peak, the Group had drawn down £45.3m of the ABL with a net debt balance of £38.9m.

The covenants in the ABL facility are tested quarterly, with the next test due at the end of October 2022 and then again in January 2023, albeit this is the date the facility expires.

The Group's medium-term plan has been used as the basis for the going concern assessment, which covers a period of at least 12 months from the date of approval of the financial statements. This assumes the brand reset will be successful and that the Group will return to profitable growth. The turnaround strategy is still in its early stages and has been interrupted by the coronavirus pandemic. The Group now faces adverse macroeconomic headwinds of rising inflation and the cost-of-living crisis. The impact of these factors on customer demand is not yet known. Consequently, there remains increased uncertainty in making the key judgements and assumptions that underpin the Group's financial forecasts.

The Directors' base case forecast indicates that a financing facility of up to £70m will be required during the going concern period. The ability of the Group to continue to trade as a going concern is therefore dependent on the availability of sufficient, committed bank facilities.

Current projections using the Directors' base case together with a reasonable downside scenario indicate that the October 2022 covenant requirement of the existing ABL facility will be met. The going concern material uncertainty is therefore specifically in relation to the expiry of the existing ABL facility in January 2023 and, currently, the absence of a sufficient committed facility throughout the remainder of the going concern period.

The Audit Committee has considered the adoption of the going concern basis of accounting as a key judgement and estimate on page 100.

As stated on pages 153 to 155, these events or conditions, along with the matters as set forth in note 1b to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group and the parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Notwithstanding the material uncertainty, in auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- obtained a detailed understanding of the relevant controls that the Group has established regarding the drafting, review and approval of the Group's going concern assessment;
- obtained an understanding of the financing facilities available to the Group, including repayment terms and covenants;
- discussed the status of the Group's refinancing options with their professional advisors who are assisting in the negotiations with prospective lenders;
- worked with modelling specialists to test the mechanical accuracy of the model used to prepare the Group's cash flow forecasts;
- evaluated the consistency of the Directors' forecasts with other areas of the audit, including store impairments, the onerous property related contract provision, deferred tax asset recoverability and investment in subsidiaries and intercompany recoverability;





- challenged the key assumptions within the going concern assessment including those in the Group's brand reset strategy which relate to revenue and gross margin growth. We have challenged these with reference to historical trading performance, current trading uncertainty, market expectations, peer comparison, and our understanding of the Group's latest strategic initiatives;
- assessed the impact of reverse stress testing on the Group's funding position and covenant calculations to January 2023 when the existing facility expires;
- assessed and challenged the feasibility of mitigating actions available to the Directors, should these be required, if the forecast performance is not achieved; and
- challenged the appropriateness of the Group's disclosures over the going concern basis and the material uncertainty arising with reference to our knowledge and understanding of the assumptions taken by the Directors and recent FRC guidance.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to:

- the Directors' statement in the financial statements about whether the Directors' considered it appropriate to adopt the going concern basis of accounting; and
- the Directors' identification in the financial statements of the material uncertainty related to the Group's and parent company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

4. SUMMARY OF OUR AUDIT APPROACH

Key audit matters	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> • Going concern (see Section 3 above); • Impact of control deficiencies; • Store asset impairment and onerous property related contract provisions; • Impairment of investment in subsidiaries and expected credit losses on intercompany receivables in the parent Company balance sheet; • Inventory provision; and • Wholesale trade debtor recoverability. <p>Within this report, key audit matters are identified as follows:</p> <ul style="list-style-type: none">  Newly identified  Increased level of risk  Similar level of risk  Decreased level of risk
Materiality	<p>The materiality that we used for the Group financial statements was £3.0m, which was determined with reference to 0.5% of Group revenue. Given the continued volatility in profitability in recent periods, Group revenue was considered the most appropriate performance measure on which to base materiality. Revenue was also used to determine materiality in the prior year.</p> <p>£3.0m represents approximately 17% of Group statutory profit before tax and 3% of Group net assets.</p>
Scoping	<p>We focused our Group audit scope primarily on the audit work at 9 components. These components represent the principal business units and account for 92% of the Group’s revenue, 94% of the Group’s profit before tax and 94% of the Group’s net assets.</p>
Significant changes in our approach	<p>We have designed our audit in light of the deficiencies within the Group’s control environment and our findings from previous audits. The nature, extent and timing of our audit procedures continue to be modified in order to respond to the pervasive risks arising from the control deficiencies. More details on the impact the Group’s ongoing control deficiencies and associated finance transformation plan have had on our audit approach are set out in the ‘impact of control deficiencies’ key audit matter below.</p> <p>Our key audit matters identified in FY22 are consistent with FY21 with one exception. Impairment of investment in subsidiaries and expected credit losses on intercompany receivables in the parent Company balance sheet has been identified as a key audit matter in the current year. This was the result of an impairment trigger being identified, due to the reduction in the market capitalisation of the Group such that, at year end, the market capitalisation was below the investment in subsidiaries’ carrying value.</p>

5. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty relating to going concern (see Section 3), we have determined the matters described below to be the key audit matters to be communicated in our report.

5.1. Impact of control deficiencies

Key audit matter description

As discussed in the Audit Committee Report on page 100, the Group's control environment requires significant improvement, particularly related to management review controls, balance sheet reconciliations and transactional processing controls (particularly in accounts payable and inventory). In addition, general IT control deficiencies relating to access and change management controls also need to be addressed.

These control deficiencies were identified during the FY20 external audit and, as a result, management and the Directors' implemented a controls improvement and finance transformation project. This is a multi-year project which remained on-going at the year end.

The aforementioned control weaknesses were included in our FY20 and FY21 audit reports, together with details of the additional audit work undertaken. In FY21 further issues were identified in relation to the management review controls and clarity of support for the Group's Coronavirus Job Retention Scheme ('CJRS') claim in the UK and the accounting for IFRS 16 'Leases', – specifically the transactional processes and controls over how the IFRS 16 accounting adjustments were recorded in the Group consolidation.

In FY22 management's finance transformation plan has focused on strengthening the finance team by recruiting additional team members, establishing a more formal framework around the IFRS 16 accounting adjustments and determining a timetable for system changes which will help automate the Group's transactional processing controls in the future. However, at the FY22 year end these system changes have not yet been enacted and there remains a significant number of control deficiencies consistent with those identified in previous years. As a result, the Company's focus in FY22 has been on the year-end close and review process, including attempting to remediate key balance sheet controls around IFRS 16 'Leases', inventory and accounts payable, and in ensuring a more robust challenge of key accounting judgements including in relation to the key audit matters addressed in this report. We note, the Group has not made a significant CJRS claim in the current year and hence the control issues specifically related to this matter in the prior year have not been repeated.

Whilst improvements have been made to formalise the controls around the IFRS 16 accounting adjustments, the process continues to be complex and involve calculations performed in Excel spreadsheets increasing the risk of error. Furthermore, we have identified the deterioration of controls compared to the prior year in inventory and accounts payable. In inventory in particular, controls around inventory costing and accounting for price and quantity variances were found to be deficient resulting in management having to perform significant additional investigations to evidence and rationalise the accounting entries and year end inventory balance. Correcting adjustments were recorded as a result of these investigations. A lack of controls around matching payments to suppliers to the outstanding liability means management has had to perform additional work to match unallocated debit balances on the accounts payable ("AP") ledger and in the AP suspense account at year end and record correcting journal entries as necessary to clear down the balances. In all of these areas, there continues to be a need to improve management review controls.

Consistent with previous years, a significant number of misstatements have been identified during the FY22 audit, that in aggregate were material. The majority of these (net impact to the Income Statement £4.9m) have subsequently been corrected by management. The misstatements identified are indicative of the ongoing control issues within the Group as highlighted above. The control environment will continue to be a significant area of focus for the Audit Committee in the forthcoming year as discussed in their Report on pages 104 to 105.

5.1. Impact of control deficiencies continued

How the scope of our audit responded to the key audit matter

We adopted a fully substantive audit approach, with no reliance on internal controls.

We planned our audit in order to respond to the continued deficiencies within the control environment. Consequently, the nature, extent and timing of our audit procedures continues to be modified as a result of the pervasive risks arising from the deficiencies in the control environment. There are no significant changes in our audit approach compared to FY21 (other than with regards to inventory cost variance accounting as noted below). Specifically:

- we continued to perform full scope audit procedures on 92% of the Group's revenue, 94% of profit before tax and 94% of net assets in FY22. Full scope audits have been performed on 7 components (FY21: 7) and specified audit procedures performed on 2 components (FY21: 2). (See section 7 below for details of our scoping assessment).
- consistent with the prior year, we have used a lower performance materiality (being 60% of materiality) than would be ordinarily used if the control environment had been deemed effective. This increased the volume of substantive testing completed (see section 6 below for our materiality assessment).
- we continued to test a number of transactional balances (including accounts payable, accruals, prepayments, trade debtors, cash and inventory) at an elevated risk level and have therefore continued to perform an increased level of sample testing.
- we performed additional procedures to identify and address fraud risks, including the involvement of a forensic specialist. We performed targeted procedures in relation to specific fraud risks, including the risk of management override of controls and the other areas as set out in Section 11.1 below. Where key audit matters include a risk of fraud, the risks identified and procedures performed are detailed within the key audit matters set out below.
- we assessed each of the control deficiencies identified by management as a result of its internal controls remediation project and, where necessary, designed specific audit procedures to mitigate the risks. We also held regular meetings with Internal Audit and key members of the Finance Transformation Team from the Finance department throughout the period to understand the progress of management's controls project and then considered the implications for our audit.
- senior members of the audit team have performed audit testing directly in the more complex areas of accounting, including inventory variance accounting, accounts payable, IFRS 16, store impairments, going concern, and the audit of the Group's consolidation.
- we utilised data analytics in our testing, particularly with regards to revenue and inventory where there are large volumes of transactional data. We have performed sample testing on the underlying transactional data used in this analysis in order to confirm its completeness and accuracy, given the IT control deficiencies noted above. We have used spreadsheet analysing tools to detect formula errors and other anomalies. We have also engaged modelling specialists to assist us in evaluating the integrity of management's excel going concern and store impairment models.
- we have increased the nature and extent of our testing on accounts payable given the control deficiencies identified in previous years which have not yet been remediated. We have performed sample testing on a number of supplier statement reconciliations, increased the extent of our unrecorded liabilities testing in order to validate the sufficiency of accruals at the year end and performed detailed sample testing on management's ledger reconciliation. This included performing sample testing on the unallocated debit balances on the AP ledger to test the validity of management's proposed correcting accounting adjustments.
- we elevated the risk associated with inventory cost variance accounting in the current year in response to the identified control weaknesses. As a result, we re-assessed the nature and increased the extent of our testing of this balance compared to the prior year. We performed detailed sample testing on inventory cost price and quantity variances, including recalculating the variance amount with reference to the external supplier invoice. In addition, we analysed all journal entries into the inventory cost variance account and identified certain journals with unusual characteristics which have then been subject to more detailed testing. We have also recalculated the variance amount released to the Income Statement in line with stock turn. Given the complexity in this area, this work has been performed by more senior members of the audit team.

The extended reporting timetable has given us additional time to perform the incremental audit work required. It has also enabled us to use a longer hindsight period to assess the appropriateness of year end judgements.

Key observations

The finance transformation project is in its early stages. There are a number of significant improvements that need to be made in order to improve the accuracy and completeness of the underlying accounting records and reduce the number of misstatements identified.

5.2 Store asset impairment and onerous property related contract provision

Key audit matter description

Under IAS 36 'Impairment of Assets' the Group is required to complete an impairment review of its store portfolio where there are indicators of impairment and where there are indicators that previously recognised impairment losses may no longer be appropriate.

The net book value of the store assets and IFRS 16 right of use asset as at 30 April 2022 was £72.4m (FY21: £88.6m). This is after the recording of a net impairment charge of £16.8m (FY21: net charge of £10.7m), following the assessment that was undertaken during the year, of which £2.4m (FY21: £3.3m) relates to the store assets and £14.4m (FY21: £7.4m) relates to the IFRS 16 right of use asset. The net impairment charge relates to 173 stores (FY21: 177 stores). The £16.8m net impairment charge comprises a £24.2m charge partially offset by a £7.4m reversal. An onerous property related contract charge of £1.5m (FY21: £5.1m charge) has also been recognised.

The store impairment review involves management making several estimates to determine the value in use of the stores (being the net present value of the forecast cash flows). This is then compared to the book value of stores' assets (including the right of use asset), to identify whether any impairment is required. In making this assessment, management determines each store to be a cash generating unit.

Stores are also assessed to determine whether an onerous property related contract provision for other property costs (e.g. service charge) is required. This includes those stores forecast to generate a net loss over the remainder of the lease term. The provision represents the present value of the estimated unavoidable property costs over the period of the remaining lease agreement, excluding rental and other costs which are accounted for separately under IFRS 16 'Leases'.

The impairment model utilises the forecasts included in the Board's medium-term plan, which reflects the Group's latest strategic initiatives and covers the periods up to April 2027, to calculate value in use. Assumptions beyond this period do not exceed the local country growth rate. As explained in Section 3 above, there is uncertainty regarding the Group's ability to achieve forecast store performance given the brand reset strategy is in its early stages and was interrupted by the Coronavirus pandemic when the store estate was closed. Furthermore, the Group now faces adverse macroeconomic headwinds of rising inflation and the cost-of-living crisis. The impact on consumer demand is not yet known, further increasing the uncertainty regarding the Group's future trading performance. The model is sensitive to a number of assumptions in the medium-term plan, including sales forecasts and gross margin.

The Board's medium-term plan is prepared on a top-down basis and not at an individual store level. For the purpose of the impairment review, an exercise has therefore been performed to allocate the forecast performance across the individual stores. Management's approach in allocating forecast performance across individual stores remains consistent with FY21. The medium-term plan performance is attributed to individual stores based on their historic performance relative to the rest of the store estate. Where stores have performed better or worse than expected in the current year, the allocation method has been updated accordingly. This exercise involves a high level of management judgement.

The key audit matter therefore relates to the appropriateness of management's estimate of the future trading performance of each store, as this is used to derive value in use. Value in use is calculated from cash flow projections taken from the medium-term financial plan allocated to each store as noted above and relies upon management's assumptions and estimates of future trading performance (particularly sales and gross margin) and allocation of direct costs and overheads to the stores. This involves management judgement.

Furthermore, the impairment and onerous property related contract model is complex and is prepared using Excel spreadsheets which increases the scope for error.

Refer to notes 1 and 2 for the Group's impairment accounting policies and the key assumptions used in the impairment assessment, as well as the significant issues section of the Audit Committee report.

5.2 Store asset impairment and onerous property related contract provision continued

How the scope of our audit responded to the key audit matter Our audit focused on whether the judgements made by management in determining the store-based asset impairments and onerous property related contract provisions were appropriate.

To respond to this key audit matter, we have:

- obtained an understanding of the relevant controls around the impairment review and onerous property related contract provisioning process, including the budget and forecast setting processes which support the cash flow used within the impairment model (and going concern judgement);
- assessed the methodology applied in performing the impairment review and onerous provision calculation, with reference to the requirements of IAS 36 'Impairment of Assets' and IAS 37 'Provisions' respectively;
- assessed management's process of allocating the top-down medium-term plan to the individual store impairment review and challenged the judgements applied by analysing both historic store performance data, current store performance, forecast retail trends and performing a search for contradictory evidence;
- challenged the key assumptions utilised in the cash flow forecasts, in particular assumptions in relation to the Group's brand reset strategy, primarily in relation to revenue and gross margin growth. This was done with reference to historical trading performance, market expectations, and peer comparison. Specifically, we considered the price elasticity of demand for the Group's products and the possible interaction between sales price and volumes sold and the resulting impact on gross profit and thus cash flow;
- challenged the Group's forecast recovery profile post the coronavirus pandemic with reference to post year end trading, industry forecasts and peer comparisons;
- challenged the allocation of direct and other costs to stores by assessing the individual costs against the criteria within IAS 36 and IAS 37;
- challenged the rationale for impairment reversals and checked that the reversals were calculated in accordance with IAS 36, and represent a permanent change in value rather than a change in estimate due to the passage of time;
- challenged the period over which store cash flows were forecast when calculating value in use, including challenging the reasonableness and supportability of any lease extensions which were not contractually committed at the year-end;
- assessed the long-term growth rates, inflation rates and discount rates applied to store cash flows by comparing the rates used to third party evidence, and by comparing the discount rates to independent rates we determined with our internal valuation specialists;
- engaged our modelling specialists to assist in evaluating the integrity of the Excel model;
- assessed management's sensitivity analysis in relation to the key assumptions used in the cash flow forecasts; and
- evaluated the appropriateness of the Group's disclosures regarding the store asset impairment and the onerous contract provision.

Key observations

While a number of modelling improvements were identified and separately reported to management, we are satisfied with the model has been prepared in accordance with IAS 36 'Impairment of Assets'.

As set out above, the store impairment review and onerous property related contract provision have required significant management judgement. In particular, it requires the successful implementation of the brand reset strategy and is in the context of a challenging macroeconomic environment which may impact customers' discretionary spending on fashion and thus demand for the Group's products. The impairment review and onerous contract provision are underpinned by the assumption that the decline in store sales and profitability experienced in recent years is reversed over the medium term.

As a result of our challenge of the key assumptions in the cash flow forecast, management revisited the sales and growth assumptions in the medium-term plan across all three channels (stores, ecommerce and wholesale) in order to better reflect the macroeconomic trading conditions facing the Group.

Following the revision to the medium-term plan (which was subsequently Board approved) and work performed as mentioned above, we concluded that the level of impairment and onerous property related contract provision recognised on the store estate are appropriate. However, given the uncertainties noted in forecasting the Group's trading performance, the disclosure sensitivities in note 2 provide important information to assess the impact of a reasonably possible change in key assumptions.

5.3 Impairment of investment in subsidiaries and expected credit losses on intercompany receivables in the parent Company balance sheet

Key audit matter description

The carrying value of the investment in subsidiaries of £140.6m (2021: £260.4m) and the intercompany receivables of £211.4m (2021: £227.3m) held on the parent Company balance sheet have been assessed for impairment by reference to IAS 36 'Impairment of Assets' and IFRS 9 'Financial instruments' respectively. The market capitalisation of the Group at year end was below the carrying value of the parent Company's investment in subsidiaries. Judgement is therefore required as to whether the investment value should be impaired and whether the intercompany receivables are recoverable.

In assessing the recoverability of the intercompany receivables, management has considered a range of possible credit loss outcomes in their model. In assessing the carrying value of the investment in subsidiaries, the Board's medium-term plan has been used to estimate the value-in-use of each of the subsidiaries held. This is the same medium-term plan used for the store impairment, onerous property related contract provision, going concern and long-term viability assessments.

As discussed in our key audit matters on going concern and the store asset impairment and onerous property related contract provision, the forecast performance of the business is subject to uncertainty.

An impairment charge of £97.7m (FY21: £1.6m) has been recognised in relation to the investment in subsidiaries and a loan loss allowance of £15.6m (FY21: £25.2m) has been recognised in relation to intercompany balances.

Refer to note 2 for the assessment undertaken, the resulting impairment recorded, and sensitivity disclosures.

How the scope of our audit responded to the key audit matter

To respond to this key audit matter, we have:

- Obtained an understanding of the relevant controls in place around the models used to calculate the carrying value of the investment in subsidiaries and the recoverability of intercompany receivables;
- Challenged the key assumptions within management's forecasts as described in the store impairment and going concern key audit matters;
- Tested the mechanical accuracy of management's model;
- Assessed the methodology applied in reviewing the investments for impairment and assessing the recoverability of intercompany balances, with reference to the requirements of IAS 36 Impairment of Assets and IFRS 9 Financial instruments respectively;
- Compared the economic value of the Group implied by the impairment model to the Group's market capitalisation over FY22 in order to challenge the tenure of the cash flows used in the impairment model;
- Considered the consistency of management's forecasts with other areas of the audit, including store impairments, the onerous property related contract provision, going concern, and deferred tax asset recoverability;
- Assessed management's sensitivity analysis in relation to the key assumptions used in the cash flow forecasts; and
- Evaluated the appropriateness of the Group's disclosures regarding the investment impairment and intercompany recoverability in notes 2, 20 and 24 of the financial statements.

Key observations

Following management's revision to the medium term plan to better reflect the macro economic trading conditions the Group is facing (see Section 5.2 for further details) and the work performed as set out above, we are satisfied that the impairment recorded and carrying value of the investments in subsidiaries and intercompany receivables are appropriate.

5.4 Inventory provision

Key audit matter description	<p>As at 30 April 2022, the Group held £132.7m of inventory (FY21: £148.3m). The inventory provision was £6.1m (FY21: £9.1m), representing 5% (FY21: 6%) of the balance.</p> <p>The valuation of inventory involves management judgement in recording provisions for slow moving or obsolete inventory, and for excess inventory held as a result of reduced trading previously caused by global coronavirus restrictions.</p> <p>The Group accounting policy for providing for slow moving inventory is based upon the ageing of inventory by season, with a percentage provision applied which reflects the actual historical rate of losses made. In addition, specific provisions are made for known product ranges which management considers unlikely to be sold at a margin through regular clearance channels.</p> <p>At the FY21 year end, the Group held a provision for excess inventory of £2.4m, as the level of inventory less than 6 seasons old was higher than budgeted levels following coronavirus trading restrictions. This excess inventory provision had fallen to £1.8m at the FY22 year end as excess inventory has been sold through.</p> <p>In addition, at the FY21 year end, the Group held a £4.1m provision against AW20 concept inventory which did not achieve the anticipated levels of sell through. In the year, management has been able to sell through certain product lines of this inventory, albeit at a discount. As a result, £2.0m of the provision has been released in the year. The remaining provision of £2.0m reflects planned disposal activity in FY23 for the remaining units.</p> <p>The calculation of the inventory provision requires management judgement to assess the quality of products provided for and the expected realisable value based on the quantities held and expected sell through patterns.</p> <p>Refer to note 1 for the Group's inventory provisioning policy, note 23 'Inventories' and the Audit Committee report.</p>
How the scope of our audit responded to the key audit matter	<p>We obtained evidence over the appropriateness of management's assumptions applied in calculating the value of inventory provisions.</p> <p>To respond to this key audit matter, we have:</p> <ul style="list-style-type: none"> • obtained an understanding of the relevant controls that the Group has established regarding the inventory provision; • assessed the historical accuracy of management's provisioning percentages for aged inventory through a retrospective review of the level of provision recorded in prior years compared to the actual level of inventory written off against the provision held; • compared the methodology applied in calculating the slow-moving inventory obsolescence provision to the Group's policy and recalculated the provision, with reference to the policy; • used data analytics to analyse the sell through rates of inventory in the year and post year end in order to identify any slow moving or unsold inventory lines which may require a specific provision; • assessed the reasonableness of management's methodology for identifying 'excess inventory' in order to calculate the excess inventory provision for inventory less than 6 seasons old; • assessed management's historical forecasting accuracy of the excess current season inventory provision by comparing the brought forward provision to the amount utilised in the year; • determined the accuracy of the data used in the inventory provision calculation by testing the season ageing of a sample of inventory items back to supplier invoice; and • understood the nature and historic sell through rates for the AW20 concept inventory and challenged management's disposal plans in order to assess the reasonableness of the specific provision held against this inventory.
Key observations	<p>From the work performed above, we concluded that the level of inventory provision is appropriate.</p>

5.5 Wholesale trade debtor recoverability

Key audit matter description	<p>At 30 April 2022, gross trade debtors of £60.7m were held by the Group (FY21: £62.2m) with a provision for expected credit losses of £4.7m (FY21: £8.6m).</p> <p>In the wake of the coronavirus pandemic and ongoing challenges within the global economy, there continues to be a heightened risk around the recoverability of wholesale debtors.</p> <p>Under IFRS 9, management is required to consider all expected credit losses based on historic, current and forward-looking information. In addition to recording a specific provision against individual debtor balances, management recognises a provision for expected credit losses under the simplified approach permitted by IFRS 9, by modelling an estimate of future lifetime expected credit losses for the entire debtor book. In the current economic environment, there is increased management judgement regarding expected credit losses.</p> <p>Refer to note 1 for the Group’s receivable provisioning policy, note 24 ‘Trade and other receivables’ and the Audit Committee report.</p>
How the scope of our audit responded to the key audit matter	<p>To respond to this key audit matter we have:</p> <ul style="list-style-type: none"> • obtained an understanding of the relevant controls regarding management’s provisioning policy and the assessment of expected credit losses; • assessed management’s provisioning policy. This work included considering compliance with the requirements of IFRS 9, checking the mechanical accuracy of the model, considering expected credit losses by country and validating country specific risk factors to external reports in light of the current macroeconomic environment; • assessed subsequent cash receipts and write offs with reference to the provision recognised by management; • assessed the historical accuracy of management’s debtor provisioning through a retrospective review of the level of provision recorded in prior years compared to the actual level of write-offs in the year; • evaluated consistency with information obtained through other parts of our audit, including our review of litigation, claims and disputes; and • selected a sample of the customers provided for within the specific provision, and a sample of customers not provided for within the specific provision, and challenged the level of provision against each customer.
Key observations	<p>From the work performed above, we concluded that wholesale debtors are recoverable and a sufficient provision has been recognised.</p>

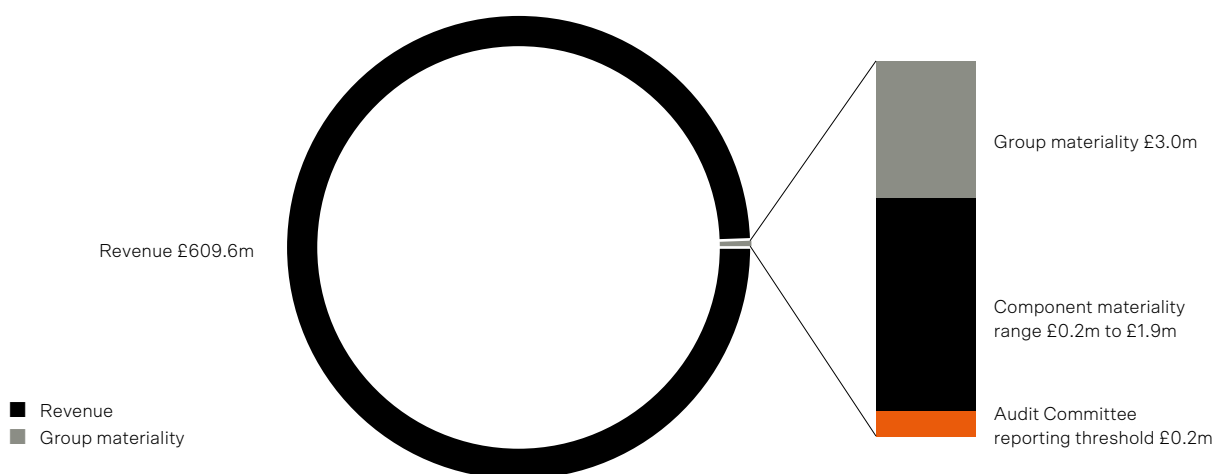
6 OUR APPLICATION OF MATERIALITY

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£3.0m (FY21: £3.0m)	£2.9m (FY21: £2.9m)
Basis for determining materiality	The materiality that we used for the Group financial statements was £3.0m which was determined with reference to 0.5% (FY21: 0.5%) of Group revenue.	The basis of materiality was net assets. Parent company materiality equates to 1.8% of the parent Company net assets (FY21: 1.4%), which was capped at approximately 95% (FY21: 95%) of Group materiality.
Rationale for the benchmark applied	In our professional judgement we believe that revenue is the most appropriate benchmark to determine materiality as it reflects the size and scale of the Group and is more stable than profit before tax. £3.0m represents approximately 17% of Group statutory profit before tax and 3% of Group net assets.	In determining our final materiality, based on our professional judgement, we have considered net assets as the appropriate measure given the parent Company is primarily a holding company for the Group.



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	60% (FY21: 60%) of Group materiality	60% (FY21: 60%) of parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: <ul style="list-style-type: none"> our risk assessment, including our assessment of the Group’s overall control environment in the light of the number of control deficiencies identified during the current and previous audits (as detailed within the key audit matter above); and our past experience of the audit, including the value and quantum of corrected and uncorrected misstatements in prior periods and our expectation of the likelihood of misstatements recurring in the current period as a result of the continuing control deficiencies. 	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £150,000 (FY21: £150,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7 AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1 Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level. Our scoping of components remains consistent with FY21.

In response to the continued deficiencies within the control environment (see section 5.1 above), our audit is designed to obtain a high level of coverage over the components of the Group. We focused our group audit on 9 (FY21: 9) components. 7 (FY21: 7) of these were subject to a full audit being DKH Retail Limited, C-Retail Limited, SuperGroup Internet Limited, Superdry Plc (parent Company), and the legal entities in Germany, Austria, and Belgium. In addition, consistent with the prior year, audit of specified balances was performed on 2 components (FY21: 2) being US Wholesale and US Retail, where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group’s operations at those components.

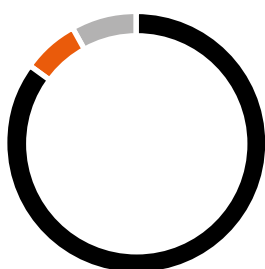
These components represent the principal business units and account for 92% (FY21: 94%) of the Group’s revenue, 94% (FY21: 95%) of the Group’s profit before tax and 94% (FY21: 91%) of the Group’s net assets. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above.

Our audit work at the components was executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from £0.2m to £1.9m (FY21: £0.1m to £1.7m).

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

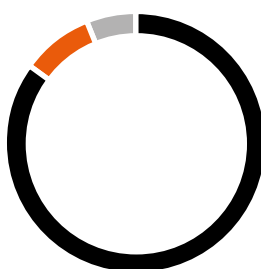
All audit work for the purpose of expressing an opinion on the Group’s financial statements is performed by the Group audit team as the accounting records are held centrally, with the exception of inventory counts which are performed by local country Deloitte audit teams all of whom receive a briefing by the Group audit team prior to attending the count. All inventory counts were attended in person.

Revenue



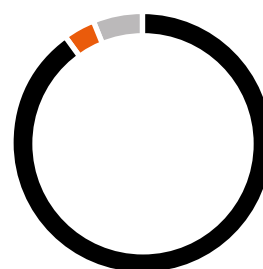
■ Full audit scope 85%
 ■ Specified audit balances 7%
 ■ Review at group level 8%

Loss before tax



■ Full audit scope 85%
 ■ Specified audit balances 9%
 ■ Review at group level 6%

Net assets



■ Full audit scope 90%
 ■ Specified audit balances 4%
 ■ Review at group level 6%

7.2 Our consideration of the control environment

We identified the main finance systems, inventory systems and in-store transaction processing systems as the key IT systems relevant to our audit. The IT systems are primarily managed from the centralised IT function in the UK. We engaged our IT audit specialists to evaluate the IT systems and determine whether they could be relied upon to support our audit.

A number of IT control deficiencies were identified in the 2018 audit which remain unresolved. Controls within a service organisation operated by a third party could not be tested as a service auditor's report was not available. We also identified deficiencies in access and change management controls. As a result of these findings (and the other control deficiencies mentioned in Section 5.1 above) we were unable to adopt a controls reliance audit approach, consistent with the FY18, FY19, FY20 and FY21 audits.

As described by in the Audit Committee Report on page 98, management has implemented a controls improvement project which has identified a significant number of areas for improvement. This project commenced in FY20 and remained ongoing at the year end. Accordingly, we extended the scope of our substantive audit procedures in response to the identified deficiencies. Further details are set out in the 'impact of control deficiencies' key audit matter in section 5.1 above.

7.3 Our consideration of climate-related risks

As highlighted in management's Task Force on Climate-Related Financial Disclosures (TCFD) report on page 34 and the principal risks on pages 38 to 39 the Group is exposed to the impacts of climate change on its business and operations. The Group continues to develop its assessment of the potential impacts of climate change and set targets which management considers to be aligned with the Paris Agreement. Management has identified a number of milestones, including the target of net zero carbon emissions across own sites and logistics by 2030, as discussed in the Task Force on Climate-Related Financial Disclosures report on pages 34 to 39.

Management considers that the most likely impact on the financial statements will be in relation to its medium-term cash flow forecasts (including those described as part of our key audit matters in section 5) and has included the impact within these forecasts where appropriate. Whilst at this stage there is significant uncertainty regarding what the long-term impact of climate change initiatives may be, the forecasts reflect management's assessment of their best estimate made in the financial statements as explained in note 1.

As a part of our audit procedures, we have held discussions with management to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transaction and did not identify any reasonably possible risks of material misstatement on specific account balances. We considered the extent to which climate change-related impacts had been reflected in the Group's forecast financial information and considered climate-related risks throughout our risk assessments on each financial statement account balance. Our procedures were performed with the involvement of our ESG Centre of Excellence and included reading disclosures included in the Strategic Report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

We have not been engaged to provide assurance over the accuracy of these disclosures.

8 OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9 RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

10 AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11 EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment (in particular the deficiencies we identified in this area, see 5.1 above) and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur as a result of fraud or error;
- the results of our enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team, including relevant internal specialists across tax, valuations, IT, restructuring, modelling and forensics, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- inventory provision;
- wholesale trade debtor recoverability; and
- completeness of wholesale returns provision.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

11.2 Audit response to risks identified

As a result of performing the above, we identified the following key audit matters related to the potential risk of fraud:

- inventory provision; and
- wholesale trade debtor recoverability.

The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC;
- with regards to completeness of the wholesale returns provision, testing the inputs into the customer returns provision liability and challenging the appropriateness of the assumptions used. This has primarily been performed with reference to historical return trends and post year end returns data;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12 OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13 CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 73;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate, set out on pages 73 to 75;
- the directors' statement on fair, balanced and understandable, set out on page 131;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 53;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 104; and
- the section describing the work of the audit committee, set out on pages 101 to 103.

14 MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15 OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

15.1 Auditor tenure

We were appointed by the Board of Directors on 12 September 2017 to audit the financial statements for the period ended 28 April 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is five years, covering the periods ended 28 April 2018 to 30 April 2022. The period ended 30 April 2022 will be the final year of our appointment as auditor.

15.2 Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16 USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Edward Hanson (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

6 October 2022

Group Statement of Comprehensive Income

to the members of Superdry plc

	Note	Adjusted* 2022 £m	Adjusting items (note 6) £m	Total 2022 £m	Adjusted* 2021 £m	Adjusting items (note 6) £m	Total 2021 £m
Revenue	4	609.6	–	609.6	556.1	–	556.1
Cost of sales		(267.0)	–	(267.0)	(263.0)	–	(263.0)
Gross profit		342.6	–	342.6	293.1	–	293.1
Selling, general and administrative expenses	5	(331.5)	(17.7)	(349.2)	(321.6)	(19.4)	(341.0)
Other gains and losses (net)	11	17.0	13.7	30.7	19.3	(4.7)	14.6
Impairment credit on trade receivables	24	1.8	–	1.8	3.8	–	3.8
Operating profit/(loss)	12	29.9	(4.0)	25.9	(5.4)	(24.1)	(29.5)
Finance expense	13	(8.0)	–	(8.0)	(7.2)	–	(7.2)
Profit/(loss) before tax	4	21.9	(4.0)	17.9	(12.6)	(24.1)	(36.7)
Tax (expense)/credit	14	7.8	(3.0)	4.8	(3.3)	3.9	0.6
Profit/(loss) for the period		29.7	(7.0)	22.7	(15.9)	(20.2)	(36.1)
Attributable to:							
Owners of the Company		29.7	(7.0)	22.7	(15.9)	(20.2)	(36.1)
Other comprehensive expense net of tax:							
Items that may be subsequently reclassified to profit or loss							
Currency translation differences on translation of foreign operations		(8.2)	–	(8.2)	12.1	–	12.1
Total comprehensive income/(expense) for the period		21.5	(7.0)	14.5	(3.8)	(20.2)	(24.0)
Attributable to:							
Owners of the Company		21.5	(7.0)	14.5	(3.8)	(20.2)	(24.0)
		pence per share		pence per share	pence per share		pence per share
Earnings per share:							
Basic	16	36.3		27.7	(19.4)		(44.0)
Diluted	16	35.0		26.7	(19.4)		(44.0)

* Adjusted and adjusting items are defined in note 36.

2022 is for the 53 weeks ended 30 April 2022 and 2021 is for the 52 weeks ended 24 April 2021.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the Company statement of comprehensive income.

The notes on pages 153-209 inclusive are an integral part of the Group and Company financial statements.

Balance Sheets

to the members of Superdry plc Registered number: 07063562

	Note	Group		Company	
		30 April 2022 £m	24 April 2021 £m	30 April 2022 £m	24 April 2021 £m
ASSETS					
Non-current assets					
Property, plant and equipment	18	22.4	29.4	4.0	5.5
Right-of-use assets	30	80.2	91.1	1.3	1.8
Intangible assets	19	42.3	41.7	7.9	9.9
Investments in subsidiaries	20	–	–	140.6	260.4
Deferred tax assets	22	66.3	53.8	8.5	4.7
Derivative financial instruments	34	0.9	0.3	–	–
Total non-current assets		212.1	216.3	162.3	282.3
Current assets					
Inventories	23	132.7	148.3	1.3	1.5
Trade and other receivables	24	117.5	102.3	204.8	210.3
Derivative financial instruments	34	8.9	2.4	–	–
Current tax receivables		–	4.0	–	0.4
Cash and bank balances	25	20.5	38.9	–	0.9
Total current assets		279.6	295.9	206.1	213.1
LIABILITIES					
Current liabilities					
Borrowings	26	21.5	–	–	–
Trade and other payables	27	129.2	126.5	205.4	274.5
Current income tax liabilities		4.0	–	–	–
Provisions for other liabilities and charges	28	4.7	6.2	1.0	0.3
Derivative financial instruments	34	0.5	5.7	–	–
Lease liabilities	30	66.1	94.1	1.3	2.1
Total current liabilities		226.0	232.5	207.7	276.9
Net current assets/(liabilities)		53.6	63.4	(1.6)	(63.8)
Non-current liabilities					
Trade and other payables	27	2.6	1.2	–	–
Provisions for other liabilities and charges	28	7.2	10.0	0.5	0.3
Derivative financial instruments	34	–	1.5	–	–
Deferred liabilities		0.8	1.1	–	–
Lease liabilities	30	151.2	175.5	2.4	3.6
Total non-current liabilities		161.8	189.3	2.9	3.9
Net assets		103.9	90.4	157.8	214.6
EQUITY					
Share capital	35	4.1	4.1	4.1	4.1
Share premium		149.2	149.2	149.2	149.2
ESOP Reserve		(2.0)	–	(2.0)	–
Translation reserve		(1.6)	6.6	–	–
Merger reserve		(302.5)	(302.5)	–	–
Retained earnings		256.7	233.0	6.5	61.3
Total equity		103.9	90.4	157.8	214.6

The Company loss for the year is £55.8m (2021: loss of £12.6m). The notes on pages 148-209 inclusive are an integral part of the Group and Company financial statements. The financial statements on pages 153-209 were approved by the Board of Directors and authorised for issue on 06 October 2022 and signed on its behalf by:

Julian Dunkerton
Chief Executive Officer

Shaun Wills
Chief Financial Officer

Cash Flow Statements

to the members of Superdry plc

	Note	Group		Company	
		2022 £m	2021 £m	2022 £m	2021 £m
Cash generated/(used in) from operating activities	32	47.2	50.1	13.4	71.4
Tax receipt		0.4	2.5	–	3.0
Net cash generated/(used in) from operating activities		47.6	52.6	13.4	74.4
Cash flow from investing activities					
Investments in subsidiaries	20	–	–	–	(3.1)
Purchase of property, plant and equipment	18	(10.4)	(6.8)	(1.1)	(2.5)
Purchase of intangible assets	19	(7.2)	(6.8)	(1.7)	(2.3)
Net cash used in/generated from investing activities		(17.6)	(13.6)	(2.8)	(7.9)
Cash flow from financing activities					
Dividend payments	17	–	–	–	–
Lease Incentives – Landlord Contributions		6.3	–	–	–
Repayment of ABL facility		(146.3)	–	–	–
Drawdown of ABL facility		164.7	–	–	–
Proceeds of issue of share capital		–	0.1	–	0.1
Net interest paid	13	(8.0)	(7.2)	(9.6)	(8.8)
Purchase of treasury shares	35	(2.0)	–	–	(0.6)
Repayment of leases – principal amount	30	(66.6)	(39.9)	(1.9)	–
Net cash used in financing activities		(51.9)	(47.0)	(11.5)	(9.3)
Net (decrease)/increase in cash and cash equivalents*	33	(21.9)	(8.0)	(0.9)	57.2
Cash and cash equivalents at beginning of period	33	38.9	36.7	0.9	(56.9)
Exchange gains/(losses) on cash and cash equivalents		0.4	10.2	–	0.6
Cash and cash equivalents at end of period*	33	17.4	38.9	–	0.9

* Cash and cash equivalents includes overdraft

2022 is for the 53 weeks ended 30 April 2022 and 2021 is for the 52 weeks ended 24 April 2021.

The notes on pages 153-209 inclusive are an integral part of the Group and Company financial statements.

Statements of Changes in Equity

to the members of Superdry plc

Group	Note	Share capital £m	Share premium £m	ESOP share reserve £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 25 April 2020		4.1	149.1	–	(5.5)	(302.5)	267.5	112.7
Comprehensive expense								
Loss for the period		–	–	–	–	–	(36.1)	(36.1)
Other comprehensive income								
Currency translation differences		–	–	–	12.1	–	–	12.1
Total other comprehensive income		–	–	–	12.1	–	–	12.1
Total comprehensive (expense)/income for the period		–	–	–	12.1	–	(36.1)	(24.0)
Transactions with owners								
Shares issued		–	0.1	–	–	–	–	0.1
Employee share award schemes	8,9	–	–	–	–	–	1.6	1.6
Dividend payments	17	–	–	–	–	–	–	–
Total transactions with owners		–	0.1	–	–	–	1.6	1.7
Balance at 24 April 2021		4.1	149.2	–	6.6	(302.5)	233.0	90.4
Comprehensive expense								
Profit for the period		–	–	–	–	–	22.7	22.7
Other comprehensive expense								
Currency translation differences		–	–	–	(8.2)	–	–	(8.2)
Total other comprehensive expense		–	–	–	(8.2)	–	–	(8.2)
Total comprehensive (expense)/income for the period		–	–	–	(8.2)	–	22.7	14.5
Transactions with owners								
Shares issued		–	–	–	–	–	–	–
ESOP shares acquired		–	–	(2.0)	–	–	–	(2.0)
Employee share award schemes	8,9	–	–	–	–	–	1.0	1.0
Dividend payments	17	–	–	–	–	–	–	–
Total transactions with owners		–	–	(2.0)	–	–	1.0	(1.0)
Balance at 30 April 2022		4.1	149.2	(2.0)	(1.6)	(302.5)	256.7	103.9

Company	Note	Share capital £m	Share premium £m	ESOP Share Reserves £m	Retained earnings £m	Total equity £m
Balance at 25 April 2020		4.1	149.1	–	72.2	225.4
Comprehensive expense						
Loss for the period	15	–	–	–	(12.6)	(12.6)
Other comprehensive income						
Currency translation differences		–	–	–	0.1	0.1
Total other comprehensive income		–	–	–	0.1	0.1
Total comprehensive (expense)/income for the period		–	–	–	(12.5)	(12.5)
Transactions with owners						
Employee share award schemes	8,9	–	–	–	1.6	1.6
Shares issued		–	0.1	–	–	0.1
Dividends paid	17	–	–	–	–	–
Total transactions with owners		–	0.1	–	1.6	1.7
Balance at 24 April 2021		4.1	149.2	–	61.3	214.6
Comprehensive income						
Loss for the period	15	–	–	–	(55.8)	(55.8)
Other comprehensive income		–	–	–	–	–
Currency translation differences		–	–	–	–	–
Total other comprehensive income		–	–	–	–	–
Total comprehensive (expense)/income for the period		–	–	–	(55.8)	(55.8)
Transactions with owners						
Employee share award schemes	8,9	–	–	–	1.0	1.0
Shares issued		–	–	–	–	–
ESOP Shares Acquired		–	–	(2.0)	–	(2.0)
Dividends paid	17	–	–	–	–	–
Total transactions with owners		–	–	(2.0)	1.0	(1.0)
Balance at 30 April 2022		4.1	149.2	(2.0)	6.5	157.8

The notes on pages 153-209 inclusive are an integral part of the Group and Company financial statements.

1. Principal accounting policies

General information

The Company is a public company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the Company's office is shown on page 203. The current period (2022) is for the 53 weeks ended 30 April 2022 (2021: 52 weeks ended 24 April 2021 (2021)).

a) Basis of preparation

The financial statements of Superdry plc (the Company) and Superdry plc and its subsidiary undertakings in the UK, the Republic of Ireland, Belgium, France, India, Hong Kong, Germany, the Netherlands, Spain, Turkey, Scandinavia and the United States of America as detailed in note 20 (the Group) have been prepared on a going concern basis under the historical cost convention as modified by fair values, in accordance with United Kingdom adopted international accounting standards. Also, they have been prepared in accordance with the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and requires management to exercise its judgement (note 2) in the process of applying the Group's accounting policies. These policies have been consistently applied to all periods presented unless otherwise stated. The Group financial statements are presented in Sterling and all values are rounded to the nearest hundred thousand, except where indicated.

b) Going concern

Background and context

The financial position of the Group, its cash flows and liquidity position are set out in the financial statements. Furthermore, the Group financial statements include the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and exposure to credit and liquidity risk (please refer to note 34).

Like many businesses in the retail sector, Superdry has been through a period of unprecedented challenges over recent years. Prior to the pandemic, consumer behaviour had started to shift from physical to digital with a reduction in footfall. The global pandemic resulted in the enforced closure of stores with many trading days lost. The principal impact of Covid-19 in FY22 was from the emergence of the Omicron variant in December 2021, which resulted in significantly reduced footfall during the key Christmas trading period and predicted supply chain capacity issues in China, necessitating early order placement for Autumn/Winter22.

Despite the resurgence of store visits in many European countries following vaccination programmes and the lifting or easing of restrictions in our key markets, footfall has still not recovered to pre-pandemic levels.

The Russian invasion of Ukraine occurred in the second half of FY22 and, although the Group was not directly impacted, the lasting effects of the pandemic on supply chain disruption, input price inflation and consumers facing rising inflation has resulted in a higher 'cost-of-living', which has only been exacerbated by the war. This has increased the uncertainty in our forecasts, particularly in the short term, and therefore, our ability to achieve the financial objectives in our plan.

In response to the challenging macro-economic conditions and to partially offset the adverse impacts above, there are several key mitigations that the Group has undertaken:

- Price rises ranging from 4%-6% across AW22 and SS23 and the introduction of delivery charges for all online orders.
- Increasing the mix of core product, which has a life of more than one season, and consequently reducing the clearance and buy cycle, which remains our largest cash mitigation.
- Re-introducing targeted clearance activity in our stores.
- Identified a number of operational savings and cost efficiencies across the Group.
- Recognised £4.4m of one-off rent savings in FY22 relating to the disrupted periods during Covid-19. These one-off rent benefits are in addition to the ongoing lease renewal savings that have been achieved to date, which we expect to continue to be realised as we review our store estate.

Borrowing Facilities

The Group has an up to £70m Asset Backed Lending Facility (ABL) which expires in January 2023 and an uncommitted overdraft facility of up to £10m available on a rolling annual basis. At the year-end, £18.4m of the ABL facility had been drawn down, £3.1m of the overdraft had been utilised, and the Group had a net debt balance of £(1.0)m. The maximum drawdown on the ABL facility was £21m in October 2021, as peak working capital coincided with the need to weather the impact of temporary closures in the EU and continuing suppressed footfall across all markets.

As at 1 October 2022, which coincides with the Group's working capital peak, the Group had drawn down £45.3m with a net debt balance of £38.9m.

As the overdraft is uncommitted, it has not been considered by management as part of the going concern or viability assessment.

The covenants on the ABL facility are tested quarterly, with the next test due at the end of October 2022 and then again in January 2023, albeit this is the date the facility expires. These are based around the Group's adjusted fixed charge (rent and interest) and are calculated on a 'frozen GAAP' basis and hence unaffected by IFRS 16 "Leases".

1. Principal accounting policies continued

Base case

The Group's going concern assessment covers the 12 month period from the date of approval of the financial statements, derived from the latest FY23 and FY24 forecasts in the Group's medium term financial plan (the "Plan"). As the long-term effects of Covid-19 and the more short-term escalating cost-of-living crisis continue to impact the wider retail sector and the Group, our trading outlook has been adjusted to reflect these uncertainties. The most significant assumptions in this revised set of projections are:

- All trading channels benefit from ongoing product improvements, operational initiatives and marketing activity to support the brand reset which began in October 2020, the full benefit of which is not yet realised, given the challenging macroeconomic environment. This benefit is offset by pressure on all trading channels as a result of the cost-of-living crisis impacting consumer spending.
- Store trading continues to improve year-on-year with footfall recovering steadily over the duration of FY23 and through FY24 as stores remain fully open across all geographies, and consumer demand gradually returns, though stabilising at a lower level than previously forecast, and below pre-Covid-19 levels. Profitability will be in line with FY22, impacted by the re-introduction of targeted clearance activity, largely offset by the recurring benefits of renegotiated leases.
- Ecommerce trading benefits from investments to improve the website user experience as a result of the migration to a microservices platform which had been fully implemented by August 2022, driving improvements in conversion rates and basket values, as well as the launch of additional partner programmes.
- Wholesale performance begins to modestly recover in FY23 and through FY24 with a return of order book growth, reflecting a steady recovery from the pandemic impacted trading of FY20-FY22, although noted this continues to be impacted by the continued economic uncertainty globally, but particularly in Europe where we have our largest Wholesale presence.
- Cost inflation pressures are assumed to be largely offset with price increases of 4-5% for Autumn/Winter22 and 5-6% for Spring/Summer23 and the implementation of delivery charges for online orders.
- Continued investment in marketing will result in increased spend across FY23 and FY24.

In assessing the Group's going concern status the Directors considered the base case (with the assumptions outlined above) and a number of other forecast scenarios, all of which include a requirement for a financing facility, albeit for short periods of time, in line with our working capital cycle.

Reverse Stress Test

Given the base case reflects the results of the turnaround plan and due to the current macroeconomic uncertainties already discussed, the Group has modelled a 'reverse stress test' scenario up to the end of January 2023 when the current ABL facility expires, to ensure there is sufficient headroom on the facility and covenant tests to allow the Group to operate within the agreement until this point.

The reverse stress test calculates the necessary shortfall to sales forecasts in the Plan, net of feasible mitigating actions, that would create a situation where the Group either:

- Requires additional sources of financing, in excess of those that are committed; or
- Breaches the lending covenants on the existing facility.

Given the headroom over the available facility until the end of January 2023 and the encouraging trading we have seen over recent weeks following the launch of our Autumn/Winter22 collection as well as our proven ability to manage cash, management considers the likelihood of breaching the facility limit or the associated covenant tests prior to the expiry, to be remote.

This assessment is linked to a robust assessment of the principal risks facing the Group, and the reverse stress test reflects the potential impact of these risks being realised. The principal risks are outlined in the 'How we manage our risks' section on page 53-67.

Ongoing Discussions

As noted above, the existing ABL facility is due to expire in January 2023. The terms of the agreement state that an extension of the existing ABL facility can only be formally requested 60 days before expiry of the initial term. Management believes they will be able to secure committed financing prior to the end of the current arrangement and are in positive discussions with a number of prospective lenders. An agreement to a new committed facility is critical in both delivering the planned business performance and also concluding on going concern.

The Directors' consider the current up to £70m facility is sufficient, until expiry in January 2023. Projections show we will be cash positive for a large part of FY23 and FY24 but the seasonal stock buy for both Retail and Wholesale does mean that a facility is necessary during the peak working capital cycle from August through to early December.

1. Principal accounting policies continued

Summary

After considering the forecasts, sensitivities and mitigating actions available to management and having regard to the risks, uncertainties and continued challenges in the macroenvironment environment, and despite the ongoing discussions around the future funding facility, the Directors note that an indication of a material uncertainty exists and until those discussions conclude, there is significant doubt over the Group's ability to continue as a going concern and therefore, it may not be able to realise its assets and discharge its liabilities in the normal course of business.

The material uncertainty relates to:

- going concern regarding secured funding, as the current funding facility is in place for less than 12 months following the date of signing and the base case cash flow forecast indicates that funding will be required in the going concern period.

The financial statements have been prepared on a going concern basis, whilst noting the material uncertainty above.

c) Basis of consolidation

Consolidated subsidiaries are those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and could affect those returns through its power over the entity.

The results of any subsidiaries acquired during the period are included in the Group statement of comprehensive income from the date on which control is transferred to the Group. Accounting policies of subsidiaries are changed when necessary to ensure consistency with the accounting policies adopted by the Group.

Under IFRS 11 'Joint Arrangements', investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The Group determines, at each reporting date, whether there is any objective evidence that the investment in joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and the carrying value and recognises the amount adjacent to "share of profit or loss of joint venture" in the Group statement of comprehensive income. Intercompany transactions and balances are eliminated on consolidation.

d) Foreign currencies

The consolidated financial information is presented in Sterling, which is the Company's functional and the Group's presentation currency. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. Resulting exchange gains and losses are recognised in the Group statement of comprehensive income. Upon consolidation, the assets and liabilities of the Group's foreign operations are translated at the rate of exchange ruling at the balance sheet date. Income and expense items of foreign operations are translated at the actual rate or average rate if not materially different. Differences on translation are recognised in other comprehensive income and held within the translation reserve.

Foreign exchange gains and losses on intra-group balances are recognised in profit and loss, except where the intra-group balance forms part of the net investment in a foreign operation. An intra-group balance is only considered a net investment in foreign operations, where the settlement of the monetary item is neither planned nor likely to occur in the foreseeable future. Where intra-group balances are considered a net investment in foreign operations, the foreign exchange gains and losses are recognised in other comprehensive income.

e) Revenue recognition

Revenue is measured at the fair value of the consideration received, or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes.

Own store revenue – stores segment

Own store revenue from the provision of sale of goods is recognised at the point of sale of a product to the customer. Own store sales are settled in cash or by credit or payment card. It is the Group's policy to sell its products to the customer with a right to exchange or full refund within 28 days subject to discretionary extension. Provisions are made for own store returns based on the expected level of returns, which in turn is based upon the historical rate of returns. At the point of sale, a returns liability and corresponding adjustment to revenue is recognised for those products that the Group has a right to recover. The anticipated returns are recognised as an inventory asset, with a corresponding adjustment to cost of sales.

1. Principal accounting policies continued

Concession revenue – stores segment

Concession revenues from the provision of sale of goods are recognised gross at the point of sale of a product to the end customer. Concession revenues are settled in cash, by the concession grantors net of commissions or other fees payable. It is the concessions' policy to sell their products with a right to exchange within 28 days and a cash refund within 14 days. Provisions are made for concession returns based on the expected level of returns, which in turn is based upon the historical rate of returns. At the point of sale, a returns liability and corresponding adjustment to revenue is recognised for those products that the Group has a right to recover. The anticipated returns are recognised as an inventory asset, with a corresponding adjustment to cost of sales.

Ecommerce revenue

Revenue from the provision of the sale of goods on the internet is recognised at the point that control of the inventory has passed to the customer, which is when the goods are received by the customer. Transactions are settled by credit card, payment card or other electronic payment providers. Customers have a right to exchange or full refund within a range of 21 to 100 days, depending on the website the purchase is made from. Provisions are made for E-commerce credit notes based on the expected level of returns, which in turn is based upon the historical rate of returns. At the point of sale, a returns liability and corresponding adjustment to revenue is recognised for those products that the Group has a right to recover. The anticipated returns are recognised as an inventory asset, with a corresponding adjustment to cost of sales.

Wholesale revenue

Wholesale revenues from the sale of goods are recognised at the point that control of the inventory has passed to the customer, which depends on the specific terms and conditions of sales transactions, and which is typically upon delivery. Revenues are settled in cash, net of discounts. Provisions are made for Wholesale credit notes based on the expected level of returns, which in turn are based upon the historical rate of returns. At the point of sale, a returns liability and corresponding adjustment to revenue are recognised for those products that the Group has a right to recover. The anticipated returns are recognised as an inventory asset, with a corresponding adjustment to cost of sales.

f) Other income

Royalty income

The Group receives royalty income from its franchise partners based on specific agreements in place. The income is recognised based on the specific performance obligations within the agreements. This income is recognised within other income as it does not relate to consideration for goods supplied to customers.

g) Finance expenses

Finance expenses comprise interest payable on interest-bearing loans, lease liabilities, short-term borrowings and lending facilities. Finance expenses are recognised in the Group statement of comprehensive income using the effective interest method.

h) Leasing and similar commitments

IFRS 16 requires entities to apply a single lease accounting model, with lessees recognising right-of-use assets and lease liabilities on the balance sheet for all applicable leases except for certain short-term and low-value leases.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. The depreciation starts at the commencement date of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease liabilities are subsequently measured at amortised cost, increased for interest charges and reduced for lease payments.

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less), leases of low-value assets (such as personal computers, small items of office furniture and telephones) and variable lease agreements. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

1. Principal accounting policies continued

Lease modifications

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate.
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. Differences arising between the right-of-use asset and the lease liability as part of the modification calculation are recognised in the statement of comprehensive income under other gains and losses.
- The Group applies the practical expedient available in respect of COVID-19 related rent concessions. Rent concessions occurring as a direct consequence of the COVID-19 pandemic are not assessed as lease modifications. Rent concessions are eligible for the practical expedient where the following criteria are met:
 - The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
 - any reduction in lease payments that affects only payments originally due on or before 30 June 2022; and
 - there is no substantive change to the other terms and conditions of the lease.

Rent concessions eligible for the practical expedient are recognised in profit and loss.

Lease premiums

Lease premiums are only recognised on leases that do not fall under the scope of IFRS 16. Lease premiums paid to landlords are initially recognised as an intangible asset in the balance sheet at the point the recognition criteria in the lease are met, and debited to selling, general and administrative expenses in the Group statement of comprehensive income on a straight-line basis over the term of the lease commencing from the opening date.

I) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Cost includes the original purchase price and the costs attributable to bringing the asset into its working condition. Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are recognised in the Group statement of comprehensive income.

Depreciation is provided at rates calculated to write down the cost of the assets, less their estimated residual values, over their remaining useful economic lives as follows:

Freehold buildings	– 50 years on a straight-line basis
Leasehold improvements	– 5 – 10 years on a straight-line basis
Furniture, fixtures and fittings	– 5 – 10 years on a straight-line basis
Computer equipment	– 3 – 5 years on a straight-line basis

Land is not depreciated. Residual values and useful economic lives are reviewed annually and adjusted if appropriate.

Property, plant and equipment is reclassified as held for sale assets if their carrying amount will be recovered through a highly probable sale transaction rather than through continuing use.

J) Impairment of non-financial assets

The carrying values of non-financial assets are tested annually to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the asset does not generate cash flows which are independent from other assets, the recoverable amount of the cash generating unit (CGU) to which the asset belongs is estimated.

The recoverable amount of a non-financial asset is the higher of its fair value less costs to sell, and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or CGU. An impairment loss is recognised in the Group statement of comprehensive income whenever the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment reversals are recognised in the Group statement of comprehensive income if there has been a change to the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Where an impairment loss on other non-financial assets subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or CGU) in prior years. An impairment loss in a subsidiary consolidated under predecessor accounting (note 1ad) is recognised as a movement in the merger reserve and retained earnings in addition to recognising a loss on the Group statement of comprehensive income. Further information on how impairments have been calculated can be found in note 2.

1. Principal accounting policies continued

k) Intangible assets

Intangible assets acquired separately from a business are recognised initially at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives as follows:

Trademarks	- 10 years
Website and software	- 5 years
Lease premiums	- Over the life of the lease on a straight-line basis
Distribution agreements	- 6 – 23 years

Trademarks comprise the external cost of registration and associated legal costs. Website and software costs consist of externally incurred development costs, as well as internal payroll-related costs directly associated with the project.

Lease premiums comprise the amount paid to the previous tenant to acquire the lease.

Distribution agreements comprise the fair value, at the date of acquisition, of distribution agreements acquired as part of a business combination.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Licence agreements to use cloud software are treated as service contracts and expensed in the Group income statement, unless the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run the software independently of the host vendor. In such cases the licence agreement is capitalised as software within intangible assets. Costs to configure or customise a cloud software licence are expensed alongside the related service contract in the Group income statement, unless they create a separately identifiable resource controlled by the Group, in which case they are capitalised.

l) Investments

Investments in subsidiaries are recorded at historical cost, less any provision for impairment.

Dividends received from a subsidiary are deducted direct from the cost of the investment where the dividend received represents a return of capital. Otherwise, dividends received are recognised in profit and loss by the investor when the right to receive the dividend is established.

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method of accounting after initially being recognised at cost in the consolidated balance sheet.

When the Group's share of losses exceeds the Group's interest in the joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations on behalf of the joint venture.

m) Financial instruments

Derivative financial instruments and hedging activities

Derivative financial instruments are recognised initially at their fair value and remeasured at fair value at each period end. Derivative financial instruments are categorised as held at fair value through the profit and loss account. The gain or loss on remeasurement to fair value is recognised immediately in the Group statement of comprehensive income. The Group has not applied hedge accounting. Foreign forward exchange derivative gains and losses are recognised in other gains and losses (net).

Financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss.

n) Inventories

Inventories are valued at the lower of cost or net realisable value. Cost comprises costs associated with the purchase and bringing of inventories to the distribution centres and is based on the weighted average principle. Provisions are made for obsolescence, mark-downs, and shrinkage. The cost formula used for measuring inventory is moving average cost.

Sample stock is expensed through the Group statement of comprehensive income when incurred.

1. Principal accounting policies continued

o) Trade receivables

Trade receivables are initially recognised at transaction price and subsequently measured at amortised cost, less a loss allowance. The loss allowance is measured at an amount equal to lifetime expected credit losses through the simplified model using a provision matrix.

p) Assets classified as held for sale

Non-current assets are classified as held for sale when their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable, the asset is available for immediate sale, and when it is expected to complete within one year. These assets are stated at the lower of carrying amount and fair value less costs to sell.

q) Cash and bank balances

Cash and bank balances comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less. Bank overdrafts are offset against cash when a legal right of offset exists and where the Group can demonstrate the intention to net settle. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term deposits, less overdrafts, which are repayable on demand.

r) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic benefits will be required to settle the obligation, and the obligation can be estimated reliably. Provisions are discounted using the risk-free rate if the impact on the provision is deemed to be material.

Provisions for onerous property related contracts are recognised when the Group believes that the unavoidable costs of meeting or exiting the lease obligations exceed the economic benefits expected to be received under the lease.

s) Employee benefit obligations

Wages, salaries, payroll tax, paid annual leave, sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

The Group operates a defined contribution pension scheme for the benefit of its employees. The Group pays contributions into an independently administered fund via a salary sacrifice arrangement. The costs to the Group of providing these benefits are recognised in the Group statement of comprehensive income and comprise the number of contributions payable to the scheme in the year.

t) Share-based payments – Group operated schemes

The Group operates several equity settled share-based compensation plans. The fair value of the shares under such plans is recognised as an expense in the Group statement of comprehensive income. Where relevant, fair value is determined using the Black-Scholes option pricing model. The amount to be expensed over the vesting period is determined by reference to the fair value of share incentives excluding the impact of any non-market vesting conditions. Non-market vesting conditions are considered as part of the assumptions about the number of share incentives that are expected to vest. At each balance sheet date, the Group revises its estimate of the number of share incentives that are expected to vest. The impact of the revision on original estimates, if any, is recognised in the Group statement of comprehensive income, with a corresponding adjustment to equity over the remaining vesting period. The Group also operates cash-settled awards. The fair value of the liability for these is revised at each balance sheet date and the cost is recognised in the income statement over the vesting period.

u) Share-based payments – Founder Share Plan

The founders of Superdry, Julian Dunkerton and James Holder, operate a share-based compensation plan those awards both cash and shares; for the purposes of IFRS 2 it is considered to be an equity-settled share-based compensation plan. The Founder Share Plan (**FSP**) (see note 9 for further details) falls within the scope of IFRS 2 despite the Group neither purchasing nor issuing the shares, nor the cost of the cash being a Company expense. Fair value is determined using the Monte Carlo pricing model. The amount to be expensed over the vesting period is determined by reference to the fair value of share incentives, adjusted at the grant of each share incentive for dilution assumptions. These dilution assumptions are not revised after the grant of the share incentive. Non-market vesting conditions are considered as part of the assumptions about the number of share incentives that are expected to vest. The impact of the revision on original estimates, if any, is recognised in the Group statement of comprehensive income, with a corresponding adjustment to equity over the remaining vesting period. The measurement period for the market-based vesting criteria expired over the course of the current year; an amount for the scheme is expensed in the current year to reflect the original exercise period.

v) Trade and other payables

Trade and other payables, excluding lease incentives, are non-interest bearing and are initially recognised at their fair value and subsequently measured at amortised cost. Generally, this results in their recognition at their nominal value.

Contract liabilities

Contract liabilities are recognised by the Group where payment has been received and there is a future obligation to transfer goods or services, but the threshold for revenue recognition has not yet been met. These primarily relate to the provision of gift cards and the timing of the sale of goods.

1. Principal accounting policies continued

w) Taxation

The policy for current and deferred tax, when relevant, is as follows:

- tax on the profit or loss for the period will comprise current and deferred tax;
- current tax expense is calculated using the tax rates which have been enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years;
- deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes;
- the amount of deferred tax provided is based on the expected realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the balance sheet date;
- a deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised (see note 22); and
- deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Uncertain tax positions

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

x) Dividends

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they have been approved before or on the balance sheet date and not paid. Interim dividends are recognised in the period they are paid.

y) Share capital

Ordinary shares are classified as equity. The share capital represents the nominal value of shares that have been issued.

z) Share premium

The share premium account represents the excess of the issue price over the nominal value on ordinary shares issued, less incremental costs directly attributable to issue the new shares.

aa) Retained earnings

The retained earnings reflect the accumulated profits and losses of the Group.

ab) Merger reserve and other reserves

The consolidation of the subsidiaries acquired in advance of the Initial Public Offering in March 2010 (C-Retail Limited, DKH Retail Limited, SuperGroup Concessions Limited, SuperGroup International Limited, SuperGroup Internet Limited and SuperGroup Retail Ireland Limited) into the financial statements of Superdry plc has been prepared under the principles of predecessor accounting, whereby an acquirer is not required to be identified, and all entities are included at their pre-combination carrying amounts. This accounting treatment leads to differences on consolidation between consideration and fair value of the associated net assets and this difference is included within equity as a merger reserve. The translation reserve relates to gains and losses arising on retranslating the net assets of overseas subsidiaries into sterling.

ac) ESOP reserve

Some Superdry Plc shares recognised as equity have been repurchased in order to settle future obligations under share-based payment arrangements. The amount of the consideration paid for the treasury shares, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the ESOP reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium. The Company applies the look through method, treating the employee benefit trust as an extension of Superdry Plc. Accordingly the treasury shares are recognised within equity in both the Group and Company financial statements.

ad) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (**CODM**). The CODM, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee.

At each reporting date the Group reviews the composition of its segments to reflect the impact of changes in reporting provided to the CODM or restructures in the business. Where changes in the operating segments are identified, the comparative information is restated where possible.

1. Principal accounting policies continued

ae) Cost of sales

Cost of sales comprises movements between opening and closing inventories, purchases, carriage in, commissions payable, and other related expenses. As explained in note 1e, customers have a right of return. When customers exercise this right, the Group has a right to recover the product and as such recognises a right to returned goods asset and a corresponding adjustment to cost of sales. This is based on the historical rate of return.

af) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the Group statement of comprehensive income on a systematic basis over the periods in which the Group recognises an expense for the related costs for which the grants are intended to compensate. The income is directly offset against the expense for the related costs for which the grants are intended to compensate.

ag) Adjusting items

Adjusting items are disclosed separately in the Group statement of comprehensive income and are applied to the reported profit or loss before tax to arrive at the adjusted result. This presentation is consistent with the way that financial performance is measured by management and reported internally. In determining whether events or transactions are treated as adjusting items, management considers quantitative as well as qualitative factors. Adjusting items are identified by virtue of their size, nature or incidence.

Examples of charges or credits meeting the above definition, and which have been presented as adjusting items in the current and/or prior years, include:

- acquisitions/disposals of significant businesses and investments;
- impact on deferred tax assets/liabilities for changes in tax rates;
- business restructuring programmes;
- derecognition of deferred tax assets;
- asset impairment and onerous property related contracts charges;
- the movement in the fair value of unrealised financial derivatives; and
- IFRS 2 charges in respect of FSP.

Further information about the determination of adjusting items in financial year 2022 is included in notes 6 and 36.

ah) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (**ECL**) on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income (**FVTOCI**), trade receivables and lease receivables, as well as on financial guaranteed contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and lease receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. A significant increase in credit risk is defined in note 34. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

ai) Climate change impact

Climate change is a global challenge and emerging risk to businesses, people and the environment across the world. Although commitments we have made to date form part of the cashflow projections within our going concern and impairment assessments, the impact of climate change is not judged to have been a key driver in determining the outcomes of these exercises and is therefore not currently classified as a key source of estimation uncertainty. The Group will continue to review this classification as the assessment of the impacts, risk and opportunities presented by climate change and the Group's commitments to address the challenges presented evolve over the coming years.

2. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies

The preparation of the financial statements requires judgements, estimates and assumptions to be made that affect the reported value of assets, liabilities, revenues, and expenses. The nature of estimation and judgement means that actual outcomes could differ from expectation.

Key sources of estimation uncertainty

Management consider that accounting estimates and assumptions made in relation to the following items have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Store impairment estimates

Store assets (as with other financial and non-financial assets) are subject to impairment based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to dispose, although as all the Group's owned stores are leasehold, only value in use has been considered in the impairment assessment. Value in use is calculated from expected future cash flows using suitable discount rates and including management assumptions and estimates of future performance. Store asset carrying values are inclusive of any right-of-use assets following the transition to IFRS 16. An impairment charge of £24.2m (2021: £22.8m) and an impairment reversal of £7.4m (2021: £12.1m) were recognised in the period (net impairment of £16.8m, 2021: £10.7m).

For impairment testing purposes, the Group has determined that each store is a CGU. Each CGU is tested for impairment if any indicators of impairment have been identified. All 220 owned stores have been tested for impairment in the current year.

The key estimates for the value in use calculations are those regarding expected changes in future cash flows and the allocation of central costs. The key assumptions used in determining store cash flows are the growth in both sales and gross margin set out in the medium-term plan, as well as operational savings and cost efficiencies identified across the Group and incorporated into forecast cash flows.

The value in use of each CGU is calculated based on the Group's latest budget and forecast cash flows, covering a five-year period (the **medium-term financial plan**), which has regard for historic performance, knowledge of the current market and the impact of current macroeconomic conditions, together with the Group's views on the achievable growth, all of which have been reviewed and approved by the Board. The medium-term financial plan is prepared on a 'top down' basis and has been attributed to individual stores based on their historic performance relative to the rest of the store estate.

Cash flows beyond this five-year period as set out in the medium-term financial plan are extrapolated using long-term growth rates that are indicative of country-specific rates. The cash flows are discounted using the appropriate discount rate. The cash flows are modelled for each store through to their lease expiry date. Lease extensions have only been assumed in the modelling where they have been agreed with landlords.

Central costs are attributed to store CGUs where they can be allocated on a reasonable and consistent basis, and assumptions are required to determine the basis for allocation. In addition to directly attributable store costs, other relevant operating costs have been attributed to store CGUs on a reasonable and consistent basis where possible, which include certain distribution, IT, HR and marketing expenses, totalling 10-15% of the overall annual cost base.

Management estimates discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. The pre-tax discount rates range from 11.35% to 17.7% (2021: 12.6% to 15.1%) and are derived from the Group's post-tax WACC range of 11.1% to 13.8% (2021: 10.0% to 11.6%). A 500bps change in the discount rates would result in a £3.9m increase or £4.1m decrease in the net impairment.

Further significant costs (or credits) may be recorded in future years. The level of uncertainty in the Group forecasts has been exacerbated by external factors such as input price inflation and the squeeze on consumer budgets, largely driven by rising inflation. The forecasts are also dependent on the longer-term impact of Covid-19 on consumer behaviour, as well as the success of the brand reset.

During the year, the Group has recognised a net impairment charge of £2.4m (2021: £3.3m) relating to property, plant and equipment and a net impairment charge of £14.4m (2021: £7.4m) relating to right-of-use assets. These impairment charges have been recognised as part of adjusting items within selling, general and administrative expenses. The carrying value of property, plant and equipment (note 18), right-of-use assets (note 30) and intangible assets (note 19) after the impairment assessment is £144.9m.

2. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies continued

The Group has carried out a sensitivity analysis on the impairment tests for its owned store portfolio on an aggregated basis for property, plant and equipment, right-of-use assets and intangibles, using various reasonably possible scenarios based on recent market movements including discount rates and a change to the sales and margin assumptions in the medium-term financial plan:

- An increase of 200bps in the gross margin rate in all years for each territory would decrease net impairment by £4.9m
- A decrease of 200bps in the gross margin rate in all years for each territory would increase net impairment by £5.2m
- An increase of 10% in the year 1 sales growth for each territory would decrease net impairment by £3.7m
- A decrease of 10% in the year 1 sales growth for each territory would increase net impairment by £4.0m
- A 20% change in the central costs being allocated to the store CGUs would increase net impairment by £1.9m

Onerous property related contracts provisions

Management has also assessed whether impaired and unprofitable stores require an onerous provision for the property related contracts. An onerous property related contracts provision is recognised when the Group believes that the unavoidable costs of meeting or exiting the property related obligations exceed the benefits expected to be received under the lease. The property related contracts relate primarily to service charges. Onerous property related contracts provisions are no longer recognised on fixed rental expenses, following the transition to IFRS 16.

The calculation of the net present value of future cash flows is based on the same assumptions for growth rates and expected changes to future cash flows as set out above for store impairments, discounted at the appropriate risk adjusted rate. The costs of exiting property related contracts as set out in the lease agreement, either at the end of the lease or the lease break date (whichever is shorter), have been considered in the calculation.

Based on the factors set out above, the Group has reassessed the onerous property related contract provision as being £8.4m (2021: £12.1m). This value is after a net £1.0m provision release on exited stores, credited to the Group statement of comprehensive income (2021: £0.5m provision release on exited stores). The provision is also stated after utilisation of the brought forward provision of £4.3m (2021: 4.2m). The charge recognised in respect of the net increase to the onerous lease provision is £1.5m (2022: £5.1m), which is required to increase the provision to £8.4m, based on the outcome of the year end assessment.

The onerous property related contracts provision charge of £1.5m has been recognised within adjusting items within selling, general and administrative expenses. Further significant costs (or credits) may be recorded in future years dependent on the Group's trading performance.

A 500bps increase/decrease in the risk-free rates would result in a £0.9m increase or £1.1m decrease in the onerous lease provision.

The Group has performed sensitivity analysis on the onerous property related contract provisions using reasonably possible scenarios based on recent market movements, consistent with those sensitivities disclosed above in the 'store impairment' section:

- An increase of 200bps in the margin rate in all years for each territory would decrease the onerous property related contracts charge by £0.2m
- A decrease of 200bps in the margin rate in all years for each territory would increase the onerous property related contracts charge by £1.4m
- An increase of 10% in year 1 sales growth for each territory would decrease the onerous property related contracts charge by £0.2m
- A decrease of 10% in year 1 sales growth for each territory would increase the onerous property related contracts charge by £0.2m

Recoverability of trade debtors

The impairment of trade and other receivables is based on management's estimate of the ECL. These are calculated using the Group's historical credit loss experience, with adjustments for general economic conditions and an assessment of conditions at the reporting date. The estimation uncertainty relates to the allowance for expected credit losses of £4.7m (2021: £8.6m) which includes a specific provision and an ECL provision.

The specific provision of £3.2m (2021: £6.0m) is calculated for higher risk trade receivables, relating to customers who have balances over £30k that are at least 30 days overdue. This provision is calculated based on a specific review of the exposure to each customer, net of credit enhancements and taking into consideration their payment history. There is a range of possible outcomes for the specific provision; an indication of the maximum possible exposure is that the specific provision of £3.2m (2021: £6.0m) covers gross debtors of £7.1m (2021: £10.5m).

2. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies continued

The ECL provision of £1.5m (2021: £2.6m) is calculated for the aggregated remaining debtors profiled by country, net of credit enhancements, and assuming country-specific default rates. The country-specific default rates were prepared using the Group's historic loss experience in the relevant country, which has also been adjusted for forward-looking information. A range of reasonably possible outcomes for the ECL provision, is £0.5m-£2.1m. The lower end of the range does not adjust historic loss experience for forward looking information. The higher-end of the range assumes a four-fold level of credit risk for each country at the reporting date, compared to average historic loss experience.

See notes 24 and 34 for further details.

Impairment of Superdry Plc's investment in subsidiaries

Under IAS 36, an impairment review is performed in respect of Superdry Plc's investment in subsidiaries, whenever an indicator of impairment has been identified. The reduction in the Group's market capitalisation as of the reporting date has been considered an indicator of impairment and an impairment review performed accordingly. The impairment review of Superdry Plc's investment in subsidiaries has been performed using the same assumptions for growth rates and expected changes to future cash flows as set out above for store impairments. The Group's medium-term plan is used as the basis for determining the enterprise value of each subsidiary within the Group. Certain assumptions have been applied in the allocation of future forecast Group cash flows between the individual subsidiaries of Superdry Plc. These allocations have been based upon the current mix of cash flows within the Group. The enterprise value for each subsidiary has been adjusted for net debt to determine each subsidiary's equity value. The cash, overdraft and intercompany position of each subsidiary at the reporting date has been used to determine the net debt. An impairment has been recorded wherever the carrying value of the investment in the subsidiary exceeds the equity value. As a result of the impairment review, an impairment of £97.7m was identified in respect of DKH Retail Ltd.

The Company has performed sensitivity analysis on the impairment review using reasonably possible scenarios based on recent market movements. The investment in DKH Retail Ltd is particularly sensitive to any changes to the group-wide forecasts due to the transfer pricing policy applied by the Group, under which many subsidiaries operate as limited risk distributors. As a result of the transfer pricing policy DKH Retail Ltd is exposed to both upside and downside in the group-wide performance.

- An increase/decrease of 200bps in the gross margin rate in all years for each territory would decrease/increase the investment impairment by £97.7m and £88.3m respectively.
- An increase/decrease of 10% in group-wide sales for each territory in all years would decrease/increase the investment impairment by £97.7m and £88.3m respectively.
- An increase/decrease of 100bps in the discount rates applied would increase/decrease the investment impairment by £3.9m and £4.3m respectively.

Further details are included in note 20.

Management consider that judgements made in the process of applying the Group's accounting policies that could have a significant effect on the amounts recognised in the Group financial statements are as follows:

Attributing Ecommerce sales and costs to stores

Judgement is required to determine whether Ecommerce sales (and associated costs) could be attributed to stores for the purposes of impairment testing when calculating the value in use of each store CGU. The basis of such attribution is considered difficult to determine, due to insufficient evidence to reliably estimate. For this reason, Ecommerce sales attributable to stores have not been calculated. The continuation of Ecommerce sales during the period of Covid-19 enforced store closures further supports this judgement.

Store impairment judgements

Store assets (as with other financial and non-financial assets) are subject to impairment based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. The impairment review involves critical accounting judgements, in addition to the significant estimates discussed above.

2. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies continued

The medium-term financial plan is prepared on a 'top down' basis and has been attributed to individual stores based on their historic performance relative to the rest of the store estate. Judgement is involved in this revenue and cost attribution exercise in defining the parameters of the store characteristics. The outcome of this exercise affects the value in use associated with each store CGU.

Similarly, judgement is required in determining which central costs are directly involved in the store operations and therefore should be apportioned to each store CGU. Central costs are attributed to store CGUs where they can be allocated on a reasonable and consistent basis.

Judgement is also involved in defining the lease term used in the store impairment calculations. Lease extensions have only been assumed in the modelling where they have been agreed with landlords.

See note 6 for further details.

Foreign exchange translation on intragroup balances

Foreign exchange gains/losses on intragroup balances denominated in currencies other than sterling are recognised in profit and loss. Judgement is required in determining whether the intragroup balances represent a net investment in foreign operations. Where the intragroup balances are considered a net investment in foreign operations, the exchange gain/loss is recognised in other comprehensive income. The conclusion has been reached that the intragroup balances do not represent a net investment in foreign operations. This is on the basis that it is management's intention to settle foreign denominated intragroup balances in the foreseeable future. Under the group's transfer pricing policy, foreign subsidiaries are guaranteed a set profit margin (as limited risk distributors). Management's intention is to use future profits generated by foreign subsidiaries to settle foreign denominated intragroup balances. Accordingly gains/losses on foreign denominated intragroup balances are recognised in profit and loss.

Adjusting items

Judgements are required as to whether items are disclosed as adjusting items, with consideration given to both quantitative and qualitative factors. Adjusting items are identified by virtue of their size, nature or incidence. Further information about the determination of adjusting items in financial year 2022 is in note 36.

3. New accounting pronouncements

The accounting policies set out have been applied consistently throughout the Group and to all years presented in these consolidated accounts except if mentioned otherwise. For the financial year 2022, the following amendments were adopted by the Group:

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

New accounting standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRs Standards that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts;
- IFRS 10 and IAS 28 (amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Amendments to IFRS 3: Reference to the Conceptual Framework;
- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use;

Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract; and

Annual Improvements to IFRS Standards 2018-2020 Cycle.

The application of these new standards and amendments is not expected to have a material impact on the Group.

4. Segment information

Revenue is generated from the same products (clothing and accessories) in all segments; the reporting of segments is based on how these sales are generated. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Gross profit is the measure reported to the Group's CODM for the purpose of resource allocation and assessment of segment performance. The Group derives its revenue from contracts with customers for the transfer of goods and services at a point in time.

Segmental information for the business segments of the Group for financial years 2022 and 2021 is set out below. The 'Retail' subtotal of the 'Stores' and 'Ecommerce' segments presented below is considered useful additional information to the reader.

	Stores 2022 £m	Ecommerce 2022 £m	Retail subtotal 2022 £m	Wholesale 2022 £m	Central costs 2022 £m	Group 2022 £m
Total segment revenue	228.4	155.7	384.1	393.6	–	777.7
Less: inter-segment revenue	–	–	–	(168.1)	–	(168.1)
Revenue from external customers	228.4	155.7	384.1	225.5	–	609.6
Gross profit	161.9	99.0	260.9	81.7	–	342.6
Profit/(loss) before tax			25.9	52.4	(60.4)	17.9

The segment measure of profit required to be presented under IFRS 8 Segments is gross profit. Profit/(loss) before tax has been presented as an additional profit measure which is considered to provide useful information to the reader. Certain costs have not been allocated between the Stores and Ecommerce segments in both the current and prior year.

The following additional information is considered useful to the reader:

	Adjusted* 2022 £m	Adjusting items £m	Reported 2022 £m
Revenue			
Retail	384.1	–	384.1
Wholesale	225.5	–	225.5
Total revenue	609.6	–	609.6
Operating profit / (loss)			
Retail	38.7	(7.9)	30.8
Wholesale	49.1	3.3	52.4
Central costs	(57.9)	0.6	(57.3)
Total operating profit / (loss)	29.9	(4.0)	25.9
Net finance expense – Central costs	(3.0)	–	(3.0)
Net finance expense – Retail	(5.0)	–	(5.0)
Profit before tax / (loss)	21.9	(4.0)	17.9
Retail	33.8	(7.9)	25.9
Wholesale	49.1	3.3	52.4
Central costs	(61.0)	0.6	(60.4)
Total profit before tax / (loss)	21.9	(4.0)	17.9

* Adjusted is defined as reported results before adjusting items and is further explained in note 36.

The net impairment losses and reversals on store assets and onerous property related contract charges amount to £18.3m (2021: £15.8m) and all relate to the Retail segment.

4. Segment information continued

	Stores 2021 £m	Ecommerce 2021 £m	Retail subtotal 2021 £m	Wholesale 2021 £m	Central costs 2021 £m	Group 2021 £m
Total segment revenue	140.5	201.8	342.3	389.6	–	731.9
Less: inter-segment revenue	–	–	–	(175.8)	–	(175.8)
Revenue from external customers	140.5	201.8	342.3	213.8	–	556.1
Gross profit	93.6	117.5	211.1	82.0	–	293.1
Profit/(loss) before tax			(9.3)	40.8	(68.2)	(36.7)

The following additional information is considered useful to the reader:

	Adjusted* 2021 £m	Adjusting items £m	Reported 2021 £m
Revenue			
Retail	342.3	–	342.3
Wholesale	213.8	–	213.8
Total revenue	556.1	–	556.1
Operating loss			
Retail	15.4	(19.2)	(3.8)
Wholesale	42.1	(1.3)	40.8
Central costs	(62.9)	(3.6)	(66.5)
Total operating loss	(5.4)	(24.1)	(29.5)
Net finance expense – Central costs	(1.7)	–	(1.7)
Net finance expense – Retail	(5.5)	–	(5.5)
Profit/(loss) before tax			
Retail	9.9	(19.2)	(9.3)
Wholesale	42.1	(1.3)	40.8
Central costs	(64.6)	(3.6)	(68.2)
Total loss before tax	(12.6)	(24.1)	(36.7)

* Adjusted is defined as reported results before adjusting items and is further explained in note 36.

Revenue from external customers in the UK and the total revenue from external customers from other countries are:

	Group	
	2022 £m	2021 £m
External revenue – UK	224.1	197.5
External revenue – Europe	294.3	283.5
External revenue – Rest of World	91.2	75.1
Total external revenue	609.6	556.1

The total of non-current assets, other than deferred tax assets, located in the UK is £68.4m (2021: £68.9m), and the total of non-current assets located in other countries is £77.4m (2021: £93.6m).

5. Selling, general and administrative expenses

	Group	
	2022 £m	2021 £m
Staff costs (note 7)	95.5	81.9
Short-term and variable rent payments net of lease incentives and waivers	3.7	3.9
Depreciation and amortisation	48.7	53.4
Store impairment charges and reversals of property, plant and equipment, right-of-use assets and intangibles	16.8	10.7
Non-store intangible asset impairments	–	2.1
Restructuring, strategic change and other costs	–	1.0
IFRS 16 Covid-19 rent concessions	(3.7)	4.0
Onerous property related contracts charge	1.5	5.1
Other (including logistics costs, marketing, rates and service charges)	186.7	178.9
Total selling, general and administrative expenses	349.2	341.0

Government grants for furlough support are netted off against staff costs, see note 37.

6. Adjusting items

The below adjustments are disclosed separately in the Group statement of comprehensive income and are applied to the reported profit before tax to arrive at the adjusted profit before tax. Further information about the determination of adjusting items in financial year 2022 is included in note 36.

	Group	
	2022 £m	2021 £m
Adjusting items		
Unrealised gain/(loss) on financial derivatives	13.7	(4.7)
Net store asset impairment charges and reversals, and onerous property related contracts provision	(18.3)	(15.8)
Non-store intangible asset impairments	–	(2.1)
Restructuring, strategic change and other costs	–	(1.0)
IFRS 2 charge on Founder Share Plan (note 9)	0.6	(0.5)
Total adjusting items Charge/(Credit)	(4.0)	(24.1)
Taxation		
Deferred tax on adjusting items (note 22)	(3.0)	3.9
Total taxation	(3.0)	3.9
Total adjusting items after tax	(7.0)	(20.2)

Adjusting items before tax in the period totalled a net charge of £4.0m in the year (2021: £24.1m).

6. Adjusting items continued

Store asset impairment charges and reversals and onerous property related contracts provision

Comprehensive reviews have been performed in both the current and prior reporting periods across the owned store portfolio to identify any stores which were either unprofitable, or where the anticipated future performance would not support the carrying value of assets.

In the prior year a store asset impairment review was performed in the context of the ongoing impact of the COVID-19 pandemic on trading performance across the store portfolio. As a result of the prior year review, a charge to the Group statement of comprehensive income for non-cash impairments of £22.8m was recognised, affecting 125 stores. Additionally, a non-cash credit of £12.1m was recognised in the Group statement of comprehensive income for the reversal of impairments that were recognised in previous periods. A reassessment was also performed on the onerous property related contracts provision, resulting in a charge of £5.1m, affecting approximately 30 stores.

A store asset impairment review has also been performed as of 30 April 2022. Whilst the impacts of the COVID-19 pandemic on trading performance are significantly reduced, the Group continues to experience a challenging trading environment, largely due to the ongoing cost of living crisis. As a result of the current year impairment review, a charge to the Group statement of comprehensive income for non-cash impairments of £24.2m was recognised, affecting 102 stores. Additionally, a non-cash credit of £7.4m was recognised in the Group statement of comprehensive income for the reversal of impairments recognised in previous periods. This impairment reversal affected 71 stores. The total net impairment of £16.8m affects property, plant and equipment and right-of-use assets. A significant level of estimation and judgement has been used to determine the charges and reversals, for which further disclosure and sensitivities can be found in note 2 on pages 162-165.

A reassessment was also performed on the onerous property related contracts provision, resulting in a net charge of £1.5m, affecting around 39 stores. Onerous property related contracts provisions are no longer recognised on rental expenses, following the transition to IFRS 16. A significant level of estimation has been used to determine the charges to be recognised, for which further disclosure and sensitivities can be found in note 2 on pages 162-165.

Intangible asset impairments

In the prior year, the Group recognised impairment charges in the period for website and software intangible assets. A review was performed during the period over website and software intangible assets which were likely to be replaced or upgraded in the foreseeable future, leading to a one-off impairment of £2.1m. No such impairment charge is required in the current year.

Restructuring, strategic change and other costs

Adjusting items in 2021 included £1.4m resulting from the restructuring programme announced in the FY20 Group Annual Report. This restructuring included redundancies in order to make the Group fit for the future. The Directors considered these to be adjusting items due to their one-off nature. No further restructuring expense has been charged in the current financial year.

Unrealised gain/(loss) on financial derivatives

A £13.7m credit has been recognised within adjusting items in respect of the fair value movement in financial derivatives (2021: £4.7m charge), which has been driven primarily by the relative weakness of Sterling against the US Dollar at the year-end, and its impact on forward currency contracts, buying US Dollar with Sterling.

IFRS 2 charge on Founder Share Plan

The IFRS 2 credit of £0.6m (2021: £0.5m charge) in respect of the Founder Share Plan is also included within adjusting items (see notes 9 and 36 for further details).

Tax on adjusting items

The net tax charge on adjusting items totals £3.0m (2021: £3.9m credit). An adjusting tax credit of £0.5m (2021: £1.4m credit) arises as a result of impairments to the right-of-use assets, a £0.1m adjusting tax charge (2021: £0.3m credit) as a result of impairments to property, plant and equipment at the balance sheet date, and an adjusting tax charge of £3.4m (2021: £2.2m credit) arises in connection with movements on the derivative contracts and an updated onerous lease review.

7. Employee expense

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Wages and salaries	82.2	69.0	16.4	11.3
Social security costs	9.1	9.4	1.0	1.5
Share awards charge (Exc. FSP)	1.9	1.3	0.6	0.5
Pension costs – defined contribution scheme	2.3	2.2	0.5	0.4
Total employee expense	95.5	81.9	18.5	13.7

Details of the share-based compensation plans are detailed under notes 8 and 9.

The total employee expense figures are net of furlough income received, per note 37.

The closing pension creditor for the Group is £0.4m (2021: £0.5m).

The average monthly number of full-time equivalent employees, including Directors on a service contract, are as follows:

	Group		Company	
	2022 No.	2021 No.	2022 No.	2021 No.
Administration	665	674	208	197
Retail	1,844	2,148	52	57
Total average headcount	2,509	2,822	260	254

Directors' remuneration is detailed in the Directors' Remuneration Report on pages 106-126.

Remuneration of key members of management, who are the Executive Directors, Non-Executive Directors, Chief Marketing Officer, Chief Operating Officer, Chief Technology Officer, Creative Director, Group General Counsel & Company Secretary, Group People Director, Group Retail Director, Global Sourcing and Sustainability Director, recorded in the Group statement of comprehensive income, is as follows:

	Group	
	2022 £m	2021 £m
Short-term employee benefits	4.1	3.3
Post-employment benefits	0.1	0.3
Share-based payments	0.4	0.3
Payment for loss of office	–	0.1
Total remuneration of Key Management Personnel	4.6	4.0

The total amounts for Directors' remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

	Group	
	2022 £m	2021 £m
Short-term employee benefits	1.5	1.1
Share-based payments	–	–
Money purchase pension contributions	–	0.1
Total aggregate Directors' remuneration	1.5	1.2

8. Share-based Long-Term Incentive Plans (LTIP)

Share awards are granted to employees in the form of equity-settled awards and cash-settled awards.

Performance Share Plan

The award of shares is made under the Superdry Performance Share Plan (**PSP**). Shares have no value to the participant at the grant date, but subject to the conditions of the specific scheme can convert and give participants the right to be granted nil-cost shares at the end of the performance period.

The vesting period of these schemes is between two and three years. Share awards will also expire if the employee leaves the Group prior to the exercise or vesting date subject to the discretionary powers of the Remuneration Committee.

The movement in the number of these share awards outstanding is as follows:

	Group and Company			
	2022 Number of shares	2022 Weighted average exercise price	2021 Number of shares	2021 Weighted average exercise price
At start of the period	2,818,698	–	1,365,690	–
Granted	1,260,745	–	2,158,592	–
Forfeited	(1,061,621)	–	(544,644)	–
Cancelled	(115,795)	–	(160,940)	–
Total number of outstanding share awards at end of the period	2,902,027	–	2,818,698	–

None of the share awards were exercisable at the period end date (2021: nil).

The terms and conditions of the award of shares granted under the PSP during the year are as follows:

Grant date	Group and Company		
	Type of award	Number of shares	Vesting period
October 2020	Restricted share award	1,491,157	3 years
October 2020	Restricted share award	667,435	2 years
October 2021	Restricted share award	907,674	3 years
October 2021	Restricted share award	353,071	2 years

In 2021, the Company changed the award mechanism under the PSP from a scheme with market-based vesting criteria to a Restricted Share Awards (RSA) plan with no performance or market-based vesting criteria attached. The shares granted during the year are restricted share-based conditional awards. The fair value of the shares awarded at the grant date during the year is £3.2m (2021: £3.8m), determined using the modified grant-date method. The weighted average value of each award granted in the year was £2.56, which reflects the share price on the date the awards were granted. Shares awarded in previous years, which are still within their vesting period, contain market-based vesting criteria such as diluted earnings per share and total shareholder return performance targets. The fair value of these awards was determined at the grant date using a Black-Scholes pricing model.

A charge of £1.5m (2021: £1.0m) has been recorded in the Group statement of comprehensive income during the year for schemes under the PSP.

No share options were exercised during the period. The options outstanding at 30 April 2022 had a weighted average remaining contractual life of 17 months (2021: 23 months); these shares have an exercise price of £nil (2021: £nil).

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

8. Share-based LTIP continued

Cash-based conditional awards

Cash-settled share-based payments were granted in the year under the PSP. These are equivalent to the RSAs granted during the year, but are to be settled through cash, rather than shares.

These awards have no value to the participant at the grant date, but subject to the conditions of the specific scheme can convert and give participants the right to a cash settlement at the end of the performance period.

The vesting period of these schemes is two years. Cash-settled share awards will also expire if the employee leaves the Group prior to the exercise or vesting date subject to the discretionary powers of the Remuneration Committee.

The terms and conditions of the award of cash-settled shares granted under the PSP during the year are as follows:

Grant date	Type of award	Group and Company			
		Number of shares	Vesting period	Fair value at grant date	Fair value at reporting date
October 2020	Cash-settled restricted share award	286,951	2 years	1.75	1.53
October 2021	Cash-settled restricted share award	151,430	2 years	2.56	1.53

The movement in the number of share awards outstanding is as follows:

	Group and Company	
	2022 Number of shares	2021 Number of shares
At start of the period	261,158	–
Granted	151,430	286,951
Forfeited	(82,017)	(25,793)
Total number of outstanding share awards at end of the period	330,571	261,158

None of the share awards were exercisable at the period end date (2021: nil).

The shares granted during the year are restricted share-based conditional awards. The terms and conditions of the award specify that the fair value at the end of the performance period will be the lower of fair value on that date or a cap of twice the grant price.

The fair value of the shares awarded at the grant date during the year was £0.5m (2021: £0.5m) and has been remeasured to £0.3m (2021: £0.7m) at the reporting date. The fair value of the award is determined at the modified grant date and is remeasured at each subsequent reporting period. The shares granted during the year did not contain any market-based vesting criteria.

A charge of £0.1m (2021: £0.2m) has been recorded in the Group statement of comprehensive income during the year for cash-settled schemes under the PSP.

Save As You Earn

A Save As You Earn scheme is operated by the Group. A charge of £0.1m (2021: no charge) has been recorded in the Group statement of comprehensive income during the year.

Buy As You Earn

A Buy As You Earn scheme is operated by the Group which commenced in August 2016. In the year 24,311 shares (2021: 31,032 shares) have been purchased under the scheme. The charge to the Group statement of comprehensive income is immaterial and therefore has not been accounted for.

Other schemes

Share options were issued in the current and prior years as part of recruitment packages for certain members of senior management. These options are subject to leavers' provisions and the exercise period is up to two years. The charge to the Group statement of comprehensive income in financial year 2022 for these awards is £0.2m (2021: £0.1m).

9. Founder Share Plan

On 12 September 2017, the Founders of Superdry (**the Founders**), Julian Dunkerton and James Holder, announced the launch of a long-term incentive scheme, the Founder Share Plan (**FSP**) under which they agreed to share increases in their wealth with employees of the Group. The Founders had agreed to transfer into a fund 20% of their gain from any increase in the Group's share price over a threshold of £18.

The measurement period for the FSP ran from 1 October 2017 to 30 September 2020, and as such the measurement period for the market-based vesting criteria expired in FY21.

The gain to be transferred into the fund was to be calculated using the market value of the shares, calculated as the average price of a Superdry plc share over the 20 dealing days prior to the maturity date (30 September 2020). When calculated, the market value of the shares on maturity did not meet the minimum threshold of £18 and therefore the FSP scheme did not meet the vesting criteria.

IFRS 2 stipulates that there is no adjustment to the Group's statement of comprehensive income where the scheme does not vest due to a market-based condition, and so there is no adjustment required to recognise that the scheme will not vest.

The vesting period for the awards differed depending on the seniority of the colleagues in question. To be eligible for the award, employees needed to remain in employment on the vesting date, details of which were as follows:

Share-settled element – Senior management

- 50% – 31 January 2021
- 50% – 31 January 2022

Cash and share-settled elements – All other colleagues

- 50% – 31 January 2021
- 50% – 31 July 2021

In accordance with IFRS 2 the FSP scheme has been accounted for as an equity-settled share-based payment scheme. The fair value of the award is determined using a Monte Carlo pricing model.

The share-based payment charge associated with the FSP has accrued over five financial periods in line with the original vesting period, up until financial year 2022.

A credit of £0.6m (2021: charge of £0.5m) has been recorded in the Group statement of comprehensive income during the year.

The number of share awards granted in the period is nil. The scheme ended in January 2022, with none of the vesting criteria met. No share awards under the founder share plan are still in issue at 30 April 2022.

10. Auditor remuneration

During the period, the Group obtained the following services from the Company's auditor as detailed below:

	Group	
	2022 £'000	2021 £'000
Audit services		
Fees payable to the Company's auditor for the audit of the Company and the consolidated financial statements	3,049	2,350
The audit of the Company's subsidiaries pursuant to legislation	300	150
Total audit fees payable to the Company's auditor and its associates	3,349	2,500
Total auditor's remuneration	3,349	2,500

11. Other gains and losses (net)

	Group	
	2022 £m	2021 £m
Unrealised fair value gain/(loss) on foreign exchange forward contracts	13.7	(4.7)
Royalty income	7.2	4.2
Lease modifications and terminations	16.8	14.3
Lease termination: Settlement Fee	(8.1)	–
Other income	1.1	0.8
Total other gains and losses	30.7	14.6

The unrealised fair value gain on foreign exchange forward contracts of £13.7m (2021: £4.7m loss) has been treated as an adjusting item, see note 6.

Royalty income relates to wholesale royalty agreements, see note 1f for further detail. Other income in both financial years includes rent and profit from the sales of fixtures and fittings to franchisees.

Lease modifications and terminations relate to lease renegotiations under IFRS 16, which resulted in reducing both the lease liability and the right-of-use asset. As the adjustment exceeded the carrying value of the right-of-use asset, this excess has been recognised as a gain in profit or loss.

12. Operating profit/(loss)

Group operating profit/(loss) is stated after charging/(crediting):

	Group	
	2022 £m	2021 £m
Depreciation on property, plant and equipment – owned (note 18)	13.1	15.5
Depreciation on right-of-use assets (note 30)	28.0	27.3
Depreciation on deferred liability	(0.3)	(0.4)
Loss on disposal of property, plant and equipment (note 18)	1.1	0.1
Amortisation of intangible assets (note 19)	7.6	11.0
Impairment charges and reversals of property, plant and equipment and right-of-use assets (note 5)	16.8	10.7
Impairment of intangibles (note 5)	–	2.1
Restructuring, strategic change and other property costs (note 5)	–	1.0
Cost of inventories recognised as an expense	248.6	240.5
Net (Release)/impairment of inventories included in the above figure (note 23)	(0.4)	2.3
Short-term and variable rent payments net of lease incentives and waivers (note 5)	3.7	3.9
Onerous property related contracts charge (note 5)	1.5	5.1
Government grants including furlough, gross of provision (note 37)	(2.0)	(11.7)
Covid-19 rent concessions	(3.7)	(4.0)
Impairment (credit)/loss on trade receivables (note 24)	(1.8)	3.8
Net foreign exchange (gain)/loss	(12.6)	(0.5)

The above Group operating profit/(loss) includes £13.1m (2021: £13.4m) of depreciation savings on property, plant and equipment and intangible assets, and £4.3m (2021: £4.2m) of onerous contract provision utilisation.

13. Finance income and expense

	Group	
	2022 £m	2021 £m
Bank interest	–	–
Total finance income	–	–
Bank interest	(2.9)	(1.7)
Interest on lease liabilities	(5.1)	(5.5)
Total finance expense	(8.0)	(7.2)

14. Tax expense

The tax expense comprises:

	Group	
	2022 £m	2021 £m
Current tax		
• UK corporation tax charge for the period	–	–
• Adjustment in respect of prior periods	4.4	(0.9)
• Overseas tax	3.2	0.8
Total current tax (credit)/expense	7.6	(0.1)
Deferred tax		
• Origination and reversal of temporary differences	(0.8)	7.9
• Deferred tax asset movements in respect of tax losses	–	(7.7)
• Adjustment in respect of prior periods	(2.0)	3.2
• Effect of UK rate change	(12.7)	–
Adjusting tax expense/(credit)	3.0	(3.9)
Total deferred tax (credit)	(12.4)	(0.5)
Total tax (credit)	(4.8)	(0.6)

The tax credit on the statutory adjusted loss is £4.8m (2021: £0.6m credit). The net tax charge on adjusting items totals £3.0m (2021: £3.9m tax credit).

An adjusting tax charge of £3.0m arises as a result of impairments to the right-of-use asset values, a £0.1m adjusting tax charge as a result of impairments to property, plant and equipment and onerous leases at the balance sheet date; an adjusting tax charge of £3.4m arises in connection with movements on the derivative contracts; and a £0.5m exceptional credit arises in respect to adjustments to carry values of lease assets and liabilities.

14. Tax expense continued

Factors affecting the tax expense for the period are as follows:

	Group	
	2022 £m	2021 £m
Profit/(loss) before tax	17.9	(36.7)
Profit/(loss) multiplied by the standard rate in the UK – 19.0% (2021: 19.0%)	3.4	(7.0)
Expenses not deductible for tax purposes	1.7	–
Adjust opening UK deferred tax balances to 25% tax rate	(12.7)	–
Uncertain tax position-	–	1.3
Permanent differences	–	0.8
Overseas tax differentials	0.5	(1.0)
Deferred tax not recognised	2.4	2.4
Adjust closing UK deferred tax balances to 25% tax rate	(2.5)	–
Effect of tax rate changes	–	0.2
Adjustment in respect of prior years (inclusive of uncertain tax positions)	2.4	2.7
Total tax (credit)/expense excluding adjusting items	(4.8)	(0.6)

The Group has a tax credit on adjusted profits of £7.8m (2021: £3.3m loss) and a tax charge on adjusting losses of £3.0m (2021: £3.9m credit). Taken together the Group has a tax credit of £4.8m (2021: £0.6m credit). The Group's total effective tax rate is lower than the statutory rate of tax of 19%.

This is primarily due to the revaluation of UK deferred tax assets to the future enacted tax rate of 25%, level of overseas losses in relation to which no tax benefit has been recognised, movements in amounts recognised in respect of leases, and the creation of a provision for uncertain tax positions.

On 24 May 2021, Finance Bill 2021 substantively enacted provisions to increase the main rate of UK corporation tax to 25% from 1 April 2023. On 23 September 2022, the UK Government announced an intention to reverse this increase, and to keep the main rate at 19% from 01 April 2023 however this intention has not yet been substantively enacted. Accordingly, deferred tax balances relating to the UK as at 30 April 2022 have been measured at a rate of 25%. If we were to restate the deferred tax assets at 30 April 2022 using the announced proposal of a 19% future rate, the maximum potential impact would be a decrease to the deferred tax asset recognised by c.£13m.

15. Loss attributable to Superdry plc

The loss after tax for the 53 weeks ended 30 April 2022 for the Company was £55.8m (52 weeks ended 24 April 2021: loss of £12.6m). There was a credit to equity reserve of £1.0m (2021: £1.6m credit) in respect of employee share schemes. The Directors have approved the statement of comprehensive income for the Company. Retained earnings of the Company at 30 April 2022 were £6.5m (2021: £61.3m).

16. Earnings per share

	Group	
	2022 £m	2021 £m
Earnings		
Profit/(loss) for the period attributable to owners of the Company	22.7	(36.1)
	No.	No.
Number of shares at year-end*	81,360,187	82,041,820
Weighted average number of ordinary shares – basic	81,879,072	82,028,188
Effect of dilutive options and contingent shares	3,098,395	–
Weighted average number of ordinary shares – diluted	84,977,467	82,028,188
Basic earnings per share (pence)	27.7	(44.0)
Diluted earnings per share (pence)	26.7	(44.0)

* The number of shares at year-end excludes the shares held by the Supergroup Plc employee benefit trust.

Adjusted earnings per share

	Group	
	2022 £m	2021 £m
Earnings		
Adjusted profit/(loss) for the period attributable to the owners of the Company	29.7	(15.9)
	No.	No.
Weighted average number of ordinary shares – basic	81,879,072	82,028,188
Weighted average number of ordinary shares – diluted	84,977,467	82,028,188
Adjusted basic earnings per share (pence)	36.3	(19.4)
Adjusted diluted earnings per share (pence)	35.0	(19.4)

The weighted average number of shares is stated after the deduction of Superdry Plc shares held in trust by Supergroup Plc Employee Benefit Trust.

There were no share-related events after the balance sheet date that may affect earnings per share.

17. Dividends

	Group and Company	
	2022 £m	2021 £m
Equity – ordinary shares		
Interim for the 53 weeks to 30 April 2022 – nil (2021: nil per share)	–	–
Final dividend for the 52 weeks to 24 April 2021 – nil (2021: nil per share)	–	–
Total dividends paid	–	–

Given the continued uncertainty in the trading environment and in order to maintain liquidity, the Board did not propose an interim dividend and has made the decision not to recommend a final dividend for 2022.

18. Property, plant and equipment

Movements in the carrying amount of property, plant and equipment were as follows:

	Group				Total £m
	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	
53 weeks ended 30 April 2022					
Cost					
At 24 April 2021	5.3	204.9	67.1	30.6	307.9
Exchange differences	–	(0.9)	–	0.2	(0.7)
Additions	–	4.6	4.1	0.6	9.3
Disposals	(0.1)	(19.5)	(6.5)	(1.0)	(27.1)
At 30 April 2022	5.2	189.1	64.7	30.4	289.4
Accumulated depreciation and impairments					
At 24 April 2021	1.1	191.8	58.0	27.6	278.5
Exchange differences	–	(1.2)	–	0.2	(1.0)
Disposals	–	(19.0)	(6.0)	(1.0)	(26.0)
Depreciation charge	–	7.4	4.2	1.5	13.1
Net impairment charges and reversals	–	2.4	–	–	2.4
At 30 April 2022	1.1	181.4	56.2	28.3	267.0
Net book value at 30 April 2022	4.1	7.7	8.5	2.1	22.4

The above property, plant and equipment net impairment movement of £2.4m constitutes part of the total net impairment of £16.8m in 2022 and related to an impairment review performed on store assets. For further details on this please see notes 2 and 6. The impairment has been included within adjusting items in FY22.

	Group				Total £m
	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	
52 weeks ended 24 April 2021					
Cost					
At 26 April 2020	5.3	213.5	66.4	30.1	315.3
Exchange differences	–	(2.6)	(0.8)	(0.3)	(3.7)
Additions	–	2.3	3.5	1.0	6.8
Disposals	–	(8.3)	(2.0)	(0.2)	(10.5)
At 24 April 2021	5.3	204.9	67.1	30.6	307.9
Accumulated depreciation and impairments					
At 26 April 2020	1.0	190.1	55.2	27.3	273.6
Exchange differences	–	(2.4)	(0.8)	(0.3)	(3.5)
Disposals	–	(8.2)	(2.0)	(0.2)	(10.4)
Depreciation charge	0.1	9.5	5.1	0.8	15.5
Net impairment charges and reversals	–	2.8	0.5	–	3.3
At 24 April 2021	1.1	191.8	58.0	27.6	278.5
Net book value at 24 April 2021	4.2	13.1	9.1	3.0	29.4

The above property, plant and equipment net impairment movement of £3.3m constitutes part of the total net impairment of £10.7m in 2021 and relates to an impairment review performed on store assets. For further details on this please see notes 2 and 6. This impairment has been included within adjusting items in FY21.

18. Property, plant and equipment continued

	Company				
	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total £m
53 weeks ended 30 April 2022					
Cost					
At 24 April 2021	1.9	9.9	4.5	19.7	36.0
Additions	–	0.2	0.3	0.7	1.2
At 30 April 2022	1.9	10.1	4.8	20.4	37.2
Accumulated depreciation					
At 24 April 2021	0.5	9.1	2.9	18.0	30.5
Depreciation charge	–	1.5	0.5	1.3	3.3
Net impairment charges and reversals	–	(0.5)	(0.1)	–	(0.6)
At 30 April 2022	0.5	10.1	3.3	19.3	33.2
Net book value at 30 April 2022	1.4	0.0	1.5	1.1	4.0

	Company				
	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total £m
52 weeks ended 24 April 2021					
Cost					
At 26 April 2020	1.9	11.0	3.8	18.5	35.2
Additions	–	0.2	1.1	1.2	2.5
Disposals	–	(1.3)	(0.4)	–	(1.7)
At 24 April 2021	1.9	9.9	4.5	19.7	36.0
Accumulated depreciation					
At 26 April 2020	0.5	9.0	2.8	17.7	30.0
Depreciation charge	–	0.8	0.4	0.3	1.5
Disposals	–	(0.8)	(0.3)	–	(1.1)
Net impairment charges and reversals	–	0.1	–	–	0.1
At 24 April 2021	0.5	9.1	2.9	18.0	30.5
Net book value at 24 April 2021	1.4	0.8	1.6	1.7	5.5

19. Intangible assets

	Group					
	Trademarks £m	Website and software £m	Lease premiums £m	Distribution agreements £m	Goodwill £m	Total £m
53 weeks ended 30 April 2022						
Cost						
At 24 April 2021	5.3	60.2	14.2	14.9	21.5	116.1
Exchange differences	–	–	(0.2)	0.2	(0.8)	(0.8)
Additions	0.5	8.0	–	–	–	8.5
Disposals	–	–	(12.6)	–	–	(12.6)
At 30 April 2022	5.8	68.2	1.4	15.1	20.7	111.2
Accumulated amortisation						
At 24 April 2021	3.3	43.5	14.2	13.4	–	74.4
Exchange differences	–	–	(0.2)	(0.3)	–	(0.5)
Amortisation charge	0.4	7.0	–	0.2	–	7.6
Disposals	–	–	(12.6)	–	–	(12.6)
At 30 April 2022	3.7	50.5	1.4	13.3	–	68.9
Net book value at 30 April 2022	2.1	17.7	–	1.8	20.7	42.3

	Group					
	Trademarks £m	Website and software £m	Lease premiums £m	Distribution agreements £m	Goodwill £m	Total £m
52 weeks ended 24 April 2021						
Cost						
At 26 April 2020	4.3	54.2	14.3	15.7	21.5	110.0
Exchange differences	–	–	–	(0.8)	–	(0.8)
Additions	1.0	6.0	–	–	–	7.0
Disposals	–	–	(0.1)	–	–	(0.1)
At 24 April 2021	5.3	60.2	14.2	14.9	21.5	116.1
Accumulated amortisation						
At 26 April 2020	2.9	31.1	14.3	13.3	–	61.6
Exchange differences	–	–	–	(0.2)	–	(0.2)
Amortisation charge	0.4	10.3	–	0.3	–	11.0
Impairment charges	–	2.1	–	–	–	2.1
Disposals	–	–	(0.1)	–	–	(0.1)
At 24 April 2021	3.3	43.5	14.2	13.4	–	74.4
Net book value at 24 April 2021	2.0	16.7	–	1.5	21.5	41.7

The above impairment charge of £2.1m relates to an impairment review performed on website and software assets. For further details on this please see note 6. This impairment has been included within adjusting items in FY21.

19. Intangible assets continued

	Company		
	Trademarks £m	Website and software £m	Total £m
53 weeks ended 30 April 2022			
Cost			
At 24 April 2021	0.8	42.8	43.6
Additions	–	1.7	1.7
At 30 April 2022	0.8	44.5	45.3
Accumulated amortisation			
At 24 April 2021	0.3	33.4	33.7
Amortisation charge	0.1	3.6	3.7
At 30 April 2022	0.4	37.0	37.4
Net book value at 30 April 2022	0.4	7.5	7.9

	Company		
	Trademarks £m	Website and software £m	Total £m
52 weeks ended 24 April 2021			
Cost			
At 26 April 2020	0.7	40.6	41.3
Additions	0.1	2.2	2.3
At 24 April 2021	0.8	42.8	43.6
Accumulated amortisation			
At 26 April 2020	0.2	24.8	25.0
Amortisation charge	0.1	7.0	7.1
Impairment charges	–	1.6	1.6
At 24 April 2021	0.3	33.4	33.7
Net book value at 24 April 2021	0.5	9.4	9.9

Amortisation of intangible assets is included within selling, general and administrative expenses in the Group statement of comprehensive income.

Impairment of goodwill

Goodwill of £20.7m is split between the Group's operating segments as £13.8m (2021: £14.3m) for Wholesale, £4.4m (2021: £4.7m) for Ecommerce and £2.5m (2021: £2.5m) for Stores.

An impairment test is a comparison of the carrying value of assets of a business or cash generating unit (**CGU**) to their recoverable amount. The Group monitors goodwill for impairment at a segmental level. Wholesale and Ecommerce are defined as individual CGUs, and the Stores segment is a group of CGUs. These segments represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

The recoverable amount is estimated based on using a value in use model using discounted cash flows. Where the recoverable amount is less than the carrying value, an impairment results. The Group's medium-term plan has been used as the basis for this calculation.

As identified in note 6, store assets have been impaired in the current year, where each store is assessed as an individual CGU. Goodwill is monitored at a total Stores segment level, not at an individual store level, and instead includes individually profitable stores in the assessment. Additionally, the cash flows in the goodwill impairment analysis are included over a 10-year period, compared to the lease expiry period in the store impairment assessment.

19. Intangible assets continued

Key assumptions

In determining the recoverable amount, it is necessary to make a series of assumptions to estimate the present value of future cash flows. In each case, these key assumptions have been made by management reflecting historical performance and are consistent with relevant external sources of information.

Discount rates

Management estimates discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. The pre-tax discount rate of 11.6% (2021: 11.6%) is derived from the Group's post-tax weighted average cost of capital of 12.4% (2021: 10.9%).

Operating cash flows

The key assumptions within the forecast operating cash flows include the growth rates in both sales and gross profit margins. This is especially dependent upon assumptions around the ability of the Group to pass increased input costs on to consumers. Key assumptions also include changes in the operating cost base in light of current inflationary pressure, and the level of capital expenditure, as set out in the medium-term financial plan. Judgement is also required in determining an appropriate allocation of central costs. Central costs have been allocated where there is a reasonable and consistent basis for apportionment.

Long-term growth rates

To forecast beyond the Group's medium-term plan, long-term average growth rates ranging from 0% to 2.0% (2021: 2.0%) have been used. The recoverable amount of each segment is calculated in reference to the value over the medium-term financial plan period, extrapolated for an additional five years at the long-term growth rate of 0% to 2.0% (2021: additional five years at 2.0%).

Goodwill sensitivity analysis

The results of the Group's impairment tests are dependent on estimates made by management, particularly in relation to the key assumptions described above. A sensitivity analysis as to potential changes in key assumptions has been performed. The present values of the future cash flows of the Stores, Ecommerce and Wholesale CGUs are significant and are insensitive to any reasonably possible changes to key assumptions.

20. Investments

	Company	
	30 April 2022 £m	24 April 2021 £m
53 weeks ended 30 April 2022		
Cost		
At 24 April 2021	472.0	467.5
Additions	14.0	4.5
Return of Capital from subsidiary	(36.1)	-
At 30 April 2022	449.9	472.0
Provision for impairment		
At 24 April 2021	211.6	210.0
Impairment Charge	97.7	1.6
At 30 April 2022	309.3	211.6
Net balance sheet amount at 30 April 2022	140.6	260.4

The total net book value of investments is £140.6m (2021: £260.4m). During 2022, an investment of £13.2m was made in SuperGroup France SARL as a capital injection. An addition of £0.8m (2021: £1.4m) has been recorded in relation to the IFRS 2 charges, that are accounted for in Group subsidiaries but relate to shares in the ultimate parent, being Superdry plc.

In the year, a distribution of £65.9m was made by SuperGroup Belgium Finance NV to Superdry Plc. Of the dividend received by Superdry Plc, £36.1m has been recognised as a return of capital and deducted directly from the carrying value of Superdry Plc's investment in SuperGroup Belgium Finance NV. The remainder of the dividend received of £29.8m has been recognised as dividend income in profit and loss. As a result of this transaction, the carrying value Superdry Plc's investment in SuperGroup Belgium Finance NV has been reduced to £0.1m.

An IFRS 9 loan loss allowance on intercompany receivables of £15.6m (2021: £25.2m) and an impairment charge of £97.7m (2021: £1.6m) on the Group's investment in subsidiary undertakings has been recognised. The loss allowance is based on the calculated NPV of the subsidiary compared to the intercompany balance. There is a difference between the Group and Company net assets due to the impairment in the Company being determined using the cash flows in the Group medium-term financial plan across all channels extrapolated for a further five years, whereas the retail cash flows used for the impairment of fixed assets and right-of-use assets in the Group balance sheet is limited to the existing lease term, which on average is three years.

See note 24 for details of the IFRS 9 loan loss allowance.

Impairment of investments in subsidiary undertakings

The Company tests investments in subsidiary undertakings annually for impairment.

The recoverable amount of each subsidiary is based on the discounted cash flows over the medium-term financial plan period, extrapolated for a total of 10 years at the long-term growth rate of 0% to 2%. The recoverable amount is compared to the investment carrying value and any difference recorded as impairment. The medium-term financial plan is apportioned to each of the subsidiaries and used to calculate an enterprise value for each subsidiary. The equity value has then been determined by adjusting the enterprise value for the net debt in each subsidiary, which considers all intercompany loans and receivables, together with cash on hand. The equity value is compared to the carrying value of Superdry Plc's investment in the subsidiary. Where Superdry Plc's investment in the subsidiary exceeds the calculated equity value, an impairment has been recorded.

Management estimates discount rates using pre tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. The pre-tax discount rates range from 11.3% to 17.7% (2021: 12.6% to 15.1%). The discount rates are derived from the Group's post-tax WACC and range from 11.1% to 13.8% (2021: 10.0% to 11.6%).

This review has led to an impairment of £97.7m being recognised in respect of DKH Retail Ltd. An equivalent review was performed in the prior reporting period, which resulted in a £1.2m impairment of SuperGroup Sweden AB and a £0.4m impairment of C-Retail Ltd. There are no circumstances identified in the current year, which support the reversal of previously recognised impairments of investments in subsidiaries.

The cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and small movements in these assumptions could lead to an increased impairment. The Company has carried out a sensitivity analysis on the impairment tests for its investment in subsidiary undertakings, using various reasonably possible scenarios. Further detail is set out in note 2.

20. Investments continued

Subsidiaries

All of the subsidiaries have been included in the consolidated financial statements. A list of the subsidiaries held during the year is set out below (registered office addresses are included within note 39):

Subsidiary	Principal activity	Country of incorporation	2022 % shares
C-Retail Limited ¹ – (07139142)	Clothing retailer in UK	UK	100
DKH Retail Limited ^{1,4} – (07063508)	Worldwide wholesale distribution	UK	100
SuperGroup Belgium NV ¹	Holds the investment in SuperGroup Netherlands BV	Belgium	100
SuperGroup Belgium Finance NV ¹	Provides finance to the European entities	Belgium	100
SuperGroup Concessions Limited ¹ – (07139101)	Clothing retailer in concessions	UK	100
SuperGroup Europe BVBA	Clothing retailer in Belgium	Belgium	100
Superdry France SARL ¹	Clothing retailer in France	France	100
Superdry Germany GmbH ^{1,3}	Clothing retailer in Germany	Germany	100
SuperGroup India Private Limited ¹	Manages supplier relationships in India	India	100
SuperGroup Internet Limited ^{1,7} – (07139044)	Clothing retailer via the Internet	UK	100
SuperGroup Netherlands BV	Holds the investment in SuperGroup Europe BVBA	Netherlands	100
SuperGroup Netherlands Retail BV	Clothing retailer in the Netherlands	Netherlands	100
SuperGroup Retail Spain S.L.U. ^{1,2}	Clothing retailer in Spain	Spain	100
SuperGroup Retail Ireland Limited ¹	Clothing retailer in the Republic of Ireland	ROI	100
SuperGroup Mumessillik Hizmet ve Ticaret Limited Sirketi ¹	Manages supplier relationships in Turkey	Turkey	100
SuperGroup Limited ^{1,6} – (07938117)	Dormant	UK	100
Superdry Hong Kong Limited ¹	Manages supplier relationships in China	Hong Kong	100
Superdry Sweden AB ¹	Clothing retailer in Sweden	Sweden	100
Superdry Norway A/S ¹	Norway wholesale agent	Norway	100
Superdry Retail Denmark A/S ¹	Clothing retailer in Denmark	Denmark	100
Superdry Nordic and Baltics A/S ¹	Denmark wholesale agent	Denmark	100
SD 1 Aps	Clothing retailer in Denmark	Denmark	100
SD 2 Aps	Dormant	Denmark	100
Superdry Retail LLC ⁵	Clothing retailer in USA	USA	100
Superdry Wholesale LLC ⁵	USA wholesale distribution	USA	100
SuperGroup USA Inc ^{1,5}	Holds investment in USA	USA	100

1. Directly owned by the Company.

2. Holds the investment in the Portuguese branch which is not material.

3. Holds the investment in the Austrian branch which is not material.

4. Holds the investment in the Switzerland and Norway branches which are not material.

5. Exempt from statutory audit.

6. Exempt from statutory audit under s448A exemption.

7. Exempt from statutory audit under s479A exemption.

All shares held by the Company are ordinary equity shares.

SuperGroup Internet Limited (company number 07139044) will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the period ended 30 April 2022. SuperGroup Internet Limited is 100% owned directly by Superdry plc. In accordance with section 479C of the Companies Act 2006, the Company will guarantee the debts and liabilities of SuperGroup Internet Limited.

20. Investments continued

Joint ventures

Set out below are the joint ventures of the Group as at 30 April 2022. The joint ventures have share capital consisting solely of ordinary shares, 50% of which are held directly by the Group. The country of incorporation is also their principal place of business.

Name of entity	Year-end	Country of incorporation	Ownership interest % shares	Measurement method
Trendy & Superdry Holding Limited	30 April	Hong Kong	50	Equity
Horace SARL (France)	31 Dec	France	50	Equity

The non-coterminous year end for Horace SARL (France) was historically determined and is of no material consequence to the Group.

As at 30 April 2022, the carrying value of the investment in Trendy & Superdry Holding Limited and Horace SARL was £nil. No charge was recognised in the financial statements in respect of the joint losses in the year as the opening investment asset was £Nil

21. Balances and transactions with related parties

Directors' emoluments

Directors' remuneration is set out in the audited section of the Directors' Remuneration Report on pages 106-126.

Transactions with Directors

Other than in respect of arrangements set out below and in relation to the employment of Directors, details of which are provided in the Directors' Remuneration Report on pages 106-126, there is no material indebtedness owed to or by the Company or the Group to any employee or any other person or entity considered to be a related party. This is with the exception of an outstanding loan to Phil Dickinson at the reporting date for an amount of £0.8m (2021: nil). In addition, £0.2m of a £0.4m onboarding payment made to Phil Dickinson, which was repayable under the terms of the employment agreement, has been waived in the year.

During the reporting period, the Group has spent £0.1m (2021: £0.1m) on travel and subsistence through companies in which Julian Dunkerton has a personal investment. The balance outstanding at 30 April 2022 was £nil (2021: £nil). This expenditure includes the provision of corporate travel, hotel and catering services supplied on an arm's-length basis. These interests have been disclosed and authorised by the Board.

In addition, the Group occupies two properties owned by J M Dunkerton SIPP pension fund whose beneficiary and member trustee is Julian Dunkerton. The properties are rented to the Group at a rate that is not on an arm's-length basis. Rental charges for these properties during the year were £0.1m (2021: £0.1m). The balance outstanding at 30 April 2022 was £nil (2021: £nil).

21. Balances and transactions with related parties continued

Company transactions with subsidiaries

The Company has made management charges and has intercompany receivable balances included within trade and other receivables as follows:

	Management charges		Intercompany payables		Intercompany receivables	
	2022 £m	2021 £m	Balance sheet 30 April 2022 £m	Balance sheet 24 April 2021 £m	Balance sheet 30 April 2022 £m	Balance sheet 24 April 2021 £m
C-Retail Limited	8.6	4.6	–	(50.7)	21.2	59.3
DKH Retail Limited	16.7	18.0	(91.8)	(180.8)	–	52.2
Superdry France SARL	1.2	1.1	–	2.4	6.2	0.6
Superdry Germany GmbH	2.2	2.1	–	0.4	54.2	3.1
SuperGroup Belgium NV	–	–	–	–	19.7	–
SuperGroup Belgium Finance NV	–	–	(13.2)	–	–	–
SuperGroup Concessions Limited	–	–	(2.6)	(2.6)	–	–
SuperGroup Internet Limited	11.2	16.2	(76.9)	(4.8)	–	43.9
SuperGroup Retail Ireland Limited	0.5	0.4	–	–	2.3	0.2
SuperGroup Retail Spain S.L.U.	0.3	0.3	(0.1)	–	–	1.0
SuperGroup Europe BVBA	0.8	0.8	–	1.7	5.6	3.3
SuperGroup Netherlands Retail and SuperGroup Netherlands BV	0.6	0.5	–	–	14.3	6.1
Superdry Nordic and Baltics A/S	–	–	–	–	1.0	0.7
Superdry Retail Denmark	–	–	(0.2)	–	–	–
Superdry Retail LLC	2.8	2.8	–	6.0	20.1	2.5
Superdry Wholesale LLC	0.4	0.5	–	6.4	46.3	29.5
Superdry Retail Sweden AB	–	–	(3.8)	(3.6)	–	–
SuperGroup India Private Ltd	–	–	–	–	0.1	–

The above intercompany receivable amounts are disclosed net of impairment charges.

Loan interest of £0.2m (2021: £0.2m) has been charged to Superdry Retail LLC, £1.0m (2021: £0.6m) of loan interest to Superdry Wholesale LLC and £nil (2021: £nil) of loan interest to Superdry Sweden AB in the period. As outlined in notes 24 and 27, these loans are repayable on demand.

In addition, the Company purchased additional share capital in its subsidiary, Superdry France SARL for an amount of £13.2m in the year. Prior to this transaction, Superdry France SARL had an intercompany payable to SuperGroup Belgium Finance NV of £13.2m. SuperGroup Belgium Finance NV's receivable from Superdry France SARL was then transferred to Superdry Plc. In return Superdry Plc assumed an intercompany payable to SuperGroup Belgium Finance NV for an equivalent amount. Superdry Plc then used its intercompany receivable from Superdry France SARL as consideration for additional share capital in Superdry France SARL of £13.2m. The transaction has been recorded by Superdry Plc as an increase in its investment in Superdry France SARL.

Further, certain intercompany receivables were distributed in the year by SuperGroup Finance BV to Superdry Plc. The receivables distributed by SuperGroup Finance BV included a receivable from Superdry Germany GmbH of £46.3m and a receivable from SuperGroup Belgium NV of £19.6m. Refer to note 20 for further explanation.

There have been no further transactions in the period.

22. Deferred tax assets and liabilities

The movement on the Group deferred tax account is as shown below:

	Depreciation in excess of capital allowances	Temporary differences*	Tax losses	Intangible assets – Deferred tax asset	Intangible assets – Deferred tax liability	Derivatives	Leases**	Uncertain tax positions	Total
At 24 April 2021	6.0	5.3	17.0	7.7	(0.7)	0.8	18.7	(1.0)	53.8
Effect of UK Rate change to 25%	1.8	1.0	4.6	2.3	–	0.3	2.2	0.5	12.7
Credited/(charged) to the Group statement of comprehensive income – adjusted	(7.6)	(0.6)	19.9	1.1	(0.2)	–	(11.7)	1.9	2.8
Credited/(charged) to the Group statement of comprehensive income – adjusting items	(0.2)	–	–	–	–	(3.3)	0.5	–	(3.0)
At 30 April 2022	-	5.7	41.5	11.1	(0.9)	(2.2)	9.7	1.4	66.3

* £6.8m of the £5.7m deferred tax asset on temporary differences arises in respect of provisions for unrealised profits on consolidation. This asset has only been recognised in jurisdictions where the criteria for recognition of deferred tax assets referenced below have been met.

** In the table above, the “Leases” category relates to deferred tax assets arising from temporary differences on leases. The Group’s IFRS 16 right-of-use assets and lease liabilities are not reflected in the statutory accounts of its subsidiaries, which report under applicable local GAAPs, since they arise only on conversion of its subsidiaries’ accounts from local GAAP to IFRS. Under these applicable local GAAPs, which are used as the basis for the profits assessed by the local tax authorities, the tax base for the Group’s leases is typically nil.

	Depreciation in excess of capital allowances	Temporary differences	Tax losses	Intangible assets – Deferred tax asset	Intangible assets – Deferred tax liability	Derivatives	Leases	Uncertain tax positions	Total
At 25 April 2020	5.7	7.8	9.1	8.3	(0.8)	–	23.2	–	53.3
Credited/(charged) to the Group statement of comprehensive income – adjusted	(0.2)	(2.5)	6.6	(0.6)	0.1	–	(5.8)	(1.0)	(3.4)
Credited/(charged) to the Group statement of comprehensive income – adjusting items	0.5	–	1.3	–	–	0.8	1.3	–	3.9
At 24 April 2021	6.0	5.3	17.0	7.7	(0.7)	0.8	18.7	(1.0)	53.8

In the Group’s financial statements, the majority of IFRS 16 right-of-use assets arise in respect of store leases. In many cases the value of these right-of-use assets has been reduced due to the recognition of impairment charges, such that the carrying value of the lease liabilities exceeds the carrying value of the right-of-use assets, resulting in a net lease liability in the Group financial statements.

The difference between the carrying value of this net lease liability recognised in the Group financial statements and the tax base of the leases gives rise to a temporary difference, on which a deferred tax asset has been recognised.

All but an immaterial portion of the deferred tax asset has been recognised in respect of jurisdictions which have suffered losses in either or both the current or prior year, primarily due to the impact of the COVID-19 pandemic.

22. Deferred tax assets and liabilities continued

The value of deferred tax assets recognised per jurisdiction is set out below.

Jurisdiction	Deferred tax asset recognised	
	2022 £'000	2021 £'000
UK	53.3	40.3
Germany	9.7	9.7
Other	3.3	3.8
Total	66.3	53.8

Deferred tax assets are recognised only in jurisdictions for which the Group has a strong track record of cumulative historical profitability, for which financial forecasts show suitable taxable profits or future reversals of existing taxable temporary differences and for which local legislation allows the carry forward of tax losses and deductible temporary differences either indefinitely or over the forecast period. The forecasts are based on the Group's medium-term financial plan, extrapolated for a further five years using long-term growth rates that are indicative of country-specific rates.

In assessing the probability of suitable future taxable profits outside the UK the Group has taken into account the existence of limited risk distributor contracts with certain of its European retail subsidiaries. No deferred tax asset has been recognised for the Group's US subsidiaries. Despite forecasting a return to profitability for Supergroup USA, the Group's US subsidiaries do not have a record of profitability in recent years and the US subsidiaries are exposed to a greater degree of operational and economic risk at a company level than the Group's European retail subsidiaries, which function as limited risk distributors.

There are unrecognised deferred tax assets of £34.6m at the balance sheet date (2021: £37.0m), of which £27.5m (2021: £25.1m) relate to US operations and £12.2m (2021: £11.4m) relate to temporary differences on leases. Of the unrecognised deferred tax assets attributable to US operations, £7.6m relates to losses which accrued in the periods to 29 April 2017. US tax losses arising in periods ending prior to 31 December 2017 have an expiration period of 20 years.

The movement on the Company deferred tax account is as shown below:

Net deferred tax assets £m	Company						Total
	Depreciation in excess of capital allowances	Temporary differences	Tax losses	Intangible assets	Derivatives		
At 24 April 2021	1.0	–	3.7	–	–	4.7	
Credited/(charged) to the Company statement of comprehensive income – adjusted	1.0	–	2.8	–	–	3.8	
Credited/(charged) to the Company statement of comprehensive income – adjusting items	–	–	–	–	–	–	
At 30 April 2022	2.0	–	6.5	–	–	8.5	

Uncertain tax position

The Group is subject to tax laws in a number of jurisdictions and given the scale of its operations, it is subject to periodic challenges by local tax authorities on a range of tax matters. The Group's transfer pricing policies aim to allocate profits and losses to each operating entity on an arm's length basis.

It is uncertain how different tax authorities may view the impact of the pre-COVID challenging trading environment, and the challenges presented by COVID on the Group's internal transfer pricing policies.

Given this uncertainty, the Group has recognised the following provisions in respect of uncertain tax positions as required under IAS12, with due consideration to guidance contained within IFRIC23.

53 weeks ended 30 April 2022	Group	
	30 April 2022 £m	24 April 2021 £m
Deferred tax liability	1.4	3.0
Deferred tax asset	(2.8)	(2.0)
Uncertain tax position – net deferred tax liability	(1.4)	1.0
Uncertain tax position – current tax liability	2.1	0.3
Uncertain tax position – total	0.7	1.3

23. Inventories

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Finished goods	132.7	148.3	1.3	1.5
Net inventories	132.7	148.3	1.3	1.5

Inventory write-downs for each period are as follows:

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
At start of period	9.1	9.8	–	0.2
Provision charge in the period	1.6	6.1	–	–
Unused amounts reversed	(2.0)	(3.8)	–	–
Utilised in period	(2.6)	(3.0)	–	(0.2)
At end of period	6.1	9.1	–	–

The net movement in the inventory provision, excluding utilised amounts, is a £0.4m release (2021: £2.3m charge).

There is no material difference between the book value a replacement cost of inventories.

24. Trade and other receivables

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Trade receivables	60.7	62.2	–	–
Less: allowance for expected credit losses	(4.7)	(8.6)	–	–
Net trade receivables	56.0	53.6	–	–
Other amounts due from related parties	–	–	211.4	227.3
Less: loss allowance for amounts due from related parties	–	–	(15.6)	(25.2)
Net amounts due from related parties	–	–	195.8	202.1
Taxation and social security	6.8	9.1	1.3	1.6
Other receivables	14.0	20.9	1.7	1.2
Prepayments	31.2	8.5	6.0	5.4
Rent deposits held by landlords	9.5	10.2	–	–
Total trade and other receivables	117.5	102.3	204.8	210.3

Prepayments for the Group include £15.3m (2021: £nil) of prepaid rent and rates.

The fair values of trade and other receivables are equal to their carrying value. The balances due from related parties are repayable on demand.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Trade and other receivables are provided as security for the Asset Backed Lending facility which is described further in note 26.

Impairment of trade receivables – Group accounts

The table below shows the credit risk exposure on the Group's trade receivables at 30 April 2022:

	Carrying amount £m	Current £m	Overdue 1-30 days	Overdue 31-60 days	Overdue 60 days +
Expected loss rate %	8%	3%	10%	31%	23%
Gross carrying amount – trade receivables	60.7	43.2	6.3	2.8	8.4
Loss allowance	(4.7)	(1.2)	(0.7)	(0.9)	(1.9)

24. Trade and other receivables continued

The table below shows the credit risk exposure on the Group's trade receivables at 24 April 2021:

	Carrying amount £m	Current £m	Overdue 1-30 days	Overdue 31-60 days	Overdue 60 days +
Expected loss rate %	14%	–	20%	26%	76%
Gross carrying amount – trade receivables	62.2	43.2	7.8	3.4	7.8
Loss allowance	(8.6)	(0.2)	(1.6)	(0.9)	(5.9)

Other receivables are tested for impairment on an individual basis. The credit risk is low, and the loss allowance measured as 12-month expected credit loss is immaterial. Due to the nature of the other classes within trade and other receivables there is not expected to be any credit loss allowance and as such there is no expected credit loss allowance to recognise on those assets.

The closing loss allowances for trade receivables as at 30 April 2022 reconciles to the opening loss allowances as follows:

	2022 £m	2021 £m
At start of period	8.6	14.6
Change in allowance, net of recoveries charged to the Group statement of comprehensive income	–	–
Receivables written off during the year as uncollectable, previously provided for	(2.1)	(2.2)
Unused loss allowance reversed	(1.8)	(3.8)
At end of period	4.7	8.6

The changes in the loss allowance for trade receivables has resulted in a net provision movement for the year of £3.9m (2021: £6.0m) as the provision associated with the debt written off has been utilised £2.1m (2021: £2.2m).

The individually impaired receivables relate wholly to the Wholesale segment. The other classes within trade and other receivables for the Group do not contain impaired assets.

Impairment of intercompany receivables – Company accounts

On 30 April 2022 intercompany receivables of £211.4m are included in stage 3 of IFRS 9's general impairment model. The Company uses the expected forward looking credit loss model approach of IFRS 9. At the start of the year, the provision recognised against the intercompany receivables was £25.2m. During 2022, there has been a release of £9.6m of the impairment of amounts due from related parties bringing the year-end balance within intercompany receivables that are classified as stage 3 to £15.6m.

The table below shows the credit risk exposure on the Company's receivables:

	2022 Carrying amount £m	2021 Carrying amount £m
Expected loss rate %	7.4%	11.1%
Gross carrying amount – receivables	211.4	227.3
Loss allowance	(15.6)	(25.2)

The decrease in the rate of expected credit losses has mainly been impacted due to the full release of the provision for receivables from Superdry Retail LLC and Superdry France of £6.0m and £1.6m, as well as a reduction in the provision for Superdry Wholesale LLC of £2.0m.

The closing loss allowances for intercompany receivables as at 30 April 2022 reconcile to the opening loss allowances as follows:

	2022 £m	2021 £m
At start of period	25.2	26.5
Change in allowance, net of recoveries charged to the Company statement of comprehensive income	(9.6)	(1.3)
At end of period	15.6	25.2

25. Cash and bank balances

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Cash at bank and in hand	20.5	38.9	–	0.9
Total cash and cash balances	20.5	38.9	–	0.9

Cash and bank balances comprise cash at bank with major UK and European clearing banks and earn floating rates of interest based upon bank base rates. At 30 April 2022, the Group had £6.5m (2021: £22.4m) deposited with HSBC Bank plc, £nil (2021: £0.7m) deposited with Barclays Bank plc, £nil (2021: £2.0m) deposited with Santander UK plc, £2.2m (2021: £5.7m) deposited with BNP Paribas, £0.4m (2021: £0.7m) deposited with ING Bank and £0.2m (2021: £0.2m) deposited with Sydbank and £1.5m (2021: £nil) deposited with Europäisch-Iranische Handelsbank AG. The remainder of the cash is deposited in other bank accounts.

The Moody's credit rating as at 30 April 2022 for HSBC Bank plc is A1 (2021: Aa3), Barclays Bank plc is A1 (2021: A1), Santander UK plc is A2 (2021: A2), BNP Paribas is Aa3 (2021: Aa3), ING Bank is Aa3 (2021: Aa3), Sydbank is A1 (2021: A1).

Included with cash and bank balances is £nil (2021: £0.1m) of rent deposits held for sub-tenants of the Regent Street store, and £nil (2021: £1.1m) of cash deposits from franchise customer guarantees, all of which is held in escrow. Additionally, there is £1.5m (2021: EUR 1.8m) deposited with Europäisch-Iranische Handelsbank AG which is subject to restrictions on repatriation. These amounts are restricted cash.

26. Borrowings

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Unsecured borrowings				
Bank overdraft	3.1	–	–	–
Total unsecured borrowings	3.1	–	–	–
Secured borrowings				
ABL facility	18.4	–	–	–
Total secured borrowings	18.4	–	–	–
Total borrowings	21.5	–	–	–

The Group has up to a net £10m uncommitted overdraft facility which has no financial covenants and is included within the cash pooling arrangements.

The Group has an up to £70m Asset Backed Lending Facility with HSBC and BNPP, which expires in January 2023. Given that negotiations for the extension or replacement of the current facility are ongoing, there exists a material uncertainty in respect of going concern. The Directors consider that the current up to £70m facility is sufficient until expiry in January 2023. Management believe they will be able to secure committed financing prior to the end of the current arrangement and are currently in positive discussions with a number of prospective lenders.

The ABL facility has one financial covenant: a fixed charge cover covenant, this being the ratio of EBITDA plus consolidated rent payable to consolidated net interest payable and consolidated net rent payable. The covenant is calculated on frozen UK GAAP accounting standards, and excludes the impact of IFRS16, IFRS15 and IFRS9. The covenant is measured over a 12-month period and is tested quarterly.

The ABL also has operational covenants: a debt turns, a dilution percentage with regards to notified debt and an inventory turn. These covenants are calculated monthly when preparing the eligible inventory and receivables borrowing base.

Cash and overdraft balances have been disclosed gross in line with the requirements of IAS32: Financial Instruments: Presentation. The Group has a net overdraft facility with HSBC Bank plc. Gross overdrafts in 2022 amounted to £3.1m (2021: £Nil).

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

27. Trade and other payables

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Non-current				
Deferred cash contributions and rent-free periods	0.6	–	–	–
Other payables	2.0	1.2	–	–
Total non-current trade and other payables	2.6	1.2	–	–
Current				
Trade payables	68.7	65.2	3.2	2.3
Amounts due to related parties	–	–	193.4	261.8
Taxation and social security	3.9	4.4	0.7	1.1
Other payables	7.8	8.1	0.7	0.9
Returns liability	11.5	12.0	–	–
Contract liabilities	6.3	5.1	–	–
Accruals	30.6	31.7	7.4	8.4
Deferred cash contributions and rent-free periods	0.4	–	–	–
Total current trade and other payables	129.2	126.5	205.4	274.5
Total trade and other payables	131.8	127.7	205.4	274.5

Other payables include wage liabilities of £1.7m (2021: £6.0m) and agents' commission accruals of £2.4m (2021: £2.6m).

The balances due to related parties are repayable on demand.

The returns liability is the present obligations for the actual and estimated customer returns and is expected to be utilised within 12 months. The liability is recalculated at each balance sheet date considering recent sales and anticipated levels of returns.

The maturity analysis of non-current deferred cash contributions and rent-free periods is as follows:

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
1 – 2 years	0.6	–	–	–
2 – 5 years	–	–	–	–
Greater than 5 years	–	–	–	–
Deferred cash contributions and rent-free periods	0.6	–	–	–

Contract liabilities

Contract liabilities for the purpose of IFRS 15 relate to the provision of gift cards and the timing of the sale of goods. This is the case where payment is received in advance of the performance obligations, which will be discharged at a later point in time. IFRS 15 therefore requires disclosure of the value of these outstanding liabilities at year-end, and the value recognised during the year for those performance obligations being met. The below amounts are included within trade and other payables:

	Group	
	2022 £m	2021 £m
Opening balance	5.1	5.4
New liabilities	8.8	5.3
Utilised to the income statement	(7.6)	(5.6)
Closing balance	6.3	5.1

Substantially all the revenue deferred at the current financial year-end will be recognised within two financial years. This was also the case at the prior financial year-end.

28. Provision for other liabilities and charges

	Group					
	Onerous property related contracts	Other provisions	Total	Onerous property related contracts	Other provisions	Total
	2022 £m	2022 £m	2022 £m	2021 £m	2021 £m	2021 £m
Provisions for other liabilities and charges at the start of the period	12.1	4.1	16.2	12.4	2.6	15.0
New provisions	–	–	–	–	1.6	1.6
Exchange differences	0.1	–	0.1	(0.7)	–	(0.7)
Utilisation in the period	(4.3)	(0.6)	(4.9)	(4.2)	(0.1)	(4.3)
Releases on exited stores	(1.0)	(0.2)	(1.2)	(0.5)	–	(0.5)
Charge in the period	1.5	0.2	1.7	5.1	–	5.1
Provisions for other liabilities and charges at the end of the period	8.4	3.5	11.9	12.1	4.1	16.2
Analysed as:						
Current provisions	3.0	1.7	4.7	4.6	1.6	6.2
Non-current provisions	5.4	1.8	7.2	7.5	2.5	10.0

Note 2 outlines the nature, descriptions and sensitivities surrounding the onerous property related contract provisions.

The other provisions category relates to the dilapidation provisions and a furlough provision. Dilapidations provisions will be utilised upon the exit or expiry of various property leases which are expected to be between 2022 and 2031. Onerous property related contracts are utilised over the remaining life of the lease, expected to be between 2022 and 2031. The furlough provision is to cover any furlough related clawbacks and is expected to be utilised in the next financial year.

	Company	
	Onerous property related contracts	Onerous property related contracts
	2022 £m	2021 £m
Provisions for other liabilities and charges at the start of the period	0.6	0.3
Utilisation in the period	(0.2)	–
Charge in the period	1.1	0.3
Provisions for other liabilities and charges at the end of the period	1.5	0.6
Analysed as:		
Current provisions	1.0	0.3
Non-current provisions	0.5	0.3

29. Contingencies and commitments

Contingent liabilities

The Company is party to an unlimited cross guarantee over all liabilities of the Group.

The Group has contractual agreements with third party wholesale agents which include a right for the wholesale agent to be indemnified when the contract is terminated. These future indemnity amounts are held as contingent liabilities until the contract is terminated, at which point they are held as provisions or accruals. The value of future obligations for contracts which have not yet been terminated (and have no defined end date) is £3.4m (2021: £3.4m).

30. Leases

Right-of-use asset

	Group	Company
	Right-of-use asset £m	Right-of-use asset £m
53 weeks ended 30 April 2022		
Cost		
At 24 April 2021	343.4	7.2
Additions	50.6	0.1
Disposals	(26.4)	(0.1)
Lease modifications	(4.1)	–
Exchange rate difference	(1.5)	–
At 30 April 2022	362.0	7.2
Accumulated depreciation		
At 24 April 2021	252.3	5.4
Depreciation charge	28.0	0.5
Disposals	(12.2)	0.1
Net impairment charges and reversals	14.4	(0.1)
Exchange rate difference	(0.7)	–
At 30 April 2022	281.8	5.9
Net balance sheet amount at 30 April 2022	80.2	1.3

The above right-of-use asset net impairment movement of £14.4m (2021: £7.4m) constitutes part of the total net impairment of £16.8m in 2022 (2021: £10.7m) and relates to an impairment review performed on store assets with the remaining £2.4m (2021: £3.3m) relating to property, plant and equipment. For further details on this please see notes 2 and 6. This impairment has been included within adjusting items in the current and prior year.

The carrying amount of the right-of-use asset is split between motor vehicles of £0.1m (2021: £0.3m) and property of £80.1m (2021: £89.9m).

30. Leases continued

	Group	Company
	Right-of-use asset £m	Right-of-use asset £m
52 weeks ended 24 April 2021		
Cost		
At 25 April 2020	344.2	6.7
Additions	17.0	0.5
Disposals	(7.7)	–
Lease modifications	(7.6)	–
Exchange rate difference	(2.5)	–
At 24 April 2021	343.4	7.2

	Group	Company
	Right-of-use asset £m	Right-of-use asset £m
Accumulated depreciation		
At 25 April 2020	226.2	1.2
Depreciation charge	27.3	0.7
Disposals	(7.5)	–
Net impairment charges and reversals	7.4	3.5
Exchange rate difference	(1.1)	–
At 24 April 2021	252.3	5.4
Net balance sheet amount on 24 April 2021	91.1	1.8

Items in the Group statement of comprehensive income not impacted by IFRS 16 are:

	Group	
	2022 £m	2021 £m
Lease expense relating to short-term assets	1.2	4.3
The expense of variable lease payments not included in the lease liabilities	3.2	1.3

The above lease expenses are gross of onerous property related contracts provision, capital contribution releases and rent-free releases. The equivalent disclosures in note 5 and note 12 are disclosed net of these.

Lease liability

Lease liabilities are calculated by discounting fixed lease payments using the incremental borrowing rate at the lease inception date determined with reference to the geographical location and length of the lease. The discount rates applied to leases range between 0.3% and 8.5% (2021: 0.3% to 8.5%).

Analysed as:	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Current lease liability	66.1	94.1	1.3	2.1
Non-current lease liability	151.2	175.5	2.4	3.6
Total lease liability	217.3	269.6	3.7	5.7

The remaining contractual maturities of the lease liabilities, which are gross and undiscounted, are as follows:

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Less than one year	66.1	94.1	1.3	1.5
One to two years	50.2	54.3	0.9	1.2
Two to three years	42.8	43.8	0.8	0.9
Three to four years	28.5	36.7	0.4	0.9
Four to five years	19.9	25.5	0.2	0.5
More than five years	18.6	24.4	0.1	0.3
Total undiscounted lease liability	226.1	278.8	3.7	5.3

30. Leases continued

Reconciliation of liabilities to cash flow arising from leases:

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Opening lease liability	269.6	320.9	5.7	8.1
Payment of lease liability	(71.7)	(45.4)	(2.0)	(0.8)
Present value of Covid-19 rent concessions and deferrals	(3.7)	(4.2)	0.3	(0.2)
Increase due to lease additions and modifications	54.9	18.0	–	0.1
Decrease due to lease disposals and modifications	(34.7)	(21.3)	(0.2)	(1.7)
Interest expense	5.1	5.5	0.1	0.2
Foreign exchange differences	(2.2)	(3.9)	(0.2)	–
Closing lease liability	217.3	269.6	3.7	5.7

All movements in the table above are non-cash movements except for payment of lease liability and interest expense which are cash movements. For a reconciliation of liabilities to cash flow arising from other financing activities (excluding leases), refer to note 26.

31. Property commitments

The future aggregate minimum lease payments under non-cancellable commitments are as follows:

	Land and buildings			
	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Due within 1 year	14.3	15.8	1.1	0.7
Due in more than 1 year, but no more than 5 years	32.2	35.2	2.7	1.8
Due in more than 5 years	6.3	5.1	0.2	0.2
Total operating lease commitments	52.8	56.1	4.0	2.7

The Group leases various stores, offices and vehicles under non-cancellable operating leases. The leases have varying terms, escalating clauses and renewal rights. On renewal, the terms of the leases are renegotiated. From 28 April 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases. Following the transition to IFRS 16, rent is recorded as interest charged on the lease liability and depreciation charged on the right-of-use asset, so the above disclosure relates to service charges only.

Not included in the above commitments are contingent rental payments which are linked to sales generated from stores. For individual stores, up to 100% of lease payments are based on variable contracts with various percentages within the terms.

32. Note to the cash flow statement

Reconciliation of operating profit to cash generated from operations

	Note	Group		Company	
		2022 £m	2021 £m	2022 £m	2021 £m
Operating profit/(loss)		25.9	(29.5)	8.4	(6.0)
Adjusted for:					
• Loss/(gain) on derivatives	6	(13.7)	4.7	–	–
• Depreciation of property, plant and equipment and right-of-use assets	18,30	41.1	43.9	3.8	2.2
• Amortisation of intangible assets	19	7.6	11.0	3.7	7.1
• Impairment of property, plant and equipment, right-of-use assets and intangible assets		16.8	12.8	–	5.2
• Loss on disposal of property, plant and equipment		1.1	0.1	–	0.7
• Lease modifications	30	(16.8)	(14.3)	(0.3)	(1.6)
• IFRS 16 Covid-19 rent concessions		(3.7)	(4.0)	(0.3)	(0.6)
• Increase in onerous property related contracts provision (net of releases on exited stores)	28	0.5	4.6	1.1	0.1
• Increase in other provisions	28	–	1.6	–	–
• Employee share award schemes	8	2.0	1.1	0.7	0.4
• IFRS 2 charge – FSP	9	(0.6)	0.5	–	0.1
• Foreign exchange losses	12	(12.6)	0.5	(4.1)	(0.6)
• Net (release)/increase of inventory provision	23	(0.4)	2.3	–	–
• Net impairment of trade receivables	24	(1.8)	(3.8)	–	–
Operating cash flow before movements in working capital		45.4	29.7	13.0	7.0
Changes in working capital:					
• Decrease in inventories		16.7	6.2	0.2	0.8
• (Increase)/decrease in trade and other receivables		(13.6)	(10.8)	81.1	48.8
• Increase/(decrease) in trade and other payables and provisions		(1.3)	25.0	(80.9)	14.8
Cash generated from operating activities		47.2	50.1	13.4	71.4

Group cash flows arising from adjusting items are £nil (2021: £1.4m).

33. Net cash/(debt)

Analysis of net cash/(debt)

		Group			2022 £m
		2021 £m	Cash flow £m	Non-cash changes £m	
Cash and bank balances	25	38.9	(18.8)	0.4	20.5
Overdraft	26	–	(3.1)	–	(3.1)
Cash and cash equivalents		38.9	(21.9)	0.4	17.4
ABL Facility	26	–	(18.4)	–	(18.4)
Net cash/(debt)		38.9	(40.3)	0.4	(1.0)

		Company			2022 £m
		2021 £m	Cash flow £m	Non-cash changes £m	
Cash and bank balances	25	0.9	(0.9)	–	–
Overdraft	26	–	–	–	–
Cash and cash equivalents		0.9	(0.9)	–	–

Non-cash changes relates to exchange gains on cash and cash equivalents. Interest of £2.9m (2021: £1.8m) has been incurred in respect of short-term facilities.

A reconciliation of movements of liabilities to cash flows arising from financing activities excluding lease liability is included below:

	Group ABL £m
Balance at 25 April 2021	–
Changes from financing cash flows:	
Payment of lease liabilities – principal amount	–
Drawdown of ABL	164.7
Payment of interest	(2.9)
Repayment of ABL	(146.3)
Total changes from financing cash flows	15.5
Other Changes:	
Present value of COVID 19 rent concessions and deferrals	–
Increase due to lease additions and modifications	–
Decrease due to lease disposals and modifications	–
Interest expense	2.9
Foreign exchange differences	–
Balance at 30 April 2022	18.4

See note 36 for an explanation of the use of net cash/debt.

34. Financial risk management

The Company's and Group's activities expose it to a variety of financial risks, including market risk (including foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain foreign exchange exposures.

Credit risk – Group accounts

Credit risk is managed on a Group basis through a shared service centre based in Cheltenham. Credit risk arises from cash and cash equivalents, as well as credit exposures to Wholesale and to a lesser extent Store and Ecommerce customers, including outstanding receivables and committed transactions. For Wholesale customers, management assesses the credit quality of the customer, considering its financial position, past experience and other factors. The Group mitigates risk in certain markets or with customers considered higher risk with payments in advance and bank guarantees, as well as adopting credit insurance where appropriate. The Group regularly monitors its exposure to bad debts in order to minimise risk of associated losses.

The Group is party to banking agreements that include a legal right of offset which enables the overdraft balances to be settled net with cash balances (2022 overdrafts: £3.1m, 2021 overdrafts: £nil). These balances have been excluded from contractual cash flows.

Sales to Store and Ecommerce customers are settled in cash, by major credit cards, or other online payment providers. Credit risk from cash and cash equivalents is managed via banking with well-established banks with a strong credit rating.

Impairment of financial assets

The Group's financial assets subject to the ECL model are primarily trade receivables.

A loss allowance is recognised based on ECL. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. None of the trade receivables that have been written off are subject to enforcement activities.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

34. Financial risk management continued

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The maximum exposure to credit risk is equal to the carrying value of the derivatives, cash and trade and other receivables.

Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. The exposure at default is represented by the asset's gross carrying value, less specific insurance held, at the reporting date.

The ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The Group recognises an impairment gain or loss in profit for all financial instruments with a corresponding adjustment to their carrying amount through a loss account.

Credit risk – Company accounts

The ECL model is required to be applied to the intercompany receivable balances, which are classified as held at amortised cost. The increase in the loss allowance during the current year relates to a deterioration in the borrower's credit risk during the current period.

Foreign currency risk

The Group's foreign currency exposure arises from:

- transactions (sales/purchases) denominated in foreign currencies.
- monetary items (mainly cash receivables and borrowings) denominated in foreign currencies.
- investments in foreign operations, whose net assets are exposed to foreign currency translation.

The Group is mainly exposed to US Dollar and Euro currency risks. The exposure to foreign exchange risk within each company is monitored and managed at Group level. The Group's policy on foreign currency risk is to economic hedge a portion of foreign exchange risk associated with forecast overseas transactions, and transactions and monetary items denominated in foreign currencies.

The Group's approach is to hedge the risk of changes in the relevant spot exchange rate. The Group uses forward contracts to hedge foreign exchange risk. As at 30 April 2022 and 24 April 2021, the Group had entered into a number of foreign exchange forward contracts to hedge part of the aforementioned translation risk. Any remaining amount remains unhedged.

Forward exchange contracts have not been formally designated as hedges and consequently no hedge accounting has been applied. Forward exchange contracts are carried at fair value. Currency exposure arising from the net assets of the Group's foreign operations are not hedged.

On 30 April 2022, if the currency had weakened/strengthened by 20% against both the US Dollar and Euro with all other variables held constant, profit for the period would have been £17m (2021: £13.8m) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar/Euro trade receivables, cash and cash equivalents, and trade payables. The figure of 20% used for sensitivity analysis has been chosen because it represents a range of reasonably probable fluctuations in exchange rates.

34. Financial risk management continued

The Group's foreign currency exposure is as follows:

	Group			
	2022 US Dollar £m	2022 Euro £m	2021 US Dollar £m	2021 Euro £m
Financial assets				
Trade receivables	5.2	35.7	2.5	40.5
Cash and cash equivalents	7.9	5.6	3.5	20.1
Financial assets exposure	13.1	41.3	6.0	60.6
Financial liabilities				
Trade payables	(2.3)	(11.4)	(8.3)	(11.1)
Lease liabilities	(24.5)	(93.9)	(29.7)	(116.3)
Overdrafts	–	(7.1)	–	–
Financial liabilities exposure	(26.8)	(112.4)	(38.0)	(127.4)
Net exposure	(13.7)	(71.1)	(32.0)	(66.8)

Cash flow interest rate risk

The Group has financial assets and liabilities which are exposed to changes in market interest rates. Changes in interest rates impact primarily on deposits, loans and borrowings by changing their future cash flows (variable rate). Management does not currently have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates and the Group does not use hedging instruments to minimise its exposure. However, at the time of taking out new loans or borrowings, management uses its judgement to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity. Sensitivity analysis has not been provided due to the low level of loans and borrowings within the Group. The Group's significant interest-bearing assets and liabilities are disclosed in notes 25 and 26.

Liquidity risk

Cash flow forecasting is performed on a Group basis by the monitoring of rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs. The maturity profile of the Group's liabilities is analysed in notes 26, 27 and 30.

The Group is party to banking agreements that include a legal right of offset which enables the overdraft balances to be settled net with cash balances (2022: £3.1m overdraft, 2021: £nil overdraft). These balances have been excluded from contractual cash flows.

In light of the external challenges currently faced by the Group, which include input price inflation, the impact of high inflation on consumer spending and the longer-term impact of COVID-19 on consumer behaviour, the Group is closely managing cash flows through reduced capital expenditure and tight control over day-to-day spend. There additionally continues to be a focus on improving operational efficiency through reducing stock levels and through achieving cost savings.

The Group has an up to £70m Asset Backed Lending Facility with HSBC and BNPP, which expires in January 2023. Given that negotiations for the extension or replacement of the current facility are ongoing, there exists a material uncertainty in respect of going concern. The Directors consider that the current up to £70m facility is sufficient until expiry in January 2023. Management believe they will be able to secure committed financing prior to the end of the current arrangement and are currently in positive discussions with a number of prospective lenders.

34. Financial risk management continued

Maturity of undiscounted financial liabilities (excluding derivatives)

The expected maturity of undiscounted financial liabilities is as follows:

	2022 £m	2021 £m
In one year or less	128.7	105.0
In two to five years	2.0	1.2

The above balances relate to trade payables, other payables, accruals and overdrafts. See note 30 for analysis of undiscounted lease liabilities.

Valuation hierarchy

The table below shows the financial instruments carried at fair value by valuation method:

	Group			Group		
	Level 1 £m	Level 2 £m	2022 Level 3 £m	Level 1 £m	Level 2 £m	2021 Level 3 £m
Assets						
Derivative financial instruments						
• forward foreign exchange contracts	–	9.8	–	–	2.7	–
Liabilities						
Derivative financial instruments						
• forward foreign exchange contracts	–	(0.5)	–	–	(7.2)	–

The level 2 forward foreign exchange valuations are derived from mark-to-market valuations based on observable market data as at the close of business on 30 April 2022.

The notional principal amount of the outstanding outright FX contracts as at 30 April 2022 was £105.4m (2021: £103.0m).

There are no structured forward foreign exchange contracts in place as at 30 April 2022 (2021: no structured forward foreign exchange contracts in place).

Derivative financial instruments

There is a master netting agreement in place in relation to derivatives. All cash flows will occur within 24 months (2021: 24 months). All derivative financial instruments are carried at fair value as assets when the fair value is positive and as liabilities when the fair value is negative.

The table below analyses the Group's and Company's derivative financial instruments. The amounts disclosed in the table are the carrying balances of the assets and liabilities as at the balance sheet date.

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Forward foreign exchange contracts – current	8.9	2.4	–	–
Forward foreign exchange contracts – non-current	0.9	0.3	–	–
Total derivative financial assets	9.8	2.7	–	–
Forward foreign exchange contracts – current	0.5	5.7	–	–
Forward foreign exchange contracts – non-current	–	1.5	–	–
Total derivative financial liabilities	0.5	7.2	–	–

The full fair value of a derivative is classified as a non-current asset or liability where the remaining maturity of the derivative is more than 12 months and as a current asset or liability if the maturity of the derivative is less than 12 months. The fair value of derivatives at 5 October 2022 is £5.9m.

34. Financial risk management continued

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders, and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any externally imposed capital requirements. The Group's strategy remains unchanged from financial year 2021.

Consistent with others in the industry, the Group monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is defined in note 36. Total capital employed is calculated as "equity" as shown in the consolidated balance sheet plus net debt. The Group is in a net debt position on 30 April 2022 (2021: net cash position).

The Board has put in place a distribution policy which considers the degree of maintainability of the Group's profit streams as well as the requirement to maintain a certain level of cash resources for working capital and capital investment purposes. If appropriate, the Board will recommend an ordinary dividend broadly reflecting the profits in the relevant period. In addition, the Board will consider and, if appropriate, recommend the payment of a supplemental dividend alongside the final ordinary dividend. The value of any such supplemental dividend will vary depending on the performance of the Group and the Group's anticipated working capital and capital investment requirements through the cycle. It is intended that, in normal circumstances, the value of the ordinary dividends declared in respect of any year are covered at least three times by adjusted profit after tax (see note 36 for definition). Considering the current economic climate and consistent with the FY21 decision, the Board did not propose an interim dividend and has made the decision not to recommend a final dividend for FY22.

The capital structure is as follows:

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Equity	103.9	90.4	157.8	214.6
Cash and cash equivalents	20.5	38.9	–	0.9
Borrowings	(21.5)	–	–	–
Net cash and cash equivalents	(1.0)	38.9	–	0.9

	Group					
	Assets at fair value through profit or loss 2022 £m	Financial assets at amortised cost 2022 £m	Total 2022 £m	Assets at fair value through profit or loss 2021 £m	Financial assets at amortised cost 2021 £m	Total 2021 £m
Trade and other receivables excluding non-financial assets	–	76.3	76.3	–	84.7	84.7
Derivative financial instruments	9.8	–	9.8	2.7	–	2.7
Cash and cash equivalents	–	20.5	20.5	–	38.9	38.9
Financial instruments – assets	9.8	96.8	106.6	2.7	123.6	126.3

	Group					
	Liabilities at fair value through profit or loss 2022 £m	Other financial liabilities at amortised cost 2022 £m	Total 2022 £m	Liabilities at fair value through profit or loss 2021 £m	Other financial liabilities at amortised cost 2021 £m	Total 2021 £m
Derivative financial instruments	0.5	–	0.5	7.2	–	7.2
Lease liabilities	–	217.3	217.3	–	269.6	269.6
Borrowings	–	21.5	21.5	–	–	–
Trade and other payables excluding non-financial liabilities	–	109.1	109.1	–	106.2	106.2
Financial instruments – liabilities	0.5	347.9	348.4	7.2	375.8	383.0

34. Financial risk management continued

	Company	
	Financial assets at amortised cost 2022 £m	Financial assets at amortised cost 2021 £m
Trade and other receivables excluding non-financial assets	197.5	203.3
Cash and cash equivalents	–	0.9
Financial instruments – assets	197.5	204.2

	Company	
	Other financial liabilities at amortised cost 2022 £m	Other financial liabilities at amortised cost 2021 £m
Trade and other payables excluding non-financial liabilities	204.7	273.4
Lease liabilities	3.7	5.7
Financial instruments – liabilities	208.4	279.1

35. Share capital

Authorised, allotted and fully paid 5p shares

Group and Company	Number of shares	Value of shares (£m)
30 April 2022	82,129,177	4.1
30 April 2021	82,041,820	4.1

87,357 ordinary shares of 5p were authorised, allotted and issued in the period under the Superdry share-based Long-Term Incentive Plans, Buy As You Earn and Save As You Earn schemes, as well as under other schemes issued to certain members of senior management. This represents the only movement in share capital in the year.

The number of shares stated above includes all Superdry Plc shares, including those held by the Supergroup Plc employee benefit trust. See below for a summary of the shares held by the trust at 30 April 2022.

Employees Share Option Plan (ESOP)

Group and Company	Number of shares	Value of shares (£m)
30 April 2022	768,990	2.0

During the year, the Supergroup Plc employee benefit trust purchased 768,990 of Superdry Plc's shares in order to settle future obligations under the Group's share-based incentive schemes. The employee benefit trust has been consolidated in the Group and Company financial statements, with the shares recognised in a separate ESOP reserve.

36. Alternative performance measures

Introduction

The Directors assess the performance of the Group using a variety of performance measures, some are IFRS, and some are adjusted and therefore termed “non-GAAP” measures or “alternative performance measures” (**APMs**). The rationale for using adjusted measures is explained below. The Directors principally discuss the Group’s results on an adjusted basis. Results on an adjusted basis are presented before adjusting items.

The APMs used in this Annual Report are adjusted operating profit and margin, adjusted profit/(loss) before tax, adjusted tax expense and adjusted effective tax rate, adjusted earnings per share and net cash/debt.

A reconciliation from these non-GAAP measures to the nearest measure prepared in accordance with IFRS is presented below. The APMs we use may not be directly comparable with similarly titled measures used by other companies. There have been no changes in definitions from the prior period.

Adjusting items

The Group’s statement of comprehensive income and segmental analysis separately identify adjusted results before adjusting items. The adjusted results are not intended to be a replacement for the IFRS results. The Directors believe that presentation of the Group’s results in this way provides stakeholders with additional helpful analysis of the Group’s financial performance. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee. It is also consistent with the way that management is incentivised.

In determining whether events or transactions are treated as adjusting items, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Adjusting items are identified by virtue of their size, nature or incidence.

Examples of charges or credits meeting the above definition and which have been presented as adjusting items in the current and/or prior years include:

- acquisitions/disposals of significant businesses and investments (including related to the joint venture);
- impact on deferred tax assets/liabilities for changes in tax rates;
- business restructuring programmes;
- derecognition of deferred tax assets;
- asset impairment charges and onerous property related contracts provision;
- the movement in the fair value of unrealised financial derivatives; and
- IFRS 2 charges in respect of Founder Share Plan (**FSP**).

If other items meet the criteria, which are applied consistently from year to year, they are also treated as adjusting other items.

Adjusting items in this period

The following items have been included within “Adjusting items” for the period ended 30 April 2022:

Fair value remeasurement of foreign exchange contracts – financial years 2022 and 2021

The fair value of unrealised financial derivatives is reviewed at the end of each reporting period and unrealised losses/gains are recognised in the Group statement of comprehensive income.

The Directors consider unrealised losses/gains to be adjusting items due to both their size and nature. The size of the movement on the fair value of the contracts is dependent on the spot foreign exchange rate at the balance sheet date and an assessment of future foreign exchange volatility applied to the relevant contract currencies, as such the size of the movements can be substantial. The unrealised foreign exchange contracts have been entered into in order to achieve an economic hedge against future payments and receipts and are not a reflection of historical performance.

36. Alternative performance measures continued

Restructuring, strategic change and other costs – financial year 2021

Adjusting items in the prior year included costs resulting from the restructuring programme announced in the FY20 Group Annual Report. The Directors considered these to be adjusting due to their size and their one-off nature.

In FY20, the Board and Executive Committee reviewed the long-term business plan for the Trendy & Superdry Holding Limited joint venture. Following discussions with the joint venture partner and considering the challenging retail environment due to Covid-19, both parties agreed to end the relationship.

No further costs have been recognised in FY22 in respect of the wind-up of the business. A total cost of £1.0m was recognised as an adjusting item in FY21.

Store asset impairment and onerous property related contracts provision – financial years 2022 and 2021

A store asset impairment and onerous property related contracts provision review was performed during the year across the Group's store portfolio. An adjusting net impairment charge of £16.8m of property, plant and equipment, intangible assets and right-of-use assets has been made on the basis that the recoverable amount is less than the carrying value. In addition, an onerous property contract charge of £1.5m has been recognised.

A similar exercise was performed in financial year 2021 across all store assets, resulting in a fixed asset impairment of £10.7m and an onerous property related contracts provision charge of £5.1m.

The Directors consider the store impairment and onerous property related contracts provision to be an adjusting item due to the materiality of the charge. See notes 2 and 6 for further details.

Founder Share Plan (FSP) – IFRS 2 charge – financial years 2022 and 2021

While there are no cost or cash implications for the Group, the Founder Share Plan (**FSP**) falls within the scope of IFRS 2. The Group has included the IFRS 2 charge and related deferred tax movement in relation to the FSP within adjusting items for the current and subsequent periods.

The Directors consider the plan to be one-off in nature and unusual in that the share awards are being funded exclusively by the Founders. While the charge is spread over a few financial years, the plan is a one-time scheme. Accordingly, the IFRS 2 charge in respect of the FSP is an adjusting item due to the size, nature and incidence of the scheme. There are no known recent examples within quoted companies of incentive arrangements operating in a similar way to the FSP. While unusual in terms of size, the plan is also unusual regarding its treatment in what is essentially a personal arrangement, with no net cost or cash and minimal administrative burden to the Company. There are no other adjustments anticipated in respect of the scheme other than the IFRS 2 charge.

Therefore, the Directors consider the charge to be significant in terms of its potential influence on the readers' interpretation of the Group's financial performance. The scheme ended in January 2022, with none of the vesting criteria met. Accordingly, no further expense or credit will be recognised in profit and loss in respect of the scheme in future periods. See note 9 for further details of the FSP.

Intangible asset impairments – financial year 2022

The Group recognised impairment charges in the prior year for website and software intangible assets. No impairment was identified in the current year in respect of website and software intangible assets (2021: £2.1m).

The Directors consider the website and software intangible asset impairment to be an adjusting item due to the one-off nature of the review. It is the Group's policy to present asset impairment charges as adjusting items. See notes 2 and 6 for further details.

36. Alternative performance measures continued

Adjusted operating profit and margin

In the opinion of the Directors, adjusted operating profit and margin are measures which seek to reflect the performance of the Group that will contribute to long-term sustainable profitable growth. The Directors focus on the trends in adjusted operating profit and margins, and they are key internal management metrics in assessing the Group's performance. As such, they exclude the impact of adjusting items.

A reconciliation from operating profit, the most directly comparable IFRS measure, to the adjusted operating profit and margin is set out below.

	2022 £m	2021 £m
Reported revenue	609.6	556.1
Operating profit/(loss)	25.9	(29.5)
Adjusting items	4.0	24.1
Adjusted operating profit/(loss)	29.9	(5.4)
	2022 £m	2021 £m
Operating margin	4.2%	(5.3)%
Adjusted operating margin	4.9%	(1.0)%

Adjusted profit/(loss) before tax

In the opinion of the Directors, adjusted profit/(loss) before tax is a measure which seeks to reflect the performance of the Group that will contribute to long-term sustainable profitable growth. As such, adjusted profit/(loss) before tax excludes the impact of adjusting items. The Directors consider this to be an important measure of Group performance and is consistent with how the business performance is reported to and assessed by the Board and the Executive Committee.

A reconciliation from loss before tax, the most directly comparable IFRS measure, to the adjusted loss before tax is set out below.

	2022 £m	2021 £m
Profit/(loss) before tax	17.9	(36.7)
Adjusting items	4.0	24.1
Adjusted profit/(loss) before tax	21.9	(12.6)

Adjusted tax expense and adjusted effective tax rate

In the opinion of the Directors, adjusted tax expense is the total tax charge for the Group excluding the tax impact of adjusting items. Correspondingly, the adjusted effective tax rate is the adjusted tax expense divided by the adjusted profit before tax.

These measures are an indicator of the ongoing tax rate of the Group.

A reconciliation from tax expense, the most directly comparable IFRS measures, to the adjusted tax expense is set out below:

	2022 £m	2021 £m
Adjusted profit/(loss) before tax	21.9	(12.6)
Tax credit	4.8	0.6
Adjusting items – current tax	–	–
Adjusting items – deferred tax	3.0	(3.9)
Adjusted tax credit/(expense)	7.8	(3.3)
Adjusted effective tax rate	35.6%	26.2%

36. Alternative performance measures continued

Net cash/(debt)

In the opinion of the Directors, net cash/debt is a useful measure to monitor the overall cash position of the Group. It is the total of all short and long-term loans and borrowings, less cash and cash equivalents. See note 33 for the Group's net cash/(debt) position. This position is exclusive of financial liabilities in relation to IFRS 16.

Adjusted EPS

In the opinion of the Directors, adjusted earnings per share is calculated using basic earnings, adjusted to exclude adjusting items net of current and deferred tax. See note 16 for the Group's adjusted EPS.

37. Government assistance

The Group received government support within the UK and EU territories during the current and prior years in response to the Covid-19 pandemic. This included: deferring tax payments; obtaining reductions in business rates from the UK government; seeking compensation for lost revenue and subsidies to cover fixed costs; and placing staff on furlough during the periods of store closures.

Furlough support across all territories of £0.3m was recognised in the year (2021: £9.2m), through the UK's Coronavirus Job Retention Scheme (CJRS) and equivalent schemes in other countries. A provision of £1.6m (2021: £1.6m) has been recognised to cover any existing furlough related clawbacks, as outlined in note 28.

The business rates reductions from the UK government totalled £4.6m (2021: £15.7m).

Lost revenue and subsidy support in the UK and other territories of £1.7m has been recognised in the year (2021: £2.5m).

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. The value is netted off against costs in selling, general and administrative expenses.

38. Post balance sheet events

There are no events that are material in value or nature that constitute disclosure as post balance sheet events.

39. Details of related undertakings

Superdry plc (the Company) is a public company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the Company's registered office is shown below.

Details of related undertakings including principal activity, country of incorporation and percentage of shares held by the Company are listed in note 20. The ultimate parent company and controlling party is Superdry plc. The primary activity of Superdry plc is to be the ultimate parent of the subsidiaries and incur expenses in relation to being a plc. The registered office address of each related undertaking is listed below:

UK

Superdry plc

C-Retail Limited
DKH Retail Limited
SuperGroup Concessions Limited
SuperGroup Internet Limited
Unit 60 The Runnings
Cheltenham
Gloucestershire
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Five Year History

(Unaudited)	2018 £m	2019 [*] £m	2020 ^{**} £m	2021 £m	2022 £m
Revenue	872.0	871.7	704.4	556.1	609.6
Cost of sales	(365.5)	(391.3)	(326.5)	(263.0)	(267.0)
Gross profit	506.5	480.4	377.9	293.1	342.6
Selling, general and administrative expenses – adjusted	(418.5)	(447.0)	(412.1)	(321.6)	(331.5)
Impairment (losses)/credit on trade receivables	–	–	(9.2)	3.8	1.8
Other gains and losses (net) – adjusted	12.3	10.8	9.1	19.3	17.0
Operating profit/(loss) before adjusting items – adjusted	100.3	44.2	(34.3)	(5.4)	29.9
Adjusting items (net)	(31.7)	(116.3)	(125.1)	(24.1)	(4.0)
Operating profit/(loss)	68.6	(72.1)	(159.4)	(29.5)	25.9
Finance costs (net)	(0.3)	(1.0)	(7.5)	(7.2)	(8.0)
Impairment losses on financial assets	–	(10.0)	–	–	–
Share of loss in investment/joint venture	(3.0)	(6.2)	–	–	–
Profit/(loss) before tax	65.3	(89.3)	(166.9)	(36.7)	17.9
Tax (expense)/credit	(14.6)	(12.4)	23.5	0.6	4.8
Profit/(loss) for the period	50.7	(101.7)	(143.4)	(36.1)	22.7
Profit attributable to non-controlling interests	–	–	–	–	–
Profit/(loss) attributable to equity shareholders	50.7	(101.7)	(143.4)	(36.1)	22.7
Adjusted profit/(loss) before tax	97.0	38.0	(41.8)	(12.6)	21.9
Basic earnings per share (pence)	62.2	(124.2)	(174.9)	(44.0)	27.7
Adjusted basic earnings per share (pence)	93.6	32.4	(43.5)	(19.4)	36.3
Weighted average number of shares (m) ^{***}	81.5	81.9	82.0	82.0	81.9

* Financial year 2019 includes the implementation of IFRS 9 and IFRS 15. Financial periods 2017-2018 have not been restated for this.

** Financial year 2020 includes the implementation of IFRS 16. The comparative periods have not been restated for this.

*** Financial Year 2022 states weighted average number of shares after the deduction of Superdry Plc shares held in trust by Supergroup Plc Employee Benefit Trust.



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