極度乾燥(しなさい)

Superdry®

Annual Reports and Accounts 2018

Our purpose is to make you feel amazing.

Welcome to the 2018 Annual Report and Accounts for Superdry Plc ("Superdry" or the "Company"). Where the term "Group" is used it bears the same meaning as set out in note 1a to the Notes to the Group and Company Financial Statements on page 111.

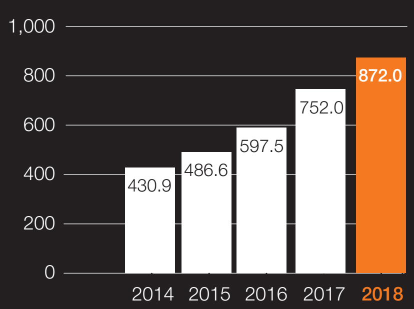
We hope you enjoy reading our report which reflects our commitment to providing transparent and consistent reporting.

We would, as always, welcome your feedback at
investor.relations@superdry.com

Highlights

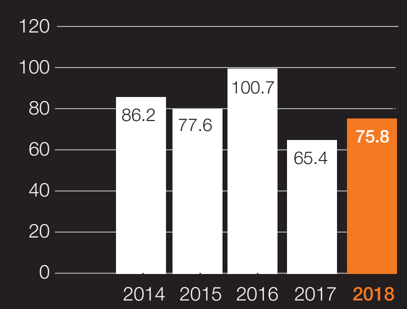
Group Revenue £872.0m

16.0% year-on-year



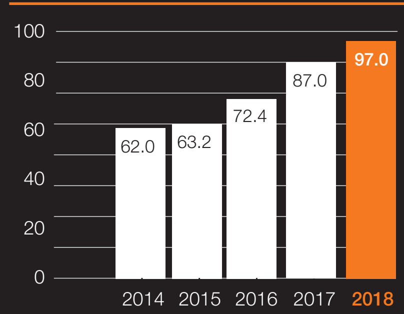
Year-end net cash[1] £75.8m

15.9% year-on-year



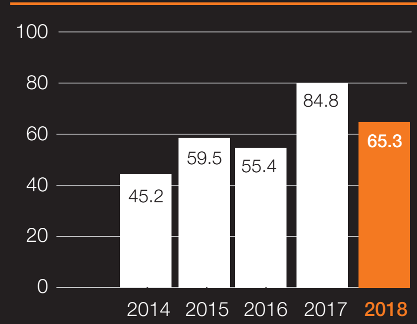
Underlying[1] Group profit before tax £97.0m

11.5% year-on-year



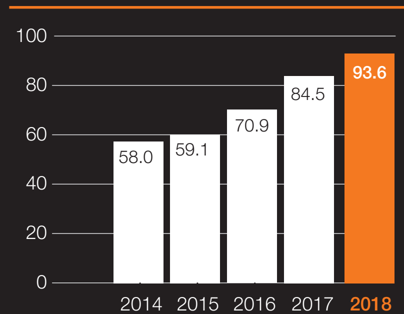
Group profit before tax £65.3m

-23.0% year-on-year



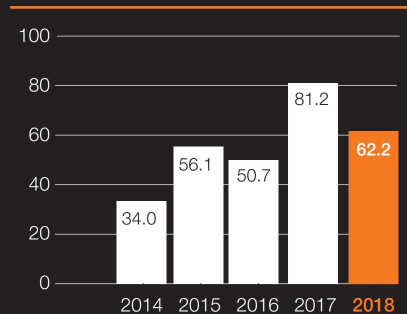
Underlying[1] basic earnings per share 93.6 pence

10.8% year-on-year



Basic earnings per share 62.2 pence

-23.4% year-on-year



Milestones and Operational Highlights

- Revenue up 16.0% to £872.0m
- Global Brand revenue[1] up 22.1% to £1.60bn
- Gross margin down 210bps to 58.1%
- Underlying[1] profit before tax up 11.5% to £97.0m
- Profit before tax down 23.0% to £65.3m
- Year-end net cash[1] position up 15.9% to £75.8m (2017: £65.4m)
- Full year ordinary dividend 31.2p per share representing a 3.0x cover
- Special dividend 25.0p per share
- Significant strengthening of Ecommerce position with industry-leading Order Management System
- Extension of multi-channel capabilities to Europe and US distribution centres
- Successful launch of Superdry Sport as a standalone brand, enhanced by innovative link with UK Invictus Games team

[1] Underlying, Global Brand revenue and Net Cash are used as alternative performance measures ('APMs'). Definitions of APMs and how they are calculated are included in note 35.

Contents

Strategic Report

Governance

Our Financials

Chairman's Statement

Peter Bamford

We changed our name to Superdry Plc this year demonstrating our commitment to the *Superdry* brand and giving greater simplicity and clarity to all of our communications.

The last year has been another one of growth, development and evolution for Superdry.

We changed our name to Superdry Plc this year demonstrating our commitment to the *Superdry* brand and giving greater simplicity and clarity to all of our communications.

We also announced at the Capital Markets Day in September 2017 a significant evolution of Superdry's strategy which reflects our increased global ambitions and the shift to the digital world in everything that we do. Central to this strategy is a shift towards our digital Ecommerce and Wholesale channels to market, which require lower levels of capital investment to support growth and away from a dependence on owned physical retail estate.

Our Board and leadership team have also evolved. Julian Dunkerton, one of the founders of *Superdry*, decided to leave the Company in March 2018 to focus on his other interests. Having stepped down from the CEO role in October 2014 when Euan Sutherland was appointed, the time was right for Julian, and for the business, to move on to a new approach to leadership in line with the next phase of our strategy focused on becoming a Global Digital Brand.

I would like to acknowledge Julian's remarkable achievement in establishing and building *Superdry* and thank him for everything that he has done. He leaves us with a strong legacy that we will build on as we embark on the next stage of the *Superdry* story. One specific legacy he leaves us with is the benefit of the Founder Share Plan which is discussed in more detail in note 9.

In addition, Nick Wharton decided to retire from his position as Chief Financial Officer in order to pursue a plural career. We are delighted to have Ed Barker join us to succeed Nick following a well-planned handover and transition process. I would like to thank Nick for the important contribution he has made to both the business and the Board. I wish him well for the next stage of his career.

We have also appointed two new Non-Executive Directors, Dennis Millard and John Smith, who both bring highly relevant skills and experience to our Board. Dennis joined us in the important role of Senior Independent Director in February to succeed Keith Edelman, who also stood down as Chairman of the Remuneration Committee in September 2017.

Keith will be retiring at the AGM in September this year. Keith had been Senior Independent Director and Chairman of the Remuneration Committee since the IPO in 2010 and has helped me steer the Company through its growth and development over the last eight and a half years. His energy, commitment, support and insight have been second to none and I would like to personally thank him for all he has contributed to *Superdry*.

We will continue to evolve our leadership team and Board composition in light of our desire for greater diversity, skills and experience to support our strategy, particularly in the areas of creative, digital and marketing expertise, and to provide for succession in a number of roles in future years.

Superdry has achieved the third successive year of double digit revenue and underlying profit before tax growth, reflecting strong revenue performance in the Wholesale and Ecommerce channels.

"The Company has achieved the third successive year of double digit revenue and underlying profit before tax growth . . . "

" ..we also announced our new Super Responsible 40 goals which are central to our brand positioning and demonstrate our commitment to corporate responsibility and sustainability."

This has been achieved against a difficult trading environment in our key markets across the globe. The overall economic backdrop has not been favourable, while a combination of the structural shift to online shopping and adverse weather in the fourth quarter in the UK, Continental Europe and the east coast of North America have made for a challenging end to the financial year 2018, particularly in retail stores. Euan and his team have done an exceptional job in extracting good results against this backdrop. We have adjusted our guidance for financial year 2019 in light of the general environment and the need to refine our customer proposition in light of our evolved strategy and the changing marketplace.

Corporate governance requirements are also evolving and we have continued to refine our approach in response, as well as reflecting the continued growth and maturity of Superdry. Following the Board Evaluation in 2017, the Board has focused significantly more time on culture and values. As a Board we regularly review the results of SuperSay, the Company's employee engagement survey, and have frequent presentations from members of the management team and engagement with them outside the Board. At the Capital Markets Day we also announced our new Super Responsible 40 goals which are central to our brand positioning and demonstrate our commitment to corporate responsibility and sustainability.

Once again I would like to thank everyone who works so hard for *Superdry*. Your energy, drive and enthusiasm are key to our future success. I would also like to thank our shareholders for their continued support as *Superdry* continues to develop and grow.

Peter Bamford
Chairman
4 July 2018

STRATEGY 5.0

GLOBAL DIGITAL BRAND

A Compelling Vision for Growth

Strategy
- Global Digital Brand
- Relentless Innovation
- Operational Excellence
- World Market Opportunity

Strong Execution
- Experienced Senior Management Team
- Execution Focused

Financial Impact
- Long-Term Brand Revenue Growth
- Operating Margin Expansion
- Strong Cash Generation

Capital Allocation
- Re-Invest for Organic Growth
- Excess Capital Returns

Why Invest In

極度乾燥(しなさい) Superdry®

- **Superdry is a Global Digital Brand**
  characterised by high-quality garments, innovative & distinctive design and value for money. Our talented global teams relentlessly innovate existing product ranges and extend the Superdry brand into adjacent categories.

- **Our disciplined multi-channel approach to expansion,**
  with growth being led through our capital light routes to market, in Ecommerce and Wholesale, and through investment in our development markets in the US and China, allows Superdry to access consumers across the globe.

- **Superdry has a strong, embedded, set of company values**
  defined by our colleagues, which in turn define the way we do business:
  Fun, Creativation, Quality, Individuality, Family and Passion.

- **A dedication to operational excellence**
  means we focus on every part of Superdry's operation, seeking to reduce cost and improve speed to market, enhancing the brand experience for our customers.

- **Superdry is led by a strong, experienced and collaborative leadership team**
  with a track record of delivering sustainable, profitable growth.

- **The Superdry business model is robust,**
  highly cash-generative and we are committed to returning excess capital to shareholders.

Our Brand

極度乾燥(しなさい) Superdry®

a Global Digital Brand

Superdry is a Global Digital Brand, recognised around the world, with consistent perceptions and a clear brand essence. This is epitomised by our brand purpose: we create the clothes – our customers create the stories. This clear brand positioning is centred on creating amazing clothes, through an obsession with design, quality and fit and is underpinned by relentless innovation and commitment to operational excellence in everything we do. Our customers are loyal and global and are defined by attitude, not age.

Core to the brand DNA is the combination of market-leading quality and design detail delivered at astonishing value for money. Superdry has democratic appeal, offering affordable, premium-quality clothing, accessories and footwear complemented by newer lifestyle categories such as Sport and Snow.

Brand strategy

In financial year 2018 we set out a clear vision to build a Global Digital Brand, encompassing all aspects of our product, brand and customer experience. This strategy will further broaden and strengthen the appeal of the iconic Superdry brand, building Superdry into a brand with longevity that will appeal through all customers' life stages and be a part of their lives beyond any individual product.

Our brand strategy has three key elements:

Driving brand awareness

There is a clear opportunity to introduce new consumers to Superdry and to ensure our existing customers are aware both of the breadth of our heritage product range and of new products as we continue to innovate relentlessly. This will allow us to increase consideration and purchase across a broader customer spectrum and with existing customers is particularly relevant for women.

Delivering a consistent global brand proposition

We will continue to deliver consistency by applying best practice in each market and leveraging our global capability, across channels, in merchandising and range selection together with a clear understanding of how we optimise the proposition in any particular channel, footprint or territory.

Building a broad cross-channel relationship with customers

Removing any points of friction, making it easy for our customers to interact with the Superdry brand across all our channels. We recognise that different customers interact with Superdry in different ways, with some preferring our Ecommerce offering, others preferring to shop in store and some looking to interact through multiple channels. We let our customers determine how they want to interact with us in whichever way suits them best and will always seek to provide them with a market-leading experience whatever that choice.

Our brand strategy also categorises each territory by the stage it has reached in developing the brand:

Market Strategy	Evolve	Grow	Build	Target
Brand Status	Established	Engaged	Emerging	Expected
Territories	UK, Belgium	Western Europe, Australia	US, China, Scandinavia, Middle East, Asia and South Africa	Eastern Europe, Canada, South America
Brand Development	Reaffirm and refresh our current brand position	Bring clarity to the brand to enhance growth in the market	Position and build the brand in new territories	Understand how the brand should be positioned and developed before entry

Our Strategy

Our four pillar Superdry 5.0 strategy is clear, grounded in a thorough understanding of our brand, consumer, product and organisational capability.

Below we detail a description of each element in our four-pillar strategy, together with what we have achieved against each of the components. The foundation for both current delivery and future development within each pillar reflects continued investment in people, systems and infrastructure, ensuring a strong platform to support the future growth of the business. While investment will continue in the medium-term to underpin long-term sustainable growth, our global distribution infrastructure and processes are now sufficiently developed to allow targeted efficiencies to crystallise.

Description

Global digital brand

Building Superdry to a globally recognised brand with digital as our core capability

- Leveraging the strong link between our brand values and our three product attributes, which are: quality obsession; 360 design and innovation; and value for money.
- Embracing the consumer-led shift towards online, particularly mobile, we apply a digital mindset to everything we do.
- Further diversified brand footprint across channel, category and geography.
- Disruptive, multi-channel approach means we are uniquely positioned to take advantage of growth opportunities globally.

Relentless innovation

An obsessive focus on quality and innovation ingrained in our design process

- Drive product opportunities by constant innovation both within our core mainline offer, particularly in womenswear, premium and denim, but also in adjacent categories including active sportswear, ski and footwear.
- Embrace technology and automation across all areas of the business.
- Refine category management and Design to Customer process to offer newness more frequently as we go through the seasons.

Operational excellence

Create an effective and efficient operating model to support our global growth and operating margin ambitions

- The optimisation of our Design to Customer process including the ongoing investment in our IT systems, including our transactional and internal business systems, and our infrastructure.
- Growth by continued investment in our colleagues, systems and infrastructure so that we drive increasing efficiency and operating margins as we grow our business.
- The entrepreneurial and innovative culture we inherited from our founders to remain at the heart of our way of working, allowing colleagues to flourish and fulfil their potential through working in a creative environment.

World market opportunity

Optimising growth through our agile, multi-channel approach

- Opportunities to expand Superdry's points of sale globally based upon a disciplined territory-by-territory approach led by capital-light channels, Wholesale and Ecommerce
- A multi-channel relationship with our consumers that enables them to order anywhere, on any device, using any payment method, and have their order delivered to wherever they choose.
- Increasing Ecommerce penetration across the world, including developing our partner programme, where we offer our product for sale on third party retailers.
- The growth and development of our Wholesale division.
- The considered growth of owned retail space in our key markets and continually reviewing our existing estate to ensure it remains appropriate.

Achievement

- Global Brand revenue increased by 22.1% year-on-year with growth in all key territories.
- Group revenue increased by 16.0% led by capital light channels.
- Unique and iconic product design, driving category leadership in core ranges.
- Fully integrated digital and social marketing campaigns driving incremental website visits, product sales and customer acquisition. Social media marketing campaigns resonating with key customer groups.
- Partnership with Invictus Games UK team drives broad brand awareness and enhances technical expertise with Sport.
- Customer engagement and loyalty growing significantly.

- Continued leadership in heritage ranges such as iconic graphic t-shirts, hoodies and sweats.
- Successful introduction of responsibly sourced down jackets, at affordable price point.
- iKiosk introduced to stores to enable customers to access entire range.
- Pilot of Radio Frequency Identification (RFID) technology provides platform for wider roll-out.

- Significant increase in the level of overlap between Retail and Wholesale ranges, increasing to 66% from 29% in 2015.
- Single integrated stock pool on track to be delivered in 2018, fully aligning Retail and Wholesale.
- Sterling Order Management System enables introduction of market-leading UK delivery proposition to key European markets.
- Global logistics infrastructure established via two additional, fully operational distribution centres.
- Design to Customer processes implemented, leading towards a single product range across all channels.
- Direct sourcing increased by 33% with Hong Kong sourcing office opened as next phase of development towards 80% goal.

- Wholesale revenue growth of 29.6% led by 24% increase in Superdry franchise locations with 75 stores opened across 33 countries.
- Market-leading ecommerce proposition established extending brand reach to 157 countries. Revenue growth of 25.8% year-on-year, with new localised Ecommerce sites introduced in the US and Switzerland.
- Owned store re-generation continues with 11 Next Generation conversions and capital light model developed for FY19.
- North America: Wholesale integration accelerated and distribution centre migration on track to facilitate further Wholesale and Ecommerce growth.
- China presence established: strong partner in place, brand landed well, franchise roll-out growing at pace.

Our Customers

Our target customers are characterised by attitude not age.

Our ongoing research provides us with a deep and contemporary understanding of, and insight into, our customer demographics, perceptions of Superdry and buying behaviour. This investment is key to understanding our consumers' perception of the brand and awareness, enabling us to better meet their needs whether in terms of product or a multi-channel shopping experience.

From this research we know our customers cover a wide demographic, attracted to Superdry because it is seen as accessible and democratic.

They are aspirational, appreciative of style, quality and attention to detail and are focused on value for money.

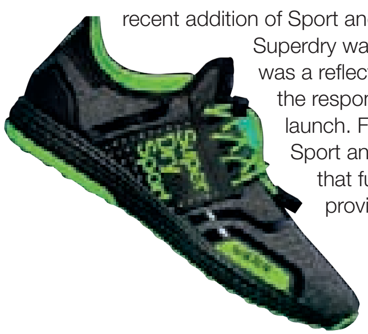
Customer insight

The qualitative insights show what customers think of Superdry. This evidences that Superdry is a strong brand with considerable democratic appeal. We are known for high-quality products and iconic styles often associated with big logos, but have significantly broadened our range in recent years to produce clothing with more subtle branding, with the most discreet branding reserved for our premium products. These insights have highlighted that the brand is still perceived as being rather masculine and that Womenswear has a narrower appeal to younger customers.

The progress we have made in developing our Womenswear offer, through a more feminine approach to both design and customer engagement, accesses this significant opportunity and will be a key focus over the coming year.

Customer led innovation to deliver amazing product

We continue to embed research into our design process and range planning, as well as into our customer communications. That research suggests that our customers perceive the recent addition of Sport and Premium categories as being complementary to their existing Superdry wardrobes. The initial launch of our Sport offering into Womenswear was a reflection of the strength of customer research about the opportunity; the response has been positive with strong sales performances since launch. Further development and enhancement of the Womenswear, Sport and Premium categories remains our priority and we are confident that further range extensions and innovations will flow from the insight provided from ongoing customer research.



Building a strong customer proposition

We continue to target a frictionless and broad cross-channel relationship with our consumers to make their experience more compelling and easier to facilitate. Our channels are increasingly inter-linked, with Ecommerce connected to stores via Click and Collect and iKiosk and further connected to Wholesale through our partner programme with, for example, Zalando.

Our Ecommerce objective remains to make it inspiring and easy for people across the planet to buy Superdry products, and deliver an amazing end-to-end experience. Our customers should be able to order anywhere, from any device, with any payment method and have it delivered anywhere. During the year, through both systems enhancements and establishing distribution capability in Europe, we introduced our market-leading UK delivery proposition to the majority of European markets. During the current year we will extend this capability to North America.

During the year we introduced our Next Generation store concept to 26 stores, including 11 refits. This format has a number of benefits, including the ability to showcase both the breadth of the range and our core category strength, such as jackets or graphic t-shirts and improve the customer shopping experience through flexible fixtures that offer more choice while increasing circulation space. The uplift in revenue from the introduction of this new concept has been encouraging, delivering a return on capital in line with expectations. During the year we have further refined the Next Generation format to create a more capital-light version, focused on the key value drivers and further digitising the in-store experience. This development will enable us to increase the number of stores to be refitted in the current financial year.

We have also extended our social media activity to increase awareness and consumer engagement with the Superdry brand, including our two main campaigns "The Night Is Young" over the summer, and "This Is The Jacket", a collaboration with key social media influencers to support our autumn programme. Both campaigns drove a consistent message to all consumers across all digital touchpoints through each campaign's central video, leveraging multiple forms of media.

Our Market and Routes to Customers

We continue to focus on expanding Superdry globally, adopting a disciplined multi-channel approach focused on capital-light routes to customers

The addressable market for Superdry is significant with current opportunities in economically developed markets supplemented through a fast developing, consumer base in growing economies, including China and India, where the brand is already present. The Superdry brand competes with all clothing and accessory retailers on an indirect basis and occupies a niche position within the branded fashion market defined by our unique product ranges and the design detail for which we are famous.

The impact of online retailing is becoming more evident as consumers' shopping habits change with online channels increasingly used to research and purchase products. This shift to online is taking place in every market in the world, with mobile purchases the fastest growing segment within this. We are embracing this shift and continually enhance our consumers' experience on-line to provide a sector-leading multi-channel proposition. Three of our eight routes to consumers are digital representing 18.7% of revenues and we have further plans to develop our capabilities including the introduction of a Progressive Web App in 2018.

Our approach to each market is considered and seeks to optimise returns and minimise risk by tailoring the channel and marketing strategy to each country and its stage of development.

In delivering this strategy we benefit from deep experience and established capability in the following eight routes to the customer:

Wholesale channels

1. **Multi-brand independents and distributors**
2. **Franchise and license stores in secondary catchments and developing markets**
3. **Physical and online department stores**

Commentary

The capital-light nature of the Wholesale model allows us to expand rapidly into locations, drive brand awareness and gain market share without significant capital investment. Wholesale channels represent the most significant route to consumer for the brand representing approximately 59.8% of Global Brand revenues in FY18 (37.1% of Group revenues), and consist of three distinct routes to market:

- Independent retailers and distribution partners represent the largest part of our Wholesale routes to market, accounting for 41.9% of total Wholesale revenue, through more than 2,400 points of distribution.
- Franchise and license partners represent the majority of our store portfolio. Our franchise estate now stands at 394 Superdry stores, including eight dedicated Superdry Sport stores opened in the year. Franchise and license stores generate 36.8% of total Wholesale revenues, with more than 63% of this in Continental Europe. We will continue to rebalance our physical store growth towards franchise stores, which are a faster, lower risk and capital-light route to market.
- Physical and online department store key accounts such as Next in the UK, Macy's and Bloomingdales in the US, and Peek & Cloppenburg and Zalando in Europe, allow us to capture incremental sales and grow brand awareness with consumers we could not otherwise directly reach. In financial year 2018, our 44 key account relationships generated 21.3% of total Wholesale revenues.

Consistency and quality of brand experience is critical to the development of Superdry and this is controlled through our Wholesale channels via a combination of contractual requirements and both announced and unannounced quality-control audits.

Ecommerce

4. **Superdry branded websites**
5. **Partner websites that build brand awareness and access a different customer base**
6. **Off-price Ecommerce**

Commentary

Within the Ecommerce channel, owned Superdry branded websites are often our vehicle for initial entry into new markets, allowing us to access unmet customer demand and build brand awareness, with minimal capital investment and the ability to fulfil orders from our expanded distribution network. We have 30 international websites (including third party websites) covering 11 different languages, and will continue to accelerate our online presence to capture the growing consumer demand.

Ecommerce connects to Wholesale, through our partner programme, for example with Zalando, or La Redoute and to stores via Click and Collect and iKiosk.

Owned stores

7 **Owned stores in primary catchments**

8 **Outlet stores**

Commentary

Owned stores remain important to our brand proposition, although as a relatively young brand, we have a much smaller geographic footprint than more traditional retailers and our store estate is predominately based on short-term, flexible property terms. As an illustration of this, approximately 60% of the Group's current owned store portfolio has an exit opportunity within the forthcoming four financial years.

Against this backdrop we continue to grow our presence in key markets, at a moderated rate and in line with strict investment criteria, requiring short lease commitments and rapid payback rates. Owned stores total 246 across 11 markets where the brand has been established, primarily through Wholesale and Ecommerce. Our optimal store trades from between 4,000 and 6,000 square feet, is located within a primary catchment and is now laid out in our Next Generation format. While historic returns on invested capital have been strong, reflecting the ongoing consumer preference for Ecommerce and the resulting downward pressure on property costs, we are now targeting improved paybacks of less than 24 months.

Similar to eBay within Ecommerce, Superdry outlet stores are an important element of the business model, complementing full price stores. While adapted to meet the different positioning of outlet locations in different geographies, they serve a key role in optimising the value generated from excess inventory while protecting brand integrity.


REG. PAT NYC
YORK
SUPERDRY

Excellence

Our evolving operating model

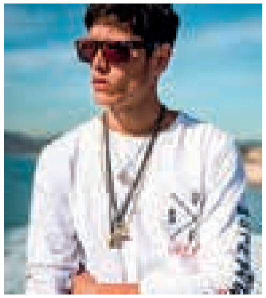
The transformation of our category management approach continues. Improvements to our buying model and stock management processes will harmonise the customer proposition, increase efficiency and lower operating costs while providing a fast track development route to improve speed to market.

Within a multi-year programme, referred to internally as Design to Customer, we continue to invest in our systems and processes to deliver greater efficiencies.

The key process changes within this are:

- One single integrated range construction so that the Wholesale offering is a subset of the Retail range which, in turn, is a subset of our largest range offered through Ecommerce. This allows us to optimise our buying model across the routes to our customers and, in turn, drives purchasing economies and enhances sell-through;
- Significant progress has been achieved in this key value driver with range overlap now more than 20% higher compared with 2017;
- Leveraging this range overlap, we are consolidating our Wholesale and Retail inventory into a single stock pool to fully maximise availability to all selling channels while increasing the number of options available to Wholesale customers and therefore driving incremental in-season B2B sales;
- This development remains scheduled to be implemented in autumn 2018;
- Bringing our distribution centres closer to market with the enhanced capabilities of our centres in Europe and the US, enabling us to offer market-leading delivery propositions in all key markets, and access incremental third party channels;
- Investing in new systems, including assortment planning and life cycle planning tools, to ensure our consumer ranges are optimised for each operating location;
- Increasing our direct sourcing and better phasing of purchasing patterns to ensure newness for our customers, improve stock management, product availability, and stock levels; and
- Ensuring our range development strategies are informed by a deep understanding of our customers and reflects the insight gleaned from our customer research programme.

These process changes will be accompanied by physical and systemic changes to our supply chain, including introducing Radio Frequency Identification (RFID) into our distribution centres and stores and extending supply chain activity upstream closer to production source.



OUR VALUES

PASSION
We love Superdry, love what we do and go above and beyond to be the best.

CREATIVATION
Our own blend of creativity and innovation. We push the boundaries of what's possible, are bold and always coming up with new ways of doing things.

QUALITY
We're obsessed with quality in everything we do. It's what makes us unique.


極度乾燥(しなさい)
Superdry®
OUR VALUES
FAMILY
FAMILY
We're in this together as part of one big Superdry global family, always looking out for each other.
極度乾燥(しなさい)
極度乾燥(しなさい)
Superdry®
OUR VALUES
INDIVIDUALITY
INDIVIDUALITY
We always bring our unique self to work, let people be who they want to be and accept everyone for who they are. We love people not stereotypes.
極度乾燥(しなさい)
極度乾燥(しなさい)
Superdry®
OUR VALUES
FUN
FUN
We're true professionals but more than anything we believe work is to be enjoyed.
極度乾燥(しなさい)

Chief Executive's Review

Euan Sutherland

Superdry 5.0

Superdry's purpose is clear, enabling our global customers to feel amazing by making great quality, uniquely designed, value-for-money clothes and accessories. Our obsessive focus on these three key attributes of the brand DNA underpins the *Superdry* proposition, which in turn creates long-term growth opportunities in existing and new markets. These, combined with an increasing level of operational effectiveness, deliver sector-leading earnings growth.

In September 2017 we updated and refined our strategic framework to reflect the changing world in which we operate. "*Superdry* 5.0" builds on the demonstrable progress achieved since we last articulated our strategy in March 2015 with a clearly defined brand positioning and a set of genuine corporate values, which define the way we do business: Fun, Creativation, Quality, Individuality, Family and Passion.

We are clear on how we will achieve this strategy, by focusing on our four distinct strategic drivers that underpin our growth: **G.R.O.W. – Global Digital Brand, Relentless Innovation, Operational Excellence & World Market Opportunity**. Our disruptive multi-channel approach provides us with eight distinct channels to market, and creates a compelling vision for future growth. Pages 8 to 9 set out our progress against each of these strategic drivers in more detail, and how we will continue to deliver growth.

We're clear on how we will achieve this strategy, by focusing on our four distinct strategic drivers that underpin our growth: G.R.O.W. – Global Digital Brand, Relentless Innovation, Operational Excellence & World Market Opportunity.

Financial summary

While we have only introduced *Superdry* 5.0 this financial year, this sharpened focus has already contributed to our success. *Superdry* operates through two divisions, Wholesale and Retail, and across these two divisions through eight channels to market. By prioritising our capital light channels in Wholesale and Ecommerce, we have delivered 22.1% Global Brand revenue growth and 16.0% growth in Group revenue in the year. We grew revenues in Wholesale and Ecommerce by 29.6% and 25.8% respectively, and will continue to invest in revenue-driving technology to take further advantage of the consumer trend towards digital shopping.

Against a challenging consumer backdrop, our store revenue grew by 3.4%, and continues to be a core element of our business both from a brand presence and revenue perspective. Our disciplined approach to expansion means that we will only grow owned space in a measured approach, taking advantage of the best locations where the brand has highest visibility and resonance with our consumers and where returns on our capital are faster. We are also enhancing our existing space through cost-engineered, consumer and digital-centric refits to drive incremental profits.

The continued development of our Design to Customer processes allied to the targeted reduction in inventory levels, particularly in stores, during the year have contributed to increased operational efficiency which will continue into financial year 2019.

The brand's development in China remains in line with our long-term plan. The underlying performance in North America, other than the short-term disruption to a significant number of stores within our North American portfolio, continues to be encouraging.

Underlying profit before tax increased by 11.5% which reflected the continued investment in these two development markets and the completion of our migration towards multiple distribution centres. This represents the third consecutive year of double-digit earnings growth.

The *Superdry* 5.0 strategy will continue to guide our future growth and expansion across the highest value geographies, channels and categories.

Chief Executive's Review

Global Digital Brand

- Superdry not SuperGroup
- Integrated digital and marketing campaigns
- Continued investment in website technology
- Applying a digital mindset to all we do

Recognising the need for the *Superdry* brand to resonate through everything we do we changed our name from SuperGroup Plc to Superdry Plc during the year. This provides complete clarity and alignment of the brand and the underlying business.

As we drive our business forward we apply a digital mindset to everything we do, across all of our functions, markets and channels. By embracing this trend and focusing our investment behind technology we will drive both sales and improve efficiency.

Ecommerce represents an established strength with revenues increasing by 25.8% in the year, and now represents just under a third of our total Retail sales. We continue to invest significantly in user experience with over 700 enhancements delivered by our in-house development team over the past 12 months, including trials of leading edge technology such as iBeacons. Having launched two further sites during the year to access new consumers with a tailored, localised experience, we operate 16 owned websites in local languages. From autumn 2018 onward, our Ecommerce consumers will be served from all three distribution centres in the UK, Europe and US, meaning we can offer market-leading delivery options in all of our key markets.

We continue to strengthen *Superdry's* presence through fully integrated digital and social marketing campaigns. These campaigns reinforce our ownership of core product categories by illustrating the breadth of choice suitable for every occasion and leverage brand advocacy by building influence across the communities in which we operate, allowing us to cost effectively introduce new consumers, while also strengthening relationships with existing ones.

This was exemplified by our key summer campaign, "The Night Is Young", with the central film achieving more than 7.1 million views, leading to 2.1 million website visits, significantly increasing the rate of new customer acquisitions and driving a strong sales uplift from the featured products. Critical within our strategy are thoughtful partnerships with influencers in the digital arena, each selected specifically to resonate with target consumer types and territories.

Building on this approach, we significantly amplified our consumer reach in our autumn campaign, "This Is The Jacket", driving a consistent message from all consumers and across all touchpoints, leveraging multiple forms of digital media. For the first time we extended our activity into our largest European market, Germany, with a specifically targeted campaign which saw strong returns. The scale of the customer engagement with *Superdry* from all of our campaigns this year is significant, reaching over 500 million social media users and generating 21 million video views.

Based on our consumer insights and research, we will continue to extend our social and digital marketing strategies, partnering with a set of global music events where our *Superdry* Sounds campaign will promote new and emerging music talent, which we identified as a key area of interest for the *Superdry* consumer. The campaign will involve a global artist and festival programme, and in-store gigs for our most loyal customers, generating engaging content that we can amplify across our social media platforms.

We are proud to be the Official Clothing Supplier to the UK delegation for the Invictus Games in Sydney later this year. We have delivered our first milestone of this commitment, supplying each of the competitors at the selection trials with branded t-shirts, while measuring each competitor for bespoke, technical competition kit. Our involvement and marketing will build as we progress towards the games in October 2018, driving a step change in awareness of and technical capability of the *Superdry* Sport range and building on our strong and growing presence in this market.

Future developments

Our continued investment behind our websites means we can offer a market-leading proposition to customers, and will build on this in financial year 2019 through the development of our Progressive Web App. Mobile continues to be the fastest growing element within digital, and this initiative will greatly enhance download speeds, capitalising on our consumers' shopping preferences.

Recognising our customers' loyalty, we will launch new websites in key growth markets such as Ireland, Poland and Greece, as well as opening up new channels with third party partners to access incremental sales.

We also have a great opportunity to optimise sales to our Wholesale partners, who represent our fastest growing and largest customers. The launch of a new B2B website will enable our customers to view and purchase from the full range of *Superdry* product, streamlining their ability to make in-season purchases in response to their sales performance and new demands from their consumers.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Superdry®

Chief Executive's Review

Relentless Innovation

- Innovation ingrained in our design process
- Obsessive focus on quality
- Leveraging automation throughout the production process

Innovation is at the heart of the way we do business but is particularly ingrained in our design process, and forms part of our unique product DNA. All of our products are designed in-house and every year we update the significant majority of our product range, which is crucial in ensuring we maintain newness and remain the category leader for our core products; jackets, sweats, hoodies and t-shirts.

We continue to invest in our Design, Category Management and Merchandising teams, growing from a team of 66 in 2015 to more than 165 today. These colleagues live and breathe the *Superdry* brand, understand the core DNA of *Superdry* and have demonstrated over recent seasons an ability to develop commercial ranges, spot appropriate trends informed by feedback from consumers and analysis of our sales data, and expand the brand to adjacent categories.

By applying our "360 degree" approach to design and using the best fabrics, trims and accessories, we ensure the product looks and feels fantastic, front and back, inside and out. This means customers continue to find unique and interesting design details each time they wear the product that is immediately identifiable as *Superdry*.

Our garment technology team ensures that every item in our range is checked multiple times to ensure the correct look and feel, leading to a fantastic product that delivers on our commitment to quality. By focusing obsessively on quality, we are able to achieve sector-leading performance, with less than 1% of our product returned as faulty.

In partnership with our suppliers we are leveraging automation throughout our production process, reducing labour intensity and increasing consistency and quality across our products. We will look to accelerate investment in this technology in the coming financial year. We are also working with our supply base to allow us to react more rapidly to sales and fashion trends, through more frequent, fast-reaction, opportunistic production runs as we look to optimise trading performance through each season.

Our continued focus on range innovation has driven significant value, with the launch in recent years of our *Superdry* Sport and *Superdry* Snow ranges. By creating a broad product range, we are able to target a wider range of customer demographics and expand the number of stages and events where Superdry can play a part in our loyal consumers' lives.

The development of our *Superdry* Sport range capitalises on growing consumer demand for high-quality, fashionable athleisure product, and now contributes c.5% of Group revenue globally. Our confidence in the range is best demonstrated through demand within our Wholesale channel, including the opening of eight dedicated *Superdry* Sport franchise stores in financial year 2018.

Our partnership with the UK Invictus Games team will further build awareness of the breadth and quality of our sport proposition. It will also provide us with further valuable technical experience as we create product for elite athletes, elements of which will be introduced across the wider Sport range.

Future goals

We continue to see growth opportunities in established heritage categories such as jackets and hoodies, as well as building categories where our approach can be more disruptive such as jeans and in focused new category development.

Within this, Womenswear remains our most significant opportunity, contributing 36.3% of our Group revenue, and we continue to see a huge opportunity in this category. We are investing in building an even more granular understanding of both the purchasers and wearers of *Superdry* clothing, which will allow us to broaden and refine our offer to better meet the needs of the Womenswear market.


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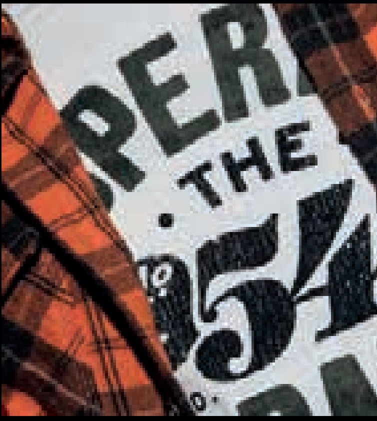
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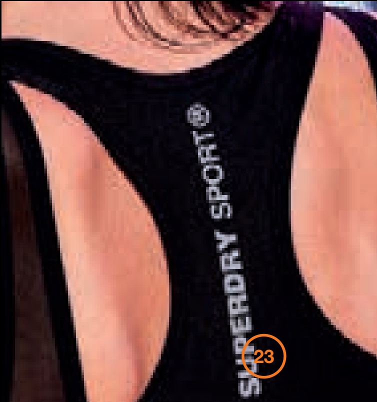
SUPERDRY SPORT®

Chief Executive's Review

Operational Excellence

- Global range rationalisation and consolidated inventory pools
- Continued investment in infrastructure
- Increasing levels of directly sourced product
- Successful RFID trials

We operate a model of continuous improvement focusing on every part of our operation, every year, seeking to reduce cost, improve speed to market and enhance the brand experience for *Superdry* consumers.

The majority of the initiatives outlined below have been in development for a number of years, sequenced to minimise executional risk and maximise returns. Many are also interlinked, addressing improvement opportunities throughout the process chain.

At the start of the process chain, we continue to target the harmonisation of the global range, increasing the level of product overlap between our Retail and Wholesale ranges. In financial year 2018, we had increased this overlap by more than 20%, providing a significant opportunity to leverage value throughout the supply chain from lower cost prices through a more concentrated buy.

This harmonisation is a key enabler to the creation of a single consolidated inventory pool across our Retail and Wholesale channels. Integrating our store, Ecommerce and Wholesale stock will allow us to maximise availability across all of our sales channels, offer the wider retail range to our Wholesale customers in-season and as a result improve seasonal sell-through. We anticipate consolidating our inventory pools by the end of calendar year 2018.

As we announced in July 2017, we are also actively rebasing our inventory levels, particularly in-store, through a programme of managed clearance of aged stock, utilising all of our channels to market. By significantly scaling back inventory held in store stockrooms and implementing more effective replenishment processes, we can minimise the movement of stock from production to sale without damaging availability, while enhancing margins and reducing labour and logistics costs.

Inventory cover has been reduced by nine weeks to date, and combined with the benefits of a consolidated stock pool we expect further improvements in financial year 2019.

In 2016 we established our Hong Kong sourcing office which, together with our sourcing offices in Turkey and India, means that we now have a dedicated end market sourcing and quality control resource in each of our three key production territories. We have increased our direct sourcing by over 30% since 2015, and are on track to achieve our long-term ambition of over 80% by financial year 2019.

During the period we continued to invest in our infrastructure with the extension of our multi-channel capability to our European distribution centre, and the successful implementation of a new order management system for Ecommerce. Together, these developments allowed our market leading Ecommerce delivery proposition to be introduced to key European markets ahead of peak season. Both our UK and EU distribution centres are now serving all channels, reducing the speed to market and by Autumn 2018 our US distribution centre will also fulfil Ecommerce sales, reducing delivery times and enabling us to sell through new third party channels.

Future goals

Investment in technology will enable us to continue driving efficiency across our operations. In financial year 2018 we piloted Radio Frequency Identification (RFID) in five of our stores in the UK, driving significant benefits in inventory accuracy and labour efficiency in-store. Given the significant operational benefits, and the digital marketing opportunities and brand protection enabled by this technology, we will be rolling RFID out more widely during financial year 2019.

Aligned with our digital approach, we will also introduce technology into our store estate, freeing up colleague time to serve customers. Utilising enhanced mobile point of sale devices will allow staff to drive incremental sales, as well as access live inventory and trading data, while still providing exceptional service to customers in the store. We will also be trialling more digital store formats, leveraging consumer preferences and optimising the capital intensity required versus a traditional store layout.


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Chief Executive's Review

World Market Opportunity

- Disciplined eight-channel approach provides flexibility and agility
- Focus on EU, US and China markets
- Wholesale more than half Global Brand revenue
- Strict criteria targeting more rapid store investment payback

While *Superdry* currently generates revenue in 157 countries, globally the brand remains underrepresented in all major geographies compared to brand peers, providing a significant opportunity for growth. *Superdry* is also uniquely advantaged, having established capability to sell via eight distinct channels to market, providing channel flexibility and agility whether entering a new market or deciding the optimal growth strategy where we have an existing presence.

Significantly, six of our eight routes to consumer are capital-light in nature, each allowing us to expand rapidly into locations without deploying our balance sheet, while still driving brand awareness through reach, and gaining market share.

Growth opportunities for the brand exist from each of the product, geography and channel dimension and each will be progressed in a disciplined and cautious manner to ensure that the organisation is not overstretched, that resource is correctly allocated and that the brand experience is protected. From a geographic perspective, this is clearly illustrated by the focus of the majority of the organisation on building the brand presence in Europe with a small team dedicated to North America and, recognising the complexity of operating in that market, an established joint venture in China.

Significant progress has been made within each of our routes to the ultimate consumer.

Wholesale

Wholesale remains the fastest growing division, and now drives more than half of our total Global Brand revenues (59.8%) and more than a third of Group revenue (37.1%). Financial year 2018 saw double-digit growth in our forward order books for the third year running, with in-season sales growing by 6.9%. Continental Europe remains our key growth market with revenues up 27.1% to €200.1m. Revenue growth has been strong across our three channels to market (franchise stores, major/multiple retailers and local independents) which demonstrates the ongoing demand for the brand across our diverse customer base. This revenue growth has been in part driven by the opening of 75 net new franchise stores across 33 different countries, increasing our franchised locations by 24%.

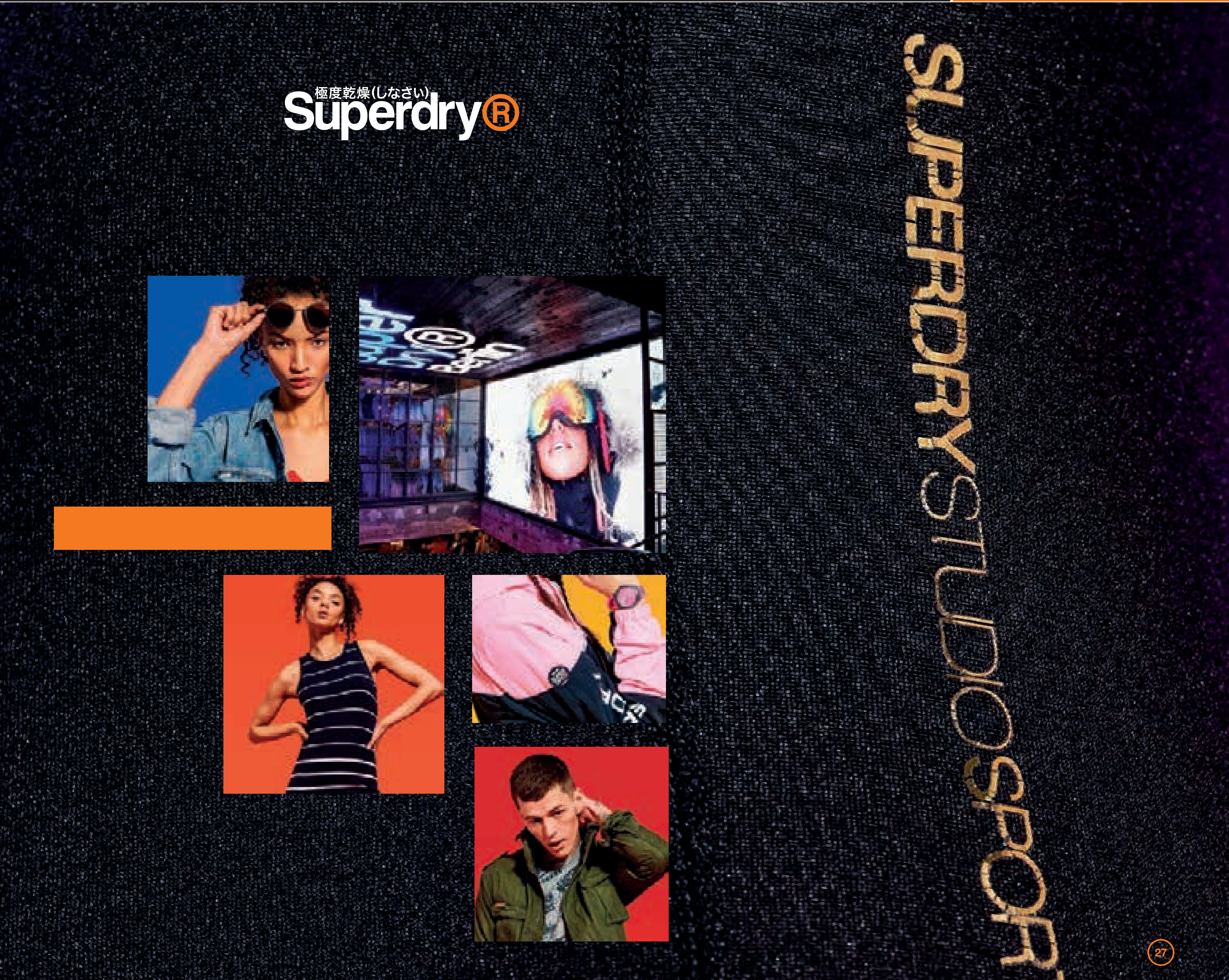
The alignment of our Wholesale and Retail operations into a single stock pool in autumn 2018 will offer both economies of scale to the Group as well as increased choice to our Wholesale (and Retail) customers going forward. The launch of the new B2B website is also an exciting development that we anticipate will increase in-season sales.

Retail (including Ecommerce)

The Retail division's routes to consumer comprise the three Ecommerce channels and owned and outlet stores. Our strategy is to provide customers with the choice of how and when they want to shop and there are significant synergies between these routes. Stores act as a physical showcase for customers to experience *Superdry* and facilitate Ecommerce transactions by allowing customers to access the full range of product available via our iKiosk technology, as well as being able to return or exchange purchases. Our websites help to drive footfall into stores by building brand awareness in developing markets, and reinforcing existing brand awareness in our more mature territories.

Accordingly, physical stores remain a core element of our brand proposition and an important source of revenue and we continue to grow our presence in key markets, albeit at a moderated rate and in line with strict investment criteria, requiring short lease commitments, a more direct relationship between property costs and turnover and more rapid payback rates. Targeting 4,000 to 6,000 square feet in major cities or prime locations in shopping malls, we now have 246 owned stores across 12 countries, up 26 over the period.

Our disciplined approach to stores also applies to existing stores. Our Next Generation store refit programme impacted 11 stores in the year, driving a 6.8% sales premium compared to the wider estate. However, recognising our preference for capital-light investments we have further refined the refit model during the current year, allowing us to accelerate this programme in financial year 2019.



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Chief Executive's Review

The inherent flexibility built from a commitment to short lease terms established since 2015 means that the majority of our current stores have an exit opportunity in the next four years. This profile provides significant flexibility, were it necessary, to rationalise or renegotiate the costs of the portfolio on a store-by-store basis, as required.

Embodying our Global Digital strategy, our objective is to make it inspiring and easy for people across the planet to buy *Superdry* products, and deliver amazing end-to-end experience centred on a sector-leading delivery proposition. Reflecting this focus and further progress in the year, online revenues grew at 25.8% in financial year 2018, with Ecommerce participation increasing to 29.7% of total Retail sales. This performance benefitted from our continued development of the user experience (as outlined within Global Digital Brand), investment in enabling technology and the shift in consumer preference to shop online, in particular from mobile devices.

Development markets

Within the broader World Market Opportunity, the development markets of North America and China represent the two most significant future growth opportunities for the *Superdry* brand.

North America

North America provides us with the opportunity to enhance our brand and build the long-term value of our business there. We have reset the US business over the past two years through remedial actions, the introduction of a broader product range and better price architecture. We have seen a positive consumer response to our actions and we are now well placed to accelerate our scale in this market, led by growth in Wholesale and Ecommerce.

We see continued opportunities to expand our physical store footprint from its current base of 30. However, as with our wider strategy we will focus on the highest demand locations, targeting stores only in the top 70 mall locations across the US. Reflecting this focus, during financial year 2018 we opened ten stores in key locations including Los Angeles, Boston and Chicago.

While underlying performance in financial year 2018 was encouraging, construction activity by landlords disrupted performance in four existing stores, while lower than anticipated mall occupancy held back performance in two new key locations.

In financial year 2019, we will significantly expand our capital-light channels. Ecommerce will be strengthened by our ability to fulfil Ecommerce orders directly from our distribution centre in Pennsylvania, which will also open up new third party routes to market which are not available to us today.

Wholesale growth provided the necessary confidence to bring the previously third party managed operation in-house during 2018.

Despite the short-term trading impacts in financial year 2018, we anticipate profitability in financial year 2019, powered by growth in our Wholesale and Ecommerce channels.

China

China is an exciting market and is forecast to overtake the US as the largest apparel and footwear market in the world. Consumer tastes are evolving from luxury brands to those influenced by "pop" culture and we believe that *Superdry* is well positioned to be successful.

We have a 50:50 joint venture agreement with Trendy International Group ("**Trendy**"). During the year, we have worked with Trendy to support an experienced joint venture team who manage the Chinese business with our involvement focused on providing strategic direction, product and brand support as well as supporting store opening and marketing activities. Trendy provides logistical, financial processing and IT support in addition to people development and market knowledge.

During financial year 2018 we opened seven owned stores in tier 1 cities, supported by a further 12 franchise openings, meaning we now have 33 locations across the country. Brand awareness also continues to build, with our product collaboration with musician Timmy Xu being extremely successful, reaching 500 million social media users in China, and driving significant interest in *Superdry*.

We expect to more than double *Superdry's* presence in financial year 2019, driven by rapid expansion of the franchise estate, and remain on track for the joint venture to achieve profitability by financial year 2021.

"... inherent flexibility built from a commitment to short lease terms ..."

"We expect to more than double *Superdry*'s presence in China in financial year 2019"

Sustainability

Super Responsible 40 Goals

During 2017, we finalised our Super Responsible 40 goals – our group-wide sustainability framework after comprehensive consultation with the Board, industry experts, colleagues and suppliers to ensure we continue to address our impacts as a growing and innovative global fashion brand.

As part of this process, we have comprehensively mapped our impacts within our business and supply chains including footprint of raw materials bought across our product range. We also considered our role in the Sustainable Development Goals (SDGs) – a universal call to action to end poverty, protect the planet and ensure all people enjoy peace and prosperity by 2030[1] – to ensure Super Responsible 40 and our wider sustainability activities contribute to their achievement. Our Super Responsible 40 goals represent where we as a business can have the greatest impact in producing the best product sustainably, in protecting our planet and in supporting our people. This section provides:

1. Milestones set and progress we have made so far against each Super Responsible goal.
2. Update on wider Sustainability activities to make the best product sustainably, to protect our planet and support our people.

1. http://www.undp.org/content/undp/en/home/sustainable-development-goals.html

PRODUCT

100% organic cotton used in Superdry garments by 2040

PLANET

100% renewable electricity in ours and our main direct supplier's businesses by 2040

PEOPLE

Enable 100,000 young people around the world to make a positive contribution to their local economy

Product: 100% organic cotton in all apparel by 2040

Accounting for 50% of everything we make, our aim is to achieve 100% organic cotton in all our products by 2040. We recognise this is a stretching and ambitious goal but strongly believe that organic cotton achieves the best outcome in the long-term for the livelihoods of cotton farmers, their environment and the overall impact on global issues including water usage and climate change.

To achieve this goal, we have established volume-based milestones for 2020, 2025 and 2030. These milestones work alongside our plans for disruptive investment in supporting stabilisation and growth of the organic cotton value chain.

Moving towards 5% organic cotton usage by 2020

Progress achieved to date:

1. Placed our first test buy for selected Orange Label Tee styles – initially sourcing 74 metric tonnes of raw organic cotton bales from certified farms and feeding into our own supply chain to test integrity.
2. Identified a pipeline of suppliers to help us reach our first milestone in 2020 – focusing on four suppliers of Polos and Tees in India initially.

Groundwork for 2025 and 2030

We have identified our country and category entry strategy to help us achieve our 2025 and 2030 milestones to:

1. Utilise existing supplier and source country capacity for producing organic cotton.
2. Maximise the volume procured compared to cost of organic premium.
3. Focus our resources on securing transparency by specific product supply chains.

Disruptive investment

The critical success factor of achieving our milestones is to invest in and disrupt the existing cotton value chain – of which organic accounts for just 0.46% of global cotton production (2016) – to support its growth and long-term sustainability.

We plan to work initially with existing cotton farmers to support growth and long-term sustainability through maximised yields, enhanced livelihoods (including access to premium) and environmental stewardship.

Working in partnership with Cotton Connect, we have recruited 968 organic farmers based in Madhya Pradesh, India and from May (start of the 2018 growing season) will begin our first three-year training and development programme to enhance livelihoods, gender awareness and empowerment, environmental stewardship and output to build the business case for remaining in organic cotton production. We plan to use the Sustainable Development Goals to measure the impacts, focusing specifically on gender equality, decent work and economic growth, no poverty, zero hunger and life on land.

These farms will supply our future dedicated organic cotton supply chain (equivalent estimated output is up to 3% of our global cotton volume by 2020).

With the objective of working collaboratively and learning from others, we joined the Organic Cotton Accelerator (OCA) in January 2018, and through this organisation have invested in organic seed research in India.

Sustainability

Paul Thomas
Energy and Environment Manager

Carly Thomas
Ethical Trading Manager

People: Enable 100,000 young people around the world to make a positive contribution to their local economy

Our goal is to enable 100,000 young people around the world to make a positive contribution to their local economy by helping them into jobs, education and training.

We have built a strong and significant partnership with The Prince's Trust. As both a large employer of young people and with a youth customer base, the work of the Trust and Superdry has real alignment.

Two teams of colleagues participated in the Trust's Million Maker Programme and, alongside developing their own business and personal leadership skills, they raised in excess of £85,000.

Our colleagues have been inspired to both volunteer and raise funds on behalf of the Trust.

During this financial year we have continued to offer a "get into work" course for young people via the Trust. This course gives young people aged 16 to 25, who are work-ready but do not have vocational skills, a mixture of practical training and work experience, many examples of which have led to securing a permanent role.

Planet: 100% renewable electricity in our business and direct supply chains

In addition to using 100% renewable electricity in our own estate we plan to use our relationships with the franchisees and suppliers to increase use of renewables in their businesses, therefore maximising our impact and making a positive contribution to SDG 7 – Affordable and clean energy.

We have set the following milestones:

1. 100% renewable electricity for our own business by 2020
2. 100% renewable electricity in franchise stores by 2030
3. 100% renewable electricity in main suppliers' businesses by 2040

Progress towards the goals has been swift this year and we are delighted to say we have already achieved the target for our own business – 100% renewable electricity – two years early.

This represents a significant increase on the 70% renewable penetration last year. Where possible we make sure we focus on the most environmentally benign carbon-free generation technology, specifically wind and solar power.

Some of our supplier factories are making great strides in this area with a number of sites already having installed rooftop solar panels to reduce their environmental impact and reduce costs. We will continue to work proactively with suppliers to encourage them to adopt similar approaches.

Our focus for next year will be working with these leaders and building a platform to engage our entire franchise and supplier group in the clean electricity agenda.

Working with our suppliers “To make the best product, sustainably”

As a growing brand we continuously assess factory ethical and quality management systems to ensure our factory partners are set up to make the best quality product in fair and safe conditions, in line with our Ethical Trading Code of Practice (see Our Suppliers’ People section for further information).

Assessment starts during product development stages and no orders are placed unless factories meet our minimum criteria.

We continuously monitor conditions for the duration of our relationship and where factories continuously fail to meet minimum requirements we initiate our phased exit process.

This year we plan to integrate Super Responsible 40 assessment criteria for factories to ensure they are set up to support us in delivering our goals in line with our phased roll-out plan for organic cotton and renewable electricity.

We work with 424 factories globally:

- 182 ‘Tier 1’ factories, these are third party suppliers which produce and ship our clothing and accessories – we have fully mapped and monitor conditions in all Tier 1 factories globally (100% of volume).
- 231 ‘Tier 2’ factories, these factories are contracted by our Tier 1 factories to complete one specialist process. We have fully mapped and monitor conditions in all factories in this tier in Turkey and India. We have mapped and monitor conditions for highest volume suppliers in China and ROW (equivalent to 67% and 59% of volume). Our Hong Kong ethical trading team will be established in FY19 and we will be extending this process to all suppliers through FY19.
- 11 ‘Tier 3’ factories, these factories are third party suppliers which provide branded trims and labels for our clothing and accessories. We are in the process of fully mapping this Tier where we have sourcing offices established, with 100% volume sourced from Turkey covered to date.

Animal welfare

At Superdry, we believe that it is never acceptable to harm animals in the manufacture of our clothing and accessories.

We reviewed our Animal Welfare Policy at the beginning of 2018 to ensure we remain aligned with prevailing industry practice.

We successfully delivered our first season with 100% Responsible Down Standard (“RDS”) accredited down in Autumn/Winter 2017, and have successfully maintained our RDS certification for 2018.

Sustainability

People and community

Our people, our suppliers' people and our communities are critical to the continued success of our brand. Supporting our people and extending our values to our suppliers' people and our communities' people means:

- providing a great place to work for our colleagues;
- ensuring our suppliers' people have access to fair and safe conditions that respect human rights, in line with our Code of Practice. Learning from and extending best practice where possible; and
- supporting our local communities, youth well-being and employment.

Our people

The unique entrepreneurial and innovative culture which defines our heritage continues to be at the heart of our ways of working. Our colleagues bring our brand to life and the success of the Group is a direct result of their knowledge, skills, drive, passion and enthusiasm, wherever they are in the world. We have consistently created and maintained an environment where colleagues can flourish and fulfil their potential.

For the first time in our history we have defined a set of values in collaboration with 60 colleagues from every corner of our business. Our six values have really struck a chord with everyone who comes into contact with our business giving us real assurance of our strong culture, beliefs and ways of working. True to our innovative culture, we share the story of our values through a genuine set of product care labels because these are the things we care about the most.

4,800 people (including part-time colleagues) across the UK, Europe, US and Asia now make up the Superdry family. Colleague numbers will continue to grow in the coming year as we continue our growth strategy.

Our SuperSay group-wide engagement survey is in its fourth year and colleagues once again reinforced our view that Superdry is a very attractive place to work. In our 2018 survey, colleagues gave us a Trust Index of 73, an improvement of 1 percentage point on 2017. This year we launched Workplace – an internally secure social media tool (similar to Facebook). Workplace has further enhanced the relationship we have with our colleagues across the world; connecting them together digitally as one Superdry family and giving the tools to share knowledge, experience and great stories at the touch of a button.

Sharing in our success is something that we value highly and in 2017 we launched The Founder Share Plan. Through the generosity of our two founders Julian Dunkerton and James Holder, every colleague has the opportunity to share in our success when the plan matures in 2020. Our UK colleagues also have the opportunity to join the SAYE and BAYE share schemes.

Our demand for future talent continues to grow, driving a need to both attract new people to the business and develop those already in-post. Through our award-winning Superdry Academy, our suite of tools and learning opportunities equip colleagues with the agility and skills to drive the Group forward and offer them rewarding careers. The ongoing review of talent across the business has enabled us to identify colleagues rich in our brand DNA, and experience with the skills to support business development in new territories. This review is conducted twice a year giving us real line-of-sight of our future talent demands, existing pipeline of supply, as well as planning future succession.

Looking ahead our people focus will continue to be on how we recruit and retain the right talent, together with a strategy to develop our colleagues ahead of our growth curve.

Diversity

At Superdry we pride ourselves on our diverse and inclusive culture. Centred around our six core values, which define the way we do things round here, our employees wholeheartedly agree that Superdry is a great place to work, where you can be yourself and feel fairly treated. Equality and diversity are fundamental values to us and our SuperSay engagement survey scores are world class in this category. We have an equal opportunities policy and take our responsibilities under that policy seriously. In addition, we give full and fair consideration to applications for employment by disabled people. In the event of an employee becoming disabled, every effort would be made to ensure that their employment with us continues and that appropriate training is arranged as necessary.

We believe in respecting individuals and their rights in the workplace. With this in mind, specific policies are in place covering harassment and bullying, whistleblowing and equal opportunities. Our colleagues represent a wide and diverse workforce from all backgrounds, sexual orientations, nationalities and ethnic and religious groups. With continued overseas expansion, the workforce is becoming even more diverse. We respect cultural differences and actively seek to learn about them in each territory in which we operate.

We recognise the benefits of encouraging diversity across all areas of the Group and believe that this contributes to our continued success. All appointments are made based on merit and are measured against specific objective criteria including the skills and experience needed for the position.

The sharing of our Gender Pay Gap Report (detailed report on our website) is the next step in our diversity conversation and in ensuring equality. The gender pay gap is calculated using the approach required by the regulations and compares the difference in the average pay of men and women. Like many organisations we currently have a gender pay gap, which we would of course aspire not to have. While this is largely driven by the wider society norm that men are more likely to be in senior roles, we are keen to understand and address the reasons for it within our business. The gender pay reporting measures are very different from equal pay comparisons of the amounts paid to men and women for the same, similar or equivalent work. We are confident that our approach to pay means that we do not allow unequal pay to exist within our organisation. We do however recognise that the gender pay gap figures shown here demonstrate that our most senior roles, and therefore those with the highest rates of pay, are largely filled by men and we therefore need to improve diversity in our most senior job levels.

We are committed to increasing the participation of women and ethnic diversity on the Board and at the senior managers' level. As illustrated in the table below, more than half of our total colleagues are female:

	Male		Female		Total
Role	Number	%	Number	%	Number
Group Board Directors	8	89	1	11	9
Executive Committee	7	78	2	22	9
Direct Reports of the Executive Committee	29	60	19	40	48
Senior Employees	57	59	40	41	97
Other Employees	1,994	43	2,657	57	4,651
Total Employees	2,095	44	2,719	56	4,814

Data as at 28 April 2018. Further information on our Board composition and policy on diversity can be found on pages 71 to 72.

As at 28 April 2018, 21 out of 57 members of Superdry's leadership team (as defined for the purposes of the Hampton-Alexander Review) were women.

Sustainability

Our suppliers' people

We work closely with suppliers, factories, local experts, auditors and multi-stakeholder organisations to ensure our suppliers' people work in fair and safe conditions that respect human rights. Our factories (Tiers 1, 2 and 3) provide jobs to over 124,006 people globally – 56% are women, 44% are men.

Our Ethical Trading Code of Practice represents our baseline requirement which works alongside local law to ensure a minimum standard of protection is afforded to all people in our supply base in all countries. Our Code of Practice aligns with the Ethical Trading Initiative Base Code ("ETI Basecode") which in turn is based on international standards including the Universal Declaration of Human Rights and the International Labour Organisation's Core Conventions on Labour Standards.

Following recommendations set out by the UN Guiding Principles for Business and Human Rights, our ethical trading programme aims to ensure:

1. Respect: We maintain accurate benchmark information on factory conditions in line with our Ethical Trading Code of Practice.
2. Remedy: Where we find issues we support factories to make improvements with the aim providing decent work and economic growth to all people operating in our supply chain.

Our ethical trading team remains an integral component of the sourcing team. This enables us to link ethical trading strategy with our sourcing priorities and provide effective feedback on factory conditions.

Independence is maintained through regular reporting mechanisms to the Transformation Director, Executive Committee and the Board of Directors.

Respect: Maintaining an accurate benchmark of factory conditions

We have Superdry dedicated labour standard experts operating in each key source country – Turkey, India and China. Our teams are able to work closely with factories to secure transparent disclosure so we are able to obtain an accurate baseline view of working conditions.

Working alongside our preferred audit partner, in partnership with our suppliers and through our own local teams, we formally benchmark working conditions on an annual basis in all factories. All audits are completed on a semi-announced or unannounced basis.

We ensure the ongoing quality of audits by aligning protocol with internationally recognised SMETA Best Practice. Our local teams continuously monitor audit output by shadowing third party auditors, and through system control audits which are completed by dedicated integrity auditors.

We work with local community organisations, and wider labour standards experts to complete offsite interviews with workers where we need a broader view of worker concerns, where we have transparency concerns and/or where we seek feedback on improvements made in factory.

In addition to ethical audits, we have developed policies and procedures to protect vulnerable groups of workers including migrants, contract workers, refugees and homeworkers. All policies and procedures are included in our Supplier Manual and form a condition of doing business with our suppliers.

Launch of Migrant Worker Assessment

Utilising best practice including the Dhaka Principles for Migration with Dignity[1], this year we trialled our first dedicated Migrant Worker Assessment – developed to assess factories employing significant proportions of migrant workers. The Dhaka Principles aim to enhance respect for the rights of migrant workers from the moment of recruitment, during employment and through to further employment or safe return. Trialled in two factories in March 2018, the assessment focuses on core risk areas and includes assessment of recruitment agent's procedure and practice. The assessment enables us to benchmark and establish detailed, practical and consultative action plans with factories where we find issues and further supports our ongoing commitment to eliminate risks of modern slavery in our business and supply chains. We plan to extend this assessment over the next 12 months to any factory employing migrant workers from other countries.

Remedy: Access to local innovative solutions to issues

While factories often share common issues, we have found that sustainable solutions are often best adopted when developed locally, in consultation with local groups.

Our local teams work closely with factories to establish practical action plans, training, and capacity building with management, supervisors and worker committees. We prioritise biweekly or monthly training and capacity building where factories demonstrate non-compliance which pose the greatest risk to worker well-being – and closely monitor improvement in line with agreed milestones.

Where factories fail to engage in this process and fail to meet the minimum required standard within a defined time period, we implement a phased exit plan.

We often partner with local experts, including Community and Non-Governmental Organisations ("NGOs") to develop innovative, worker driven solutions.

In the last year, we have established effective worker committees which can manage any local grievances and represent workers interests in five factories covering 6,181 workers. Through Change Alliance, factories have actively set up effective whistle-blowing mechanisms to combat gender inequality – this is a collaborative programme funded by Superdry, four other UK and US brands and the Foreign and Commonwealth Office (FCO).

1 https://www.ihrb.org/dhaka-principles

Sustainability

Launch of Change Alliance/ Workforce Empowerment:

At Superdry we continuously risk assess Modern Slavery risk, and a core part of our human rights strategy is to ensure workers in our supply chains have access to remedy through effective grievance mechanisms in factory.

In July 2017, we co-funded an innovative programme led by Change Alliance, Treble Partners and Christian Aid, alongside the British High Commission and three other brands which aimed to facilitate gender equality and a safe working environment for women factory workers in 11 garment factories in India.

Out of the 11 factories taking part, Superdry nominated five, three of which are based in Delhi (which make men's t-shirts, women's tops and outerwear) and two of which are based in Bangalore (making shirts, shorts and chinos), employing a total of 6,181 workers between them.

Between August 2017 and May 2018, 104 supervisors and 6,181 workers (100%) received training on rights of the aggrieved under India's Prevention of Sexual Harassment Act (2013). The schedule of training ran alongside strengthening of grievance mechanisms, election, empowerment and education of committee members to ensure any allegations are properly investigated through effective committee structures. All factories have now established hotlines which anonymously report grievances to the Internal Complaints Committee to initiate investigation, and to identify suitable remedy within the factory.

Feedback from factory management and workers has been generally positive. Rita, a tailor from Assam, aged 34, came to Delhi in 2012 to find work: "This training has empowered me with all the knowledge I require to fight any injustice I might face whether at home or workplace. I am grateful to the trainers."

Our communities

Youth well-being and employment are important social issues in the UK and in many other countries in which we operate. The investment in our careers website, work experience and apprenticeship programmes has received overwhelmingly positive feedback from schools and careers advisers.

Local education

Through "Superdry School Days" we work with local schools to provide opportunities for students to experience working for Superdry through engagement in focus groups, job shadowing and discussing career journeys with Superdry colleagues. This initiative has led to a number of students gaining valuable work experience and has led to full-time apprenticeships being offered in some instances. We provide a best-in-class work experience programme with placements for at least two students every month across the business.

University partnership

We are in the fourth year of our partnership with the University of Gloucestershire where we work closely with undergraduates studying for degrees in Fashion, Graphic Design and Photography setting projects, providing work placements, judging final coursework and providing materials and support to their respective programmes. We have placed a number of undergraduates within the business as part of the requirements to complete their degree courses.

Graduate Fashion Week

For the first time, this year Superdry partnered with Graduate Fashion Week, London. Sponsoring the Superdry Outerwear Award gives us unprecedented access to the newest and most creative fashion graduates. The winning design was showcased in the gala catwalk, showcasing our strength in outerwear to a larger industry audience.

Charitable activity

Our charity and community support programme continues to grow and is a platform for charitable projects supporting the local, national and international communities in which we operate. This financial year we raised or donated approximately £451,000, an increase of £84,000 on the previous year.

In order to maximise the breadth of our charitable impact we also match funds raised by our colleagues to benefit various valuable causes across the globe. During financial year 2018, we matched £7,235 of our colleagues' activities in support of their chosen charitable causes.

Newlife Charity Partnership ("Newlife")

We continue to donate unsellable product to our partners Newlife - the Charity for Disabled Children. The garments are de-branded and sold; so far garments with a resale value of approximately £126,000 have been donated for the great work that Newlife undertakes.

This approach eliminates any need for landfill and extends the life of these garments – making maximum use of the embedded energy and water consumed during the manufacturing process.

Modern Slavery Act (2015)

Our Modern Slavery programme incorporates the principles of the California Transparency in Supply Chains Act (2010) and the Modern Slavery Act (2015) by working to prevent human trafficking and slave labour within our business and across our supply chain.

We are now in our third reporting year for our disclosure which will be published alongside this report and will be available on our Group website.

Sustainability

Planet

We understand that using resources sustainably minimises our impact on the natural environment and very much constitutes the "right" way to do business. We remain committed to reducing greenhouse gas emissions, energy consumption and waste and to achieve this our environmental function is integrated into our core business operations. We have clear environmental, energy and waste policies to meet these goals.

Using energy in our estate

Our target is to improve the electricity efficiency of our global retail estate by 35% by 2020 compared to a 2014 baseline (measured on a kilowatt hour per square metre per year basis). Momentum towards the target continued this year with an efficiency improvement of 29% against the baseline, resulting in a saving of 3,692 tonnes of emissions. This also represents a 6 percentage point improvement over last year.

As in previous years we continue to monitor the evolution of lighting, heating, ventilation and air conditioning and building controls to ensure promising technologies are identified and brought to trial in-store. We also continue with a rolling programme to upgrade legacy stores to the latest efficiency standards. This year saw the appointment of energy efficiency specialists Optimised Buildings who undertook work to maximise the value of our existing store controls infrastructure. The project proved highly successful with an average reduction in electricity consumption of 13% during the trial. A wider roll-out of this programme is scheduled for the coming financial year.

We have measured our operational carbon footprint, which has provided insight into where the largest climate impacts are and enabled us to better prioritise resources. Emissions are stated in tonnes of CO_2 equivalent and data has been verified by environmental consultancy Trucost to AA1000 Assurance Standard. Emissions per £ million of revenue declined by 19% over the past 12 months, reflecting the increase in electricity efficiency in our stores and the revenue growth from Ecommerce and Wholesale channels. Both of these channels are less GHG emission intensive than the retail estate. In addition, the guidance on the reporting of "Scope 2" emissions allows us to demonstrate the reduced environmental impact of purchasing renewable electricity. This "market based method" shows the emissions created using the precise mix of generating technologies used to supply our estate rather than simply taking a "grid average" of all generating technologies as is the case under the location-based method. We can now report zero GHG emissions from the market-based method as 100% of our electricity is from renewable sources.

We continue to expand on reporting of "Scope 3" emissions. This year we have added data for business travel and continue to report on emissions from our distribution centres and logistics operations.

GHG emission methodology

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. We report our emissions data using a financial control approach meaning we include emissions from all parts of the business where we have the ability to direct financial and operating policies — this includes our owned and operated Retail stores and office space. Data has 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 emission factors from the DECC/DEFRA GHG Conversion Factors for Company Reporting 2016.

Although we strive to ensure that our emissions figures are accurate, access to the relevant data is not always possible and, therefore, some estimation is necessary. 12% of our emissions this year are based on estimated data (FY17: 14%).

Global greenhouse gas ("GHG") emissions (tonnes of CO_2 equivalent)

	1 May-17 to 30 April 2018	1 May-16 to 30 April 2017
Emissions:		
Scope 1: Combustion of fuel and operation of facilities	**187**	369
Scope 2: Electricity, heat, steam and cooling purchased for own use – location-based method	**9,197**	9,598
Emissions per £m of revenue	**10.76**	13.28

	1 May-17 to 30 April 2018	1 May-16 to 30 April 2017
Scope 3: Indirect emissions		
Business travel	**2,822**	n/a
Energy used in operation of distribution centres	**1,441**	2,242
Third party logistics:		
Factory to distribution centre	**43,819**	52,998
Distribution centre to store/customer	**24,708**	18,055
Total Scope 3	**72,790**	73,295

	1 May 2017–30 April 2018	
	Location-based method	**Market-based method**
Emission comparison		
Scope 2: Electricity, heat, steam and cooling purchased for own use	**9,040**	**0**


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Key Performance Indicators

Financial

Financial definitions

- Foreign currency sales are translated at the average rate for the month in which they were made
- Fully diluted EPS is profit after income tax attributable to the owners of the Company divided by the diluted weighted average number of shares
- Cash flow from operations represents the cash generated from the core operating activities of the Group, before movements in working capital, capital expenditure, financing, taxation and acquisitions
- Underlying is defined as reported results before exceptional items and other items, and is further explained in note 35 to the financial statements

Group revenue **£872.0m** 16.0% year-on-year

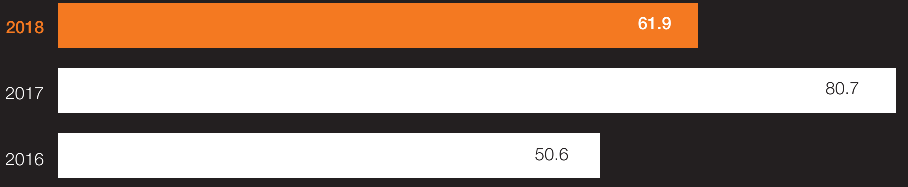
Operating cash flow before movements in working capital (£m) **£135m** 13.9% year-on-year

Underlying Group profit before tax **£97.0m** 11.5% year-on-year

Group profit before tax (£m) **£65.3m** -23.0% year-on-year

Underlying fully diluted EPS (p) **93.1p** 10.8% year-on-year

Fully diluted EPS (p) **61.9p** -23.3% year-on-year



Operational

Operational definitions

- Gross margin percentage is gross profit expressed as a percentage of Group revenue
- Operating profit margin is the ratio of operating profit to Group revenue
- Operating profit is Group revenue less cost of sales, selling, general and administrative expenses, plus other gains and losses (net)
- Underlying is defined as reported results before exceptional items and other items, and is further explained in note 35 to the financial statements
- New store payback represents, for stores opened in the past three financial years, the actual or anticipated period to recover the initial investment in capital and working captal on a post-tax basis
- Mobile traffic participation is the proportion of e-commerce traffic related to mobile devices

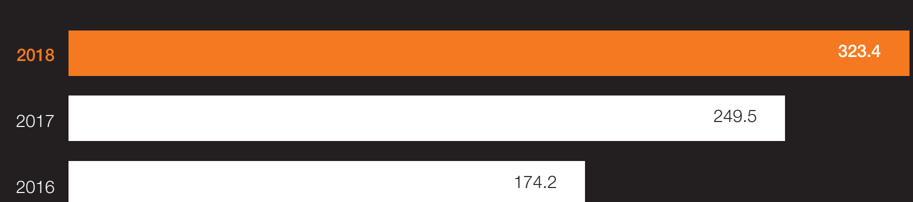
Group gross margin (%) 58.1% -210bps year-on-year

Underlying Group operating profit margin (%) 11.5% -40bps year-on-year

Payback on new store investments 24 months

Total retail selling space (100 square feet) 1,179,000 sq ft 11.9% year-on-year

Wholesale sales (£m) £323.4m 29.6% year-on-year



Mobile traffic participation of total ecommerce traffic (%) 59.7% 680bps year-on-year

Chief Financial Officer's Review

Nick Wharton

Superdry continues to achieve strong progress across each of the four pillars of the 5.0 Strategy, with our agile multi-channel approach delivering a further year of strong performance against each of our key financial metrics.

Financial review

Superdry continues to achieve strong progress across each of the four pillars of the 5.0 Strategy, with our agile multi-channel approach delivering a further year of strong performance against each of our key financial metrics.

Revenue growth has continued with overall Global Brand revenue (as defined in note 35) increasing by 22.1%. Group Revenue growth of £120.0m (16.0%) (2017: £154.5m, 25.9%) was driven by the focus on and progress achieved in our capital-light channels, Wholesale and Ecommerce, which delivered sales growth of 29.6% and 25.8% respectively. Reflecting the continued development and further investment in our online proposition, Ecommerce revenue participation[1] within Retail sales increased by 390bps to 29.7% and now represents approximately 11.9% of overall Global Brand revenue.

The reduction in Group gross margin to 58.1% (2017: 60.2%) reflects the impact of both the growth in our relatively lower margin Wholesale operation together with the short-term impact of expanded end of season clearance activity. In line with our expectation, this latter investment has materially reduced stock levels, with closing inventory only 3.2% higher year-on-year (2017: 39.6%) in comparison to the Group Revenue growth of 16.0%, which has enabled significant operating efficiency across the supply chain.

While benefitting from a growing natural hedge from our global operations (primarily from our decision not to pass through any input inflation to end consumers) foreign exchange has created a small negative impact on underlying operating profit.

We continue to develop our core infrastructure and processes, with further strong progress made in known key value drivers such as range harmonisation across the Retail and Wholesale channels. Capital investment totalled £57.7m (2017: £60.9m). Store related investment of £41.4m (2017: £42.3m) reflected further disciplined expansion in new Retail space and the conversion of 11 stores to the Next Generation format (2017:1). Infrastructure-related investment of £16.3m (2017: £18.6m) included the successful implementation of Sterling, an industry-leading Order Management System for Ecommerce, and the extension of multi-channel capability to both our European and US distribution centres. The developments necessary to integrate fully our existing Wholesale and Retail inventory pools remain on track for implementation in autumn 2018.

Operating performance includes the continuing investment in our two key development markets, North America and China. During the year, approximately 20% of US stores faced significant disruption with four existing stores impacted by landlord construction and two new locations impacted by lower than anticipated tenancy levels. The disruption in these six stores plus the accelerated investment (in anticipation of further growth) to bring our US wholesale operation in-house has led to the North American business making an operating loss of £3.0m (2017: break-even). The trading operating loss in China was £2.1m (2017: loss of £2.2m), which was in line with expectations. This performance reflects the positive growth in franchise store presence offset by the continued investments necessary to establish the Superdry brand within the market. Our operating performance also includes the non-recurring costs of £0.5m (2017: £2.1m) associated with the completion of the inventory transfers necessary to support the multi-channel operations of the distribution centres established in Europe and North America.

Taking into account these factors, underlying profit before tax for core operations (as defined in note 35) for the 52-week trading period was 12.4% above the prior year.

Our key performance indicators ("KPIs") that have been adopted for reporting are shown on pages 42 to 43.

- 16.0% increase in Group revenue
- 11.5% increase in underlying profit before tax
- 23.4% reduction in statutory basic earnings per share
- 210bps decrease in gross margin
- 11.9% increase in total Retail space

Underlying is defined as reported results before exceptional items and other items. It is further explained in note 35.

1. Ecommerce revenue participation is defined as the proportion of total Retail revenue that comes from our Ecommerce channel.

Chief Financial Officer's Review

Group Statement of Comprehensive Income

The Group has a partial and growing natural hedge through foreign currency denominated revenues and costs and has financial hedges in place that extend over a two-year period to provide a level of certainty for future transactions. Since the European referendum vote in June 2016, Sterling has weakened against the US Dollar and Euro. This, together with the decision to enhance the long-term health of the brand by not passing through input inflation through to consumers, has led to a dilution in operating profit from foreign currency.

	Underlying 2018 £m	Exceptional and other items £m	Total 52-week 2018 £m
Revenue	**872.0**	–	872.0
Gross profit	**506.5**	–	506.5
Gross profit %	**58.1%**	–	58.1%
Operating costs	**(406.2)**	(31.7)	(437.9)
Operating profit	**100.3**	(31.7)	68.6
Profit/(loss) before tax	**97.0**	(31.7)	65.3

Group revenue for the year rose by 16.0% to £872.0m (2017: £752.0m). Within this, the currency translation benefit of the Group's international operations was 2.1%[2], and revenue from newly opened and maturing Retail space contributed 5.9% of this growth.

The Group gross margin fell 210bps to 58.1% (2017: 60.2%). The key drivers of this reduction in gross margin are the dilutive impact of the continued strong growth within our capital-light Wholesale channel (approximately half of the total movement), together with the planned investments made through clearance activities to reduce the overall quantity of inventory.

Sales and distribution costs (which include costs associated with operating stores, depreciation and transporting products) totalled £346.4m (2017: £311.1m) including the non-recurring costs associated with the completion of the inventory transfers necessary to support the multi-channel operations totalling £0.5m. The increase in costs of 11.3% compares to revenue growth of 16.0%. These costs are primarily driven by our continuing store opening programme, where total Retail space increased by 11.9% during the year, together with the impact of foreign exchange movements. Sales and distribution costs for our fast growing Ecommerce business are higher per unit in comparison to the remainder of our Retail channel and our Wholesale channel. Efficiency savings, in part linked to the overall reduction in inventory, limited the year-on-year increase in store labour costs to 8.0% versus a Retail revenue increase of 9.2%. The resulting improvement in productivity was achieved despite inflationary pressure in key markets and the relatively low labour productivity of new and maturing stores.

Central costs (which include the costs of operating our global operations teams, support functions and related depreciation) were £75.4m (2017: £66.7m), an increase of 13.0%. Growth in central costs reflects continued investment (linked to the introduction of the Design to Customer process) in key category and design teams and the depreciation and licence costs from ongoing investments in more scalable and functional IT applications.

Other gains and losses (excluding the unrealised fair value loss on forward contracts) were £12.3m (2017: £11.8m), an increase of 4.2%. The growth primarily reflects the increase in royalty income from franchisees and licence partners.

Group underlying operating margin declined by 40bps on last year to 11.5% (2017: 11.9%). This reduction primarily reflects reduced revenue within the Group's owned stores, the performance of our North American development market and the dilutive impact of foreign exchange across the Group's global operations.

Underlying profit before tax increased by 11.5% on the prior year to £97.0m (2017: £87.0m).

	Underlying 2018 £m	Exceptional and other items £m	Total 52-week 2018 £m
Revenue:			
Retail	**548.6**	–	548.6
Wholesale	**323.4**	–	323.4
Group revenue	**872.0**	–	872.0
Operating profit:			
Retail	**66.3**	(22.3)	44.0
Wholesale	**106.1**	(7.3)	98.8
Central costs	**(72.1)**	(2.1)	(74.2)
Total operating profit/(loss)	**100.3**	(31.7)	68.6
Net finance income – Central costs	**(0.3)**	–	(0.3)
Share of loss of investment – Central costs	**(3.0)**	–	(3.0)
Profit/(loss) before tax:			
Retail	**66.3**	(22.3)	44.0
Wholesale	**106.1**	(7.3)	98.8
Central	**(75.4)**	(2.1)	(77.5)
Total profit/(loss) before tax	**97.0**	(31.7)	65.3

2. Current translation benefit has been calculated on a constant currency basis, by translating prior year balances at current year foreign exchange rates.

Exceptional and other items

Exceptional items in the period include a fixed asset impairment of £5.0m and an onerous lease provision of £2.2m in respect of our Berlin Kranzler store. This store, which was contracted in 2015, does not meet the Group's current investment criteria and has failed to achieve the expected return on capital due to sales underperformance. Exceptional items also include a £1.6m termination payment arising on the buy-out of our Netherlands agent. The integration of this agent is consistent with the development approach taken by the Group previously and is anticipated to payback within two years.

Other items in the year include a £20.8m charge in respect of the fair value movement in financial derivatives (2017: £2.2m charge) which has been driven primarily by the devaluation of Sterling against the Euro and US Dollar, and its impact on forward currency contracts, selling Euro for Sterling or buying US Dollar with Sterling. The IFRS 2 charge of £2.1m in respect of the Founder Share Plan is also included within other items (see note 9 for further details).

The determination of exceptional items and other items is further explained in note 35.

Taxation in the period

Our tax expense on underlying profit of £20.7m (2017: £18.3m) represents an underlying effective tax rate of 21.3% (2017: 21.0%).

This is higher than the UK statutory rate of 19.0% (2017: 19.9%) primarily due to the depreciation and amortisation of non-qualifying assets, non-allowable expenses and the non-deductibility of the joint venture loss in the period. The applicable UK corporation tax rate has been further offset by the recognition of deferred tax assets in relation to overseas tax losses (at a higher taxable rate) recognised on the basis of expected recoverability against our future plans. In the medium-term we anticipate that the substantial majority of the Group's earnings will be taxed in the UK.

An exceptional tax charge of £1.2m arises from the change in the US Federal tax rate from 35% to 21% and the subsequent impact on deferred tax assets.

During the year we paid £47.8m (2017: £46.3m) in UK taxes, which includes corporation tax, import duty, business rates, employer's national insurance and stamp duty.

Profit for the period

After exceptional and other items, Group profit for the year at £50.7m (2017: £66.0m) was 23.2% lower than the prior year.

Our Retail division (including Ecommerce)

Reflecting strong Ecommerce growth of 25.8% and the disciplined expansion of owned stores across Continental Europe and North America, our Retail division delivered revenue of £548.6m (2017: £502.5m), up 9.2% on the year. The Retail division represents 62.9% of total Group revenue (2017: 66.8%). An additional 125,000 square feet of space was added in the year through a net 26 new store openings in six countries.

The Retail division's operating profit in financial year 2018 was £44.0m (2017: £68.6m). Underlying operating profit was £66.3m (2017: £68.9m), down 3.8% on the prior year, and underlying operating profit margin was 12.1% (2017: 13.7%).

The decline in operating margin reflects the de-leveraging effect of declining same store sales, particularly in the second half of the financial year, significant disruption to our US store base and investments made to reduce the level of inventory carried within our Retail supply chain. Adjusting for the non-recurring nature of the US disruption and inventory rebase, operating margins were 13.0% (2017: 13.7%).

Retail division	**2018 £m**	2017 £m	Growth
External revenues	**548.6**	502.5	9.2%
Underlying operating profit	**66.3**	68.9	(3.8%)
Underlying operating margin (%)	**12.1%**	13.7%	(160)bps
Exceptional and other items	**(22.3)**	(0.3)	–
Retail operating profit	**44.0**	68.6	(35.9%)

Chief Financial Officer's Review

Our Wholesale division

Our Wholesale division delivered revenue of £323.4m, up 29.6% (2017: £249.5m), representing 37.1% of total Group revenue (2017: 33.2%). Revenue growth was well balanced across each of the three routes to market within Wholesale, being franchise stores, major/multiple retailers and local independents. At the end of the year the Group had Wholesale operations in 54 countries including 394 (2017: 319) Superdry branded franchise stores and 18 (2017: 16) licensed stores.

Wholesale revenue by territory	**2018 £m**	2017 £m	Growth
UK and Republic of Ireland	**42.1**	37.1	13.5%
Europe	**211.8**	161.4	31.2%
Rest of World	**56.8**	43.4	30.9%
Clearance and other	**12.7**	7.6	67.1%
Total Wholesale revenue	**323.4**	249.5	29.6%

Operating profit was £98.8m (2017: £82.9m), while underlying operating profit was £106.1m (2017: £84.8m). Underlying operating margin at 32.8% (2017: 34.0%) decreased by 120 bps year-on-year, reflecting the dilutive mix impact of both increased revenues from high growth potential customers within the Rest of World and higher clearance sales as part of the wider inventory rebase programme.

Wholesale division	**2018 £m**	2017 £m	Growth
External revenues	**323.4**	249.5	29.6%
Underlying operating profit	**106.1**	84.8	25.1%
Underlying operating profit margin %	**32.8%**	34.0%	(120)bps
Exceptional and other items	**(7.3)**	(1.9)	–
Wholesale operating profit	**98.8**	82.9	19.2%

Earnings per share

Reflecting the increased profitability of the Group during the year, underlying basic EPS is 93.6p (2017: 84.5p), an increase of 10.8%.

The underlying performance of the business, offset by the exceptional and other items outlined above, leads to reported basic EPS of 62.2p (2017: 81.2p) based on a basic weighted average of 81,510,921 shares (2017: 81,308,378 shares). The increase in the basic weighted average number of shares is predominantly due to 215,428 5p ordinary shares being issued during the year in accordance with the vesting of certain tranches of the Performance Share Plan.

Underlying diluted EPS is 93.1p (2017: 84.0p) and diluted EPS is 61.9p (2017: 80.7p). These are based on a diluted weighted average of 81,956,045 (2017: 81,751,539) shares.

Dividends

An interim dividend of 9.3p per share was paid on 26 January 2018. In line with the dividend policy the Board has recommended a final ordinary dividend of 21.9p per share, taking the full-year ordinary dividend to 31.2p per share and has declared a special dividend of 25.0p per share.

If approved, the ordinary final dividend will represent a cash outflow of approximately £17.9m and will be paid on 21 September 2018 to all shareholders on the register at the close of business on 13 July 2018. The total ordinary dividend represents an earnings cover of 3.0x on a full-year basis. The special dividend will represent a cash outflow of £20.5m and will be paid on 14 December 2018 to shareholders on the register at the close of business on 12 October 2018.

The key parameters of our dividend policy remain as follows:

- a dividend policy at a prudent earnings cover targeting 3.0x – 3.5x;
- a dividend formula so that the interim dividend will be the equivalent of approximately one-third of the total dividend for the previous year; and
- if, over an extended period, excess capital has not been deployed, we will consider non-recurring returns to shareholders while maintaining flexibility through a positive cash balance.

Cash flow, balance sheet and investments

We remain financially strong and highly cash-generative, with operating cash generated before working capital movements of £135.2m (2017: £118.7m) and retained net cash balances of £75.8m (2017: £65.4m) at the end of the year after funding continued investment across our business. However, recognising the continued growth of the Group's Wholesale operation and changes to inventory flows reflecting the increasingly global nature of the brand, the bank has agreed to provide and the Board approved, subsequent to the year-end, an uncommitted bank facility of £20m to accommodate peak working capital requirements.

£m	**2018 £m**	2017 £m
Operating cash flow before movements in working capital	**135.2**	118.7
Working capital movement	**(30.9)**	(36.7)
Net interest	**(0.3)**	0.2
Taxes	**(23.9)**	(19.9)
Net cash generated from operations	**80.1**	62.3
Investments	**(3.2)**	(6.5)
Long-term loan to joint venture	**(3.3)**	–
PPE and intangible assets	**(55.7)**	(56.3)
Cash received from disposal of financial assets	**2.2**	–
Dividends	**(24.0)**	(36.5)
Other (including foreign currency movement)	**14.3**	1.7
Net increase/(decrease) in cash	**10.4**	(35.3)

Net cash generated from operations of £80.1m has increased versus the prior year (2017: £62.3m), reflecting the growth in profitability of the business and improved working capital disciplines.

Cash investment in property, plant and equipment and intangible assets totalled £55.7m (2017: £56.3m). This has been driven by expenditure incurred in opening new Retail space, continued investment in existing Retail space to improve the in-store experience, ongoing investment in enabling information technology and in the new distribution centres and, recognising the importance of strengthening the central capability, the continued reconfiguration and expansion of our UK head office.

During the year, £46.6m (2017: £53.3m) of capital additions were made, of which £30.4m (2017: £35.6m) related to leasehold improvements across the Group. Stores remain an important element of the overall brand experience and provide a significant source of revenue. We continue to generate strong returns on these investments with the average payback from stores opened in the last three financial years anticipated to be 24 months. Recognising our desire to maximise flexibility within this key channel, any future investments will be targeted to payback within two years. The remaining balance of capital additions includes furniture, fixtures and fittings (£11.0m) and computer equipment (£5.2m).

As at 28 April 2018, the net book value of property, plant and equipment was £130.2m (2017: £121.3m).

Intangible assets, comprising goodwill, lease premiums, distribution agreements, trademarks, the website and computer software, stood at £57.8m at the year-end (2017: £53.8m). Additions in the year were £11.1m (2017: £7.6m), comprising mainly website and software additions.

Current assets		2018 £m	2017 £m	Change %
Inventories		**162.3**	157.2	3.2
Trade and other receivables	Trade receivables	**85.2**	59.0	44.4
	Other receivables/derivatives	**54.8**	56.3	(2.7)
Subtotal receivables		**140.0**	115.3	21.4
Financial assets at fair value through profit or loss		**–**	2.2	(100)
Net cash		**75.8**	65.4	15.9
Total current assets		**378.1**	340.1	11.2
Trade and other payables	Trade payables	**(81.1)**	(77.0)	(5.3)
	Other payables/derivatives/borrowings	**(66.9)**	(55.1)	(21.4)
Total current liabilities		**(148.0)**	(132.1)	(12.0)
Net current assets		**230.1**	208.0	10.6
Working capital	Inventories	**162.3**	157.2	3.2
	Trade and similar receivables*	**129.5**	99.9	29.6
	Trade and similar payables†	**(108.5)**	(109.0)	0.5
Total working capital		**183.3**	148.1	23.8

* Trade and similar receivables exclude items not considered to be working capital, being derivatives, cash contributions and rent deposits.
† Trade and similar payables exclude items not considered to be working capital, being derivatives, lease incentives and other taxes payable.

Inventories, trade and similar receivables and trade and similar payables increased during the year to £183.3m (2017: £148.1m) and as a proportion of Group revenue was 21.0% (2017: 19.7%).

Inventory levels increased by 3.1% on a constant currency basis[2] and increased by 3.2% at a total level to £162.3m (2017: £157.2m). The lower year-on-year growth in inventory reflects the focus on inventory efficiency over the past year. Trade and similar payables were £108.5m (2017: £109.0m), a reduction of 0.5% on the prior year. Changes to sourcing in recent years have resulted in the supply base being focused in three principal territories: Turkey, China and India. The flexible sourcing model that we have adopted, in terms of both suppliers and territories, enables us to generate competitive tension between suppliers and de-risk our sources of supply.

Mirroring the growth in Wholesale revenue, trade and similar receivables increased by 29.6% to £129.5m (2017: £99.9m) and were 14.9% (2017: 13.3%) of Group revenue. Debtor profiles continue to improve with 72.8% of year-end trade receivables within agreed payment terms (2017: 71.6%).

Robust financial management

We believe that robust systems and business and monitoring processes allied to a culture of strong cost control are key to operating our business effectively and efficiently in both the short and long-term. Further improvement to business processes and financial controls have been made during the year, aided by the further development of our core finance system and key transactional systems controlling merchandise management and sales order processing.

2. Current translation benefit has been calculated on a constant currency basis, by translating prior year balances at current year foreign exchange rates.

Outlook

The Group's continued strong financial development mirrors the progress delivered across each element of our strategy which has created an agile multi-channel business model with growth plans tailored specifically to each of our core markets. Together with continuing product innovation, this approach has resulted in strong revenue growth with margins diluted primarily as a result of structural sales mix and long-term investments to protect consumer selling prices from input inflation and to reduce inventory in order to drive future operating efficiencies.

The business remains strongly cash-generative, able to support the investments necessary to deliver our planned growth and further infrastructure development while providing cash returns to shareholders through an ordinary dividend and a second special dividend of c. £20.5m to be paid this autumn.

Our focus continues to be the development of a global digital brand and the delivery of long-term sustainable growth in revenue and earnings. We remain confident in delivering further growth in Global Brand revenue, led by our capital-light channels of Wholesale and Ecommerce, and anticipate delivering a high single-digit increase in Group revenue in FY19. In addition, the Group will, from the current financial year onward, crystallise the cost benefits from our refined Design to Customer processes (as defined further in the Strategic Report) driving a moderate 20 to 50 basis point expansion in underlying operating margin.

Viability Statement

Assessment of the Group's Prospects

In accordance with the UK Corporate Governance Code ("the Code"), the Directors have assessed the future prospects of the Group for the purposes of both the going concern and viability statements over a period significantly longer than 12 months from the approval of the financial statements. The Directors have concluded that the most relevant time period for this assessment is four years, since this time frame represents an appropriate duration an investor can reasonably expect a brand business to be assessed and is consistent with Superdry's long-term financial plan, which is used as a planning tool for strategic decisions and resource allocations. The Group is operationally and financially strong and has a track record of generating profits and cash.

This assessment is made by reference to the Group's historical activities, its current financial position, and its prospects as part of the Group's growth strategy. The growth strategy considers factors likely to affect its future development and position, and which is set out in the Strategic Report on pages 1 to 59. The performance section on pages 44 to 49 demonstrates the strength of the current position. This assessment is closely linked to a robust assessment of the principal risks facing the Group, including those that would threaten the business model, how they are identified and mitigated, its solvency and its liquidity. The principal risks are outlined on pages 51 to 59.

Assessment of Viability

In accordance with the requirements of the Code, the Directors have assessed the viability of the Group over the output of its four-year plan. The Directors have relied on a number of existing processes in conducting the assessment, including the annual budget and long-term financial plan. Periodically, the Board reviews the financing position of the Group, its projected funding position and ongoing requirements through a detailed consideration of the Group's cash flows.

To assist the Directors' assessment, the liquidity headroom position from the financial projections of the long-term business model were subject to severe but plausible stress tests in relation to the principal risks, both individually and collectively, with consideration taken of the effectiveness of mitigating actions that might be undertaken in particular situations, including reduced capital and revenue investments. These tests include a protracted reduction in the Group's forecast like-for-like revenues due to the impact of brand damage and the failure to fully establish the brand in key development markets, including the US and China.

The stress testing confirmed that in all cases the headroom remained positive and none of the scenarios tested, either individually or collectively, would threaten the viability of the business over the four-year assessment period.

Sustainability of dividends has been assessed and is discussed in more detail in note 33.

Viability Statement

Based on the results of their assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the four-year period ending 30 April 2022.

How We Manage Our Risks

Risk review process

1 Existing/emerging risks

Top down risk identification

Departmental Risk Register

Bottom up risk identification

2 Risk Committee evaluation

Emerging Risks • Horizon Scanning
Risk Assessment • Review risk score
Independent Risk Assessment

3 Executive Committee sign-off

Monitoring risks

Principal Risks and Uncertainties

Assessing risk

4 Audit Committee oversight

Review of Risk Committee minutes
Evaluation of effectiveness of Risk Management and Strategic Risk Review

5 Board sign-off

Setting risk appetite

Review and sign off Principal Risks and Uncertainties

Approval of adequacy of controls

We understand the need for a system of internal control and risk management. The identification and management of key risks for the Group is the responsibility of the Risk Committee which oversees a risk register that is reviewed formally and updated on a regular basis to ensure that it is focused on real, current and significant business risks, that mitigating actions are feasible and effective, and the resulting net risk is appropriate. Our appetite for risk is widely understood within the business with an aim to be risk aware while recognising that to achieve our objectives we will take on certain risks but in an informed manner. These risks will provide a balance between risk and reward, and be able to be mitigated or managed should the risk materialise. We will not knowingly take risks that could negatively affect the safety of customers or colleagues, be detrimental to our brand, lead to breaches of legal or regulatory requirements or endanger the future existence of the business. Where such risks crystallise we will transparently escalate these as appropriate.

The Risk Committee, which reports to the Executive Committee with oversight provided by the Audit Committee, meets monthly to co-ordinate the risk management programme, and review the risk procedures and practices in place to ensure they reflect the growing scale, maturity and complexity of the Group. It is chaired by the Chief Financial Officer with other members being the Global Retail Director, Group General Counsel, Chief Information Officer, Risk and Assurance Manager, Group Financial Controller, Head of Business Transformation and an Internal Audit representative from KPMG. Membership of the Committee will be expanded in the current financial year to include representation from the Group's two capital-light growth channels, Wholesale and Ecommerce. During the year the risk matrices under review have been expanded to include a number of risks that are either common across all departments or complex and cross-functional.

As a result of the implementation of the Superdry 5.0 strategy, we have developed the way we view risk, assessing it against our strategy and the Design to Customer process now in operation across the business, and contextualising it within our operating framework.

Risk is managed actively by the regular consideration of both functional risk and execution risk within the large, complex, cross-functional programmes managed by the Business Transformation team. Functional risk registers are prepared, documented and presented annually by the responsible member of the senior management team. The reviews are captured using a standard template that allows ready comparison of risk across the business and allows the identification of cross-functional mitigation strategies.

We have continued to monitor the position of Brexit negotiations, and a senior working group meets regularly to assess the likely impact to our operations. As a result, we consider that the possible range of Brexit impacts are now established and, with Britain's membership of the EU ending during the current financial year, we have concluded that this risk warrants consideration in its own right, rather than being viewed as a composite element of other risks.

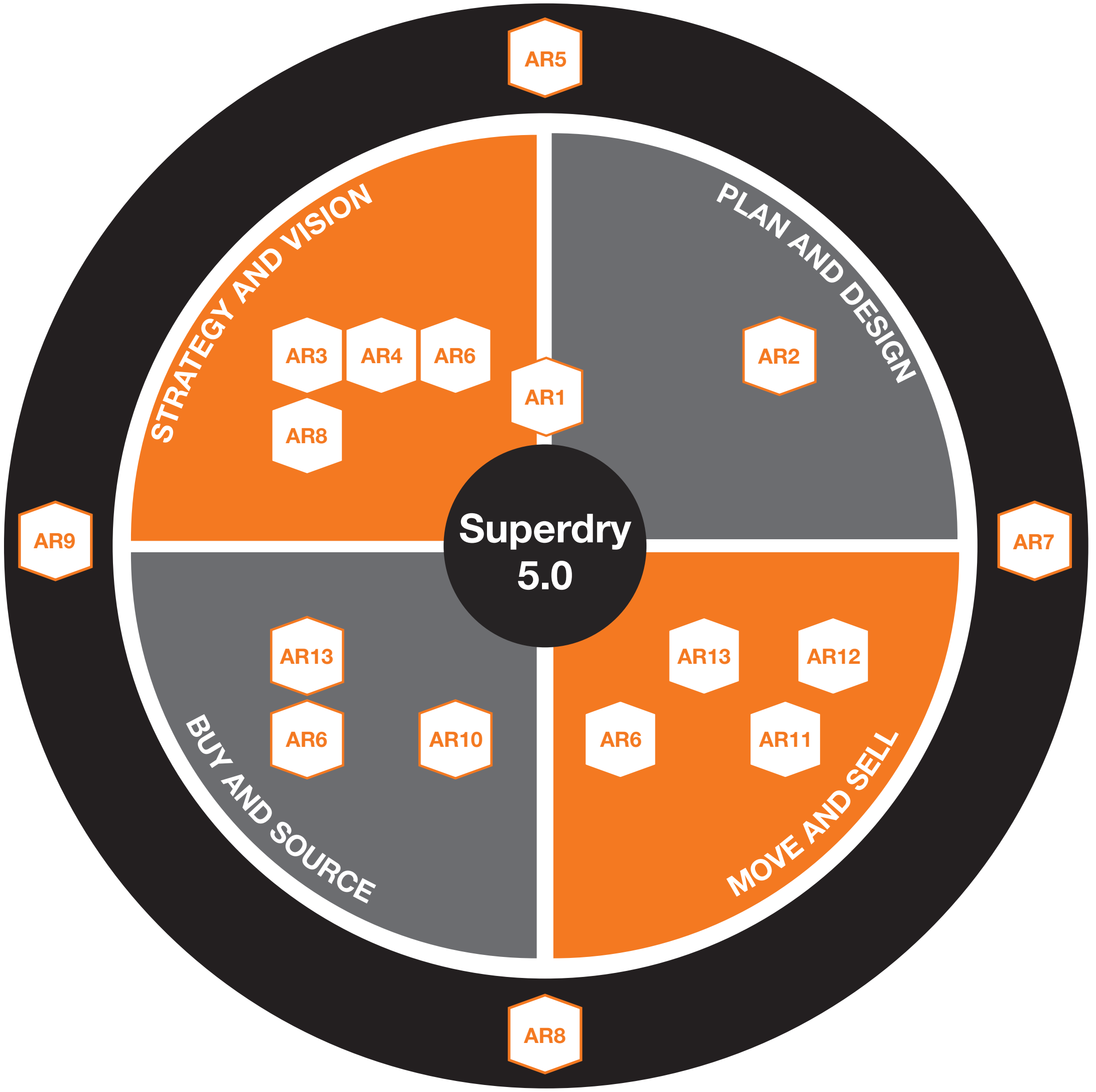
The continued expansion of Superdry's operations across geographies (both new countries and new areas within countries) and development of multi-channel routes to market introduces an associated complexity of operations that can increase our risk footprint, while decreasing the impact of any one risk to the business as a whole. As an example, the successful implementation of our multi DC project increases our locus of risk from one to three sites, but limits the impact of failure to discrete territories rather than our entire operations. We have also recognised the risk that the ongoing consumer preference towards digital shopping channels will impact the profitability of our physical store estate.

How We Manage Our Risks

We have assessed our identified risks through internal review and benchmarking and remain confident that our principal risks and uncertainties remain accurate. However, we accept that our identification of risks may not be exhaustive, and we continue to monitor their change or the development of any new risks that might have an adverse effect on the Group. We recognise the inter-connectivity of our risks. Figure 1 seeks to reflect these dependencies in relation to our purpose, strategy and operating framework.

Risk	Heading	Strategy Elements
AR1	Damage to Superdry Brand or loss of Brand resonance	ALL
AR2	Failure or underperformance of key product ranges	GDB, RI
AR3	Failure to deliver the global strategy	ALL
AR4	Failure to deliver growth in target markets	WMO, GDB
AR5	Failure to recruit and/or retain key staff or a dilution of the culture	ALL
AR6	Negative impact driven by our response to global economic conditions	WMO, RI, GDB
AR7	Lack of availability of systems/ compromise of data held	OE
AR8	Failure to comply with legal and regulatory frameworks	WMO, OE, GDB
AR9	Impact on results due to currency fluctuations	ALL
AR10	Supply chain disruption/ raw material shortage	WMO, OE
AR11	Failure to deliver Ecommerce revenue growth	WMO, GDB
AR12	Consumer preference shift towards digital shopping channels	OE, RI
AR13	Negative impact as result of Brexit	ALL

RI Relentless Innovation
OE Operational Excellence
GDB Global Digital Brand
WMO World Market Opportunity



Ref	Risk	Potential Impact	Mitigation	Risk Velocity	Change in Risk 2017	Change in Risk 2018	Link to Strategy
AR1	Damage may occur to the Superdry Brand or the Brand may lose its resonance. This could result from many factors, including diminishing brand resonance (as described in AR2) from the failure to meet consumer needs and address consumer trends, poor quality or counterfeit product. The brand may also be damaged through corporate actions including; failing to act or react to an unfolding situation, customer services issues, workplace accidents, fraudulent business practices, unauthorised access to IT systems, corporate malfeasance, corruption or socially unacceptable behaviour.	The strength of the Superdry brand is fundamental to the success of our business. There is a risk that the equity within the brand may be damaged, with associated impacts to customer perception, investor sentiment, recruitment and retention of colleagues, revenue and margin, financial penalties, prosecution and increased running costs.	Our ongoing customer research insight programme continues to show that the Superdry brand has strong appeal in all of our major markets. The research has shown that our addressable customer market is broader than previously understood and more defined by attitude than age, which has directly influenced our marketing strategy. The research programme will be extended further in the coming year to provide insight to all key operating markets. New distribution channels are approved internally to ensure that they meet our brand guidelines and our in-house brand protection team also works closely with third party advisers and customs authorities throughout the world to monitor the production and sale of counterfeit product and, where identified, remove it using all remedies available, including takedown procedures and issuing proceedings. We also monitor our supply chain to limit the risk of any supplier selling unauthorised product directly into the market. Our approach to Sustainability and Health & Safety is proactive, with regular training and audit across Superdry and supplier locations. Ethical trading matters are managed by our Ethical Trading Manager, reporting directly to the Head of Sourcing, and we are a member of the Ethical Trading Initiative. We engage with our suppliers and expect them to operate in accordance with our Ethical Trading Code. We assess the status of operating practices through a schedule of audits and visits and, where necessary, work with suppliers on improvement plans. We have upgraded our strategic supplier engagement programme during the year, which included a global supplier conference. Any business issues that arise are dealt with in a transparent manner, and staff are reminded of their responsibilities to act as good "global citizens".	Weeks			OE GDB RI WMO

How We Manage Our Risks

Ref	Risk	Potential Impact	Mitigation	Risk Velocity	Change in Risk 2017	Change in Risk 2018	Link to Strategy
AR2	The brand and Group's business may suffer from any failure to meet consumer needs and address consumer trends leading to a product range that is insufficiently differentiated or unattractive to target consumers. This risk could manifest itself from a combination of many factors including: lack of innovation, inappropriate levels of inventory, too few or too many options creating insufficient or confusing consumer choice or poor range construction at the store or Group level.	The Group may miss opportunities by misjudging a part range, entire category or season. This could lead to inventory shortages or excesses that could result in lower margins, missed potential revenue or loss of customer goodwill.	While the Superdry brand is not positioned within the fast fashion category, the combination of an enhanced programme of customer research, established category management capability and brand understanding embedded in the organisation provides a strong understanding of and connection to the market and our customers. Our category management and design capability, which has been significantly strengthened over the past three years, continually monitors fashion and consumer trends. This combined understanding informs our range and product development together with its range construction to ensure the brand offers high quality, innovatively designed products offering strong value for money at a series of price points. We continue to innovate approximately 5,000 designs each year to provide a new reason for customers to buy. The brand has also been extended into new product ranges including Superdry Sport, Snow and more premium ranges, each launched during the past two years. The launch of new ranges is expected to continue which will further broaden and strengthen customer appeal. We continue to develop improved planning and stock management processes and systems to enable the business to make better decisions on initial stock quantities, allocation across sales channels and to respond more rapidly to inventory levels and opportunities. Our capability will be further enhanced in the forthcoming financial year with the introduction of store level ranging to better match the customer offer to local demographics.	Months	↔	↔	GDB RI
AR3	Failure to deliver the global strategy. Earnings will be impacted if we fail to achieve long-term business growth as a result of the lack of an effective strategy, the failure to successfully implement an effective strategy, an inappropriate business model in key markets or the failure to successfully deliver critical infrastructure projects.	Failure to achieve planned growth targets could significantly impact on revenue, and therefore corporate and investor sentiment.	We continue to update and refine our strategy to ensure it delivers maximum focus and returns. Our revised strategic framework sets out how we will create a Global Digital Brand and the effective implementation of this strategy continues. This centres on continued Ecommerce and Wholesale growth, disciplined new store investments, continued innovation in all aspects of the business and a heightened focus on operational excellence to support our planned growth. Our Executive team has broad consumer and business experience with clearly defined ownership for each element of the strategic plan. Progress against our plans is monitored ensuring issues are resolved and opportunities pursued in a timely manner. Strategic reviews also consider the balance of current and estimated sales in each channel within a key territory to ensure it remains optimal and reflects changes to customer shopping behaviours. We continue to be strongly cash generative and able to fund our ongoing investment programme.	Months	↔	↔	OE GDB RI WMO

Ref	Risk	Potential Impact	Mitigation	Risk Velocity	Change in Risk 2017	Change in Risk 2018	Link to Strategy
AR4	Failure to deliver on our growth aspirations in the Group's key future development markets.	Failure to successfully establish the Superdry brand and expand our operations in North America and China could result in financial losses and/or brand damage, which could undermine the strategy of becoming a global digital brand.	Each market entry was subject to extensive consumer, market and operational research, informing the optimal position for the brand in the local market and any necessary adaptation to the brand or business model to reflect local practices. In both China and North America, the brand is marketed through local social media and marketing activity, including endorsement by key influencers, tailored to the specific market. Furthermore, reflecting local market dynamics, mitigation strategies have been established specific to each market as follows: **North America** During the year we have significantly strengthened the North American team creating an effective balance of local and global capabilities having previously completed the integration of key functions, including merchandising and replenishment, to the Group's shared global infrastructure. Having repositioned the customer offer in all customer channels in our first year of ownership, a series of test retail stores that better represent the brand proposition were then introduced. Further stores in high profile catchments will be supported by a greater wholesale presence and Ecommerce offer serving the whole country. A dedicated regional warehouse was established during financial year 2017 and will be further developed to support all sales channels, including the integration of Wholesale operations in 2018. **China** The brand operates in China via a joint venture with Trendy International Group ("Trendy"). Trendy have extensive retail experience and operational capability and were selected as a partner after a full due diligence process. Future development will be concentrated on franchise expansion, limiting ongoing capital funding requirements and leveraging Trendy's capability. The joint venture Board includes two Superdry representatives including Euan Sutherland, Chief Executive Officer, ensuring regular market visits and governance of senior management.	Months	↔	↔	GDB WMO

How We Manage Our Risks

Ref	Risk	Potential Impact	Mitigation	Risk Velocity	Change in Risk 2017	Change in Risk 2018	Link to Strategy
AR5	Loss of key colleagues or the inability to attract and retain talent or preserve the Superdry culture.	Lack of appropriately skilled and experienced resource could result in a delay in achieving the Group's strategic goals.	Euan Sutherland as Chief Executive Officer and the wider Executive team provide the necessary leadership skills to drive our global strategic goals. Our ongoing resourcing, talent review and succession planning processes are providing the Executive team with the necessary data and tools to understand the future skills requirements of the business. This has led to the significant strengthening of key functions, particularly design, category management and merchandising, where a number of senior external recruits complement long-serving colleagues rich in the DNA of the brand. This capability will be further strengthened through the recruitment of a Creative Director during calendar year 2018. This process is also helping to ensure that all colleagues can benefit from rewarding careers. Our approach to remuneration, as clearly demonstrated by the recent introduction of the Founder Share Plan which enables all colleagues throughout the business to share in the growth in market value of the business, seeks to promote and reward long-term success within a suitable risk framework supporting recruitment, long-term retention and collaborative working of senior management. Recognising the importance to the overall Superdry proposition of a service-led customer experience, colleague retention and recruitment in stores is a priority. Improved retention levels are targeted as we enhance our training and development programmes. We recognise that retaining the Superdry culture is key and undertake an annual all-colleague survey to understand better the level and drivers of engagement. In the 2018 survey 74% of our colleagues rate us as a "great place to work".	Months	↓	↔	OE GDB RI WMO
AR6	Global economic conditions. Economic and financial conditions or external world events.	Our results can be affected by events or circumstances which impact consumer confidence and buying habits, labour availability or international trade.	Our Risk Committee horizon scans to anticipate new risks and changes in nascent risks. Our increasingly diversified business model encompassing Retail, Ecommerce and Wholesale along with our increasing global footprint, provides significant counter-economic protection. Increased category breadth provides further insulation. Regular reviews through customer research and a review of competitor pricing, together with forecasting disciplines, are in place to assess current market conditions and to ensure that any issues are dealt with in a timely manner. Our wholesale and finance teams closely manage credit terms and use of insurance and bank guarantees with their trading customers to balance a customer's ability to purchase goods with their ability to pay. Our treasury function monitors the stability of financial institutions that hold our deposits or provide currency instruments. These are spread over a number of institutions to mitigate this risk and ensure competitive terms.	Months	↑	↑	GDB RI WMO

Ref	Risk	Potential Impact	Mitigation	Risk Velocity	Change in Risk 2017	Change in Risk 2018	Link to Strategy
AR7	Lack of availability of infrastructure or IT systems (due to operational constraints or a major incident) or compromise of data (either accidentally or maliciously) held by Superdry or key third parties.	Should any of our operational technology or facilities be unavailable for an extended period, our ability to trade would be impaired, particularly during the peak trading period from November to January. Compromise of data could have regulatory impacts, result in fines and/or damage the brand.	We continue to invest in new information technology systems and infrastructure to improve reliability and availability and enhance our security profile. Security controls, including regular audits and penetration tests, are in place to ensure that data is protected from corruption, unauthorised access or use through encryption. The detailed external review of the Group's security maturity has recently been updated, demonstrating the planned tangible improvement. A series of actions targeted to further enhance our security environment is planned, and continues to be monitored via the Group's Risk Committee. Our information technology disaster recovery capabilities continue to be developed and tested, with a 'warm start' IT facility and secondary work area location providing resilience in the event of the loss of primary IT systems or office facilities. We operate a strict change freeze during the Group's key trading period in order to minimise the risk of infrastructure disruption.	Days	↔	↑	OE
AR8	Failure to comply with legal and regulatory frameworks.	Failure to comply with legal obligations or regulatory frameworks in the diverse markets in which we operate could result in financial penalties, individual prosecution, the inability to enforce contracts and/or reputational damage.	Our in-house tax and legal functions work closely with the business to identify and mitigate legal and regulatory risks using both internal resources and external advisers where either specialist or local advice is needed. The Group is well progressed in a programme to simplify its legal entity structure, and has reviewed the associated obligations and impacts for local territory directors. We have reviewed the data that we hold and how we process it as part of an assessment of our readiness for the implementation of the GDPR. Our current processes are robust, and we are looking at compliance with GDPR as an evolution of our current data protection regime (see also AR7).	Weeks	↔	↑	OE GDB WMO
AR9	Risk of significant changes in currency exchange rates.	Our financial results could be impacted by changes in exchange rates.	The Group's operations are increasingly geographically diversified, introducing a natural currency hedge. However, we maintain constant management oversight, including Board review, of foreign exchange exposure and opportunities and use forward foreign exchange contracts to provide planning certainty in the major currencies in which we trade.	Weeks	↑	↔	OE GDB RI WMO

How We Manage Our Risks

Ref	Risk	Potential Impact	Mitigation	Risk Velocity	Change in Risk 2017	Change in Risk 2018	Link to Strategy
AR10	Global supply chain disruption and/or raw material shortage. The Group is reliant upon a global supply chain and logistics infrastructure to maximise availability of products, on time and to specified quality.	While most of the raw material that we use is freely available, there are fabrics and garment accessories that are more specialist. An event, from earthquake to factory fire, has the ability to constrain supply, and therefore impact our ability to produce the final garment. Finished goods in transit may be delayed due to circumstances beyond our direct control including IT failure at or financial instability of third parties and natural catastrophes. This could have the subsequent impact that Superdry fails to maximise its revenues, limiting brand exposure and reducing customer goodwill.	Our sourcing strategy includes long-standing supplier relationships with a proven track record and includes monitoring raw material availability and price, dual sourcing where appropriate to facilitate continuous supply in the event of supplier failure. Our supply relationships are formalised with a supplier manual and regular global supplier conferences providing clear expectations and a framework within which our partners operate. Through implementing a series of multi-channel distribution centres capable of serving all channels in a specific geographic region, the Group, with a common operating system, has built-in resilience in the event of the failure of a single regional centre. Where appropriate, we have relationships with multiple carriers to build resilience into our delivery network. We continue to develop our upstream inventory holding capability which allows inventory to be held closer to origin, allowing for more flexible allocation to serve individual geographical markets. In market hubs, provide quality inspections to facilitate earlier identification and rectification of quality or compliance issues.	Months	NEW	↔	OE WMO
AR11	Ecommerce revenue growth, reflecting our position as a digital brand, is key to the ongoing development of the business. This growth requires attractive, functional and reliable websites, an advantaged service proposition and effective marketing strategies.	Failure of the digital proposition could lead to a poor multi-channel experience, which may lead to failure to achieve growth targets and reduce the attractiveness of the brand with consumers.	We have a dynamic rolling programme of enhancements, each of which improves the customer experience and will typically deploy several improvements to our Ecommerce sites each week. We have a comprehensive, multiple layered approach to our developments informed by both quantitative and qualitative customer evaluation of our on-site customer experience. We have a "fast follower" approach to digital marketing, leveraging new approaches, but not embarking on higher risk "untested" techniques. We constantly monitor customer response rates to activity to ensure that we remain relevant in what we do to our target audience. We operate a Customer Scorecard which monitors overall customer experience including product feedback from customers and any failures to meet delivery service levels or Contact Centre responsiveness. This information is used to create action plans to rapidly address any issues that are impacting customers.	Days	NEW	↔	GDB WMO

Ref	Risk	Potential Impact	Mitigation	Risk Velocity	Change in Risk 2017	Change in Risk 2018	Link to Strategy
AR12	The ongoing consumer preference shift towards digital shopping channels.	Declining consumer visits to stores leads to declining profitability in the physical retail environment.	Stores remain an important element of the overall brand experience within our Global Digital Strategy and are an important source of ongoing revenue. Our store estate benefits from ongoing investment, both in the form of refits and from improved merchandising capability, including the introduction of ranging by store during 2018. The brand has a relatively small store portfolio totalling 658 stores across 54 countries, with over 400 of these stores being operated by third parties under franchise arrangements. The Group's owned store portfolio of 246 stores, is almost exclusively leased with an unexpired lease term of less than six years and over 60% of leases having a tenant break opportunity within the next four years. All stores are subject to ongoing performance reviews and corrective action is taken, including lease exit, where stores fail to deliver targeted levels of profitability. Demanding investment criteria are set before capital is invested in new stores with historic stores delivering a payback within 30 months and future stores targeted at 24 months. New store leases are targeted to contain variable rent arrangements and incorporate break clauses giving the ability to respond quickly should a store fail to meet expectations. Leases are only extended against equally demanding criteria.	Months		NEW	OE RI
AR13	Brexit (the exit of the UK from the European Union) potentially introduces risks to operations, including increases in tariffs on goods and delays in their global movement, availability of labour and instability in the global currency market.	Reduction in consumer spending, increased delays on goods crossing borders, increased direct and indirect costs, and shortage in labour especially in the UK distribution centre.	We have formed a Brexit working group, chaired by a member of the Executive Committee and with input from specialists and representation from each business area. Until there is any certainty on what Brexit might entail, the Group models worst case scenario impacts (e.g. no trade deal and an overnight reversion to WTO tariffs) and looks at ongoing trends (e.g. the reduction in migration to the UK) in order to prioritise actions to mitigate the risk.	Months		NEW	OE GDB RI WMO

This report was approved by the Board of Directors of Superdry Plc on 4 July 2018 and signed on its behalf by:

Euan Sutherland
Chief Executive Officer
4 July 2018

Board of Directors

"Good corporate governance is good business. Our governance framework supports and enables effective execution of our strategy together with high quality and timely decision making. Rigorous analysis, robust challenge, close monitoring of performance, and an appropriate system of checks and balances are combined with the entrepreneurial and creative culture of the Company. As Superdry grows and develops we continually evolve and improve our governance framework in line with the maturity of the Company and in light of emerging governance reforms and best practice. Over the last year we have placed greater emphasis on our brand purpose and values which have given real assurance of the strong culture, beliefs and ways of working at Superdry, developing our Sustainability Programme further and having the leadership and composition on the Board that is appropriate to a Global Digital Brand."

Peter Bamford
Chairman
4 July 2018

Peter Bamford

Chairman

Appointed: 29 January 2010

Committee membership: Nomination (Chairman)

Peter is Chairman of the Board and of the Nomination Committee. He is also Non-Executive Chairman of B&M European Value Retail SA and Deputy Chairman and Senior Independent Director of Spire Healthcare Group plc. Previously Peter was Chairman of Six Degrees Holdings Limited from 2011 to 2015 and a Non-Executive Director of Rentokil Initial Plc from 2006 until 2016. He was also a Director of Vodafone Group Plc from 1998 to 2006 where he held senior executive roles, including Chief Marketing Officer, Chief Executive of Northern Europe, Middle East and Africa and Chief Executive of Vodafone UK. Prior to this he held senior positions with WH Smith Plc, Tesco Plc and Kingfisher plc. Peter has served on the boards of public companies for over 20 years and has extensive experience in developing and growing businesses and brands internationally.

Euan Sutherland

Chief Executive Officer

Appointed: 1 December 2012

Euan was appointed as Chief Executive Officer in October 2014, having previously been an independent Non-Executive Director. He is also a Non-Executive Director of Britvic plc. Euan previously served as Group Chief Executive Officer of the Co-operative Group, Group Chief Operating Officer at Kingfisher plc and as a Non-Executive Director with the Co-operative Food Board. Prior to this he was Chief Executive of AS Watson UK, the owner of Superdrug. Euan has over 20 years' experience within the retail sector having held roles with Boots, Dixons, Coca-Cola, Matalan and Mars.

Nick Wharton

Chief Financial Officer

Appointed: 24 June 2015

Nick was appointed Chief Financial Officer in June 2015. Previously he was Chief Executive Officer of Dunelm Group plc between 2010 and 2014 and before that he was Chief Financial Officer of Halfords Group Plc. In his eight year career at Halfords, he held both finance and strategy roles. Prior to this, Nick worked in senior finance positions at Boots Opticians, Boots Healthcare International, Do-it-All Limited and Cadbury Schweppes. Nick is a chartered accountant and has been a Non-Executive Director of Mothercare plc since November 2013.

Nick steps down from the Board and will be succeeded by Ed Barker as Chief Financial Officer on 5 July 2018.

Ed Barker

Chief Financial Officer Designate

Appointed: 16 April 2018

Ed was appointed Chief Financial Officer Designate in April 2018 and will succeed Nick Wharton as Chief Financial Officer on 5 July 2018. He is currently a Non-Executive Director and Audit Committee Chair of Staffline Group plc. Ed has over 15 years of experience in the retail sector, including ten years at J Sainsbury plc ('Sainsbury's'), most recently as the Group Finance Director, working across a number of senior financial and operational functions including; Group Reporting, Financial Planning & Analysis, Tax, Pensions, Group Financial Controller and Retail & Logistics Finance. Before joining Sainsbury's Ed worked as Group Financial Controller at Burberry Group plc. Prior to working in industry, he achieved his professional ACA qualification with PricewaterhouseCoopers in 1998, and was made an FCA in 2013.

Keith Edelman

Independent
Non-Executive Director

Appointed: 4 February 2010

Committee membership:
Nomination,
Remuneration

Keith is a member of the Nomination and Remuneration Committees, former Senior Independent Non-Executive Director and member of the Audit Committee. He is also Non-Executive Chairman of Revolution Bars Group Plc, a Non-Executive Director and Chairman of Pennpetro Energy Plc and a Non-Executive Director of the London Legacy Development Corporation. Keith was previously Non-Executive Chairman of Goal Soccer Centres Plc, Non-Executive Director of Safestore Holdings Plc, Chairman of Beale Plc, Managing Director of Arsenal Holdings Plc and Chief Executive of Storehouse Plc (encompassing BHS and Mothercare). Keith has extensive retail and international experience and has served on the boards of public companies for over 30 years across a wide range of businesses and markets.

Keith will not stand for re-election and will retire at the conclusion of the AGM.

Penny Hughes

Independent
Non-Executive Director

Appointed: 1 April 2015

Committee membership:
Audit, Nomination,
Remuneration (Chairman)

Penny is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. She is also the Non-Executive Chairman of The Gym Group plc. Penny's previous Non-Executive Directorships include The Royal Bank of Scotland Group plc, Wm Morrison Supermarkets Plc, Home Retail Group Plc, The Gap Inc., Next Group Plc, The Body Shop International Plc, Thomson Reuters Group Limited, Vodafone Group Plc and Trinity Mirror Plc. During her executive career Penny spent ten years at The Coca-Cola Company, initially as Marketing and Commercial Director, before being made President of Coca-Cola Great Britain and Ireland.

Dennis Millard

Senior Independent Director
Non-Executive Director

Appointed: 1 February 2018

Committee membership:
Nomination,
Remuneration

Dennis is a member of the Nomination and Remuneration Committees. He is the Chairman of Halfords Group Plc and Deputy Chairman and Senior Independent Director of Pets at Home plc. Dennis is also Chairman of the Trustees of the charity The Holy Cross Children's Trust. He was previously Senior Independent Director at Debenhams plc, Premier Farnell plc and Xchanging plc and was Chairman of Connect Group plc. Dennis has broad commercial and financial experience in the retail, service, distribution and manufacturing sectors in the UK and internationally including at Cookson Group Plc where he was Finance Director. He is a member of the South African Institute of Chartered Accountants and holds an MBA from the University of Cape Town.

Minnow Powell

Independent
Non-Executive Director

Appointed: 1 December 2012

Committee membership:
Audit (Chairman),
Remuneration

Minnow is Chairman of the Audit Committee and a member of the Remuneration Committee. He is a Non-Executive Director of Computacenter plc where he is Chairman of the Audit Committee. Minnow was a Non-Executive Director of TUI Travel Plc from 2011 prior to the merger with TUI AG, when he became a member of the Supervisory Board and Audit Committee of TUI AG until February 2016. Prior to that Minnow spent 35 years with Deloitte. He is a Chartered Accountant and was a member of the UK's Audit Practices Board for six years. Minnow has extensive experience in external and internal audit, risk management, financial controls and corporate financial reporting in a wide range of sectors.

John Smith

Independent
Non-Executive Director

Appointed: 1 February 2018

Committee membership:
Audit,
Remuneration

John is a member of the Audit and Remuneration Committees. He is a Non-Executive Director of Travelport Worldwide Limited, a New York Stock Exchange listed company. John was the Chief Operating Officer of Burberry Group plc and, prior to that, he was a Non-Executive Director of Burberry Group plc and Chief Executive of BBC Worldwide. John has been a leader in building many global brands and in developing digital capabilities in the TV, fashion and creative industries.

Simon Callander

Group General Counsel and
Company Secretary

Appointed: 2 May 2017

Simon was appointed Group General Counsel and Company Secretary in May 2017. Previously he had been General Counsel and Partnership Secretary at law firms Addleshaw Goddard and Olswang between 2010 and 2017. Prior to this Simon had held various positions with Watson Wyatt (now Willis Towers Watson) including General Counsel, Europe and Head of Business Services, Europe, and before that with Ernst & Young. Simon is a qualified solicitor and originally trained and practised with media and intellectual property law firm Dentons.

Corporate Governance Report

Code compliance

The Board supports the principles laid down in the UK Corporate Governance Code issued by the Financial Reporting Council in April 2016 (the "Code") which applies to financial years beginning on or after 17 June 2016.

The following, together with the Directors' biographies on pages 60 to 61, the Directors' Remuneration Report on pages 73 to 91, the Directors' Report on pages 92 to 94, the Nomination Committee Report on pages 71 to 72 and the Audit Committee Report on pages 67 to 70, provides an explanation of how the principles of the Code have been applied during the year.

The Board considers that it has been in compliance with the provisions of the Code throughout financial year 2018.

The Board is considered to be of a sufficient size and balance to meet the requirements of the business.

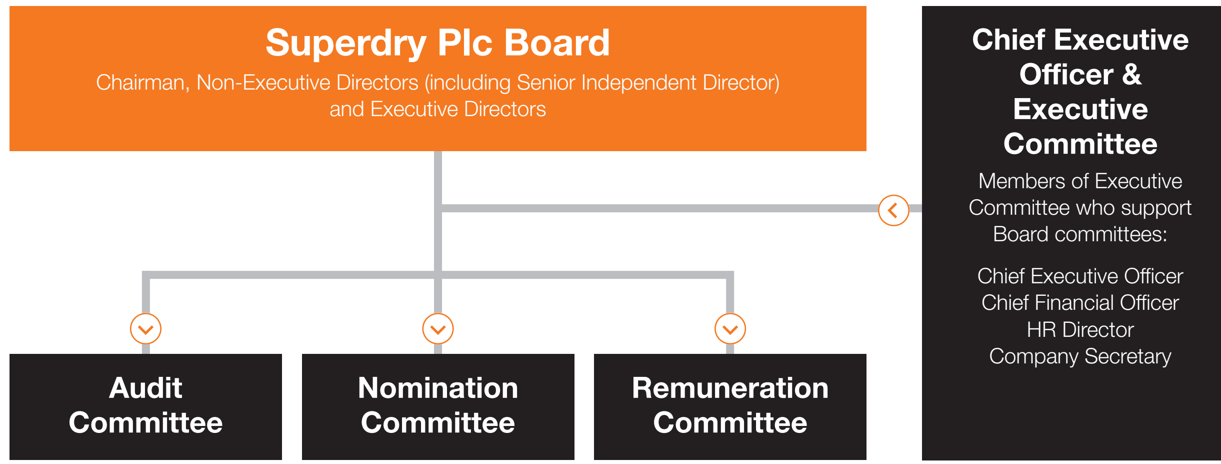
The Strategic Report includes the information needed for shareholders to assess our performance, business model and strategy and is incorporated into the Directors' Report by reference.

The Board and Governance framework

The Board has a coherent corporate governance framework with clearly defined responsibilities and accountabilities. For the Board to operate effectively and to give full consideration to key matters, Board Committees have been established as set out in the following diagram. Each of these Board Committees is chaired by a separate chairman and has written terms of reference which are reviewed regularly by the Board and which are available on corporate.superdry.com.

The Board is responsible collectively for promoting Superdry's success and for implementing the business model and strategy as set out in the Strategic Report on pages 1 to 59. The Board provides leadership for the Group and concentrates its efforts on strategy, performance, governance and internal control. The schedule of matters reserved for the Board which is regularly reviewed and approved by the Board is available on corporate.superdry.com. The requirement for Board approval on these matters is understood by our Executive Committee and senior managers and is built into our delegated authority matrix and overall control framework.

Operational matters, trading performance and the development of proposals for Board consideration, where required under the schedule of matters reserved for the Board, are delegated to an Executive Committee led by the Chief Executive Officer.



Read more on page 67
Read more on page 71
Read more on page 73

The division of responsibilities between the Chairman and Chief Executive Officer, and the role and duties of the Senior Independent Director, are set out in writing and agreed by the Board. Copies of these documents are available on corporate.superdry.com.

The Board meets regularly to consider issues relating to Superdry's overall performance, strategy and future development and receives appropriate and timely information to enable it to discharge its duties. Senior managers attend Board and Executive Committee meetings where appropriate to present business updates.

The table below gives details of the Directors' attendance at scheduled Board and Board Committee meetings during the year:

Membership and attendance	Board meeting Number of scheduled meetings attended/held	Audit Committee Number of scheduled meetings attended/held	Nomination Committee Number of scheduled meetings attended/held	Remuneration Committee Number of scheduled meetings attended/held
Peter Bamford	6/6	–	8/8	–
Euan Sutherland	6/6	–	–	–
Julian Dunkerton (Resigned 31 March 2018)	6/6	–	–	–
Nick Wharton†	6/6	–	–	–
Keith Edelman†	6/6	4/4	8/8	6/6
Penny Hughes	6/6	6/6	8/8	6/6
Beatrice Lafon (Resigned 12 September 2017)	1/2	0/2	–	–
Dennis Millard (Appointed 1 February 2018)	2/2	–	2/2	2/2
Minnow Powell	6/6	6/6	–	6/6
John Smith (Appointed 1 February 2018)*	1/2	0/1	–	1/2
Steve Sunnucks (Resigned 12 September 2017)	1/2	0/2	–	0/1

Actual number of meetings attended **Maximum number of scheduled meetings which the Directors could have attended**

† Not standing for re-election at the AGM.

* John Smith joined Superdry on 1 February 2018 and had existing commitments which meant he could not attend all of the scheduled Board and Committee meetings during the remainder of financial year 2018. John advised the Company of that fact before accepting his appointment.

During financial year 2018, in addition to its routine business, strategic planning and presentations from the Executive Committee members and senior managers, the Board also:

- recommended that shareholders approve a change in the name of the Company from SuperGroup Plc to Superdry Plc, which was subsequently approved at an Extraordinary General Meeting held on 8 January 2018;
- considered succession planning for Non-Executive Directors including the roles of Chairman and Senior Independent Director;
- approved the appointment of a successor to the current Chief Financial Officer;
- approved the appointment of two Non-Executive Directors, including a successor to the role of Senior Independent Director, to the Board;
- considered the implications and effect of Julian Dunkerton's resignation;
- reviewed and discussed Superdry's approach to the digital marketplace changes in sessions hosted by Google and social media and marketing agency, Social Chain;
- considered the proposal for and gave approval to the divestment of the Company's remaining interest in Anatwine Limited and the buy-out of the operations of Superdry's wholesale agent in the Netherlands, Portare B.V.;
- reviewed the performance and development of the Superdry brand in North America and gave approval to open further new stores in the US and to making a further investment in our joint venture in China;
- approved exclusive franchise arrangements in Vietnam and Cambodia;
- regularly reviewed Superdry's trading performance assessing the impact of general economic and variable weather conditions, the acceleration of consumer demand for the ability to transact digitally and the resultant implications for Superdry's owned store estate and product ranges;
- approved Superdry's 5.0 Strategy including a revised Sustainability Programme (both of which were announced at a two day Capital Markets Update held starting on 25 September 2017);
- considered the Board's approach to the subject of the 'Stakeholder Voice in Decision Making' and to the Board's overall oversight of Superdry's culture and values;
- gave its support to Superdry Sport becoming the Official Clothing Supplier to the UK Delegation to the 2018 Invictus Games to be held in Sydney;
- assessed Superdry's position and processes in relation to information, including GDPR readiness, and cyber security;
- reviewed and approved a number of governance arrangements including an updated Modern Slavery Annual Statement, an updated Diversity Policy and the publication of Superdry's Gender Pay Gap Report and Tax Strategy; and
- approved the appointment of UBS as joint corporate broker alongside Investec.

The Non-Executive Directors meet with the Chairman separately on a regular basis (normally the evening before a Board meeting) without the Executive Directors present – there have been four such meetings during the year. In addition, the Non-Executive Directors have each spoken to the Senior Independent Director to appraise the performance of the Chairman during the year.

All members of the Board and the Board Committees have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are complied with, and have sufficient resources and access to independent advice as required. The appointment and removal of the Company Secretary is a matter for the Board.

As at the date of the Annual Report the Board had nine members: the Non-Executive Chairman, the Chief Executive Officer, two other Executive Directors and five Non-Executive Directors. Dennis Millard succeeded Keith Edelman as Senior Independent Director following Dennis' appointment on 1 February 2018. Keith Edelman, a Non-Executive Director, has indicated to the Board his intention to retire from the Board and that he does not intend to stand for re-election at the AGM. Accordingly, Keith will retire at the conclusion of the AGM. The biographies of the Directors appear on pages 60 to 61.

Non-Executive Director independence and length of service

The independence of the Non-Executive Directors is considered annually (with the exception of the Chairman whose independence is determined on his appointment only) along with their commitment and performance on the Board and its relevant committees. All Non-Executive Directors are considered by the Board to be independent and free from any relationship that could interfere materially with the exercise of their independent judgement. A clause is included in their letters of appointment setting out their required time commitment.

Having considered the Chairman's other commitments, including at B&M European Value Retail SA and Spire Healthcare Group Plc, the Board is satisfied that he has adequate time to be able to act as Chairman.

Directors' conflicts of interest

Superdry's articles of association permit the Directors to consider and, if thought fit, authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the Company's interests. In deciding whether to authorise a conflict or potential conflict, the non-conflicted Directors must act in a way they consider would be most likely to promote the Company's success and they may impose limits or conditions when giving their authorisation, or subsequently, if they think it is appropriate. Any authorisation given is recorded in the Board minutes. The Board monitors and reviews potential conflicts of interest on a regular basis.

Performance evaluation

Each year the performance of the Board, the Board Committees and the Chairman is evaluated and, as required by the Code, every third year the evaluation is conducted by an external independent facilitator. The next external evaluation will take place in 2019.

The 2017 internal evaluation, which was supported by Lintstock Consultants ("Lintstock"), confirmed continued high or improved performance on the part of the Board, the Board Committees and the Chairman. Following that evaluation the Board agreed a number of actions which were monitored throughout the year. These included considering aspects of the Board's composition and expertise (in particular, the Board's understanding of the 'rest of the world' outside of Europe and the Americas), the timing for the identification of successors to the Senior Independent Director and the Chairman, and investing more of the Board's time on corporate culture and values.

Subsequent to the Board evaluation, the Non-Executive Directors visited China to see how Superdry's joint venture was developing and to understand better some of the issues encountered and opportunities present in our supply chain more generally. This was a significant step in addressing the Board's understanding of our business in that market and of our supply chain. The Board also focused on the appointment of a successor to Keith Edelman as the Senior Independent Director resulting in the appointment of Dennis Millard. The Board also received presentations relating to employee engagement (including in relation to Superdry's employee engagement survey, SuperSay) and the work which led to six Superdry values being defined in collaboration with 60 colleagues from every part of Superdry's global business. These values were shared with colleagues worldwide through an innovative communication route namely as a set of product care labels.

Corporate Governance Report

This year's evaluation was also performed internally supported by the Company Secretary. Given the transition in the size and composition of the Board it was agreed that a simple internal evaluation would be conducted. An online questionnaire which reviewed the performance of the Board, the Chairman and its Committees, was prepared and completed by the Directors. The anonymity of all respondents was ensured throughout the process to encourage an open and honest exchange of views. The results were then analysed and summarised in a report prepared by the Company Secretary and presented to the Board at its meeting held on 14 May 2018.

The performance of the Executive Directors during the year was monitored by the Chief Executive Officer and the Nomination Committee.

The 2018 evaluation covered:

- the Board's composition;
- how the Board worked together; how effectively it used its time and the support it received;
- strategic and operational oversight, risk management and internal control;
- the appropriateness of Superdry's organisational structure at senior levels; and
- the overall performance of the Chairman and the Board's Committees.

The performance evaluation was positive with all responses indicating continued high or improved performance during the year. Following the evaluation, the Board agreed a number of actions that will be monitored throughout the current year. These centred on improved visibility of the scheduling of agenda items for the Board's consideration over a rolling 12 month period and the opportunity to further improve the content and timeliness of Board packs.

Re-election of Directors

At the AGM, all Directors, other than Keith Edelman and Nick Wharton, will offer themselves for election or re-election as appropriate. We consider the Directors offering themselves for election or re-election to be effective, committed to their roles and to have sufficient time available to perform their duties.

Board and committee attendance

A description of the work of the Audit, Nomination and Remuneration Committees is set out on pages 67 to 91.

During the year, additional ad hoc Board and Committee meetings were held as required. Committee meetings may be attended by non-members by invitation from the relevant Chairman. Attendance by non-members is recorded in the relevant committee minutes.

Induction and professional development

Non-Executive Directors have the opportunity to meet with members of the Executive Committee and senior managers to gain first-hand experience of the business. Senior managers regularly attend Board meetings to make presentations to the Directors. This year, these presentations have included such topics as our product, sourcing, wholesale, ecommerce, logistics, IT and sustainability strategies and health and safety.

In addition, the Non-Executive Directors make site visits to ensure they are kept up to date with developments across the business. In May 2017 the Board visited China to develop its understanding of that market and Superdry's investment in its joint venture there.

All Directors have received instruction on their responsibilities as a Director and copies of our key policies.

The Chairman is responsible for preparing and co-ordinating an induction programme for newly appointed Directors, including presentations from senior managers on different aspects of the business, as well as guidance on their duties, responsibilities and liabilities as a Director of a listed company. Following Dennis Millard and John Smith's appointments to the Board during the year, the Company Secretary arranged a tailored induction programme which included one-to-one meetings with individual members of the Executive Committee and other senior managers as well as store and other site visits. Ed Barker has followed a similar, but more detailed and in-depth, induction and handover programme since arriving on 16 April 2018.

Diversity

We believe in respecting individuals and their rights in the workplace. Please see page 35 of the Strategic Report and page 72 of the Nomination Committee Report for more information about our approach to our colleagues and diversity, and for details on the Board's policy on diversity.

Communication with shareholders

We recognise the importance of communicating with our shareholders. Communication with institutional shareholders is undertaken as part of our investor relations programme. The Chief Executive Officer and Chief Financial Officer make presentations after the half-year and full-year results and communicate regularly with our shareholders. A two day Capital Markets Update was held in September 2017 at our Cheltenham headquarters entitled Superdry – a global digital brand. The presentations given and videos of the event are available on corporate.superdry.com.

The Chairman arranges meetings with major institutional shareholders to gain a balanced understanding of their views and concerns and to discuss strategic development and corporate governance. He is also in regular communication with our significant private shareholders, Julian Dunkerton and James Holder and ensures that the views of shareholders are communicated to the Board as a whole.

At our AGM shareholders will have the opportunity to ask questions of the Chairmen of the Audit, Remuneration and Nomination Committees, the Senior Independent Director, and the other members of the Board.

Our shareholders have the opportunity to meet the Non-Executive Directors at additional times in the year.

The Annual Report and Financial Statements are made available to all of our shareholders and potential investors. Other information about us is made available on corporate.superdry.com.

Fair, balanced and understandable

The Board is responsible for the preparation and approval of the Annual Report and financial statements and considers them, taken as a whole, to be fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy. A summary of the Directors' responsibilities for the Annual Report and financial statements is set out on page 95.

Internal control and risk management

In accordance with the guidance for Directors on internal control, the Board confirms that there is a process for identifying, evaluating and managing the risks we face. Superdry has a Risk Committee which was established by the Executive Committee, with oversight provided by the Audit Committee. The Risk Committee meets monthly to review the risks identified and relevant controls, agree mitigating actions and discuss any new risks. Where new risks are identified, they are scaled according to their likelihood and potential impact, and then monitored. These systems are in place to manage rather than eliminate risk and can provide only reasonable and not complete assurance against material misstatement or loss. The principal risks and uncertainties are reviewed twice each year by the Board.

The role of the Executive Committee is to implement Board policies on risk and control and the Board has delegated day-to-day management to the Chief Executive Officer and, through him, to the other Executive Directors, members of the Executive Committee and other senior managers.

A comprehensive control framework is in place which delegates authority for both financial and operational activities, the aim being to increase the level of responsibility and embed a culture of compliance through the organisation. The key elements of the control framework and review processes are as follows:

- the Board sets corporate strategy and business objectives;
- the Executive Committee integrates these objectives into their operational and financial business plans;
- the Executive Committee meets regularly with senior managers. The Chief Executive Officer reports to the Board on behalf of the Executive Committee on significant changes in the business and the external environment. The Chief Financial Officer provides the Board with financial information which includes key performance and risk indicators;
- our risk management process is integrated within the short and long-term business planning processes;
- our treasury position, including cash and foreign exchange, is managed in accordance with our Board approved treasury policy;
- financial forecasts, providing predicted results with sensitivity analysis, are prepared routinely throughout the year for review by the Executive Committee and the Board;
- we have established investment appraisal and authorisation procedures and our capital expenditure is reviewed against budgets and metrics which have been approved by the Board; and
- we assess routinely the capability of our people to deliver the business objectives set and respond accordingly. It is recognised that there is a need to focus continually on succession planning to ensure that, where there is a loss of key personnel, we have the ability to operate in both the short and long-term.

Processes are in place to ensure appropriate action is taken where necessary to remedy any deficiencies identified through our internal control and risk management processes.

The Audit Committee, on behalf of the Board, has reviewed the effectiveness of internal controls during the year and confirms that:

- there is an ongoing process for identifying, evaluating and managing our significant risks;
- this has been in place for financial year 2018 and up to the date of approval of the Annual Report and Financial Statements;
- the process is regularly reviewed by the Board; and
- the process accords with the Code.

In addition, the Board also reviewed the effectiveness of the risk management process in the year which it felt was satisfactory.

Political contributions

We have not made any political donations during the year.

Directors' indemnity insurance

We maintain Directors' and Officers' liability insurance which gives 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 the Directors in respect of liabilities incurred as a result of their office, as far as is permitted by law. Both the insurance and indemnities applied throughout the year and continue through to the date of the Directors' Report.

Change of control

The provisions of our employee share plans may cause options and awards granted under such plans to vest upon a change of control.

Substantial shareholdings

As at 4 July, we had been notified, pursuant to DTR 5 of the Financial Conduct Authority's Disclosure and Transparency Rules, of the following notifiable voting rights in our issued share capital:

Name of holder	Number of ordinary shares	% of issued share capital	Nature of holding
Julian Dunkerton	20,696,788	25.4	Direct
Aberdeen Standard Investments	8,030,642	9.8	Indirect
James Holder	7,962,298	9.8	Direct
Old Mutual Global Investors	6,295,560	7.7	Indirect

The information provided above was correct at the date of the notification. It should be noted that these holdings are likely to have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

Corporate Governance Report

Share capital

Details of our share capital are set out in the Directors' Report on page 92.

Going Concern and Viability Statements

Our business activities and growth strategy, together with factors likely to affect our future development, performance and position, are set out in the Strategic Report on pages 1 to 59 and the performance section on pages 44 to 49.

The Directors have reviewed our forecasts and projections. These include assumptions around our products, expenditure commitments and expected cash flows. Taking into account possible changes in trading performance and after making enquiries, the Directors have a reasonable expectation that we have adequate resources to continue our operations for the foreseeable future. For this reason, we have continued to adopt the going concern basis in preparing the Financial Statements.

The Directors have assessed our prospects over a four-year period. Further details of the Viability Statement are provided on page 50.

Independent auditors

On the recommendation of the Audit Committee, the Directors will put a resolution before the AGM to reappoint Deloitte LLP as Auditors for the financial year 2019.

Annual General Meeting

Our AGM will be held at the offices of Investec Bank plc, 30 Gresham Street, London, EC2V 7QP on Tuesday, 11 September 2017 commencing at 10.30am. The notice of this year's AGM is included in a separate circular to shareholders and will be sent out at least 20 working days before the meeting. This notice is available to view on corporate.superdry.com. In accordance with the Code, all valid proxy appointments are properly recorded and counted, are made available at the AGM and are published on our website after the meeting.

The notice of AGM sets out why we believe the Directors should be elected or re-elected, as appropriate. Details of the Directors' service agreements and their letters of appointment are given in the Directors' Remuneration Report on pages 73 to 91.

The Directors consider that each of the proposed resolutions to be presented at the AGM is in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of each of the proposed resolutions, as the Directors intend to do in respect of their beneficial shareholdings.

Approved and signed on behalf of the Board.

Simon Callander
Company Secretary
4 July 2018

Registered Office:
Unit 60
The Runnings
Cheltenham
Gloucestershire
GL51 9NW

Audit Committee Report

Membership and meeting attendance

Committee member	Member since	Number of meetings attended/held
Minnow Powell (Chairman)	1 December 2012	6/6
Penny Hughes	1 April 2015	6/6
Keith Edelman (resigned 31 March 2018)	12 September 2017	4/4
John Smith (appointed 1 February 2018)*	1 February 2018	0/1
Beatrice Lafon (resigned 12 September 2017)	14 September 2016	0/2
Steve Sunnucks (resigned 12 September 2017)	13 July 2016	0/2

Actual number of meetings attended

Maximum number of scheduled meetings which the Directors could have attended

* John Smith joined Superdry on 1 February 2018 and had existing commitments which meant he could not attend all of the scheduled Board and Committee meetings during the remainder of financial year 2018. John advised the Company of that fact before accepting his appointment.

Having previously served on the Audit Committee, Keith Edelman was reappointed on 12 September 2017 in order to provide valuable continuity to the work undertaken by the Committee.

All of the Committee members are Non-Executive Directors. The Board considers them all to be independent. Two members (I, as the Audit Committee Chairman, and John Smith) have relevant financial experience. The other member of the Committee contributes international business, governance and retail experience.

By invitation of the Committee Chairman, the Chairman, the Chief Executive Officer, the Chief Financial Officer, other Directors, Head of Internal Audit (outsourced to KPMG LLP), senior managers and external Auditor also attend Committee meetings.

The role of the secretary to the Committee is performed by the Company Secretary or his nominee. A report on the Committee's activities is given to the Board at each subsequent Board meeting.

Dear shareholder

I am pleased, on behalf of the Board, to present my report to shareholders on the key activities undertaken by the Committee during the year in accordance with its principal responsibilities which are to:

- monitor the integrity of the Group's Financial Statements, the half-year report and any formal announcements relating to the Group's financial performance, including reviewing significant financial reporting judgements contained therein, receiving reports from the Group's Auditor, together with compliance with accounting standards and other legal and regulatory requirements;
- provide oversight of the Group's Risk Committee and review the Group's internal control and risk management systems, and consider reports on their effectiveness from the Chief Financial Officer together with reports from both the internal and external auditors;
- review the effectiveness of the Group's internal audit function and ensure that it is adequately resourced;
- review the Group's controls to ensure compliance with the provisions of the Bribery Act 2010 and the Group's whistleblowing policy;
- recommend to the Board the appointment, reappointment and removal of the external Auditor and to approve their remuneration and terms of their engagement;
- review and monitor the external Auditor's independence and objectivity, the effectiveness of the external audit process and the audit plan; and
- review the engagement of the external Auditor to ensure that the provision of non-audit services by the external audit firm does not impair its independence or objectivity.

Activities during the year

The Committee has a standing agenda of areas to be covered at each meeting based on its terms of reference and, in addition, it also considers relevant matters as they arise. Specifically within financial year 2018, the Committee considered the accounting for the Founder Share Plan (***FSP***), the buy-out of the operations of Superdry's wholesale agent in Holland, Portare B.V. ("Portare"), and the impairment of the Kranzler store in Berlin. The Committee has also devoted time to reviewing the Group's risk assessment and assurance mapping within a holistic controls framework. It has also overseen the Group's ongoing response to the growing exposure to information security (including cyber risks), together with an assessment of insurance held. This approach included assessing existing controls and pursuing a programme of activity to improve the mitigation of risks identified.

The Committee has also considered the Group's preparedness for adoption of new accounting standards: IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases'.

During the year, shareholder approval was given at the AGM to appoint Deloitte as external Auditor for this financial year, following a tender process which concluded in February 2017.

The Committee has met four times during the year and reports were provided to the subsequent Board meeting. At least once a year the Committee meets separately with the external Auditor and Head of Internal Audit without management present.

I am satisfied that the Committee was presented with papers of good quality during the year, provided in a timely fashion to allow due consideration of the subjects under review. I am also satisfied that meetings were scheduled to allow sufficient time to enable full and informed debate. We also reviewed our terms of reference during the year, including comparing them against the Code, and these were approved by the Board.

Following completion of the Board evaluation last year, the question of whether and when the internal audit function is to be brought in-house was considered. The Committee concluded that an in-house Head of Internal Audit should be recruited with KPMG continuing to provide the core service. We also recruited an in-house internal audit manager during the year, strengthening the function and as part of this transition.

Minnow Powell
Audit Committee Chairman
4 July 2018

Audit Committee Report

The principal matters under consideration during the year are set out below.

Internal control and risk management

The Committee has continued to review and discuss with management the Group's process for evaluation and assessment of its management of risk and internal controls. The review focuses on the effectiveness of the risk management process including risk assurance mapping, financial, operational, technical and compliance risks and related mitigating controls which are described on page 51. The Committee has noted the continued focus and improvement in the risk management process and the strengthening of internal controls during the year.

Information technology and information security

While the core information technology systems within the Group have been strengthened significantly, given their continued development, the Committee continues to focus on the development of the information technology control environment.

A key area of focus for management this year has been the assessment of an information security matrix, ensuring that information management is covered in its widest sense (systems, data protection and integrity and confidentiality). The matrix considers good practice from other businesses and the framework published by the Department for Business, Innovation & Skills to establish a programme of systems and process developments to strengthen security and improve education and awareness. The Audit Committee monitors progress against this programme.

The CIO provided reports on the Group's compliance with the Payment Card Industry Data Security Standard, and, as part of the wider ongoing development of Business Continuity plans, and management presented the results of testing of disaster recovery plans for major IT components critical to business operations.

The General Data Protection Regulations (***GDPR***) required full compliance by 25 May 2018. The Group has developed clear policies and procedures to cover the collection and use of personal data and adopted appropriate technical and organisational measures in order to be compliant. The Audit Committee reviewed the Group's readiness, including an internal audit assessment, and believes that the requirements have been satisfied.

Group restructure

Further to approvals given to implement a restructure of the Group's European entities, the Committee has reviewed the progress and status of the restructuring programme and is satisfied with the progress achieved to date, which should see the completion of this activity during the current financial year.

Other

The Committee has continued to review other key areas of risk and internal controls including delegated authorities, accounts payable, banking and treasury, tax, credit control management and transfer pricing with presentations given by the managers responsible. An internal audit review of treasury and cash management controls confirmed their adequacy and that appropriate levels of segregation of treasury duties were in existence.

The Committee received and considered presentations in respect of the buy-out of the operations of Portare, the IFRS 2 'share based payment' implications of the FSP and the review of potential store impairments, which highlighted the need to impair the Kranzler store in Berlin. The Committee considered whether these items are non-underlying, in accordance with guidelines on alternative performance measures. Specifically and, after consultation with the Auditor, the Committee concurred with management's judgement as:

- The IFRS 2 charge in respect of the FSP is reflected in the Income Statement, however, there are no cost or cash implications for the Company with the cost being met by the founders.
- The size of the Kranzler charge, being an impairment of £5m and an onerous lease of £2.2m, meets the definition of exceptional and other items. In addition, the Committee reviewed the basis of the charge, taking into account the opinion of independent third party surveyors about the best strategy for letting excess space, the rent likely to be achieved and the time likely to secure a tenant.

The Committee also discussed with the Executive Directors the risk and controls over fraud, and the risk of financial misstatements by non-compliance with laws and regulations.

The Committee reviewed the Group's Tax and Treasury policies and recommended them to the Board for approval. Additionally, the Committee reviewed and recommended for approval by the Board the tax strategy, which is now available on the corporate website.

Financial reporting and accounting judgements

The Committee reviewed and approved the Financial Statements of the Group and all formal announcements relating to the Group's financial performance. The review considers the integrity of the reporting, the appropriateness and acceptability of accounting policies and practices, and compliance with financial reporting standards and requirements.

For accounting judgements, the Committee considered detailed papers provided to them by management and the views of the external Auditor. The Committee considers that the Group has adopted appropriate accounting policies and made appropriate estimates and judgements where required.

Specifically, with regards to inventory, the Group's store assurance programme, including physical stock losses in stores, is considered by the Audit Committee twice annually, alongside considerations of the appropriateness of the stock provisioning policy and adequacy of the Group's stock provisions.

Adoption of new accounting standards

At the balance sheet date there are a number of new standards in issue but not yet effective, including IFRS 9 'Accounting for Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases'.

The overall impact of IFRS 15 is not significant, with the Group's existing accounting policies consistent, in all significant respects, with the new standard. The Group offers a returns facility for Retail consumers and has contractual returns arrangements for some Wholesale customers. However, under the Group's current accounting treatment, and consistent with IFRS 15, revenue is not recognised for goods expected to be returned. Adoption of the standard will require will require a balance sheet reclassification between current liabilities and current assets of the value of returned inventory, which forms part of the returns provision.

The overall impact of IFRS 9 has been reviewed, with due consideration given to the provisioning of bad debts under an 'expected loss' model, which considers allowances for credit losses. The Group has concluded that adoption of this new standard will not have a material on either the consolidated income statement or the consolidated balance sheet.

IFRS 16 is expected to have a material impact on the value of retained earnings, lease liabilities and right of use assets. An associated finance charge and depreciation charge will replace the existing operating lease charge, and as a result there is expected to be an impact on operating profit in future periods, but there will be no impact on the underlying commercial performance of the Group or the cash generated.

There is also anticipated to be an impact on classifications within cash flows. Appropriate resource has been assigned to ensure the readiness of systems and financial reporting requirements and reports regularly to the Audit Committee. Following a review, Superdry will adopt the standard on a full retrospective basis.

The work to determine the impact assessment of transition to IFRS 16 is anticipated to conclude in the next financial year. As such, it is not currently considered practical to provide an estimate of the financial effect of transition until this has been finalised.

Key matters

The key matters in addition to the FSP and Kranzler store impairment and onerous lease set out above which have been reviewed by the Committee for the current year are set out below:

Area	Issue	How addressed
Exceptional and other items	Material items that are outside the normal course of business and adequacy of disclosure.	The Committee considers the nature and size of costs categorised as exceptional and other, including whether they meet the definition of an exceptional and other item, being material in size, unusual or infrequent in nature. This year, the Berlin, Kranzler store charge and the Portare agency buy-out have met the definitions of exceptional items. Other items include the IFRS 2 'Share Based Payment' charge in respect of the FSP and the movement in fair value of the unrealised derivatives. Further details of these are included in note 6 and their determination as 'exceptional and other' is explained in note 35.
Going concern and Viability Statement	The appropriateness of preparation of the Financial Statements on a going concern basis and the Viability Statement.	The Committee reviewed the cash flow forecasts and concluded that it was appropriate to prepare the Financial Statements on a going concern basis. Following the Board's review of the Group's long-term financial plan, the Committee considered the cash flows, sensitivities and disclosures, made with regard to the Group's viability, in this Annual Report and considers them to be reasonable.

Fair, balanced and understandable

At the request of the Board, the Committee also considered whether the Financial Statements and the elements of the Annual Report that are relevant to the Financial Statements, as a whole, are "fair, balanced and understandable".

The Board took account of this review in its consideration of whether the Annual Report, in its entirety, was "fair, balanced and understandable".

Whistleblowing

The Group has a policy and process in place for whistleblowing and the Committee is satisfied that colleagues have the opportunity to raise concerns in confidence about possible fraudulent activity and any other concerns that arise within the organisation. The Committee is also satisfied that arrangements are in place for proportionate and independent investigation of such matters, including appropriate follow-up action.

During the year the Committee received an update on instances of fraud within the Group and a summary of the calls to the whistleblowing helpline together with follow-up actions that were undertaken.

Controls and procedures are in place to ensure compliance with the Bribery Act 2010. The Committee receives a regular report on the Group's gift register which includes any gifts and hospitality received by colleagues from external business relationships above an agreed threshold.

Audit Committee Report

Internal audit effectiveness

The annual review of the internal audit plan considers the outputs from the Risk Committee and ensures that the coming year is planned and the following year is agreed in outline so that areas of focus are audited at least once over the course of the three-year plan. During the year, internal audit has delivered 12 audits including coverage of the following areas: GDPR readiness, delegated authorities, US operations, wholesale distributors and agents, accounts payable, treasury and stock management in retail stores.

The effectiveness of internal audit is reviewed on an ongoing basis by the Committee. This review takes the form of a detailed questionnaire followed by discussion and assessment of the outsourced function. The internal audit function has now been supplemented with the addition of a suitably qualified in-house internal audit manager.

Effectiveness of external audit

Deloitte were appointed as external Auditor following a tender process which completed in February 2017, replacing PwC. Accordingly, a review of the effectiveness of the FY18 external audit, undertaken by an internal survey of members of the Committee, the Chief Financial Officer, and the internal finance team, has been initiated and the results will be considered by the Committee in October 2018. This review adopts the Financial Reporting Council ("***FRC***") guidance on effectiveness and includes consideration of its Audit Quality Review team's report on Deloitte as a firm and noted the key findings.

Supervision of the external Auditor

The Committee oversees the external Auditor 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 Auditor, 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 Auditor that required additional audit emphasis and discussed and challenged the Auditor's assessment of materiality including the *de minimis* level for reporting unadjusted differences. The audit opinion on pages 96 to 103 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. We 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.

Reappointment

The Committee has recommended that Deloitte be reappointed at the forthcoming AGM.

Non-audit services

The general policy in respect of non-audit work by the external Auditor is that they should not be requested to carry out a prohibited non-audit service as defined under provision 5.167 of the Financial Reporting Council's Ethical Standard and/or non-audit services on any material activity of the Group where they may, in the future, be required to give an audit opinion or act as management, in accordance with the Audit Practices Board's Ethical Standard for Auditors.

In certain limited areas it is in the Group's and its shareholders' interests to engage the external audit firm to deliver certain services. To protect auditor objectivity and independence the Committee approves each individual non-audit service that is not considered to be "clearly trivial" (less than £10,000 in value) and every piece of work, once an agreed threshold, which is capped at a value equivalent to the audit fee, is reached. The level of non-audit fees are monitored to ensure they do not exceed 70% of the average annual statutory audit fees payable over the last three years.

Details of all non-audit services provided during the year are set out within the note on Auditor's remuneration on page 125 in the Financial Statements and are summarised in the table below:

	2018 £'000	2017 £'000
Audit fees	**468**	406
Non-audit fees		
Audit-related assurance services	**40**	40
Other	**1**	230
Total non-audit fees	**41**	270
Non-audit fees as a percentage of audit fees	**9%**	67%
Audit fees payable to other audit firms for the audit of foreign subsidiaries	**4**	93
Total Auditor's remuneration	**513**	769

Non-audit fees were 9% and were incurred in respect of the interim review.

The Committee has reviewed and agreed the non-audit services as set out above provided by the external Auditor, together with the associated fees, and is satisfied that these did not prejudice the external Auditor's independence or objectivity.

Minnow Powell
Audit Committee Chairman
4 July 2018

Nomination Committee Report

Principal responsibilities

- review the structure, size, composition and balance of the Board and recommend changes where appropriate;
- consider and recommend succession planning for Executive and Non-Executive Directors;
- identify and nominate candidates for approval by the Board to fill Board vacancies or new positions as and when they arise;
- approve appointments to the Executive Committee; and
- evaluate the skills, experience, knowledge, independence and diversity of Board members.

Membership and meeting attendance

Committee member	Member since	Number of meetings attended/held
Peter Bamford (Chairman)	29 January 2010	8/8
Keith Edelman	4 February 2010	8/8
Penny Hughes	1 April 2015	8/8
Dennis Millard	1 February 2018	2/2

Actual number of meetings attended
Maximum number of scheduled meetings which the Directors could have attended

The Committee met eight times during the year. In addition to the members of the Committee, the Chief Executive Officer and the Group HR Director attended each of the meetings. By invitation of the Committee Chairman, other Non-Executive Directors attended meetings of the Committee during the year.

The role of secretary to the Committee is performed by the Company Secretary or his nominee. A report on the Committee's activities is given to the Board at each Board meeting following a meeting of the Committee.

Dear shareholder

I am pleased to present the Nomination Committee report on behalf of the Board. The Committee is responsible for nominating candidates for appointment to the Board and ensuring that the Group has the leadership and capability required to meet its growth ambitions.

Activities during the year

The prime focus of the Committee this year has been overseeing changes to the Board's composition and ensuring that Superdry has the right talent in key roles to realise its growth potential in existing and new markets. The Committee also considered succession planning for both Executive and Non-Executive Directors including the roles of Chairman, Senior Independent Director and Chief Financial Officer.

During the year the Committee monitored the performance of the members of the Executive Committee and reviewed Superdry's organisational structure. Key talent risks and succession plans for the Executive Committee and other senior managers were reviewed and actions put in place to mitigate identified risks with key individuals being given support and mentoring where appropriate. The Committee, together with the Chief Executive Officer, has continued to review the organisational structure in order to define clear accountability for the delivery of Superdry's strategic plan and to ensure the right leadership is in place to lead us through a period of significant geographic and channel growth and our progression towards becoming a global digital brand.

Changes that took place within the Executive Committee during the year included the internal promotion of Chris Lacey to the new position of Digital Director in November 2017.

The Committee also reviewed its effectiveness against its terms of reference and the results of the annual Board evaluation, the details of which can be found on page 63. That review concluded that the Committee was performing effectively.

Director changes and Board composition

In the latter part of financial year 2018 Julian Dunkerton, one of the founders of Superdry and its Product and Brand Director, resigned from his role in order to devote more time to his other business and charitable interests. Julian had been the Chief Executive Officer from the Company's flotation in March 2010 until October 2014 when Euan Sutherland was appointed to succeed him. The Executive Committee at Superdry has, since that time, been significantly strengthened, as have the design and merchandising teams that Julian helped to establish.

Following Nick Wharton's decision to step down as Chief Financial Officer, the Committee reviewed and recommended the appointment of Ed Barker to succeed Nick. Ed joined Superdry (following a search led by Sam Allen Associates, an independent search firm) as Chief Financial Officer Designate on 16 April 2018. He had previously been at J. Sainsbury plc where he held a number of senior finance roles including as their interim chief financial officer for nine months in 2017. Ed had also previously held finance roles at Burberry Group Plc and is a Non-Executive Director at Staffline Group plc. Ed will be appointed Chief Financial Officer on 5 July 2018.

Both Steve Sunnucks and Beatrice Lafon decided not to stand for re-election as Non-Executive Directors of Superdry at its 2017 AGM. Given their decisions a search was instigated, led by Korn Ferry (an independent search firm), following which Dennis Millard joined the Board as Senior Independent Director and John Smith as a Non-Executive Director on 1 February 2018. Both bring skills and experience which will strengthen the Board and help deliver the next stage of Superdry's growth strategy. Dennis has extensive plc board experience including roles as Chairman and Senior Independent Director of major retail companies. John has had direct experience of building global brands and developing digital capabilities in the fashion and creative industries.

Nomination Committee Report

Keith Edelman stepped down from his role as Senior Independent Director on the appointment of Dennis Millard and will not stand for re-election to the Board at the 2018 AGM.

The Committee reviews regularly the composition of the Board and membership of Board committees. Changes that occurred during the year and which have not already been mentioned were:

- Penny Hughes was appointed Chairman of the Remuneration Committee and Keith Edelman was appointed as a member of the Audit Committee at the conclusion of the 2017 AGM;
- Dennis Millard was appointed a member of the Nomination and Remuneration Committees and John Smith was appointed as a member of the Audit and Remuneration Committees on 1 February 2018; and
- Keith Edelman stepped down from the Audit Committee on 31 March 2018.

Appointment process

There is a formal and robust procedure for the appointment of new Directors to the Board, under which an initial list of candidates (proposed either by existing Board members or by an external search firm) is interviewed by either the Chairman or the Chief Executive from which a shortlist is then selected. Committee members and other Directors interview shortlisted candidates and provide feedback, and extensive references are then taken. In the case of Non-Executive Directors careful consideration is given to ensure proposed appointees have sufficient time available to devote to the role and that the balance of skills, knowledge and experience on the Board is maintained. When the Committee has identified a suitable candidate, a proposal is made to the Board, which has retained responsibility for all such appointments.

A similar process is followed for the appointment of members to the Executive Committee under which an initial list of candidates is interviewed by either the Group HR Director or the Chief Executive Officer with a shortlist then being interviewed by other members of the Executive Committee and members of the Nomination Committee before a proposal is made to the Nomination Committee for its approval.

All appointments (whether to the Board or to the Executive Committee) are based on the needs of the business and the merit of each candidate, having assessed the skills and experience that they can bring to Superdry. Given the global growth ambitions of Superdry, we ensure that the Board and the Executive Committee have a mix of experience which includes operating in an international business. The Non-Executive Directors on the Board have a mix of professional experience as Non-Executive Directors and/or current or recent operational experience.

Policy on Diversity

The Board believes that a truly diverse Board should include and make good use of differences in the skills, experiences, gender and background of its Directors and is supportive of greater diversity in all its forms.

The Board recognises the importance of women having greater representation at key decision making points in the organisation. In November 2017 the recommendations of The Hampton-Alexander Review into women in leadership roles were extended so that FTSE 250 companies should target a representation level of at least 33% women in the leadership teams of their organisations. Leadership teams are defined as the Executive Committee and senior leaders who are direct reports to members of the Executive Committee in an organisation.

I am pleased to say that 37% of the members of the Superdry leadership team at the end of financial year 2018 were female, exceeding the recommendations of The Hampton-Alexander Review. At a Board level we are conscious we are not meeting our diversity aspirations with 11% female representation at the end of financial year 2018. Following the retirements of Nick Wharton and Keith Edelman that percentage will increase to 14% and the Board remains committed to a female participation of 25% by the end of calendar year 2018. In the context of its size, structure and recent changes in its composition the Board does not feel it is in a position to commit to achieving the recommended target of 33% female representation on the Board by the year 2020 but will look to achieve this aim over the longer term. Further details on Superdry's gender diversity can be found on page 35 of the Strategic Report.

The Board is also supportive of the Parker Committee's report "Review into the Ethnic Diversity of UK Boards" and recognises the importance of greater ethnic representation at key decision making points in the organisation. While the Board has stopped short of setting a target on ethnicity, it remains committed to maintaining focus on achieving greater ethnic representation across all levels of the organisation.

Board evaluation

Details of the review of the Board and its Committees, including this Committee, and my effectiveness as Chairman, undertaken during the year can be found on page 63. Having reviewed the results of the Board evaluation the Committee confirmed to the Board that the present Board and its Committees continue to operate effectively and that all of the Non-Executive Directors who have indicated an intention to stand for re-election at the AGM remain independent (with the exception of myself, as Chairman, whose independence was determined on my appointment only).

Peter Bamford
Nomination Committee Chairman
4 July 2018

Directors' Remuneration Report

Membership and meeting attendance

Committee member	Member since	Number of meetings attended/held
Penny Hughes (Appointed Chairman 12 September 2017)	1 April 2017	5/5
Keith Edelman† (Resigned as Chairman 12 September 2017)	4 February 2010	5/5
Minnow Powell	1 December 2012	5/5
John Smith*	1 February 2018	1/2
Dennis Millard	1 February 2018	2/2
Steve Sunnucks (Resigned 12 September 2017)	13 July 2016	0/1

Actual number of meetings attended

Maximum number of scheduled meetings which the Directors could have attended

† Not standing for re-election at the AGM.

* John Smith joined Superdry on 1 February 2018 and had existing commitments which meant he could not attend all of the scheduled Board and Committee meetings during the remainder of financial year 2018. John advised the Company of that fact before accepting his appointment.

The Committee met five times during the year. In addition to the members of the Committee, which comprised independent Non-Executive Directors, the Chief Executive Officer and the Group HR Director attended the meetings except where their own remuneration was being discussed. By invitation of the Committee Chairman, the Chairman of the Board and other Non-Executive Directors attended meetings and provided advice to the Committee during the year.

The role of secretary to the Committee is performed by the Company Secretary or his nominee. A report on the Committee's activities was given to the Board at each Board meeting following a meeting of the Committee.

On behalf of the Board, I am pleased to present our 2018 Remuneration Report.

The Committee has sought to further improve its disclosures this year to provide not only the regulatory information we are required to disclose, while balancing against commercial sensitivities, but also the context surrounding pay arrangements. Additional context has been provided where we believe this will help present a complete picture of the structure of our remuneration framework and its alignment with our business strategy and our approach to the rest of the workforce as well as payments made as a result of business performance this year.

As required, this report is split into two further distinct sections: the first sets out our Remuneration Policy as approved by shareholders at our 2017 AGM; the second covers remuneration in action for financial year 2018. In accordance with regulations, the Directors Remuneration Report, excluding the Directors' Remuneration Policy, will be subject to an advisory vote at our AGM on 11 September 2018.

Remuneration Framework

The Board is committed to ensuring that its remuneration framework supports our strategy and provides balance between motivating and challenging our senior leaders to deliver our business priorities and strong performance while also driving Superdry's long-term sustainable success. As a result, a significant proportion of performance related reward is delivered through shares. This ensures that our leaders have meaningful long-term investment in our business, and their interests are closely aligned with our shareholders.

The Remuneration Policy for Senior Executives and other senior managers is based on the following principles:

Link to Business Strategy	Supports Our Values	Drives Sustainable Growth	Retains High Calibre Talent	Encourages Share Ownership
Built around our strategic plan	Aligned to our six core values	Encourages behaviours which deliver long-term sustainable growth	Recruit & retain talented people able to lead & deliver excellence	Enables executives to engage with Superdry as shareholders

Directors' Remuneration Report

Key Responsibilities of the Remuneration Committee

The key responsibilities of the Remuneration Committee are to:

- determine the framework and policy for the remuneration of the Chairman, Chief Executive Officer, the other Executive Directors, the Company Secretary and other senior executives (together "the Senior Executives") and ensure it remains appropriate;
- advise on the design of, and to determine and agree, the total individual remuneration package of each of the Senior Executives, giving due regard to any relevant legal requirements, the provisions and recommendations set out in the Code and the UK Listing Authority's Listing Rules and associated guidance;
- approve the design of, and targets for, annual and long-term performance related pay schemes operated for the Senior Executives and other senior managers, the total annual payments made under such schemes and provide oversight and guidance in relation to other Group-wide incentive proposals to ensure that these are aligned to performance, Superdry's core values and the Board's risk appetite; and
- oversee remuneration and benefits structures and policies throughout Superdry's business and to give advice on any major changes.

Activities during the year

The key activities undertaken by the Committee during the year were:

- reviewing the operation of the performance share plan including the grant and vesting of awards and reviewing and updating the TSR comparator group including taking into account M&A activity amongst the existing comparators and the evolution of Superdry's business;
- reviewing the salary, benefits and bonus schemes for the Senior Executives and agreeing the level of bonus awards to be made to them;
- consideration of the proposals to establish and arrangements connected with the establishment of the Founder Share Plan;
- reviewing and approving the reporting on Superdry's Gender Pay Gap;
- consideration of thematic points arising from voting recommendations of proxy advisers;
- reviewing the Directors' Remuneration Policy and Group-wide remuneration practices;
- approving the remuneration terms relating to senior new hires and departures and associated share scheme implications;
- reviewing and approving the Committee's terms of reference; and
- reviewing the effectiveness of the Committee's operation against its terms of reference.

Remuneration Policy

Our updated Remuneration Policy received 97.7% shareholder approval at the 2017 AGM. As part of an annual review cycle the Committee once again reviewed the Remuneration Policy and determined that it remains fit for purpose. It therefore proposes no changes for 2019.

Remuneration for financial year 2018

The Committee is satisfied that incentive payments for the Executive Directors reflect both the overall financial performance of the business and the hard work undertaken to achieve this in a challenging environment. The Committee has reviewed the performance of the Company and the roles played by our Executive Directors against established corporate and personal objectives. In what was certainly a challenging year for retailers, financial performance met expectations. Further strategic progress was made in simplifying the business and establishing Superdry Sport as a standalone growth opportunity. Many of the personal goals for each of the Executive Directors have also been met. Full details of this assessment can be found on page 86. The Committee is satisfied that incentive awards reflect performance delivered and are summarised below.

	Group Financial Performance (70%)		Business Specific Performance (15%)		Personal performance (15%)			
	Target/Performance (Group underlying profit before tax)		Performance	Achievement	Performance	Achievement		Total Award
Director	Min £93m	Max £100m					% Opportunity	£
Euan Sutherland	57.14% of max opportunity			100% of opportunity		70% of opportunity		
	£97m						**65.5%**	**£701,505**
Nick Wharton	57.14% of max opportunity			100% of opportunity		70% of opportunity		
	£97m						**65.5%**	**£272,585**

Euan Sutherland and Nick Wharton each hold a PSP award granted in 2015 in respect of the three-year performance period which ended on 28 April 2018. That award is due to vest in August 2018 and will vest at 100% of the original award. This is based on 30% vesting against the EPS targets (70% of award) and 70 % against the relative Total Shareholder Return ("***TSR***") targets (30% of award) and reflects EPS growth over the performance period of 13.2% CAGR and TSR growth of 83.1% placing Superdry at the 97th percentile of its comparator peer group. Further details about our share schemes can be found on pages 123 to 124.

Appointments

Ed Barker joined Superdry in April 2018 and, taking into account the fact this is his first permanent Chief Financial Officer role, the Committee approved a base salary for him of £375,000. This salary level is below that paid to the current incumbent and it is the Committee's intention to keep Ed's salary under review in the coming years subject to his development and performance in the role. The Committee anticipates that, subject to satisfactory performance, Ed's base salary may increase at a faster pace than the wider employee group during the early years of his tenure.

In seeking to hire a new CFO, the Committee carefully considered the extent to which it was willing to compensate the right candidate for incentive awards forfeited on leaving a previous employment. In line with the Remuneration Policy and in order to recruit Ed it decided to compensate him for lost awards through an appropriate combination of cash awards, restricted share awards and performance share awards granted in financial years 2018 and 2019. The awards made vest over time periods no shorter than and are of equivalent value to the awards that Ed forfeited on leaving J Sainsbury Plc. The mix of awards places a higher weighting on shares than the awards forfeited and all forfeited awards that remained contingent on future performance have been replaced with performance share awards. Further details about Ed's terms of appointment can be found on page 84.

Resignations

Julian Dunkerton, Product and Brand Director, stepped down from the Board and left the Company on 31 March 2018 in order to focus on his other business and charitable interests. I would like to acknowledge Julian's remarkable achievement in establishing and building Superdry and thank him for everything that he has done. No termination payment was due to Julian.

The Committee acknowledges the early indication Nick Wharton provided of his desire to retire. Following a comprehensive search and selection exercise and a structured handover and smooth transition with his successor Ed Barker, Nick will leave the Board on 5 July 2018. He will remain available to Superdry and engaged on projects and other matters until he leaves on 31 December 2018.

No termination payment is due to Nick Wharton and all outstanding PSP awards will be treated in accordance with Remuneration Policy. A more detailed summary of the treatment of these awards is detailed on page 84 and full details of share vests will be included in future annual reports on remuneration.

Employee Share Plans

In September 2017, with the generous financial support of our two founders, Julian Dunkerton and James Holder, the Founder Share Plan (FSP) was launched. The FSP offers the potential for Superdry colleagues to share in the success of Superdry. Executive Directors were not invited to participate in the FSP. The Committee has been given the power to administer and operate the FSP on behalf of Julian and James.

In addition to the FSP there are incentive and/or recognition structures throughout the Group. Employee share ownership is strongly encouraged through the FSP and our SAYE and BAYE share schemes.

Gender Pay Gap Report

The sharing of our Gender Pay Gap report facilitated the next step in our diversity conversation and in ensuring equality across Superdry. Like many organisations we currently have a gender pay gap, which we would, of course, aspire not to have. While this gap is largely driven by the wider society norm that men are more likely to be in senior roles, we are keen to understand and address the reasons for it at Superdry.

The Committee recognises that the 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 our most senior roles are largely filled by men and we therefore need to improve diversity in our most senior job levels.

Our full report on gender pay is available at https://corporate.superdry.com/. Further detail on our approach to diversity and diversity data can be found in our Nomination Committee report and on page 72.

Key elements of 2019 remuneration arrangements

Except for a change to the comparators used to measure relative TSR in the PSP, remuneration arrangements for the forthcoming year will be consistent with those for financial year 2018.

In line with our Remuneration Policy and the wider approach within the Group, a base salary increase of 2% was awarded to Euan Sutherland with effect from 1 May 2018. This compares with an average increase of 4% across the UK business, including our store colleagues who benefited from increases to the National Living Wage. Ed Barker, who commenced his employment in April 2018, and Nick Wharton, who has given notice of his intention to retire at the end of 2018, were not eligible for an increase.

The Annual Bonus Plan will continue to be based on financial targets (currently 70%), a shared business objective (currently 15%) and personal performance objectives (currently 15%). The maximum opportunity will remain 150% of salary for the CEO and 100% of salary for the CFO. The financial measure will continue to be underlying profit before tax at a Group level. Any award made in excess of 100% of salary will, in line with our Remuneration Policy, be awarded in shares and deferred for three years.

The PSP will continue to be based 70% on EPS and 30% on relative TSR performance targets measured over a three year period. Shares awarded under the PSP have a two year post vest holding period.

In 2018 Euan Sutherland will be conditionally awarded PSP shares to the value of 200% of salary and Ed Barker 150% of salary. Despite the continued challenging economic and market environment, and UK consumer concerns over Brexit, the Committee has held targets in line with the 2017 PSP. TSR performance will be measured against a newly defined bespoke group of comparator companies which reflect the increasingly international nature of our business including non-UK based apparel companies. Twenty-five per cent of each element of the award vests for threshold performance increasing to 100% vesting for maximum performance.

AGM

The Committee considers the simplicity and transparency of our approach to remuneration arrangements and their consistent application have contributed positively to Superdry's strong leadership team continuing to deliver excellent performance despite the challenging environment.

There will be a resolution to approve the Directors' Annual Remuneration Report (including the implementation of the current Remuneration Policy in respect of financial year 2019) at the 2018 AGM. We look forward to your support.

Penny Hughes
Remuneration Committee Chairman
4 July 2018

Directors' Remuneration Report

Part 2: Directors' Remuneration Policy (unaudited)

In formulating the Remuneration Policy, full consideration has been given to the principles set out in the Code. The Committee regularly reviews the Remuneration Policy to ensure it takes account of best practice and serves our needs. As part of the regular review, the Committee undertakes a dialogue with major shareholders and listens to their feedback, alongside guidance from shareholder representative bodies. Details of votes cast for and against the resolution to approve last year's remuneration report and any matters discussed with shareholders during the year are set out in the Annual Report on Remuneration.

In accordance with section 439A of the Companies Act 2006 this section sets out the Remuneration Policy as approved by shareholders at the AGM on 12 September 2017. No changes are proposed to the Remuneration Policy.

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.
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.
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 (e.g. 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.
Performance measures	Individual and business performance are taken into consideration when deciding salary levels.

Element	Retirement Benefits
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.
Operation	Executive Directors can choose to participate in the personal pension plan relevant to the country where they are employed, or to receive a cash allowance, or a combination of the two. Our Group personal pension plan is a defined contribution plan.
Maximum opportunity	The maximum employer contribution to an Executive Director's pension (or equivalent cash allowance) is 15% of base salary.

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.
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. Executive Directors are excluded from participating in the Founder Share Plan.
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.

Element	Annual Performance Bonus
Purpose and link to strategy	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.
Operation	Bonus payments 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. The Committee will defer any bonus earned in excess of 100% of salary into Superdry shares with a three-year holding period.
Maximum opportunity	Up to 150% of base salary.
Performance measures	Performance is normally assessed over one financial year. The annual performance bonus may be based on a mix of financial, personal and/or strategic business objectives relevant to the particular performance year and is aimed at securing a sustainable long-term business model. 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. 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. A straight-line sliding scale between threshold (0% of opportunity), target (50% of opportunity) and maximum (100% of opportunity) is used to determine the level of award. Malus and clawback provisions apply as described below.

Directors’ Remuneration Report

Element	Performance Share Plan
Purpose and link to strategy	To incentivise and reward Executive Directors to develop and deliver Superdry’s ambitious strategy, that create long-term value and to ensure a strong link between executive reward and Group performance / total shareholder return. To support recruitment, long-term retention and collaborative working through share ownership.
Operation	Awards are granted on a discretionary basis and are normally subject to performance and 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. 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 to the extent that awards vest.
Maximum opportunity	Normal maximum award limit: 200% of salary. Exceptional circumstances award limit: 300% of salary.
Performance measures	The Committee determines performance targets for each new cycle to ensure that the targets are stretching and support value creation for shareholders while remaining motivational for management. Performance measures will be based on financial metrics, such as EPS and relative TSR over a three-year performance period. 25% of an award vests for threshold performance increasing to 100% vesting for maximum performance. Malus and clawback provisions will apply as described below.

Element	Share Ownership Guidelines
Purpose and link to strategy	To help further strengthen the alignment between management and shareholders.
Operation	Executive Directors not holding shares worth at least 200% (in the case of the CEO) or 150% (in the case of the other Executive Directors) of their base salary will be expected to retain 50% of any PSP awards which vest (net of tax) until such time as that level of holding is met.
Level	Minimum of 150% or 200% of base salary as applicable.

Selection of performance measures

Financial performance measures (e.g. underlying diluted EPS (‘***EPS***’) and TSR) are used for the PSP’s performance criteria. The Group’s key performance indicators, as set out in the Strategic Report, contribute to the delivery of EPS and TSR. The combination of EPS and TSR as performance conditions for the PSP provides a balance between rewarding management for growth in sustainable profitability and stock market outperformance. TSR is a clear indicator of the relative success of the Group in delivering shareholder value and, as a performance measure, firmly aligns the interests of PSP participants and shareholders. The EPS target range will require significant levels of growth and the TSR condition will be based on relative outperformance of relevant listed companies. Performance against the TSR and EPS targets will be independently calculated by a third party and then reviewed by the Committee.

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; and
- serious reputational damage to Superdry; and/or personal misconduct.

The Committee may at any time before the vesting of PSP 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 award vests, the Committee may decide that the individual is subject to clawback if:

- there has been is 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 gross misconduct on the part of the individual.

Legacy arrangements

In approving this Remuneration Policy in 2017, authority was given to the Company to honour any commitments entered into with current or former Executive Directors prior to the adoption of the previous Remuneration Policy in 2014. Details of any payments made to former Executive Directors pursuant to any such commitments will be set out in the Annual Report on Remuneration as they arise.

Remuneration arrangements across Superdry

The reward philosophy is 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 underlying profit before tax, 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.
- **PSP** – a small number of the management team who provide significant strategic input or lead a significant function within Superdry, and more junior employees who have made an exceptional contribution, may be invited to participate in the PSP in any financial year.
- **Founder Share Plan (FSP)** – all of our colleagues across Superdry were invited to participate in the FSP. Funded by the generosity of our two founders, Julian Dunkerton and James Holder, the plan gives every colleague the opportunity to share in a proportion of the wealth gain due to the growth in Superdry's share price. Executive Directors do not benefit from the FSP.
- **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 ten shares purchased through this scheme the Group offers one free matching share.
- **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' service contracts, which could give rise to, or impact, remuneration payments or payments for loss of office.

Element	Terms
Notice period	A maximum of 12 months by Superdry and 12 months by the Executive Director.
Contract date	Euan Sutherland – 22 October 2014 Ed Barker – 16 April 2018 Nick Wharton – 24 June 2015
Expiry date	Euan Sutherland and Ed Barker have no fixed expiry date in their contracts. Nick Wharton has given notice of his intention to retire and will step down from his current role and the Board on 16 July 2018 and leave the business on 31 December 2018.
Base salary	Contractual entitlement to receive a base salary and for a salary review to take place each year. Superdry is not obliged to increase an Executive Director's salary following a review.
Pension contributions	Employer pension contribution.
Contractual benefits	Contractual entitlement to: • private medical insurance; • company sick pay; • life assurance; • holiday pay; • car allowance; and • discount on Superdry products.
Annual bonus	At the discretion of the Committee opportunity to participate in the annual performance bonus scheme, subject to our policy in relation to such a scheme and to the approval of the Committee.
Long-term incentive plan	At the discretion of the Committee opportunity to participate in the PSP, subject to our policy in relation to such a scheme and to the approval of the Committee.

The service contract for a new Executive Director will not include any provision that is more generous than those listed above.

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

With the consent of the Board, where an appointment can enhance an individual Executive Director's experience and add value to the Group, Executive Directors are able to accept non-executive appointments outside the Group. Three Executive Directors currently hold Non-Executive Directorships: Euan Sutherland with Britvic plc (£55,000 fee), Nick Wharton with Mothercare plc (£47,500 fee) and Ed Barker with Staffline Group plc (£30,000 fee). Annual fees received by the Executive Director are retained by them at the discretion of the Committee.

Directors' Remuneration Report

Discretions retained by the Committee

The Committee will operate the annual bonus plan and PSP 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 the PSP: 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 (e.g. rights issues, corporate restructuring events and special dividends); reviewing performance measures and weighting; and targets for the PSP 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.

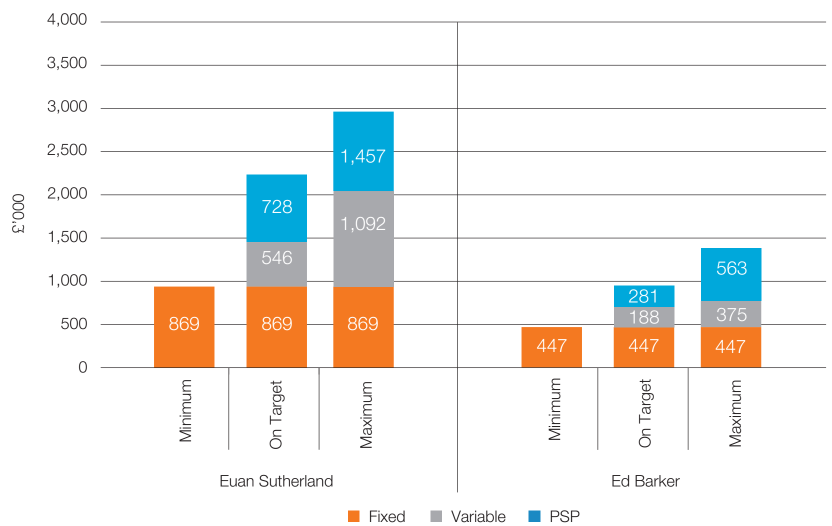
In relation to both our PSP and annual bonus plan, the Committee retains the ability to adjust the targets and/or set different measures if events occur (e.g. material acquisition and/or divestment of a business) which cause it to determine that the conditions are no longer appropriate and that an adjustment is required so that the conditions achieve their original purpose and are not materially more or less difficult to satisfy. We have used EPS as a determining measure since inception for the PSP; it is therefore consistent and transparent to participants and shareholders. The Committee may exercise discretion if required to adjust EPS to reflect what it considers to be a fairer outcome for shareholders and participants.

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.

Illustrations of application of the Remuneration Policy

Our remuneration arrangements have been designed so that a substantial proportion of reward is dependent on the achievement of stretching short and long-term performance targets. The chart below shows the value of the current Executive Directors' packages under three reward scenarios (minimum, on-target and maximum).



The chart above is based on the following assumptions:

- base salary as at 1 May 2018;
- estimated value of benefits and pension;
- on-target bonus taken to be 50% of the maximum potential (maximum is 150% of salary for Euan Sutherland, 100% of salary for Ed Barker);
- on-target PSP award is taken to be 50% of the maximum potential (maximum potential is 200% of salary for Euan Sutherland and 150% of salary for Ed Barker); and
- no share price appreciation.

Approach to the recruitment and retention of Executive Directors

Principles

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 has been proven and sustained. The annual bonus potential would be limited to 150% of salary and grants under the PSP would be limited to 200% of salary (300% of salary in exceptional circumstances).

Pension 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 (e.g. 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 may be payable with respect to the period of the financial year worked although it will be prorated for time and paid at the normal payment date.

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 under the PSP 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 conditions 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 targets, 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 provided by the Group HR Director.

Consideration of shareholder views

The members of the Committee are always available to discuss any issues or concerns with shareholders.

Directors' Remuneration Report

Summary of the Non-Executive Director Remuneration Policy

The Board aims to recruit high calibre Non-Executive Directors with broad commercial, international 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	Fees are normally reviewed annually and are normally paid in cash. 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. 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. Non-Executive Directors are covered by the Directors' and Officers' insurance and indemnification.
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' notice, or in the case of the Chairman, 12 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 Bamford	29 January 2010
Keith Edelman†	4 February 2010
Penny Hughes	1 April 2015
Minnow Powell	1 December 2012
Dennis Millard	1 February 2018
John Smith	1 February 2018

† Not standing for re-election at the AGM.

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 Remuneration Committee Chairman's Annual Statement, will be subject to an advisory vote at the AGM and sets out how the Remuneration Policy will be implemented in financial year 2019, and how it was implemented in financial year 2018. This part of the report has been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008 (as amended) and 9.8.8R of the Listing Rules.

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 2019:

Base salary (audited)

Executive Directors' base salaries are normally reviewed annually, 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.

Annual salary increases for Executive Directors are below the wider head office employee group. The average annual increase across that group was 2.5%. Current annual base salary levels are as follows:

		Salary Increase	**From 1 May 2018**	From 1 May 2017
Euan Sutherland	Chief Executive Officer	2%	**£728,280**	£714,000
Ed Barker	Chief Financial Officer Designate	0%	**£375,000**	£15,625[1]
Nick Wharton	Chief Financial Officer	0%	**£416,160**[2]	£416,160

1. Ed Barker was appointed Chief Financial Officer Designate on 16 April 2018 and will be appointed Chief Financial Officer on 5 July 2018. His salary will next be subject to scheduled review in May 2019.
2. Nick Wharton will step down as Chief Financial Officer on 5 July 2018 and leaves on 31 December 2018.

Benefits in kind and pension (unaudited)

Benefits will continue to include private medical insurance (for the individual and their family), sick pay, holiday pay, life assurance, car allowance and staff discount on Superdry products. Other benefits may be provided where appropriate. We will continue to contribute no more than 15% of salary into the Group's personal pension plan and/or in the form of a salary supplement.

Annual bonus (unaudited)

We will continue to operate an annual bonus plan for financial year 2019 based on the achievement of a stretching financial metric linked to underlying profit before tax (70% of the bonus opportunity), shared business objectives (15% of the bonus opportunity) and personal/strategic objectives (15% of the bonus opportunity). Specific targets will not be disclosed in advance as they are commercially confidential, but will be disclosed next year. The maximum bonus opportunity in financial year 2019 will be 150% of base salary for the Chief Executive Officer and 100% of base salary for the CFO, with any bonus earned in excess of 100% of salary continuing to be deferred in Superdry shares with a three year holding period. Nick Wharton will not participate in the financial year 2019 annual bonus plan.

Long-term incentives (unaudited)

The Superdry PSP enables us to incentivise and reward participants appropriately for contributing to the delivery of our strategic objectives and to provide an appropriate level of long-term performance-related pay.

The Committee is conscious of the fact that at the time of granting awards for the 2019 LTIP the Superdry share price had fallen below the level used to calculate the 2018 award. The Committee deliberated whether, in this context, a downwards adjustment would be appropriate but ultimately concluded that it was appropriate to follow the normal formula. For financial year 2019, the PSP grant for the Chief Executive Officer, Euan Sutherland will be 200% of salary and for the Chief Financial Officer, Ed Barker, will be 150% of salary. Their awards vest three years after grant subject to service and performance conditions and a two-year, post vest, holding period applied.

Consistent with the financial year 2018 awards, performance for financial year 2019 awards will be based 70% on sliding scale EPS growth and 30% on TSR relative to a selected group of retailers as measured over the three-year period ending at the 2021 financial year-end:

- 25% of the EPS-related component of the award will vest for average annual EPS growth of 8% p.a. increasing on a straight-line basis to 100% vesting for EPS growth of 12% p.a.; and
- 25% of the TSR-related component of the award will vest if the Group's TSR is ranked at the median of a comparator group increasing on a straight-line basis to 100% vesting at the upper quartile of the group. The comparator group for the awards has been reviewed and will comprise of listed apparel brands and retailers in the UK, US and Europe.

Abercrombie & Fitch
Adidas
American Eagle Outfitters
ASOS
Boohoo
Brown (N) Group
Burberry Group
Dunelm Group
Hennes & Mauritz
Inditex
JD Sports Fashion
Kingfisher
Marks & Spencer Group
Mulberry Group
Next
Sports Direct Intl.
Ted Baker
Under Armour

In addition to the TSR performance condition, the Committee must also be satisfied that there has been an improvement in our underlying financial performance.

Directors' Remuneration Report

Summary of remuneration arrangements for Ed Barker

Ed Barker joined the Group as Chief Financial Officer Designate on 16 April 2018 and will take on the role of Chief Financial Officer on 5 July 2018.

The Committee carefully considered the requirement to compensate Ed for bonus awards (cash and deferred share bonuses) and outstanding long-term incentive plan awards that he forfeited on leaving his previous employment. In line with the Remuneration Policy we will compensate Ed for these awards through an appropriate mix of cash awards, restricted share awards and increased PSP awards in financial years 2018 and 2019. The underlying principle is that Ed will be compensated on a like-for-like basis in terms of vesting periods, expected value and applicable performance conditions.

In total Ed will be provided with (i) a PSP grant for financial year 2018 at 150% of his annualised salary (ii) ordinary shares in Superdry equivalent in value to the value of 131,588 shares in J Sainsbury plc (ii) ordinary shares in Superdry equivalent in value to £136,418 and (iii) a cash payment of £61,044. The Committee has been provided with appropriate evidence to verify the awards that Ed has forfeited on leaving his previous employment. The value of the shares in J Sainsbury plc (and the number of Superdry shares granted in return) will be calculated using the applicable share prices on the date that awards are made. Further details of the compensatory awards will be set out in the applicable annual remuneration reports for the financial years in which those awards are made or vest.

All other benefits are in accordance with our Remuneration policy including a 15% cash allowance as an alternative to an employer's pension contribution.

The operation and structure of the PSP awards are in line with other participants and will vest over the normal time frames. The operation and structure of restricted share awards are subject to satisfactory personal performance and vest over a two year period. Superdry shares as awarded are subject to Director shareholding guidelines.

The Committee is satisfied that these awards are of comparable commercial value to the awards being bought out and provide an appropriate level of deferred share based compensation.

Resignations

The Committee acknowledges the early indication Nick Wharton provided of his desire to retire. Following a comprehensive search and selection exercise and a structured handover and smooth transition with his successor, Ed Barker, Nick will leave the Board on 5 July 2018. He will remain available to Superdry and engaged on projects and other matters until he leaves Superdry on 31 December 2018. Nick will continue to receive his normal remuneration and benefits up to his retirement on 31 December 2018 but will not be entitled to a bonus in relation to financial year 2019.

No termination payment is due to Nick Wharton and all outstanding PSP awards will be treated in accordance with the Remuneration Policy. A summary of the treatment of annual bonus and PSP awards is set out below and full details of PSP share vests will be included in future annual reports on remuneration.

As a good leaver, Nick Wharton's outstanding PSP awards under the 2016 and 2017 schemes will be prorated for the portion of the performance period served and remain capable of vesting subject to the achievement of the relevant performance criteria. Accordingly, Nick retains 22,931 and 15,427 shares under the 2016 and 2017 schemes respectively.

Julian Dunkerton, Product and Brand Director, stepped down from the Board and left the Company on 31 March 2018 in order to focus on his other business and charitable interests. No termination payment was due to Julian and he has no annual bonus entitlement.

Non-Executive Directors (audited)

No change will be made in 2018 to the annual fees for Non-Executive Directors and the Chairman.

Annual fee levels for financial year 2019 are as follows:

Role	**From 1 May 2018**	From 1 May 2017
Chairman	**£200,000**	£200,000
Base fee	**£55,000**	£55,000
Senior Independent Director increment	**£17,500**	£17,500
Audit/Remuneration Committee Chair increment	**£12,500**	£12,500

Directors' remuneration (audited)

The detailed emoluments received by the Directors for the year ended 28 April 2018 are detailed below:

		Base salary/fees	Taxable benefits[1]	Pension contributions[2]	Annual bonus	LTIPS	Other payments	Total
Executive Directors								
Euan Sutherland	2018	714,000	37,989	106,798	701,505[6]	1,600,135[4]	–	3,160,427
	2017	700,000	37,986	105,000	1,008,840	2,148,883[5]		4,000,708[7]
Nick Wharton	2018	416,160	16,454	62,424	272,585[6]	948,227[4]		1,715,850
	2017	408,000	15,651	61,200	385,886	–		870,737
Edward Barker	2018	15,625[3]	583	2,343	–	–	–	18,551
	2017	–	–	–	–	–	–	–
Non-Executive Directors								
Peter Bamford	2018	200,000	3,128[13]	–	–		–	203,128
	2017	190,000	2,596[13]					192,596
Keith Edelman	2018	77,083	2,218[13]	–	–		–	79,302
	2017	70,000	1,817[13]					71,817
Penny Hughes	2018	62,951	1,654[13]	–	–		–	64,605
	2017	50,000	2,467[13]					52,467
Dennis Millard	2018	18,125[8]	1,112[13]	–	–		–	19,237
	2017	–	–	–	–	–	–	–
Minnow Powell	2018	67,500	2,779[13]	–	–		–	70,279
	2017	60,000	2,255[13]					62,255
John Smith	2018	13,750[9]	992[13]	–	–		–	14,742
	2017	–	–	–	–	–	–	–
Former Directors								
Julian Dunkerton	2018	381,480[10]	17,570	–	–			399,050
	2017	408,000	19,497					427,497
Beatrice Lafon	2018	23,360[11]	33[13]	–	–			23,394
	2017	31,528	2,969[13]					34,497
Steve Sunnucks	2018	23,360[12]	61[13]	–	–		–	23,421
	2017	50,000	1,609[13]					51,609

1. Benefits include a car allowance, medical insurance and expenses in relation to the performance of duties.
2. Euan Sutherland, Nick Wharton and Ed Barker received a Company contribution of 15% of base salary in the form of either pension contribution or cash allowance.
3. Ed Barker was appointed on 16 April 2018.
4. For the purposes of the single figure the 2015 PSP will vest at 100% and the value included in the table has been calculated by multiplying the number of shares in respect of which the 2015 PSP will vest by the average share price £16.71 over the last quarter of the financial period ended 30 April 2018.
5. For the purposes of the single figure the 2014 PSP value was calculated using the actual share price on vesting of £18.40.
6. The 2018 bonus will be paid in financial year 2019.
7. The single figure for Euan Sutherland has been updated to reflect the actual share price of £18.40 for the 2014 PSP share vesting which matured in October 2017.
8. Dennis Millard was appointed on 1 February 2018.
9. John Smith was appointed on 1 February 2018.
10. Julian Dunkerton resigned on 31 March 2018.
11. Beatrice Lafon resigned on 12 September 2017.
12. Steve Sunnucks resigned on 12 September 2017.
13. For Non-Executive Directors certain expenses relating to the performance of a Non-Executive Director's duties, such as travel to and from Company meetings, are classified as taxable benefits by HMRC. In such cases, the Company will ensure that the Non-Executive Director is not out of pocket by settling the related tax via the PAYE settlement agreement. In line with current regulations these taxable benefits have been disclosed and are shown in the taxable benefits column in the Directors' Remuneration table above. The figures shown include the cost of the expenses grossed up for tax and national insurance.

Directors' Remuneration Report

Annual bonus for the year ended 28 April 2018 (audited)

For financial year 2018 the maximum annual bonus opportunity was 150% of salary for the Chief Executive Officer and 100% of salary for the CFO. The performance against the targets and bonus awards determined were as set out in the table below. The Committee is satisfied the bonus awards for the Executive Directors reflect both the overall financial performance of the business and the hard work undertaken to achieve this in a challenging environment:

Director	Profit related targets (70%)	Shared business target (15%)	Personal/strategic targets (15%)
Euan Sutherland	Annual performance for FY18 was measured against Group underlying profit before tax. Group underlying profit before tax is used in the bonus plan as the Group considers this to be an important measure of Group performance and is consistent with how business performance is assessed internally by the Board and Executive Committee. For FY18 the start to earn threshold was set at £93m (offering 25% of the opportunity) the on target threshold at £96.5m (offering 50% of the opportunity) and a maximum award (100%) at £100m. Group underlying profit before tax out-turn for the year was £97m which was above the on target trigger. As a result Euan Sutherland and Nick Wharton were awarded 57.1% of the maximum opportunity.	Action was taken this year to simplify the range of product options designed, manufactured and distributed through our sales channels. This resulted in a significant reduction in option count and an increase in retail and wholesale range overlap, delivering cost efficiency and reducing complexity. Each of the option count and range overlap targets were exceeded resulting in a 5% award for each achievement (10% in total). Superdry Sport offers significant future growth potential and action was taken this year to establish at least four standalone Sport stores. Eight stores were opened and are trading well resulting in a full 5% award. As a result Euan Sutherland and Nick Wharton were awarded 100% of the maximum opportunity.	Euan's objectives for financial year 2018 covered a range of strategically important issues and material operational initiatives. They reflected the need to deliver a clear purpose and articulation of values for Superdry's global business, the improvement of certain operational metrics relating to store performance and inventory levels, the delivery of additional operational leverage and movement towards profitability in Superdry's development markets, increased speed to market and further development of brand presence. The Committee has assessed Euan's individual performance against these objectives, the expected and actual levels of achievement along with the opportunities and challenges experienced across the business in financial year 2018 and decided to award him 70% of the maximum 15% opportunity.
Nick Wharton			Nick's personal objectives covered delivery of Superdry's new store and Sport store space requirements along with the store refits planned for the year, the recruitment and on-boarding of a new Chief Information Officer to lead the IT function, the delivery of the IT elements of key infrastructure programmes, further improvements in Superdry's financial planning, reporting, decision making and governance capabilities and control environment, improved operational leverage through efficiency savings and maintenance of high quality investor relationships. The Committee has assessed Nick's individual performance against these objectives, the expected and actual levels of achievement along with the changes in his role as a result of his decision to retire at the end of calendar year 2018 and the opportunities and challenges experienced across the business in financial year 2018 and decided to award him 70% of the maximum 15% opportunity.

Performance share plan (audited)

The PSP awards granted on 14 August 2015 were based on a three-year performance period ended 28 April 2018 and were independently calculated by the Committee's advisers Kepler. As disclosed in previous annual reports, the performance condition for these awards was as follows:

Metric	Performance Condition	Threshold Target	Stretch Target	Actual	% Vesting
Earnings per share (70%)	25% of this part vests for average annual EPS growth of 8% in excess of RPI, increasing on a straight-line basis to 100% of this part vesting for EPS growth of at least 12% per annum in excess of RPI.	8% in excess of RPI	12% in excess of RPI	13.2% in excess of RPI	70% (max. 70%)
Total shareholder returns (30%)	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 (comprising FTSE AllShare companies in the following subsectors: Apparel Retailers, Broadline Retailers, Clothing and Accessories, Furnishings, Home Improvement Retailers, Speciality Retailers and Toys).	Median	Upper quartile	Upper quartile	30% (max. 30%)
					100%

In addition to the award of shares in line with the percentage set out in above table the awards to participants in the 2015 PSP were adjusted by additional share awards equivalent to the value of dividends paid on the underlying shares awarded (at 80.5 pence per share) in the time between the date of grant and date of vesting of the award. The Director vesting arrangements are summarised in the table below.

Director	% of Salary awarded in 2015	Salary on which award was based (£)	Number of Shares Vesting (100%)	Value of Vesting Shares @ Q4 Average Price (£16.71) £	Value of Dividends Accrued (£)	Total Value of Vest Including Dividend £
Euan Sutherland	200%	675,000	91,358	1,526,592	73,543	1,600,135
Nick Wharton	200%	400,000	54,138	904,646	43,581	948,227

Scheme interests awarded during the year (audited)

PSP awards granted in the year

PSP awards[1] were granted to the Executive Directors as follows:

Executive	Date Granted	Number of PSP awards	Basis	Face value	Performance condition	Performance period
Euan Sutherland	20 July 2017	95,282[2]	200% of base salary	1,428,000	Vesting will be determined by EPS and TSR over the performance period as described below	Three financial years ending 2019/2020
Nick Wharton	20 July 2017	27,768[2]	100% of base salary	416,160		
Ed Barker	16 April 2018	36,106[3]	150% of base salary	562,500		

1. PSP awards are structured as conditional awards.
2. Based on a share price of £14.98 which was the ten day weighted average share price.
3. Based on a share price of £15.57 which was the ten day weighted average share price.

Directors' Remuneration Report

The performance condition for these awards is set out below:

Performance condition	% of award subject to condition	Targets	% of PSP award which will vest
Average annual earnings per share (EPS) growth[1]	70%	Average annual EPS growth of 8%	25%
		Average annual EPS growth of 12%	100%
		Between 8% and 12% average annual EPS growth	Straight-line between 25% and 100%
Total Shareholder Return (TSR) against comparator group of companies[2]	30%	Median	25%
		Upper quartile	100%
		Between median and upper quartile	Straight-line between 25% and 100%

1. The Committee retains the ability to adjust the EPS condition if events occur (e.g. material acquisition and/or divestment of a Group business) which cause it to determine that the condition is no longer appropriate and amendment is required so that the condition achieves its original purpose and is not materially less difficult to satisfy.
2. TSR comparator group: those companies listed in the following FTSE AllShare subsectors: Apparel Retailers, Broadline Retailers, Clothing and Accessories, Furnishings, Home Improvement Retailers, Recreational Products & Services, Restaurants & Bars and Speciality Retailers.

Directors' interests in share awards (audited)

The table below set out details of the Executive Directors' outstanding share awards (which will vest in future years subject to performance and/or continued service).

Executive	Scheme	At 29 April 2017	Granted during the period	Vested during the period	Lapsed during the period	**At 28 April 2018**	Date of award	Performance period	Normal vesting date	Share price on date of grant
Euan Sutherland	PSP	193,965	–	116,797	77,168		22/10/2014	3 financial years ending 2016/2017	23/10/2017	10.44
	PSP	91,358	–	–	–	**91,358**	14/08/2015	3 financial years ending 2017/2018	14/08/2018	14.77
	PSP	88,518		–	–	**88,518**	15/08/2016	3 financial years ending 2018/2019	15/08/2019	15.81
	PSP		95,282			**95,282**	20/07/2017	3 financial years ending 2019/2020	20/07/2020	14.98
Total		373,841		116,797	77,168	**275,158**				
Nick Wharton	PSP	54,138	–	–	–	**54,138**	14/08/2015	3 financial years ending 2017/2018	14/08/2018	14.77
	PSP	25,797	-	– –	–	**25,797**	15/08/2016	3 financial years ending 2018/2019	15/08/2019	15.81
	PSP		27,768	–	–	**27,768**	20/07/2017	3 financial years ending 2019/2020	20/07/2020	14.98
Total		79,935		–	–	**107,703**				
Ed Barker	PSP	–	36,106[1]	–	–	**36,106**	16/04/2018	3 financial years ending 2019/2020	16/04/2021	15.57
Total		–				**36,106**				

The 2017 PSP award granted to Ed Barker is part of the appointment remuneration arrangements more fully described on page 84.

All awards granted under the PSP are subject to continued employment and the satisfaction of the performance conditions set out above. The PSP awards are all structured as conditional awards.

Share ownership (audited)

The beneficial and non-beneficial interests of the Directors in the share capital of Superdry at 28 April 2018 are set out below:

	Interests in ordinary shares			Interests in shares				
Director	**28 April 2018**	29 April 2017	Shareholding guideline percentage	PSP	Deferred Shares	SAYE	BAYE	Total
Executive Directors								
Euan Sutherland	**73,322**	11,613	200%	275,158	32,319[1]	1,648	216[2]	382,879
Ed Barker	**–**		150%					
Nick Wharton[3]	**5,000**	5,000	150%	107,703	–	1,648	–	114,351
Non-Executive Directors								
Peter Bamford	**6,000**	6,000	–	–	–	–	–	6,000
Keith Edelman[3]	**4,000**	4,000	–	–	–	–	–	4,000
Penny Hughes	**–**	–	–	–	–	–	–	–
Minnow Powell	**1,496**	1,496	–	–	–	–	–	1,496
Dennis Millard	**–**	–	–	–	–	–	–	–
John Smith	**–**	–	–	–	–	–	–	–

1. Shares awarded under 2016 and 2017 Annual Bonus Plan (deferred for three years).
2. 195 partnership shares, 19 matching shares and 2 dividend shares.
3. Nick Wharton and Keith Edelman are not standing for re-election at the 2018 AGM.

In the period between 28 April 2018 and 5 July 2018 there have been no changes in the Directors' interests above other than 25 shares purchased under the BAYE share scheme (23 partnership shares and 2 matching shares) on behalf of Euan Sutherland.

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.

	2018 £m	2017 £m	Change
Employee remuneration costs (£m)	**116.9**	106.5	9.7%
Ordinary dividends (£m)	**24.0**	20.2	18.8%
Special dividends (£m)	**–**	16.3	n/a

Percentage increase in the remuneration of the Chief Executive Officer (unaudited)

The table below shows the movement in salary, benefits and annual bonus for the Chief Executive Officer between the current and previous financial year compared to the average of all employees of the Group.

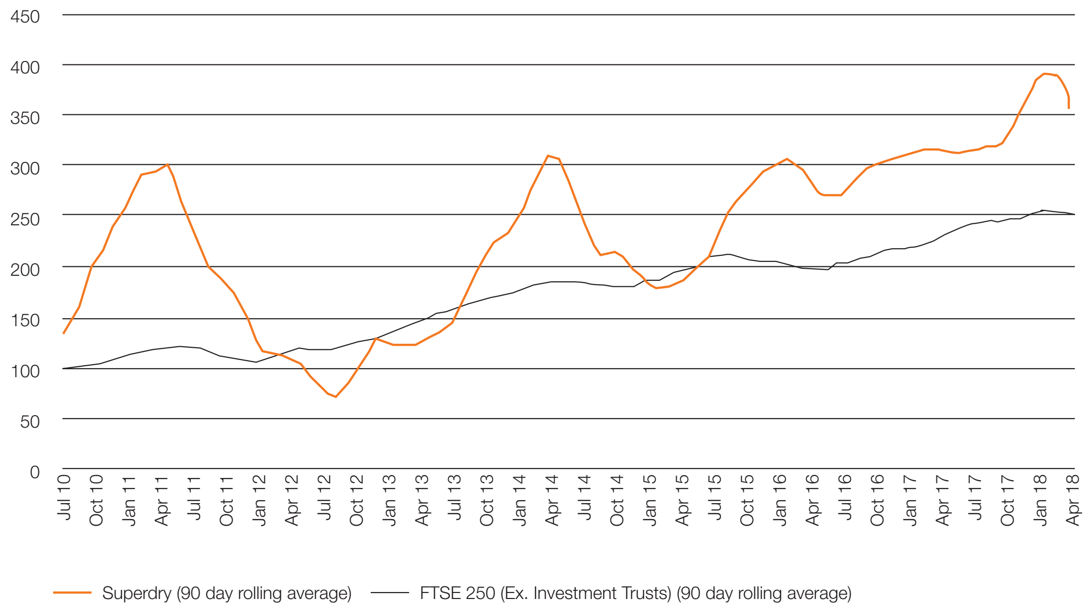
Element of remuneration		% change
Salary	Chief Executive Officer	2%
	Employees	4%
Taxable benefits	Chief Executive Officer	nil
	Employees	nil
Annual bonus	Chief Executive Officer	-30%
	Employees	n/a[1]

1. Bonus payments are only made to a small group of senior leaders and Wholesale sales roles.

Directors' Remuneration Report

Performance graph (unaudited)

The graph below shows the total cumulative shareholder return for the Group compared with the TSR of the FTSE 250 (excluding Investment Trusts) over the period from the initial public offer to 28 April 2018. The FTSE 250 (excluding Investment Trusts) was selected as this is the index of which Superdry was a constituent for the period shown.



Single figure table (audited)

The table below sets out the Chief Executive Officer's single figure remuneration over the past seven years.

Year ended	Chief Executive Officer	Total remuneration	Annual bonus (% of max)	Long-term incentives (% of max)
2018	Euan Sutherland	£3,160,427	65.5%	100%
2017	Euan Sutherland	£4,000,708[2]	96.1%	58.2%
2016	Euan Sutherland	£1,677,125	85.0%	n/a
2015	Euan Sutherland[1]	£602,862	33.3%[3]	n/a
2015	Julian Dunkerton[1]	£419,180	–	n/a
2014	Julian Dunkerton	£419,412	–	n/a
2013	Julian Dunkerton	£419,406	–	n/a
2012	Julian Dunkerton	£419,463	–	n/a

1. Euan Sutherland was appointed as Group Chief Executive Officer on 22 October 2014. At the same time, Julian Dunkerton, previously Chief Executive Officer, switched to the newly created role of Founder, Product and Brand Director.
2. 2017 total remuneration updated to reflect actual vest value of shares awarded under the 2014 PSP which vested in October 2017. The figure disclosed in the 2017 Annual Report was £3,611,750.
3. Annual bonus is the proportion awarded of the maximum bonus opportunity.

Advisers to the Committee

During 2018 the Committee received advice from Mercer Kepler, part of Mercer Limited, on senior executive remuneration and employee share schemes. Neither Kepler nor Mercer provided other services to the Group during the year. Kepler is a member of the Remuneration Consultants Group and complies with its code of conduct.

For financial year 2018 Kepler's total fees charged to the Committee were £55,000. Mercer Limited did no other material work for the Group although Mercer's US business provided support on healthcare benefit administration for Superdry's US colleagues. The Committee is comfortable that the advice given by Kepler has been and remains objective and independent. Macfarlanes LLP also provided legal advice to the Committee during the year.

Dilution

In accordance with current guidance for employee share schemes (issued formerly by the ABI and assumed by The Investment Association in 2014), the Committee applies a limit on the amount of shares which can be issued to satisfy employee share plan awards of 10% of issued share capital in any rolling ten-year period. Of this 10%, only half can be issued to satisfy awards under the discretionary arrangements.

Statement of shareholder voting

At last year's AGM the Directors' Remuneration Policy and the Annual Report on Remuneration received the following votes from shareholders:

	For	Against	Votes cast	Votes withheld
Directors' Remuneration Policy				
Total number of votes	72,447,443	1,717,915	74,165,228	42,000
% of votes cast	97.68	2.32	91.04%	

	For	Against	Votes cast	Votes withheld
Directors' Remuneration Report (excluding the Directors' Remuneration Policy)				
Total number of votes	72,447,063	1,718,165	74,165,228	42,000
% of votes cast	97.68	2.32	91.04%	

The Directors' Remuneration Report, excluding the Directors' Remuneration Policy, will be subject to an advisory vote at the AGM on 11 September 2018.

Penny Hughes
Remuneration Committee Chairman
4 July 2018

Directors' Report

We present the Directors' Report together with the Group's audited Financial Statements for financial year 2018. The Corporate Governance Report set out on pages 62 to 66 forms part of this Directors' Report. We are UK domiciled but have a number of overseas subsidiaries as well as branches in Austria, Italy, Norway, Portugal and Switzerland.

The Directors' Report and Strategic Report comprise the 'management report' for the purposes of the Financial Conduct Authority's Disclosure and Transparency Rules (DTR 4.1.8.R).

Please refer to pages 60 to 61 for full details of the Directors.

Change of name

On 8 January 2018 the name of the Company changed from SuperGroup Plc to Superdry Plc.

Results and dividends

Our Financial Statements for financial year 2018 are set out on pages 106 to 154, which should be read in conjunction with the section entitled 'Chief Financial Officer's Review' on pages 44 to 49.

An interim ordinary dividend of 9.3p per share was paid on 26 January 2018.

The Directors have proposed a final ordinary dividend of 21.9p per ordinary share being payable on 21 September 2018 to all shareholders on the register at the close of business on 13 July 2018, giving a total ordinary dividend in respect of financial year 2018 of 31.2p.

Post balance sheet events

There have been no post balance sheet events that either require adjustment to the Financial Statements or are important in the understanding of our current financial position.

UK referendum (Brexit)

Following the outcome of the UK referendum on 23 June 2016 to leave the EU there remain a number of uncertainties regarding how the exit will be achieved. The Group has established a Brexit working party which meets on a regular basis to discuss the key impacts of the Brexit decision and reports to the Executive Committee. We continue to seek ways to mitigate potential risks and believe our European distribution centre and multi-channel capability provide a level of security in terms of supply chain and customer delivery should the UK leave the EU customs union. Our planning scenarios each anticipate an increase in delivery lead times, changes to duty regimes and a consequent requirement to invest in more resources to deal with the extra administration burden. We will continue to monitor the risks and uncertainties arising from Brexit within the Group's existing risk management and control process as outlined on page 59.

Approach to tax

Our approach to tax matters is to comply fully with all relevant tax laws and regulations in operation in all countries in which we are present, while managing the overall tax burden. Additionally, we will pay the right and fair amount of tax in each territory we trade from in accordance with the letter and spirit of local laws and regimes. We understand that taxes we pay to governments of those markets in which we operate are an important source of revenue for them in providing a stable infrastructure and environment, and we seek to comply in a responsible manner.

We seek to operate in the most tax efficient manner, making use of all relevant exemptions and incentives. Where they exist, we seek to apply them in the manner intended. We conduct transactions between Superdry companies on an arm's length basis.

We establish entities in jurisdictions suitable to hold our overseas investments, giving consideration to our business activities and the prevailing regulatory environment. Our tax planning strategy is not aggressive and we do not engage in artificial tax arrangements.

Our internal tax manager is supported by external, expert tax advisers to provide input into our tax affairs, such as the management of compliance in the UK and overseas jurisdictions and the impact of changes in tax legislation on us. The tax manager is supported by a US based financial accountant with relevant US tax experience to ensure the Group meets its compliance obligations, recognising the complex tax regime in operation there.

Details of UK taxes paid during the period are detailed on pages 127 to 128.

Tax governance

Our internal tax policy is determined by the Board as a sub-set of our overall business strategy and is overseen by the Audit Committee. Operational responsibility for the execution of the Group's tax policy rests with the Chief Financial Officer, who reports the Group's tax position to the Audit Committee on a regular basis.

The Audit Committee considers tax risks that may arise as a result of business operations through the Group's risk management framework. The consideration of such tax risks includes actions to mitigate the risks or to prevent their occurrence or recurrence.

We have implemented internal controls to provide assurance over the compliance processes and we monitor their effectiveness through periodic internal audit review. We report on an annual basis to the Audit Committee on how tax risks are managed, monitored and accounted for.

Related party transactions

Other than in respect of arrangements set out in note 21 to the Financial Statements and in relation to the employment of Directors, details of which are provided in the Directors' Remuneration Report on pages 73 to 91, there is no material indebtedness owed to or by us to any employee or any other person or entity considered to be a related party.

Details of related party transactions are set out in note 21 to the Financial Statements.

Share capital, control and restriction on voting rights

Details of our issued share capital, together with details of movements in our share capital during the year, are shown in note 34 to the Financial Statements on page 149 which is deemed to be part of this Directors' Report.

We have one class of ordinary shares, which carries no right to fixed income. Each share carries the right to one vote at our general meetings. The ordinary shares are listed on the Official List and traded on the London Stock Exchange. As at 28 April 2018, we had 81,630,277 ordinary shares of 5 pence each in nominal value in issue.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- certain restrictions which may from time to time be imposed by laws and regulations (for example, insider trading laws); and
- pursuant to the Listing Rules of the Financial Conduct Authority and Superdry's share dealing code whereby certain employees of the Group require the approval of the Company to deal in its ordinary shares.

We are not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

The rules relating to the appointment and replacement of Directors are contained in our Articles of Association. Specific rules regarding the election and re-election of Directors are referred to in the Corporate Governance Report on pages 62 to 66. Changes to the Articles of Association must be approved by our shareholders.

Powers relating to the issue and buy-back of shares are included in our Articles of Association and such authorities are renewed by shareholders each year at the AGM.

Share buy-backs

In order to maintain maximum flexibility the Company proposes to renew the authority granted by shareholders at the AGM in 2017 to repurchase up to 10% of its issued share capital. During financial year 2018, we did not purchase any of our own shares. Further details are set out in the notice of the AGM.

Share schemes

The Group operates four types of share scheme: PSP, SAYE, BAYE and a company share option plan (currently not active). All shares allotted under these share schemes have the same rights as those already issued.

Under the rules of the BAYE share scheme eligible colleagues are entitled to acquire shares in the Company. These shares are held in trust for participants by Computershare Trustees Limited (the "Trustees"). Voting rights are exercised by the Trustees on receipt of participants' 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 share 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 28 April 2018 the Trustees held one unawarded shares in trust.

Superdry's Employee Benefit Trust ("Trust") has also waived all dividends payable by the Company in respect of the ordinary shares held by it. As at 28 April 2018 no shares were held by the Trust.

Founder Share Plan

On 12 September 2017 the founders of Superdry announced an innovative long-term incentive scheme (the "FSP") under which they will share a percentage of the increase in their wealth with all colleagues in the business worldwide (excluding members of the Board). At the conclusion of the FSP, Julian Dunkerton and James Holder will transfer into a fund 20% of their gain from any increase in the Company's share price over a threshold of £18. The shares to be used for the purpose of the FSP remain beneficially owned by Julian and James.

Directors' interests

The interests of the Directors in the ordinary shares of the Company are shown in the Directors' Remuneration Report on page 89.

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 service contract, which was subsisting during or existing at the year-end and which was significant in relation to the Group's business.

UK Corporate Governance Code

Our statement on corporate governance and compliance with the Code can be found in the Corporate Governance Report on pages 62 to 66 and is incorporated into the Directors' Report by reference.

The Takeover Directive

The rights and obligations attached to the issued share capital are set out in the Articles of Association available on corporate.superdry.com.

At the AGM in 2017, shareholders approved resolutions authorising the Company to:

- allot shares up to an aggregate nominal value of £1,356,029 (representing one-third of our issued share capital as at 31 July 2017);
- approve the disapplication of pre-emption rights for cash issues of shares in respect of ordinary shares with a nominal value of £203,404 (representing approximately 5% of our issued share capital as at 31 July 2017); 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.

Other relevant disclosure requirements from the Takeover Directive are included in the Directors' Report, the Corporate Governance Report, the Directors' Remuneration Report and the Notes to the Group and Company Financial Statements.

There are no agreements in place between us and our employees or Directors for compensation for loss of office or employment that trigger as a result of a takeover bid.

Financial risk management

Please refer to note 33 to the Financial Statements.

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.

We continue to increase our controls on the use of standard agreements to achieve greater consistency and protection where we license and franchise our brand. While the Group is confident of its compliance with its legal and regulatory compliance, management is preparing a documented framework setting out the key areas of laws and regulation which it should comply with which will set out more clearly roles and responsibilities. The legal team will work with other departments to agree their responsibilities in respect of supporting ongoing compliance.

We continue to train and advise the organisation with respect to our obligations under data protection, competition, anti-bribery and other applicable laws. We are also continually reviewing our intellectual property portfolio in light of our strategy for growth, and have made and will continue to make further registrations to ensure that our protection is robust.

Directors' Report

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, and the Audit Committee monitors progress against set compliance targets.

Whistleblowing hotlines are in place internationally and are managed through a third party provider. These cover all countries in which we operate. All matters arising from the use of the whistleblowing hotline are referred to the company secretarial team and investigated. The Audit Committee receives a summary of all matters arising through the whistleblowing hotline on a regular basis.

The Bribery Act 2010

The Group has an established anti-bribery policy in place designed to manage risks relating to bribery and corruption. Guidance and training is provided to colleagues along with information on how to manage these risks. Suppliers, distributors, franchisees and agents are made aware of Superdry's anti-bribery policy, and relevant provisions are included in our Supplier Manual and our contractual arrangements with our partners. The issue is kept regularly under review to ensure that the steps in place are sufficiently robust to prevent bribery and corruption.

Health and safety

We are committed to providing a safe place for our colleagues to work, both those employed by us and by our key business partners, and customers to shop. Policies applicable to colleagues are reviewed on an ongoing basis to ensure that the approach to training, risk assessments, safe systems of working and accident management are appropriate. An ongoing audit programme assesses health and safety, environmental and security risks and ensures robust control measures are in place to limit these risks.

For further information, please refer to the Strategic Report on page 36.

Greenhouse gas emissions

We have measured our operational and wider carbon footprint for the past eight years, providing insight into where the largest climate impacts are and to prioritise resources accordingly.

The Sustainability Report contains a table detailing our global greenhouse gas (carbon) emissions on page 40 and is incorporated into the Directors' Report by reference.

Disclosure of information to Auditor

Each Director who held office on the date of approval of this Directors' Report confirms that, so far as he or she is aware, there is no relevant audit information of which the Group's Auditor is are unaware. Furthermore, each Director has taken all the steps that he or she ought to have taken as a Director to make him or herself aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

Approved and signed on behalf of the Board.

Simon Callander
Company Secretary
4 July 2018

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial 52-week period. Under that law the Directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and Article 4 of the IAS Regulation.

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 Company and their profit or loss for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether they have been prepared in accordance with applicable IFRSs as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- use the going concern basis of accounting unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

Each of the Directors, whose names and functions are listed on pages 60 and 61, confirms that to the best of their knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company;
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Group and Company, 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 and Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 4 July 2018 and signed on its behalf by:

Euan Sutherland
Chief Executive Officer

Nick Wharton
Chief Financial Officer

Financial Statements


極度乾燥(しなさい)
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Independent Auditors' Report

to the members of Superdry Plc

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 28 April 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Superdry Plc (the "Company") and its subsidiaries (the "Group") which comprise:

- the Group statement of comprehensive income;
- the Group and Company balance sheets;
- the Group and Company statements of changes in equity;
- the Group and Company cash flow statements; and
- the related notes 1 to 36.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Store asset impairment; • Appropriateness of inventory provisioning; and • Classification and disclosure of exceptional and other items. Last year's report had the following key audit matters: inventory, accounts receivable, revenue returns, property provisions and the recognition of deferred tax assets. We did not consider these items to be key audit matters in the current year. Instead, we identified store asset impairment, appropriateness of inventory provision, and classification and disclosure of exceptional and other items as key audit matters in the current year. Within this report, any new key audit matters are identified with and any key audit matters which are the same as the prior year identified with .
Materiality	The materiality that we used for the Group financial statements was £4.7m which was determined on the basis of 5% of underlying profit before tax.
Scoping	We focused our Group audit scope primarily on the audit work at seven components. These components represent the principal business units and account for 92% of the Group's net assets, 89% of the Group's revenue and 92% of the Group's underlying profit before tax.
First year audit transition	The 52 weeks ended 28 April 2018 is our first as auditor of the Group. We confirmed our independence to the Group's Audit Committee on 4 October 2017 and commenced our transition which has included: • establishing a detailed audit transition plan; • holding transition meetings with key component finance and operational management, Internal Audit, the treasury function, the tax and legal teams and Group finance management in order to inform our audit planning; • reviewing the previous auditor's audit file; and • reviewing historic accounting policies and accounting judgements through discussion with management and review and challenge of management's papers and supporting documentation. This process built our understanding of the Group which informed our risk assessment process, from which we identified the risks of material misstatement to the Group's financial statements. We presented our audit plan and transition observations to the Group's senior management and to the Audit Committee throughout the transition process, including in a transition report and audit plan presented in October 2017 and updates to our audit plan in January 2018 and March 2018.

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the Directors' statement in note 1a to the financial statements and page 50 of the Strategic Report, about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Principal risks and viability statement

Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Group's and the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 51 to 59 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation on pages 65 and 66 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the Directors' explanation on page 50 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the Directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

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. We have determined that there was a potential for fraud through possible manipulation of the value in use calculations used to assess store asset impairment, possible manipulation of the store inventory provision and the classification of 'exceptional and other' items as non-underlying in the Annual Report.

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.

The classification and disclosure of exceptional and other items is a new key audit matter in the year due to the focus on the presentation of Alternative Performance Measures and underlying profit. Further details are given below.

Independent Auditors' Report

to the members of Superdry Plc

Store asset impairment

Key audit matter description

Under IFRS, the Group is required to complete an impairment review of its store portfolio where there are indicators of impairment. The impairment review is completed for each cash generating unit ("CGU"). A CGU has been determined to be an individual store. All stores within the Group's portfolio are leasehold.

Where an impairment review is required, the value in use of the store is compared to the net book value of store assets. Where the value in use of the store is less than the net book value of assets, an impairment is recorded.

Value in use is calculated from cash flow projections and relies upon Directors' assumptions and estimates of future trading performance, longer-term growth rates and discount rates.

The key audit matter relates to the appropriateness of management's estimate of future trading performance of the store which is used to derive the value in use of each store.

The total store asset value as at 28 April 2018 was £97.7m (2017: £83.0m) with this total value being subject to impairment assessment. An impairment charge of £5.0m has been recorded specifically in relation to the Berlin Kranzler store.

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.

How the scope of our audit responded to the key audit matter

Our audit procedures included assessing the design and implementation of key controls around the impairment review process, the judgements applied by the Directors in determining an impairment review for certain stores was required and assessing the methodology applied by the Directors in performing the impairment review and calculating the impairment charge.

To challenge the completeness of the Group's impairment review process, we have assessed the trading performance of the store portfolio over time and considered the reasonableness of the impairment review criteria identified by management.

Our audit procedures on the Group's value in use calculations included:

- Assessing the methodology applied in determining the value in use compared with the requirements of IAS 36 'Impairment of Assets' and checking the integrity of the impairment model utilised by the Group;
- Assessing the Group's historical forecasting accuracy;
- Challenging the key assumptions utilised in the cash flow forecasts (including store sales, rental costs and payroll assumptions) with reference to the historical trading performance, market expectations and our understanding of the Group's strategic initiatives;
- Assessing the long-term growth rates and discount rates applied to the store cash flows, comparing the rates used to third party evidence and in relation to the discount rate, our independently estimated discount rates;
- Completing sensitivity analysis in relation to the key assumptions used in the cash flow forecasts; and
- Reviewing the adequacy of the Group's disclosures regarding the store asset impairment in notes 2 and 6 of the financial statements.

Key observations

A total impairment charge of £5.3m has been recognised in the period, relating to four stores. £5.0m of this charge relates to the Berlin Kranzler store and has been separately disclosed as 'exceptional and other' in note 6.

From the work performed above we concluded that the level of impairment recognised on the store estate is appropriate. As set out in note 2 to the financial statements, for those stores where an impairment indicator has been identified, a 1% reduction in the sales growth per annum leads to £2.1m additional impairment.

Appropriateness of inventory provisioning

Key audit matter description	As at 28 April 2018, the Group held £165.6m (2017: £160.3m) of gross inventory. The stock provision was £3.3m (2017: £3.1m) representing 2% (2017: 2%) of the inventory balance. The valuation of inventory involves judgement in recording provisions for slow-moving or obsolete inventory. The Group accounting policy 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 quality issues and product ranges which management consider unlikely to be sold via regular clearance channels. This requires management judgement to assess the quality of products provided for and the expected realisable value. Refer to note 1 for the Group's inventory provisioning policy, and note 23 inventory.
How the scope of our audit responded to the key audit matter	We obtained a detailed understanding and evaluated the design and implementation of controls that the Group has established regarding the inventory provision. In order to test the adequacy of the Group's inventory provision, we: • considered the historical accuracy of management's provisioning for inventory through a retrospective review of the level of provision recorded in prior years compared to the actual level of stock written off to the provision held; • compared the methodology applied in calculating the inventory obsolescence provision to the Group's policy and recalculated the provision, with reference to the policy; and • verified the accuracy of the data used in the calculation by testing the seasonal ageing of a sample of stock items back to supplier invoice.
Key observations	From the work performed above we concluded that the level of inventory provision is appropriate.

Classification and disclosure of exceptional and other items

Key audit matter description	Exceptional and other items for the year ended 28 April 2018 are £25.6m charge (2017: £2.7m charge) and includes the fair value movement in financial instruments, costs associated with the exit of certain distribution agreements, the IFRS 2 charge associated with the Founder Share Plan and tax charge following the change in the US corporation tax rate. Further details are contained within note 6 of the financial statements. The appropriateness of the classification of items excluded from underlying trading performance, alongside the related alternative performance measures, is a key area of audit focus, particularly the presentation and disclosure of the Founder Share Plan which was introduced in the year. Refer to note 1 for the Group's policy on the classification and disclosure of exceptional and other items.
How the scope of our audit responded to the key audit matter	We obtained a detailed understanding and evaluated the design and implementation of controls that the Group has established regarding the classification and disclosure of exceptional items. We have challenged the appropriateness of the items classified as 'exceptional and other' disclosed by management in note 6 to the financial statements and the reasonableness of their exclusion from underlying trading profit by reference to their nature and quantum and the requirements of IAS 1. Further, we have assessed whether these items are adequately disclosed and reconciled in the Alternative Performance Measure disclosures (note 35).
Key observations	From the work performed above, we concluded that the classification and disclosure of the exceptional and other items is appropriate. We specifically assessed the reasonableness of the disclosure of the Founder Share Plan IFRS 2 charge as 'exceptional and other' considering the nature of the scheme and its duration. As set out in note 9, the scheme is one-off in nature and unusual in that the share awards are funded exclusively by the Founders. While the charge is spread over a number of years, the plan is a one-time scheme. Accordingly, the IFRS 2 charge in respect of the FSP is considered to be 'exceptional and other' due to the size, nature and incidence of the scheme. The £20.8m fair value remeasurement of foreign exchange contracts (2017: £2.2m) has been classified as 'exceptional and other' due to both the size and nature. This is because the unrealised gains and losses on these trades are not a reflection of the underlying trading performance of the business. When the contracts mature, the profit or loss is reflected in underlying profit before tax. Further details are set out in note 6.

Independent Auditors' Report

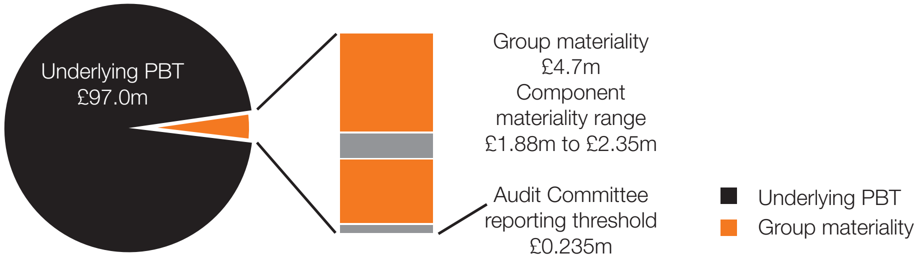
to the members of Superdry Plc

Our application of 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	£4.7m (2017: £4.4m)	£4.2m
Basis for determining materiality	5% of underlying pre-tax profit. This is consistent with the approach taken to determine materiality in the prior year. Exceptional and other items are excluded from profit before tax for the purposes of the determination of materiality as these items are not considered to be reflective of the underlying performance of the business.	The basis of materiality is net assets; taking into account the Group materiality, the materiality is approximately 1% of net assets.
Rationale for the benchmark applied	Underlying profit before tax was used as the benchmark for determining materiality as this is considered to be a key benchmark used by investors and is consistent with the Group's internal and external reporting.	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. We then capped materiality at 90% for the Group.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £235,000 (2017: £100,000) for the Group, 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.

An overview of the scope of our audit

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.

Based on that assessment, we focused our Group audit scope primarily on the audit work at 7 (2017: 8) components. 4 (2017: 8) of these were subject to a full audit being DKH Retail Limited, C-Retail Limited, SuperGroup Internet Limited and SuperGroup Plc (parent Company). The remaining 3 components (2017: nil) were Germany, Belgium and the US and were subject to specified audit procedures 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.

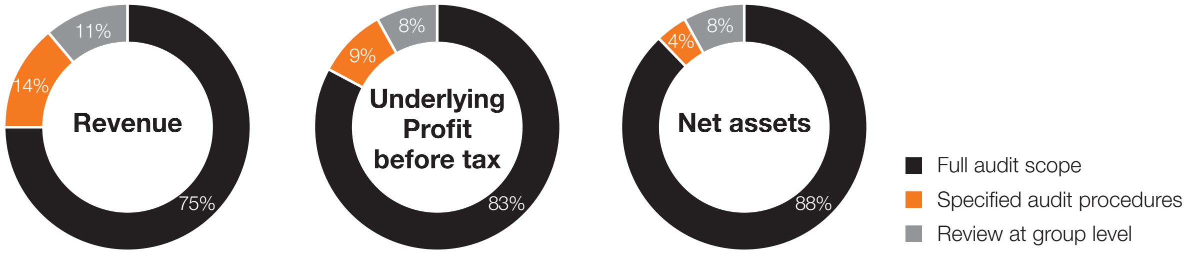
These components represent the principal business units and account for 92% (2017: 92%) of the Group's net assets, 89% (2017: 87%) of the Group's revenue and 92% (2017: 88%) of the Group's underlying profit before tax. They were also selected to provide an appropriate basis for undertaking audit work 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 £1.88m to £2.35m.

In the prior year, an audit of the complete financial information of DKH Retail Limited, C-Retail Limited, SuperGroup Internet Limited and SuperGroup Plc was completed as well as full scope audits on the reporting units located in Germany, Belgium, the US and Ireland. Ireland is not in scope this year as it represents less than 2% of the Group's revenue, profit and net assets and we did not consider it necessary to include given the overall work performed on the Group. As DKH Retail Limited, C-Retail Limited, SuperGroup Internet Limited and SuperGroup Plc represent 88% of the Group's net assets, 75% of the Group's total revenue and 83% of the Group's underlying profit before tax, we are comfortable that performing specified audit procedures on the reporting units in Germany, Belgium and the US gives sufficient coverage of the Group's operations.

At the parent entity 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 stock 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.



Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- Fair, balanced and understandable – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit Committee reporting – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- Directors' statement of compliance with the UK Corporate Governance Code – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

Independent Auditors' Report

to the members of Superdry Plc

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Report on other legal and regulatory requirements

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.

Matters on which we are required to report by exception

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.

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.

Other matters

Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Directors and subsequently at the AGM on 12 September 2017 to audit the financial statements for the year ending 28 April 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is one year, with the year-ending 28 April 2018 being the first 52 week period we have expressed an audit opinion.

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).

Edward Hanson (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
4 July 2018

Group statement of comprehensive income

for the 52 weeks ending 28 April 2018

	Note	Underlying* 2018 £m	Exceptional and other items (note 6) £m	Total 2018 £m	Underlying* 2017 £m	Exceptional and other items (note 6) £m	Total 2017 £m
Revenue	4	**872.0**	**–**	**872.0**	752.0	–	752.0
Cost of sales		**(365.5)**	**–**	**(365.5)**	(299.0)	–	(299.0)
Gross profit		**506.5**	**–**	**506.5**	453.0	–	453.0
Selling, general and administrative expenses	5	**(418.5)**	**(10.9)**	**(429.4)**	(375.4)	–	(375.4)
Other gains and losses (net)	11	**12.3**	**(20.8)**	**(8.5)**	11.8	(2.2)	9.6
Operating profit	12	**100.3**	**(31.7)**	**68.6**	89.4	(2.2)	87.2
Finance income	13	**–**	**–**	**–**	0.2	–	0.2
Finance expense	13	**(0.3)**	**–**	**(0.3)**	–	–	–
Share of loss of joint venture	20	**(3.0)**	**–**	**(3.0)**	(2.6)	–	(2.6)
Profit before tax	4	**97.0**	**(31.7)**	**65.3**	87.0	(2.2)	84.8
Tax expense	14	**(20.7)**	**6.1**	**(14.6)**	(18.3)	(0.5)	(18.8)
Profit for the period		**76.3**	**(25.6)**	**50.7**	68.7	(2.7)	66.0
Attributable to:							
Owners of the Company		**76.3**	**(25.6)**	**50.7**	68.7	(2.7)	66.0
Other comprehensive income/(expense) net of tax:							
Items that may be subsequently reclassified to profit or loss							
Currency translation differences		**2.6**	**–**	**2.6**	5.0	–	5.0
Total comprehensive income/(expense) for the period		**78.9**	**(25.6)**	**53.3**	73.7	(2.7)	71.0
Attributable to:							
Owners of the Company		**78.9**	**(25.6)**	**53.3**	73.7	(2.7)	71.0
		pence per share		**pence per share**	pence per share		pence per share
Earnings per share:							
Basic	16, 35	**93.6**		62.2	84.5		81.2
Diluted	16, 35	**93.1**		61.9	84.0		80.7

* Underlying is defined in note 35.

2018 is for the 52 weeks ended 28 April 2018 and 2017 is for the 52 weeks ended 29 April 2017.

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 111 to 154 inclusive are an integral part of the Group and Company financial statements.

Balance sheets

Company number: 07063562

	Note	Group 28 April 2018 £m	Group 29 April 2017 £m	Company 28 April 2018 £m	Company 29 April 2017 £m
ASSETS					
Non-current assets					
Property, plant and equipment	18	**130.2**	121.3	**14.8**	14.6
Intangible assets	19	**57.8**	53.8	**16.9**	14.0
Investments in subsidiaries	20	**–**	–	**458.5**	452.6
Investment in joint venture	20	**6.2**	6.0	**12.4**	9.2
Long term loan to joint venture	20	**3.3**	–	**3.3**	–
Deferred tax assets	22	**38.8**	31.6	**1.6**	1.3
Total non-current assets		**236.3**	212.7	**507.5**	491.7
Current assets					
Inventories	23	**162.3**	157.2	**2.3**	1.7
Trade and other receivables	24	**140.0**	112.2	**194.5**	115.8
Financial assets at fair value through profit or loss	33	**–**	2.2	**–**	2.2
Derivative financial instruments	33	**–**	3.1	**–**	–
Cash and cash equivalents	25	**75.8**	65.4	**14.0**	1.2
Total current assets		**378.1**	340.1	**210.8**	120.9
LIABILITIES					
Current liabilities					
Trade and other payables	27	**119.7**	118.9	**163.4**	86.0
Current tax liabilities		**9.8**	11.8	**–**	(0.7)
Derivative financial instruments	33	**18.5**	1.4	**–**	–
Total current liabilities		**148.0**	132.1	**163.4**	85.3
Net current assets		**230.1**	208.0	**47.4**	35.6
Non-current liabilities					
Trade and other payables	27	**44.6**	37.8	**0.3**	0.7
Provisions for other liabilities and charges	28	**5.3**	3.1	**–**	–
Deferred tax liabilities	22	**0.9**	1.0	**–**	0.3
Derivative financial instruments	33	**7.1**	6.4	**–**	–
Total non-current liabilities		**57.9**	48.3	**0.3**	1.0
Net assets		**408.5**	372.4	**554.6**	526.3
EQUITY					
Share capital	34	**4.1**	4.1	**4.1**	4.1
Share premium		**149.0**	148.4	**149.0**	148.4
Translation reserve		**(1.6)**	(4.2)	**–**	–
Merger reserve		**(302.5)**	(302.5)	**–**	–
Retained earnings		**559.5**	526.6	**401.5**	373.8
Total equity		**408.5**	372.4	**554.6**	526.3

The Group profit for the year includes a profit of £45.6m (2017: £49.3m) for the Company.

The notes on pages 111 to 154 inclusive are an integral part of the Group and Company financial statements.

The financial statements on pages 106 to 110 were approved by the Board of Directors and authorised for issue on 4 July 2018 and signed on its behalf by:

Euan Sutherland
Chief Executive Officer

Nick Wharton
Chief Financial Officer

Cash flow statements

for the 52 weeks ending 28 April 2018

		Group		Company	
	Note	**2018 £m**	2017 £m	**2018 £m**	2017 £m
Cash generated from operating activities	31	**104.3**	82.0	**51.0**	53.3
Interest (paid)/received		**(0.3)**	0.2	**(0.1)**	1.1
Tax (paid)/received		**(23.9)**	(19.9)	**0.1**	–
Net cash generated from operating activities		**80.1**	62.3	**51.0**	54.4
Cash flow from investing activities					
Payment of deferred consideration		**–**	(0.9)	**–**	(0.9)
Investments in subsidiaries	20	**–**	–	**(3.5)**	(32.8)
Investment in joint ventures	20	**(3.2)**	(5.6)	**(3.2)**	(5.6)
Long term loan to joint venture	20	**(3.3)**	–	**(3.3)**	–
Purchase of property, plant and equipment		**(44.6)**	(48.7)	**(4.0)**	(6.2)
Purchase of intangible assets		**(11.1)**	(7.6)	**(7.5)**	(4.8)
Cash received from disposal of financial assets	33	**2.2**	–	**2.2**	–
Net cash used in investing activities		**(60.0)**	(62.8)	**(19.3)**	(50.3)
Cash flow from financing activities					
Dividend payments	17	**(24.0)**	(36.5)	**(24.0)**	(36.5)
Proceeds of issue of share capital		**0.6**	0.1	**0.6**	0.1
Short-term funding from subsidiary undertakings		**–**	–	**–**	60.0
Net cash (used in)/generated from financing activities		**(23.4)**	(36.4)	**(23.4)**	23.6
Net (decrease)/increase in cash and cash equivalents	32	**(3.3)**	(36.9)	**8.3**	27.7
Cash and cash equivalents at beginning of period	32	**65.4**	100.7	**1.2**	(25.4)
Exchange gains on cash and cash equivalents	32	**13.7**	1.6	**4.5**	(1.1)
Cash and cash equivalents at end of period	32	**75.8**	65.4	**14.0**	1.2

The notes on pages 111 to 154 inclusive are an integral part of the Group and Company financial statements.

Statements of changes in equity

for the 52 weeks ending 28 April 2018

Group	Note	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 30 April 2016		4.1	148.3	(9.2)	(302.5)	494.7	335.4
Comprehensive income							
Profit for the period		–	–	–	–	66.0	66.0
Other comprehensive income							
Currency translation differences		–	–	5.0	–	–	5.0
Total other comprehensive income		–	–	5.0	–	–	5.0
Total comprehensive income for the period		–	–	5.0	–	66.0	71.0
Transactions with owners							
Employee share award schemes	8	–	–	–	–	2.4	2.4
Shares issued		–	0.1	–	–	–	0.1
Dividend payments	17	–	–	–	–	(36.5)	(36.5)
Total transactions with owners		–	0.1	–	–	(34.1)	(34.0)
Balance at 29 April 2017		4.1	148.4	(4.2)	(302.5)	526.6	372.4
Comprehensive income							
Profit for the period		–	–	–	–	50.7	50.7
Other comprehensive income							
Currency translation differences		–	–	2.6	–	–	2.6
Total other comprehensive income		–	–	2.6	–	–	2.6
Total comprehensive income for the period		–	–	2.6	–	50.7	53.3
Transactions with owners							
Employee share award schemes	8,9	–	–	–	–	6.1	6.1
Shares issued		–	0.6	–	–	–	0.6
Deferred tax - employee share award scheme		–	–	–	–	0.1	0.1
Dividend payments	17	–	–	–	–	(24.0)	(24.0)
Total transactions with owners		–	0.6	–	–	(17.8)	(17.2)
Balance at 28 April 2018		4.1	149.0	(1.6)	(302.5)	559.5	408.5

Statements of changes in equity

for the 52 weeks ending 28 April 2018

Company	Note	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 30 April 2016		4.1	148.3	358.6	511.0
Comprehensive income					
Profit for the period	15	–	–	49.3	49.3
Total comprehensive income for the period		–	–	49.3	49.3
Transactions with owners					
Employee share award schemes	8	–	–	2.4	2.4
Shares issued		–	0.1	–	0.1
Dividends paid	17	–	–	(36.5)	(36.5)
Total transactions with owners		–	0.1	(34.1)	(34.0)
Balance at 29 April 2017		4.1	148.4	373.8	526.3
Comprehensive income					
Profit for the period	15	–	–	45.6	45.6
Total comprehensive income for the period		–	–	45.6	45.6
Transactions with owners					
Employee share award schemes	8,9	–	–	6.1	6.1
Shares issued		–	0.6	–	0.6
Dividends paid	17	–	–	(24.0)	(24.0)
Total transactions with owners		–	0.6	(17.9)	(17.3)
Balance at 28 April 2018		4.1	149.0	401.5	554.6

The notes on pages 111 to 154 inclusive are an integral part of the Group and Company financial statements.

Notes to the Group and Company Financial Statements

for the 52 weeks ending 28 April 2018

1. Principal accounting policies

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 International Financial Reporting Standards (IFRS) adopted for use in the European Union, and in accordance with the Companies Act 2006 applicable to companies reporting under IFRS.

The current period ("***2018***") is for the 52 weeks ended 28 April 2018 (2017: 52 weeks ended 29 April 2017 ("***2017***")).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies (note 2). 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) 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 has the ability to 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 statement of comprehensive income.

Intercompany transactions and balances are eliminated on consolidation.

c) Business combinations

The Group uses the acquisition method of accounting to account for business combinations of entities not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

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 currency 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.

Notes to the Group and Company Financial Statements

1. Principal accounting policies (continued)

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.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities, as described below.

Own store revenue

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. 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.

Concession revenue

Concession revenues from the provision of sale of goods are recognised gross at the point of sale of a product to the customer; this is on the basis that the vendor acts as principal. Concession revenues are settled in cash, by the concession grantors net of commissions or other fees payable. It is the concessions' policy to sell its 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.

Ecommerce revenue

Revenue from the provision of the sale of goods on the internet is recognised at the point that the risks and rewards of the inventory have passed to the customer, which is the point of dispatch. Transactions are settled by credit card, payment card or PayPal. 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 Ecommerce credit notes based on the expected level of returns, which in turn is based upon the historical rate of returns.

Wholesale revenue

Wholesale revenues from the sale of goods are recognised at the point that the risks and rewards of the inventory have passed to the customer, which depends on the specific terms and conditions of sales transactions and which are typically upon either dispatch or 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 is based upon the historical rate of returns.

f) Finance income

Finance income comprises interest receivable on funds invested. Finance income is recognised in the Group statement of comprehensive income using the effective interest method.

g) Finance expenses

Finance expenses comprise interest payable on interest-bearing loans and short-term borrowings. Finance expenses are recognised in the Group statement of comprehensive income using the effective interest method.

h) Leasing and similar commitments

Leases are accounted for as operating leases as the risks and rewards of ownership are retained by the lessor and the rental charges are charged to the Group statement of comprehensive income on a straight-line basis over the life of the lease.

Cash contributions

Cash contributions from landlords are initially recognised as deferred income in the balance sheet at the point at which the recognition criteria in the lease are met. They are credited 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. Cash contributions are not discounted.

Rent-free periods

A deferred income liability is built up on the balance sheet during the rent-free period, which is then credited to the Group statement of comprehensive income over the life of the lease. The effect is to recognise a reduction in selling, general and administrative expenses on a straight-line basis over the longer of the term of the lease, or from the property access date to the end of the lease. Rent-free periods are not discounted.

1. Principal accounting policies (continued)

h) Leasing and similar commitments (continued)

Lease premiums

Lease premiums paid to landlords are initially recognised as a prepayment, and lease premiums paid to previous tenants 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. 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.

j) Impairment

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. An impairment loss in a subsidiary consolidated under predecessor accounting (note 1ab) is recognised as a movement in the merger reserve and retained earnings in addition to recognising a loss on the statement of comprehensive income.

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 consists of externally incurred development costs for the Order Management System, Product Life Cycle Management System and Multi Warehouse Management System for regional distribution centres. 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 represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. 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.

Notes to the Group and Company Financial Statements

1. Principal accounting policies (continued)

l) Investments

Investments in subsidiaries are recorded at historical cost, less any provision for impairment.

Equity investments where the shareholding is less than 20% are accounted for as financial assets at fair value through the Group statement of comprehensive income. Gains and losses arising from changes in the fair value are recognised in the Group statement of comprehensive income within other gains and losses.

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.

m) Derivative financial instruments and hedging activities

Derivative financial instruments are recognised initially at their fair value and re-measured at fair value at each period end. Derivative financial instruments are categorised as held at fair value through the Group statement of comprehensive income. The gain or loss on re-measurement 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).

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.

o) Trade receivables

Trade receivables are recognised at original invoice amount less impairment losses. A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due, according to the original terms. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The movement in the provision is recognised in the Group statement of comprehensive income.

p) Cash and cash equivalents

Cash and cash equivalents 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 right of offset exists and the Group uses this right of offset. 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.

q) 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 if the impact on the provision is deemed to be material.

r) Employee benefit obligations

Wages, salaries, payroll tax, paid annual leave and 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 amount of contributions payable to the scheme in the year.

s) 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. 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.

1. Principal accounting policies (continued)

t) Share based payments – Founder Share Plan

The Founders of Superdry operate a share based compensation plan that 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 (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 of 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.

u) Long term loans (receivable)

Long term loans are recognised on an amortised cost basis less any provision for impairment. A provision for impairment of long term loans is established when there is objective evidence that the Group will not be able to recover all amounts due, according to the original terms. Significant financial difficulties and probability that the debtor will enter bankruptcy or financial reorganisation are considered indicators that the long term loan may be impaired. The movement in the provision is recognised in the Group statement of comprehensive income.

v) Trade and other payables

Trade and other payables, excluding lease incentives (see note 1h), are non-interest bearing and are initially recognised at their fair value which approximates book value.

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.

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.

Notes to the Group and Company Financial Statements

1. Principal accounting policies (continued)

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 underlying net assets and this difference is included within equity as a merger reserve. All subsequent business combinations are accounted for using the acquisition method of accounting (note 1c).

ac) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee.

ad) Cost of sales

Cost of sales comprises movements between opening and closing inventories, purchases, carriage in, commissions payable, and other related expenses.

ae) Exceptional and other items

Non-underlying adjustments constitute exceptional and other items and are disclosed separately in the Group statement of comprehensive income. In determining whether events or transactions are treated as exceptional and other items, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

Examples of charges or credits meeting the above definition and which have been presented as exceptional and other items in the current and/or prior years include:

Exceptional items

- acquisitions/disposals of significant businesses and investments;
- impact on deferred tax assets/liabilities for changes in tax rates;
- business restructuring programmes; and asset impairment charges.

Other items

- the movement in the fair value of unrealised financial derivatives; and
- IFRS 2 charges in respect of Founder Share Plan ("FSP").

In the event that other items meet the criteria, which are applied consistently from year to year, they are also treated as exceptional and other items.

Further information about the determination of exceptional and other items in financial year 2018 is included in note 35.

2. Critical accounting estimates and judgements 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.

Critical accounting estimates and assumptions

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 impairments and onerous lease provisions

Store assets (as with other financial and non-financial assets) are subject to impairment reviews 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. Value in use is calculated from expected future cash flows using suitable discount rates and includes management assumptions and estimates of future performance. There are nine stores being closely monitored for indicators of impairment. During the period an impairment of fixed assets was made of £0.3m in aggregate in respect of these nine stores. A 1% reduction in the sales growth per annum assumptions in the Group's long-term financial plan would result in a further impairment of fixed assets of £2.1m for these stores.

2. Critical accounting estimates and judgements in applying accounting policies (continued)

Critical accounting estimates and assumptions (continued)

Store impairments and onerous lease provisions (continued)

In addition, an impairment of the fixed assets in the Berlin Kranzler store of £5.0m was made during the period. This impairment was based on estimates of performance over the remaining term of the lease. Lease obligations are subject to onerous lease reviews based on whether the net present value of the future cash flows (excluding rent) are lower than the net present value of the future rent obligations within the lease.

An onerous lease provision of £2.2m was recognised during the period in relation to the Berlin Kranzler store based on assumptions relating to a sub-tenancy arrangement. If the timing of the sub-tenancy is delayed by one year, this would result in an increase in the provision of £0.9m for the Berlin Kranzler store.

Critical judgements in applying the Group's accounting policies

Management consider that judgments 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:

Exceptional and other items

Judgements are required as to whether items are disclosed as exceptional and other items, with consideration given to both quantitative as well as qualitative factors. Further information about the determination of exceptional and other items in financial year 2018 is included in note 35.

The following critical accounting estimates and judgements have been removed in financial year 2018, as management consider they are no longer key areas of uncertainty as they will not have a significant risk of resulting in a material adjustment to the amounts recognised in the Group financial statements: Provisions and Recognition of deferred tax assets for losses.

3. New accounting pronouncements

New standards and interpretations issued but not yet effective

At the balance sheet date there are a number of new standards and amendments to existing standards in issue but not yet effective including IFRS 9 'Financial Instruments', which is effective for periods beginning on or after 1 January 2018, IFRS 15 'Revenue from contracts with customers', which is effective for periods beginning on or after 1 January 2018, and IFRS 16 'Leases', which is effective for periods beginning on or after 1 January 2019. The Group has not early adopted any of these new standards or amendments to existing standards.

IFRS 9 'Financial Instruments' supersedes IAS 39 'Financial Instruments: Recognition and Measurement', and will be effective in the Group financial statements for the 52 weeks ending 27 April 2019. The standard will be applied retrospectively, with comparatives restated from the transition date of 30 April 2017. The new standard introduces three key changes:

- a principles-based approach to the classification and measurement of financial instruments;
- an impairment model based on expected credit losses; and
- changes to hedge accounting to closer align it with the Group's underlying risk management.

The Group has concluded that adoption of this new standard will not have a material impact on either the Group statement of comprehensive income or the consolidated balance sheet.

IFRS 15 'Revenue from contracts with customers' supersedes IAS 18 'Revenue', and will be effective in the Group financial statements for the 52 weeks ending 27 April 2019. The standard will be applied retrospectively, with comparatives restated from the transition date of 30 April 2017. The new standard provides a principles-based single model for revenue recognition based on when identified performance obligations are satisfied, using a five-step approach. The approach now focuses on the transfer of control rather than the transfer of risks and rewards, and applies to all contracts with customers, except those in the scope of other standards.

The Group does not expect there to be a material effect on revenue recognition or measurement as currently:

- Own store and concession revenue is recognised at the point of sale of a product; and
- Wholesale and Ecommerce revenue is recognised on either dispatch or delivery.

Notes to the Group and Company Financial Statements

3. New accounting pronouncements (continued)

New standards and interpretations issued but not yet effective (continued)

This is currently consistent with the passing of control under IFRS 15. The standard will however require a balance sheet reclassification between current liabilities and current assets of the value of returned inventory, which forms part of the returns provision. The Group considers there to be minimal judgement involved in assessing the timing of the transfer of control, and as such has concluded that adoption of this new standard will not have a material impact on either the Group statement of comprehensive income or the consolidated balance sheet.

IFRS 16 'Leases' replaces the current lease accounting requirements including IAS 17 'Leases', and becomes effective for the accounting period ended 26 April 2020. The standard will be applied retrospectively with comparatives restated from the transition date of 28 April 2018. IFRS 16 requires all leases (with exceptions for short-term leases and low value assets) to be recognised on the balance sheet as right of use assets with corresponding liabilities. As such, there will no longer be a distinction between operating leases and finance leases.

The Group's IFRS16 project team has made progress in terms of: identifying the leases and contracts that now qualify as leases; collating lease data required to support the impact assessment calculations; determining the appropriate discount rates to use; refining judgements on the treatment of lease options such as break points and renewals; and identifying changes to processes required for reporting under IFRS 16.

The Group expects there to be a material adjustment to the value of retained earnings, lease liabilities and right of use assets. An associated finance charge and depreciation charge will replace the existing operating lease charge, and as a result there is expected to be an impact on operating profit in future periods. There is also anticipated to be an impact on classifications within cash flows. The work to determine the impact assessment of transition to IFRS 16 is anticipated to conclude over the next financial year. As such, it is not currently considered practical to provide an estimate of the financial effect of transition until this has been finalised.

Other new standards and interpretations in issue, but not yet effective, which are not expected to have a material impact on the Group are:

- Annual improvements to IFRS: 2014 – 2016 Cycle;
- Amendment to IFRS 2 'Share-based payment' on clarifying share-based payment transactions;
- Amendment to IAS 40 'Investment property' transfers of investment property;
- Amendment to IAS 12 'Income taxes' on recognition of deferred tax assets for unrealised losses;
- Amendment to IAS 7 'Cash flow statements' disclosure initiative; and
- IFRIC 22 'Foreign currency transactions and advance consideration'.

4. Segment information

The Group's operating segments under IFRS 8 have been determined based on the reports reviewed by the Group's Chief Operating Decision-Maker (Executive Committee members: "the ***CODM***"). The CODM assesses the performance of the operating segments based on profit before interest, before inter-segment royalties. The CODM considers the business from a customer perspective only, being Retail and Wholesale. The CODM reviews the balance sheet at a Group level. No separate balance sheet measures are provided between the Retail and Wholesale segments.

The CODM receives information, reviews the performance of the business, allocates resources and approves budgets for two operating segments, and therefore information is disclosed in respect of the following two segments:

- Retail – principal activities comprise the operation of UK, Republic of Ireland, European and US stores, concessions and all internet sites. Revenue is derived from the sale to individual consumers of own brand clothing, footwear and accessories.
- Wholesale – principal activities comprise the ownership of brands, wholesale distribution of own brand products (clothing, footwear and accessories) worldwide and trade sales.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Group reports and manages central functions separately to the Retail and Wholesale operations, which includes design, finance, HR, IT, legal, merchandising, property, sourcing and the goodwill and intangibles arising on consolidation.

The revenue from external parties reported to the CODM is measured in a manner consistent with that of the IFRS financial statements.

Inter-segment royalties, transfers or transactions entered into under a cost plus pricing structure are not reflected in the performance of each business segment.

4. Segment information (continued)

Segmental information for the business segments of the Group for financial years 2018 and 2017 is set out below:

	Retail 2018 £m	Wholesale 2018 £m	Central costs 2018 £m	Group 2018 £m
Total segment revenue	**550.9**	**346.3**	**–**	**897.2**
Less: inter-segment revenue	**(2.3)**	**(22.9)**	**–**	**(25.2)**
Revenue from external customers	**548.6**	**323.4**	**–**	**872.0**
Profit/(loss) before tax	**44.0**	**98.8**	**(77.5)**	**65.3**

The following additional information is considered useful to the reader:

	Underlying* 2018 £m	Exceptional and other items £m	Reported 2018 £m
Revenue			
Retail	**548.6**	**–**	**548.6**
Wholesale	**323.4**	**–**	**323.4**
Total revenue	**872.0**	**–**	**872.0**
Operating profit			
Retail	**66.3**	**(22.3)**	**44.0**
Wholesale	**106.1**	**(7.3)**	**98.8**
Central costs	**(72.1)**	**(2.1)**	**(74.2)**
Total operating profit/(loss)	**100.3**	**(31.7)**	**68.6**
Net finance income – Central costs	**(0.3)**	**–**	**(0.3)**
Share of loss of investment – Central costs	**(3.0)**	**–**	**(3.0)**
Profit/(loss) before tax			
Retail	**66.3**	**(22.3)**	**44.0**
Wholesale	**106.1**	**(7.3)**	**98.8**
Central costs	**(75.4)**	**(2.1)**	**(77.5)**
Total profit/(loss) before tax	**97.0**	**(31.7)**	**65.3**

* Underlying is defined as reported results before exceptional items and other items, and is further explained in note 35.

Retail operating profit includes £5.3m of store impairments. £5.0m of this is within exceptional and other items, the remaining £0.3m is within underlying operating profit.

	Retail 2017 £m	Wholesale 2017 £m	Central costs 2017 £m	Group 2017 £m
Total segment revenue	513.0	279.6	–	792.6
Less: inter-segment revenue	(10.5)	(30.1)	–	(40.6)
Revenue from external customers	502.5	249.5	–	752.0
Profit/(loss) before tax	68.6	82.9	(66.7)	84.8

Notes to the Group and Company Financial Statements

4. Segment information (continued)

The following additional information is considered useful to the reader:

	Underlying* 2017 £m	Exceptional and other items £m	Reported 2017 £m
Revenue			
Retail	502.5	–	502.5
Wholesale	249.5	–	249.5
Total revenue	752.0	–	752.0
Operating profit			
Retail	68.9	(0.3)	68.6
Wholesale	84.8	(1.9)	82.9
Central costs	(64.3)	–	(64.3)
Total operating profit/(loss)	89.4	(2.2)	87.2
Net finance expense – Central costs	0.2	–	0.2
Share of loss of investment – Central costs	(2.6)	–	(2.6)
Profit/(loss) before tax			
Retail	68.9	(0.3)	68.6
Wholesale	84.8	(1.9)	82.9
Central costs	(66.7)	–	(66.7)
Total profit/(loss) before tax	87.0	(2.2)	84.8

* Underlying is defined as reported results before exceptional items and other items, and is further explained in note 35.

The Group has subsidiaries which are incorporated and resident in the UK and overseas.

Revenue from external customers in the UK and the total revenue from external customers from other countries are:

		Group
	2018 £m	2017 £m
External revenue – UK	**322.2**	319.2
External revenue – Europe	**429.8**	332.9
External revenue – Rest of world	**120.0**	99.9
Total external revenue	**872.0**	752.0

Included within external revenue overseas is revenue of £214.7m (2017: £195.8m) generated by overseas subsidiaries. The total of non-current assets, other than deferred tax assets, located in the UK is £86.6m (2017: £76.7m), and the total of non-current assets located in other countries is £110.9m (2017: £104.4m).

5. Selling, general and administrative expenses

	2018 £m	Group 2017 £m
Staff costs (note 7)	**116.9**	106.5
Operating lease payments	**73.8**	66.6
Depreciation and amortisation	**41.1**	36.5
Impairment of property, plant and equipment	**5.3**	–
Other (including rates, service charges and professional fees)	**192.3**	165.8
Total selling, general and administrative expenses	**429.4**	375.4

The impairment of property, plant and equipment of £5.3m (2017: £nil) relates to a £5.0 impairment of the Berlin Kranzler store (see note 6) and the remaining £0.3m is in relation to other stores.

6. Exceptional and other items

Non-underlying adjustments constitute exceptional and other items. Further information about the determination of exceptional and other items in financial year 2018 is included in note 35. They are disclosed separately in the Group statement of comprehensive income.

	2018 £m	Group 2017 £m
Exceptional and other items		
Unrealised loss on financial derivatives	**(20.8)**	(2.2)
Store asset impairment and onerous lease provision	**(7.2)**	–
Buy-out of Netherlands agent	**(1.6)**	–
IFRS 2 charge on Founder Share Plan (note 9)	**(2.1)**	–
Total exceptional and other items	**(31.7)**	(2.2)
Taxation		
Tax impact of non-underlying adjustments (note 14)	**7.3**	0.4
Deferred tax – exceptional (note 14)	**(1.2)**	(0.9)
Total taxation	**6.1**	(0.5)
Total exceptional and other items	**(25.6)**	(2.7)

Exceptional items

Store asset impairment and onerous lease provision

The Berlin Kranzler store was approved by the Board on 21 May 2015 and opened on 4 December 2016. The store has not achieved expected paybacks due to sales underperformance. While initially believed to be linked to the impact on footfall from a number of terror incidents (actual and threatened) in the immediate period after the store commenced trading, this underperformance has continued.

Discount rates are derived from the Group’s post-tax weighted average cost of capital of 7.3% (2017:10.5%). The discount rate used in calculating the value in use is the pre-tax weighted cost of capital of 9.2% (2017:13.6%).

An impairment of fixed assets has therefore been made on the basis that their recoverable amount is less than their carrying value. The impairment is split as follows:

	£m
Leasehold improvements	**4.6**
Fixtures and fittings	**0.4**
Total	**5.0**

In addition, an onerous lease provision of £2.2m has been recognised, reflecting the shortfall in the net present value of the future cash flows compared to the net present value of the future rent obligations within the lease. This provision will be reviewed at the end of each reporting period.

Notes to the Group and Company Financial Statements

6. Exceptional and other items (continued)

Buy-out of Netherlands agent

On 23 November 2017, Superdry signed an agreement to terminate the licence granted in 2009 to Portare B.V., the Group's Netherlands agent. The termination payment was £1.6m.

Deferred tax – exceptional

The exceptional tax charge of £1.2m is as a result of the change in the US federal corporation tax rate from 35% to 21% and the subsequent impact on deferred tax assets/liabilities. The prior year exceptional tax charge of £0.9m was a result of the change in the UK corporation tax rate from 18% to 17% and the subsequent impact on deferred tax assets/liabilities.

Other items

Unrealised loss/gain on financial derivatives

Unrealised loss/gain on derivatives is recognised as an other item. Please see notes 33 and 35 for further details.

IFRS 2 charge for Founder Share Plan

The IFRS 2 charge in relation to the Founder Share Plan ("FSP") has been recognised as an other item. Please see note 9 for further details.

7. Employee benefit expense

		Group		Company
	2018 £m	2017 £m	**2018 £m**	2017 £m
Wages and salaries	**97.1**	92.7	**16.9**	19.2
Social security costs	**11.8**	9.9	**2.5**	1.7
Share awards charge	**6.1**	2.4	**4.5**	2.4
Pension costs – defined contribution scheme	**1.9**	1.5	**0.7**	0.6
Total employee benefit expense	**116.9**	106.5	**24.6**	23.9

Details of the share based compensation plans are detailed under notes 8 and 9.

Wages and salaries in financial year 2018 for the Company include bonus accruals for the entire Group, which were not recharged for that period. In financial year 2018, bonuses have been recharged to relevant employing companies. The closing pension creditor for the Group is £0.3m (2017: £0.2m).

The average monthly number of full time equivalent employees, including Directors on a service contract, are as follows:

		Group		Company
	2018 No.	2017 No.	**2018 No.**	2017 No.
Administration	**698**	614	**228**	203
Warehouse	**62**	23	**–**	20
Retail	**2,526**	2,506	**76**	56
Total average headcount	**3,286**	3,143	**304**	279

Directors' remuneration is detailed in the Directors' Remuneration Report on pages 73 to 91.

7. Employee benefit expense (continued)

Remuneration of key members of management, who are the Executive Directors, Group Retail Director, Global Trading Director, Group Marketing and Business Development Director, Group HR Director, Transformation Director, Digital Director and Group General Counsel, recorded in the Group statement of comprehensive income, is as follows:

		Group
	2018 £m	2017 £m
Short-term employee benefits	**5.5**	5.3
Post-employment benefits	**0.4**	0.3
Share based payments	**3.0**	1.5
Total remuneration of key members of management	**8.9**	7.1

The total amounts for Directors' remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

		Group
	2018 £m	2017 £m
Short-term employee benefits	**3.0**	3.5
Share based payments	**2.2**	1.7
Money purchase pension contributions	**0.2**	0.2
Total aggregate Directors' remuneration	**5.4**	5.4

8. Share based Long-Term Incentive Plans ("LTIP")

Equity settled awards are granted to employees in the form of share awards. No consideration is payable by the employees when share awards vest, other than the nominal value of 5p per share. The vesting period is 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.

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 satisfaction of earnings per share and total shareholder return performance targets can convert and give participants the right to be granted nil-cost shares (other than the nominal value of 5p per share) at the end of the performance period.

The movement in the number of share awards outstanding is as follows:

		Group & Company
	2018 Number of shares	2017 Number of shares
At start of the period	**1,012,363**	875,930
Granted	**402,580**	334,513
Exercised	**(215,428)**	(103,457)
Forfeited	**(107,557)**	(94,623)
Cancelled	**(141,392)**	–
Total number of outstanding share awards at end of the period	**950,566**	1,012,363

None of the share awards were exercisable at the period end date (2017: nil).

Notes to the Group and Company Financial Statements

8. Share based Long-Term Incentive Plans ("LTIP") (continued)

Performance Share Plan (continued)

The terms and conditions of the award of shares granted under the PSP during the year are as follows:

Grant date	Type of award	Number of shares	Group & Company Vesting period
August 2017	Share awards	**358,947**	3 years
April 2018	Share awards	**43,633**	3 years

The fair value of the shares awarded at the grant date during the year is £5.3m (2017: £4.9m). The fair value of the award is determined using a Black–Scholes pricing model. A charge of £3.7m (2017: charge of £2.2m) has been recorded in the Group statement of comprehensive income during the year.

The weighted average share price at the date of exercise for share options exercised during the period was 1,720p. The options outstanding at 28 April 2018 had a weighted average remaining contractual life of 16 months; these shares have an exercise price of 5p.

The inputs into the Black–Scholes pricing model are as follows: expected volatility of 38.3%; expected term of three years; risk free rate of 0.34%; and an expected dividend yield of nil.

Save As You Earn

A Save As You Earn scheme is operated by the Group. A charge of £0.2m (2017: charge of £0.1m) 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 4,240 shares have been purchased under the scheme. The charge to the Group statement of comprehensive income is highly immaterial and therefore has not been accounted for.

Other schemes

Share options were issued in the year as part of bonus reward packages for certain members of senior management. These options are subject to leavers' provisions and the exercise period is three years (in addition to the year to which the bonus relates). The share award has therefore been spread over four years. The charge to the Group statement of comprehensive income in financial year 2018 for these awards is £0.1m (2017: £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 will share their wealth with employees of the Group.

The FSP will run from 1 October 2017 to 30 September 2020. At the conclusion of the scheme, the Founders will transfer into a fund 20% of their gain from any increase in the Group's share price over a threshold of £18.

The gain to be transferred into the fund will 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).

The proceeds from this fund will be shared across the Superdry colleague base worldwide, including those who work part-time. Each £5 increase in the share price over the £18 threshold would see the Founders putting £30m into the fund.

Awards will be made to employees in shares or an equivalent cash award if considered more appropriate. The vesting period for the awards differs depending on the seniority of the colleagues in question. To be eligible for the award, employees need to remain in employment on the vesting date, details of which are 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

The award will be settled in full by the Founders with no cost to the Group and hence in accordance with IFRS 2 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 will accrue over five financial periods, up until financial year 2022.

A charge of £2.1m has been recorded in the Group statement of comprehensive income during the year. The total fair value of the entire outstanding share awards (not including any future share award issues), taking into consideration management's estimate of the share awards meeting the vesting conditions and achieving the performance targets, is £11.4m.

The number of share awards granted in the period is 6,879,904.The number still in issue as at 28 April 2018 is 5,847,510. The weighted average remaining contractual life of the outstanding options as at 28 April 2018 is 27 months, these options have a nil exercise price.

10. Auditors' remuneration

During the period, the Group obtained the following services from the Company's Auditors as detailed below:

		Group
	Deloitte 2018 £'000	PwC 2017 £'000
Audit services		
Fees payable to the Company's Auditors for the audit of the Company and the consolidated financial statements	**213**	197
The audit of the Company's subsidiaries pursuant to legislation	**255**	209
Total audit fees payable to the Company's Auditors and its associates	**468**	406
Fees payable to the Company's Auditors and its associates for other services		
Audit-related assurance services – interim review	**40**	40
All other services	**1**	230
Total fees payable to the Company's Auditors and its associates for other services	**41**	270
Audit fees payable to other audit firms for the audit of foreign subsidiaries	**4**	93
Total Auditors' remuneration	**513**	769

Notes to the Group and Company Financial Statements

11. Other gains and losses (net)

	2018 £m	Group 2017 £m
Unrealised fair value loss on foreign exchange forward contracts	**(20.8)**	(2.2)
Fair value gain on financial assets (note 33)	**–**	1.5
Royalty income	**8.8**	5.6
Other income	**3.5**	4.7
Total other gains and losses	**(8.5)**	9.6

The unrealised fair value loss on foreign exchange forward contracts of £20.8m (2017: £2.2m loss) has been treated as an exceptional and other item, see note 6.

Royalty income is recognised on an accruals basis in accordance with the substance of the Wholesale royalty agreements. Other income in the financial year 2018 includes rent and profit from the sales of fixtures and fittings to franchisees. Other income in the prior period primarily relates to compensation for loss of trade and a lease termination receipt.

12. Operating profit

Group operating profit is stated after charging/(crediting):

	2018 £m	Group 2017 £m
Depreciation on property, plant and equipment – owned (note 18)	**33.4**	29.1
Loss on disposal of property, plant and equipment (note 18)	**0.4**	1.0
Impairment of property, plant and equipment (note 18)	**5.3**	–
Amortisation of intangible assets (note 19)	**7.7**	7.4
Cost of inventories recognised as an expense	**346.2**	286.5
Impairment of inventories included in the above figure	**2.0**	1.1
Impairment of receivables (note 24)	**1.1**	(0.2)
Operating lease rentals for leasehold properties	**73.8**	66.6
Buy-out of Netherlands agent (note 6)	**1.6**	–
Onerous lease provision movement (note 6)	**2.2**	–
Net foreign exchange losses/(gains)	**0.9**	(3.3)

13. Finance income and expense

	2018 £m	Group 2017 £m
Bank interest	**–**	0.2
Total finance income	**–**	0.2
Bank interest	**0.3**	–
Total finance expense	**0.3**	–

14. Tax expense

The tax expense comprises:

	2018 £m	Group 2017 £m
Current tax		
– UK corporation tax charge for the period	**19.2**	19.6
– Adjustment in respect of prior periods	**0.1**	(0.1)
Overseas tax	**2.5**	1.8
Total current tax	**21.8**	21.3
Deferred tax		
– Origination and reversal of temporary differences	**(4.8)**	2.4
– Deferred tax asset movements in respect of tax losses	**(2.9)**	(6.1)
– Adjustment in respect of prior periods	**(0.7)**	0.3
Exceptional tax expense	**1.2**	0.9
Total deferred tax	**(7.2)**	(2.5)
Total tax expense	**14.6**	18.8

The tax expense on underlying profit is £20.7m (2017: £18.3m). The tax credit on exceptional and other items is £7.3m (2017: £0.4m credit) and the exceptional tax charge in relation to tax rate changes is £1.2m (2017: £0.9m charge), so the net position being disclosed as a non-underlying tax charge in the period is £6.1m (2017: £0.5m charge). The exceptional tax charge of £1.2m is as a result of the change in the US Federal tax rate from 35% to 21% and the subsequent impact on deferred tax assets/liabilities. The exceptional tax charge of £0.9m in the prior period is as a result of the change in the UK corporation tax rate from 18% to 17% and the subsequent impact on deferred tax assets/liabilities.

Factors affecting the tax expense for the period are as follows:

	2018 £m	Group 2017 £m
Profit before tax	**65.3**	84.8
Profit multiplied by the standard rate in the UK – 19.0% (2017: 19.9%)	**12.4**	16.9
Expenses not deductible for tax purposes	**1.2**	1.2
Non-deductible joint venture loss	**0.6**	0.5
Overseas tax differentials	**(1.6)**	(2.4)
Deferred tax asset movements on partially recognised tax losses	**1.4**	1.5
Adjustment in respect of prior periods	**(0.6)**	0.2
Total tax expense excluding exceptional items	**13.4**	17.9
Exceptional tax expense	**1.2**	0.9
Total tax expense including exceptional items	**14.6**	18.8

The Group's tax expense on underlying profit of £20.7m represents an effective tax rate of 21.3% for the period ended 28 April 2018. The Group's underlying effective tax rate of 21.3% is higher than the statutory rate of 19.0%, primarily due to the deferred tax asset movements on partially recognised losses, depreciation and amortisation on non-qualifying assets, non-allowable expenses and the non-deductibility of JV loss in the period.

In addition to the above tax charged to the Group comprehensive income statement, there is a tax charge to equity of £0.1m (2017: £nil) in respect of deferred tax relating to employee share schemes.

Notes to the Group and Company Financial Statements

14. Tax expense (continued)

Net deferred tax movement is as follows:

	Group 2018 £m	2017 £m
Opening net deferred tax asset	**(30.6)**	(28.1)
Charged/(credited) to the Group statement of comprehensive income		
– Depreciation in excess of capital allowances	**(0.3)**	0.4
– Movement on goodwill and intangibles	**2.6**	3.1
– Movement on goodwill and intangibles – change in corporation tax rate	**–**	0.6
– Recognition of tax losses	**(2.9)**	(6.1)
– Recognition of tax losses - change in corporation tax rate	**1.2**	–
– Other temporary differences	**(3.8)**	(0.2)
– Revaluation of derivatives and forward exchange contracts	**(4.0)**	(0.3)
– Employee share award scheme included in equity	**(0.1)**	–
Closing net deferred tax asset (note 22)	**(37.9)**	(30.6)

The 21% rate for US federal corporate tax (effective from 1 January 2018) was signed into law on 22 December 2017. Included within note 6 is an exceptional tax charge of £1.2m which relates to the impact of the tax rate change on the deferred asset held in respect of tax losses.

During the prior period, the 17% rate for UK corporation tax (effective from 1 April 2020) was substantively enacted. Included within note 6 is an exceptional tax charge of £0.9m, of which £0.6m relates to the impact of the tax rate change on goodwill and intangibles. The remainder of £0.3m tax charge is included within other movements such as depreciation in excess of capital allowances and temporary differences. In the medium term we anticipate that the substantial majority of the Group's earnings will be taxed in the UK.

15. Profit/(loss) attributable to Superdry Plc

The after tax profit for the 52 weeks ended 28 April 2018 for the Company was £45.6m (52 weeks ended 29 April 2017: profit of £49.3m). There was a credit to equity reserves of £6.1m (2017: £2.4m 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 28 April 2018 were £401.5m (2017: £373.8m).

16. Earnings per share

	Group 2018 £m	2017 £m
Earnings		
Profit for the period attributable to owners of the Company	**50.7**	66.0
	No.	No.
Number of shares at year end	**81,630,277**	81,358,746
Weighted average number of ordinary shares – basic	**81,510,921**	81,308,378
Effect of dilutive options and contingent shares	**445,124**	443,161
Weighted average number of ordinary shares – diluted	**81,956,045**	81,751,539
Basic earnings per share (pence)	**62.2**	81.2
Diluted earnings per share (pence)	**61.9**	80.7

16. Earnings per share (continued)

Underlying earnings per share

	Group 2018 £m	Group 2017 £m
Earnings		
Underlying profit for the period attributable to the owners of the Company	**76.3**	68.7
	No.	No.
Weighted average number of ordinary shares – basic	**81,510,921**	81,308,378
Weighted average number of ordinary shares – diluted	**81,956,045**	81,751,539
Underlying basic earnings per share (pence)	**93.6**	84.5
Underlying diluted earnings per share (pence)	**93.1**	84.0

There were no share-related events after the balance sheet date that may affect earnings per share.

17. Dividends

	Group and Company 2018 £m	Group and Company 2017 £m
Equity – ordinary shares		
Interim for the 52 weeks to 28 April 2018 – paid 9.3p per share (2017: 7.8p)	**7.6**	6.4
Final dividend for the 52 weeks to 29 April 2017 – paid 20.2p per share (2017: 17.0p)	**16.4**	13.8
Special dividend – paid 20.0p per share	**–**	16.3
Total dividends paid	**24.0**	36.5

In addition, the Directors are proposing a final dividend in respect of the financial period ended 28 April 2018 of 21.9p per share (2017: 20.2p) which will absorb an estimated £17.9m of shareholders' funds. The Directors have declared a special dividend of 25.0p per share (2017: nil, 2016: 20.0p) which will absorb an estimated c.£20.5m of shareholders' funds. The final dividend will be paid on 21 September 2018 to shareholders on the register at the close of business on 13 July 2018. The special dividend will be paid on 14 December 2018 to shareholders on the register at the close of business on 12 October 2018.

Notes to the Group and Company Financial Statements

18. Property, plant and equipment

Movements in the carrying amount of property, plant and equipment were as follows:

					Group
	Land and buildings £m	**Leasehold improvements £m**	**Furniture, fixtures and fittings £m**	**Computer equipment £m**	**Total £m**
52 weeks ended 28 April 2018					
Cost					
At 30 April 2017	**7.5**	**175.7**	**48.7**	**19.3**	**251.2**
Exchange differences	**–**	**2.0**	**0.3**	**(0.1)**	**2.2**
Additions	**–**	**30.4**	**11.0**	**5.2**	**46.6**
Disposals	**–**	**(1.3)**	**(0.4)**	**(0.1)**	**(1.8)**
At 28 April 2018	**7.5**	**206.8**	**59.6**	**24.3**	**298.2**
Accumulated depreciation and impairments					
At 30 April 2017	**0.2**	**89.1**	**24.7**	**15.9**	**129.9**
Exchange differences	**–**	**0.7**	**0.1**	**–**	**0.8**
Depreciation charge	**0.1**	**22.0**	**8.1**	**3.2**	**33.4**
Impairments	**–**	**4.9**	**0.4**	**–**	**5.3**
Disposals	**–**	**(1.0)**	**(0.3)**	**(0.1)**	**(1.4)**
At 28 April 2018	**0.3**	**115.7**	**33.0**	**19.0**	**168.0**
Net balance sheet amount at 28 April 2018	**7.2**	**91.1**	**26.6**	**5.3**	**130.2**

					Group
	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total £m
52 weeks ended 29 April 2017					
Cost					
At 1 May 2016	5.9	140.4	36.6	16.3	199.2
Exchange differences	(0.2)	4.1	0.8	0.1	4.8
Additions	1.8	35.6	12.6	3.3	53.3
Disposals	–	(4.4)	(1.3)	(0.4)	(6.1)
At 29 April 2017	7.5	175.7	48.7	19.3	251.2
Accumulated depreciation and impairments					
At 1 May 2016	0.1	70.8	18.7	14.2	103.8
Exchange differences	–	1.8	0.2	0.1	2.1
Depreciation charge	0.1	20.3	6.7	2.0	29.1
Disposals	–	(3.8)	(0.9)	(0.4)	(5.1)
At 29 April 2017	0.2	89.1	24.7	15.9	129.9
Net balance sheet amount at 29 April 2017	7.3	86.6	24.0	3.4	121.3

18. Property, plant and equipment (continued)

Company

	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total £m
52 weeks ended 28 April 2018					
Cost					
At 30 April 2017	**3.8**	**8.9**	**2.7**	**12.5**	**27.9**
Additions	**–**	**1.3**	**0.4**	**2.4**	**4.1**
Disposals	**–**	**–**	**–**	**(0.1)**	**(0.1)**
At 28 April 2018	**3.8**	**10.2**	**3.1**	**14.8**	**31.9**
Accumulated depreciation					
At 30 April 2017	**–**	**1.1**	**0.6**	**11.6**	**13.3**
Depreciation charge	**–**	**1.3**	**0.6**	**1.9**	**3.8**
At 28 April 2018	**–**	**2.4**	**1.2**	**13.5**	**17.1**
Net balance sheet amount at 28 April 2018	**3.8**	**7.8**	**1.9**	**1.3**	**14.8**

The land and buildings addition relates to land which is not depreciated.

Company

	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total £m
52 weeks ended 29 April 2017					
Cost					
At 1 May 2016	3.8	4.5	1.6	11.0	20.9
Additions	–	4.6	1.1	1.5	7.2
Intercompany transfer	–	(0.2)	–	–	(0.2)
At 29 April 2017	3.8	8.9	2.7	12.5	27.9
Accumulated depreciation					
At 1 May 2016	–	0.4	0.3	9.7	10.4
Depreciation charge	–	0.7	0.3	1.9	2.9
At 29 April 2017	–	1.1	0.6	11.6	13.3
Net balance sheet amount at 29 April 2017	3.8	7.8	2.1	0.9	14.6

Notes to the Group and Company Financial Statements

19. Intangible assets

	Trademarks £m	Website and software £m	Lease premiums £m	Distribution agreements £m	Goodwill £m	Group Total £m
52 weeks ended 28 April 2018						
Cost						
At 30 April 2017	**3.2**	**27.8**	**16.2**	**15.2**	**20.8**	**83.2**
Exchange differences	**–**	**–**	**–**	**–**	**0.8**	**0.8**
Additions	**0.3**	**10.8**	**–**	**–**	**–**	**11.1**
Disposals	**–**	**–**	**(0.3)**	**–**	**–**	**(0.3)**
At 28 April 2018	**3.5**	**38.6**	**15.9**	**15.2**	**21.6**	**94.8**
Accumulated amortisation						
At 30 April 2017	**1.9**	**10.6**	**6.0**	**10.9**	**–**	**29.4**
Exchange differences	**–**	**–**	**0.1**	**0.1**	**–**	**0.2**
Amortisation charge	**0.3**	**5.5**	**1.1**	**0.8**	**–**	**7.7**
Disposals	**–**	**–**	**(0.3)**	**–**	**–**	**(0.3)**
At 28 April 2018	**2.2**	**16.1**	**6.9**	**11.8**	**–**	**37.0**
Net balance sheet amount at 28 April 2018	**1.3**	**22.5**	**9.0**	**3.4**	**21.6**	**57.8**

	Trademarks £m	Website and software £m	Lease premiums £m	Distribution agreements £m	Goodwill £m	Group Total £m
52 weeks ended 29 April 2017						
Cost						
At 1 May 2016	3.1	20.3	15.0	15.7	18.8	72.9
Exchange differences	–	–	1.2	(0.5)	2.0	2.7
Additions	0.1	7.5	–	–	–	7.6
At 29 April 2017	3.2	27.8	16.2	15.2	20.8	83.2
Accumulated amortisation						
At 1 May 2016	1.4	6.3	4.7	9.0	–	21.4
Exchange differences	–	–	0.2	0.4	–	0.6
Amortisation charge	0.5	4.3	1.1	1.5	–	7.4
At 29 April 2017	1.9	10.6	6.0	10.9	–	29.4
Net balance sheet amount at 29 April 2017	1.3	17.2	10.2	4.3	20.8	53.8

Lease premiums includes a lease at a net book value of £8.4m (2017: £9.4m) in relation to the Regent Street store. This has been amortised over 15 years with under nine years remaining.

19. Intangible assets (continued)

	Trademarks £m	Website and software £m	Company Total £m
52 weeks ended 28 April 2018			
Cost			
At 30 April 2017	**0.3**	**23.0**	**23.3**
Additions	**0.1**	**7.4**	**7.5**
At 28 April 2018	**0.4**	**30.4**	**30.8**
Accumulated amortisation			
At 30 April 2017	**–**	**9.3**	**9.3**
Amortisation charge	**–**	**4.6**	**4.6**
At 28 April 2018	**–**	**13.9**	**13.9**
Net balance sheet amount at 28 April 2018	**0.4**	**16.5**	**16.9**

	Trademarks £m	Website and software £m	Company Total £m
52 weeks ended 29 April 2017			
Cost			
At 1 May 2016	–	18.5	18.5
Additions	0.3	4.5	4.8
At 29 April 2017	0.3	23.0	23.3
Accumulated amortisation			
At 1 May 2016	–	5.7	5.7
Amortisation charge	–	3.6	3.6
At 29 April 2017	–	9.3	9.3
Net balance sheet amount at 29 April 2017	0.3	13.7	14.0

Impairment of goodwill

Goodwill of £21.6m is split into £14.4 for Wholesale and £7.2m for Retail. 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 has defined its CGUs as Retail and Wholesale. Where the recoverable amount is less than the carrying value, an impairment results.

The recoverable amounts in financial year 2018 were measured based on post-tax value in use (2017: based on post-tax value in use). This methodology is considered reasonable given the significant levels of headroom noted from this assessment. Detailed forecasts for the next five years have been used which are based on approved annual budgets and strategic projections representing the best estimate of future performance.

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 past experience and are consistent with relevant external sources of information.

Discount rates

Discount rates are derived from the Group's post-tax weighted average cost of capital of 7.3% (2017:10.5%). The pre-tax weighted cost of capital is 9.2% (2017:13.6%).

Notes to the Group and Company Financial Statements

19. Intangible assets (continued)

Operating cash flows

The main assumptions, which are derived from past experience and external information, within the forecast operating cash flows, include the achievement of future sales prices, volumes, raw material input costs and the level of ongoing capital expenditure over a five year period.

Long-term growth rates

To forecast beyond the five years, a long-term average growth rate of 2% (2017: 2%) has been used.

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 therefore been performed.

The present values of the future cash flows of the Retail and Wholesale CGUs are significant and are insensitive to any changes to reasonably possible changes to key assumptions.

20. Investments

		Company
	28 April 2018 £m	29 April 2017 £m
Investments at beginning of period – net book value	**452.6**	419.8
Additions in the period	**5.9**	32.8
Investments at end of period – net book value	**458.5**	452.6

The total cost of investments is £458.5m (2017: £452.6m). An investment of £3.5m was made in SuperGroup Sweden AB as a capital injection. The remaining £2.4m of additions is 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 prior period an investment of £30.3m was made in SuperGroup USA Inc to fund further growth in the business. An investment of £2.5m was paid to SuperGroup France SARL to address a shortfall in reserves.

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:

Subsidiary	Principal activity	Country of incorporation	**2018 % shares**
C-Retail Limited[1] - (07139142)	Clothing retailer in UK	UK	**100**
DKH Retail Limited[1,4] - (07063508)	Worldwide wholesale distribution	UK	**100**
Fragrances 55 Limited[1,7]- (07632091)	Dissolved in the period	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 Group	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[1,6]	Clothing retailer in France	France	**100**
Superdry Germany GmbH[1,3]	Clothing retailer in Germany	Germany	**100**
SuperGroup France SARL[6,7]	Dissolved in the period	France	**100**
SuperGroup India Private Limited[1]	Manages supplier relationships in India	India	**100**
SuperGroup International Limited[1,7]- (07139168)	Dissolved in the period	UK	**100**
SuperGroup Internet Limited[1] - (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[1,5,8] - (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**
SuperGroup 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 branch which is not material.
5. Exempt from statutory audit.
6. Superdry France SARL and SuperGroup France SARL were merged on 1 May 2017, with SuperGroup France now dissolved.
7. Dissolved in the period.
8. Superdry Limited became SuperGroup Limited in the year.

All shares held by the Company are ordinary equity shares.

Notes to the Group and Company Financial Statements

20. Investments (continued)

Joint ventures

Set out below are the joint ventures of the Group as at 28 April 2018. 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	28 April	Hong Kong	50	Equity
Horace SARL (France)	28 April	France	50	Equity

During the year the Group disposed of its 50% holding in Theo SARL (France) for €50k.

During the year Superdry Plc invested £3.2m in Trendy & Superdry Holding Limited as a 50% subscription for the issued share capital. As at 28 April 2018, the carrying value of the investment in Trendy & Superdry Holding Limited was £6.2m. A charge of £3.0m was recognised in the financial statements, reflecting the Group's 50% share of the total loss of £6.0m in the year.

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Opening net assets	**6.0**	3.0	**9.2**	3.0
Investment in the period	**3.2**	5.6	**3.2**	5.6
Share of loss for the period – Group only	**(3.0)**	(2.6)	**–**	–
Impairment	**–**	–	**–**	0.6
Closing net assets	**6.2**	6.0	**12.4**	9.2

Long term loan to joint venture

During the year Superdry Plc advanced £3.3m to the trading subsidiaries of Trendy & Superdry Holding Limited. The term of the loans is three years and interest accrues at 5% per annum.

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 73 to 91.

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 73 to 91, 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.

During the reporting period, Julian Dunkerton resigned as a Director of Superdry Plc but continues to be a related party. The Group has spent £0.2m (2017: £0.2m) on travel and subsistence through companies in which he has a personal investment during the period. The balance outstanding at 28 April 2018 was £nil (2017: £0.1m). 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 on an arm's length basis. The rent charge in the Group statement of comprehensive income is £0.1m (2017: £0.1m).

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 receivable	
	2018 £m	2017 £m	**Balance sheet 28 April 2018 £m**	Balance sheet 29 April 2017 £m
C-Retail Limited	**7.1**	10.7	**46.8**	28.6
DKH Retail Limited	**12.5**	12.6	**56.6**	30.6
SMAC	**0.2**	0.8	**1.0**	0.9
Superdry France SARL	**0.8**	0.9	**1.1**	1.2
Superdry Germany GmbH	**2.2**	2.9	**2.4**	1.9
Superdry Retail Denmark	**–**	0.2	**0.2**	0.2
SuperGroup Concessions Limited	**0.1**	0.2	**0.9**	0.6
SuperGroup Internet Limited	**6.3**	7.2	**28.3**	16.4
SuperGroup Retail Ireland Limited	**0.6**	1.0	**0.6**	0.6
SuperGroup Retail Spain S.L.U.	**0.3**	0.3	**0.6**	0.4
SuperGroup Europe BVBA	**0.8**	1.2	**0.8**	2.3
SuperGroup Netherlands BV and SuperGroup Netherlands Retail BV	**0.6**	0.8	**8.2**	7.8
Superdry Retail LLC	**1.5**	1.8	**9.2**	3.6
Superdry Wholesale LLC	**0.5**	0.5	**25.3**	7.2
Superdry Retail Sweden AB	**–**	0.3	**5.3**	8.8

In addition, loan interest of £nil (2017: £0.5m) has been charged to Superdry Retail LLC, £0.1m (2017: £0.3m) of loan interest to Superdry Wholesale LLC and £0.2m (2017: £0.3m) of loan interest to Superdry Sweden AB in the period.

There have been no further transactions in the period.

Notes to the Group and Company Financial Statements

22. Deferred tax assets and liabilities

	Group 2018 £m	Group 2017 £m	Company 2018 £m	Company 2017 £m
Asset				
Depreciation in excess of capital allowances	**2.6**	2.3	**0.5**	0.5
Temporary timing differences	**6.6**	2.7	**1.1**	0.8
Tax losses arising in subsidiary entities	**11.9**	10.2	**–**	–
Goodwill and other intangibles arising in subsidiary entities	**12.9**	15.6	**–**	–
Revaluation of derivatives and forward exchange contracts to fair value	**4.8**	0.8	**–**	–
Total deferred tax assets	**38.8**	31.6	1.6	1.3
Liability				
Temporary timing differences	**–**	–	**–**	(0.3)
Other intangibles	**(0.9)**	(1.0)	**–**	–
Total deferred tax liability	**(0.9)**	(1.0)	**–**	(0.3)
Total net deferred tax	**37.9**	30.6	**1.6**	1.0

The movement on the deferred tax account is as shown below:

Net deferred tax assets £m	Depreciation in excess of capital allowances	Temporary timing differences	Tax losses	Intangible assets	Derivatives	Total
At 29 April 2017	2.3	2.7	10.2	14.6	0.8	30.6
Credited/(charged) to the Group statement of comprehensive income	0.3	3.8	1.7	(2.6)	4.0	7.2
Credited/(charged) to equity	–	0.1	–	–	–	0.1
At 28 April 2018	**2.6**	**6.6**	**11.9**	**12.0**	**4.8**	**37.9**

Deferred taxes are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The future growth prospects of the US onshore business are based on estimates over a five year time frame. These growth estimates include a new store opening programme and the developments of the wholesale business in line with the Board approved Group long-term financial plan. The deferred tax asset recognised in the financial statements in respect of US tax losses is £7.5m. A 1.0% reduction in the EBIT growth assumptions would reduce the deferred tax asset recognised by £0.2m. US tax losses are recognised at a rate of 26.5%, being the federal rate of 21.0% and a blended state tax rate of 5.5%. The US federal tax reforms that came into force on 1 January 2018 included a number of changes to US federal tax law. The reduction in the federal tax rate has reduced the value of the brought forward deferred tax asset in respect of US tax losses by £1.2m. The Group does not consider that any of the other law changes will have a material impact on the Group in the medium term.

There are unrecognised deferred tax assets of £4.7m (2017: £4.6m) in respect of losses in overseas jurisdictions.

23. Inventories

	Group 2018 £m	2017 £m	Company 2018 £m	2017 £m
Finished goods	**162.3**	157.2	**2.3**	1.7
Net inventories	**162.3**	157.2	**2.3**	1.7

Inventory write-downs for each period are as follows:

	Group 2018 £m	2017 £m	Company 2018 £m	2017 £m
At start of period	**3.1**	5.3	**0.1**	0.1
Write-downs for the period	**2.0**	1.1	**–**	–
Utilised in period	**(1.8)**	(3.3)	**–**	–
At end of period	**3.3**	3.1	**0.1**	0.1

24. Trade and other receivables

	Group 2018 £m	2017 £m	Company 2018 £m	2017 £m
Trade receivables	**86.7**	59.6	**–**	–
Less: provision for impairment of trade receivables	**(1.5)**	(0.6)	**–**	–
Net trade receivables	**85.2**	59.0	**–**	–
Other amounts due from related parties	**–**	–	**187.3**	111.1
Taxation and social security	**6.3**	1.4	**3.7**	1.9
Other receivables	**14.4**	17.3	**1.4**	1.2
Prepayments	**27.6**	28.4	**2.1**	1.6
Rent deposits held by landlords	**6.5**	6.1	**–**	–
Total trade and other receivables	**140.0**	112.2	**194.5**	115.8

Prepayments for the Group include £18.4m (2017: £20.5m) of prepaid rent and rates.

The other classes within trade and other receivables do not contain impaired assets.

The fair values of trade and other receivables are equal to their book value.

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 not provided as security.

The Group's trade receivables are summarised as follows:

	Group 2018 £m	2017 £m	Company 2018 £m	2017 £m
Not past due or impaired	**63.2**	42.7	**–**	–
Past due but not impaired	**21.4**	15.5	**–**	–
Impaired not provided for	**0.6**	0.8		
Impaired provided for	**1.5**	0.6	**–**	–
Total trade receivables	**86.7**	59.6	**–**	–

Notes to the Group and Company Financial Statements

24. Trade and other receivables (continued)

The credit quality of trade receivables that are neither past due nor impaired are all assessed to be fully recoverable (2017: fully recoverable). The Group's internal credit rating system is based upon historical information about counterparty default risks. The analysis of these trade receivables by reference to external credit ratings is not available. £22.4m out of the £63.2m trade receivables not past due nor impaired relate to 44 well-established key accounts (2017: £18.5m out of the £42.7m relate to 32 well-established key accounts) that the Group has traded with for at least one year. The remaining £40.8m (2017: £24.2m) consists of many individual balances, each below £0.6m.

The Group's trade receivables past due but not impaired are as follows:

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Overdue 1 – 30 days	**9.0**	8.5	–	–
Overdue 31 – 60 days	**4.8**	3.3	–	–
Overdue 60 days +	**7.6**	3.7	–	–
Total trade receivables past due but not impaired	**21.4**	15.5	–	–

Movements on the Group provision for impairment of trade receivables are as follows:

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
At start of period	**0.6**	1.1	–	–
Provision for receivables impairment	**1.1**	0.2	–	–
Receivables written off during the year as uncollectable	**(0.1)**	(0.3)	–	–
Unused amounts reversed	**(0.1)**	(0.4)	–	–
At end of period	**1.5**	0.6	–	–

Trade receivables of £2.1m (2017: £1.4m) were partially impaired and a provision of £1.5m (2017: £0.6m) has been recognised against the impaired trade receivables.

The Group's impaired trade receivables are as follows:

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Current	**–**	–	**–**	–
Overdue 1 – 30 days	**–**	–	**–**	–
Overdue 31 – 60 days	**0.1**	0.1	**–**	–
Overdue 60 days +	**2.0**	1.3	**–**	–
Total trade receivables impaired	**2.1**	1.4	**–**	–

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.

25. Cash and cash equivalents

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Cash at bank and in hand	**75.8**	65.4	**14.0**	1.2
Total cash and cash equivalents	**75.8**	65.4	**14.0**	1.2

Cash and cash equivalents comprise cash at bank with major UK and European clearing banks and earn floating rates of interest based upon bank base rates. At 28 April 2018, the Group had £53.6m (2017: £28.7m) deposited with HSBC Bank Plc, £0.8m (2017: £11.5m) deposited with Barclays Bank Plc, £1.2m (2017: £1.0m) deposited with Santander UK Plc, £11.0m (2017: £11.9m) deposited with BNP Paribas, £2.2m (2017: £1.7m) deposited with ING Bank, £0.7m (2017: £6.9m) deposited with Sydbank, £0.4m (2017: £0.3m) deposited with Societe Generale, £0.9m (2017: £nil) deposited with Den Norske Bank and £0.6m (2017: £0.6m) deposited with Banque Populaire Alsace Lorraine Champagne. The remainder of the cash is deposited in other bank accounts.

The Moody's credit rating as at 14 June 2018 for HSBC bank is Aa3 (2017: Aa2), Barclays Bank Plc is A2 (2017: Baa2), Santander UK Plc is Aa3 (2017: Aa3), BNP Paribas is Aa3 (2017: A1), ING Bank is Aa3 (2017: A1), Sydbank is A2 (2017: A3), Societe Generale is A1 (2017: A2), Den Norske Bank is Aa2 (2017: no deposit held with this bank) and Banque Populaire Alsace Lorraine Champagne is A2 (2017: A2).

The maximum exposure to credit risk at the reporting date is the carrying value of cash above.

The Group had no secured liabilities (bank and collateralised borrowings) as at 28 April 2018 (29 April 2017: £nil).

Included with cash and cash equivalents is £0.3m of rent deposits held for sub-tenants of the Regent Street Store. This is restricted cash.

26. Borrowings

The Group and Company had no secured liabilities (bank and collateralised borrowings) as at 28 April 2018 (29 April 2017: £nil).

With the exception of the overdrawn bank accounts included within the offset arrangements, the Group has no borrowing facilities in place as at 28 April 2018. The Group has bank guarantee facilities in place with a £48.8m limit. There were no banking covenants applicable to the Group during the year.

27. Trade and other payables

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Non-current				
Deferred cash contributions and rent-free periods	**44.4**	37.3	**0.3**	–
Other payables	**0.2**	0.5	**–**	0.7
Total non-current trade and other payables	**44.6**	37.8	**0.3**	0.7
Current				
Trade payables	**81.1**	77.0	**4.9**	3.7
Amounts due to related parties	**–**	–	**153.0**	70.3
Taxation and social security	**1.7**	1.8	**0.5**	0.4
Other payables	**0.9**	2.5	**0.3**	–
Accruals and deferred income	**26.5**	29.4	**4.6**	11.6
Deferred cash contributions and rent-free periods	**9.5**	8.2	**0.1**	–
Total current trade and other payables	**119.7**	118.9	**163.4**	86.0
Total trade and other payables	**164.3**	156.7	**163.7**	86.7

Notes to the Group and Company Financial Statements

27. Trade and other payables (continued)

The maturity analysis of non-current deferred cash contributions and rent-free periods is as follows:

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
1 – 2 years	**8.9**	6.5	**0.1**	–
2 – 5 years	**16.9**	19.1	**0.1**	–
Greater than 5 years	**18.6**	11.7	**0.1**	–
Non-current deferred cash contributions and rent-free periods	**44.4**	37.3	**0.3**	–

28. Provision for other liabilities and charges

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Supplier disputes, dilapidations and onerous lease provision at the start of the period	**3.1**	3.1	**–**	–
Transfer from other payables	**0.6**	–		
New provisions - onerous lease	**2.2**	–	**–**	–
Charge / (release) in the period	**(0.6)**	–	**–**	–
Dilapidations and onerous lease provision at the end of the period	**5.3**	3.1	**–**	–

Dilapidations provisions will be utilised upon the exit or expiry of various property leases which are expected to be between 2018 and 2026. Onerous lease provisions are utilised over the remaining life of the lease, expected to be between 2020 and 2026.

Laundry Athletics LLP, which transferred its trade to DKH Retail Limited, is currently involved in a dispute in Turkey over the use of an export company (Gisad Dis Ticaret ("Gisad")). Gisad was used to reclaim Turkish VAT on its behalf. Gisad has a €100m loan facility with Morgan Stanley International ("Morgan Stanley") with an Export Receivables Assignment Agreement as security. This loan was called in during January 2009. The Group has retained a liability for the disputed sums. The total in dispute is a maximum of £1.6m which has been withheld and remains as a liability within provisions in the Group balance sheet.

29. Contingencies and commitments

Capital expenditure commitments

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Property, plant and equipment	**0.4**	4.6	**–**	0.9

The Group believes that future cash flows and funding will be sufficient to cover these commitments.

Contingent liability

The Company is party to an unlimited cross guarantee over all liabilities of the Group.

30. Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings			
		Group		Company
	2018 £m	2017 £m	**2018 £m**	2017 £m
Due within 1 year	**95.2**	89.3	**2.6**	1.5
Due in more than 1 year, but no more than 5 years	**294.5**	300.7	**6.2**	5.8
Due in more than 5 years	**157.7**	165.0	**2.0**	3.4
Total operating lease commitments	**547.4**	555.0	**10.8**	10.7

The future aggregate minimum lease payments have been calculated on the basis of the full lease terms without reference to any break clauses.

31. Note to the cash flow statement

Reconciliation of operating profit to cash generated from operations

			Group		Company
	Note	**2018 £m**	2017 £m	**2018 £m**	2017 £m
Operating profit		**68.6**	87.2	**44.7**	48.7
Adjusted for:					
– Loss on derivatives	6	**20.8**	2.2	**–**	–
– Depreciation of property, plant and equipment	18	**33.4**	29.1	**3.8**	2.9
– Amortisation of intangible assets	19	**7.7**	7.4	**4.6**	3.6
– Impairment of property, plant and equipment	18	**5.3**	–	**–**	–
– Loss on disposal of property, plant and equipment	18	**0.4**	1.0	**–**	–
– Other non-cash items		**–**	(1.2)	**–**	–
– Release/(gain) on fair value of financial assets	33	**2.2**	(1.5)	**2.2**	(1.5)
– Cash received from disposal of financial assets	33	**(2.2)**	–	**(2.2)**	–
– Release of lease incentives		**(8.0)**	(7.9)	**0.1**	–
– Employee share award schemes	8	**4.0**	2.4	**3.2**	2.4
– IFRS 2 charge - FSP	9	**2.1**	–	**0.5**	–
– Foreign exchange losses	12	**0.9**	–	**(4.4)**	–
Operating cash flow before movements in working capital		**135.2**	118.7	**52.5**	56.1
Changes in working capital:					
– Increase in inventories		**(5.7)**	(43.1)	**(0.6)**	(0.4)
– Increase in trade and other receivables		**(27.9)**	(29.0)	**(77.4)**	(12.2)
– Increase/(decrease) in trade and other payables, and provisions		**2.7**	35.4	**76.5**	9.8
Cash generated from operating activities		**104.3**	82.0	**51.0**	53.3

Notes to the Group and Company Financial Statements

32. Net cash/(debt)

Analysis of net cash/(debt)

				Group
	2017 £m	Cash flow £m	Non-cash changes £m	**2018 £m**
Cash and short-term deposits	65.4	(3.3)	13.7	**75.8**
Total net cash	65.4	(3.3)	13.7	**75.8**

				Company
	2017 £m	Cash flow £m	Non-cash changes £m	**2018 £m**
Cash and short-term deposits	1.2	8.3	4.5	**14.0**
Total net cash/(debt)	1.2	8.3	4.5	**14.0**

Non-cash changes relates to exchange gains on cash and cash equivalents. Interest of £0.3m (2017: £nil) has been incurred in respect of short term facilities.

33. 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

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 Retail customers, including outstanding receivables and committed transactions. For Wholesale customers, management assesses the credit quality of the customer, taking into account 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, accelerated and bank guarantees, as well as adopting credit insurance where appropriate. Sales to Retail customers are settled in cash, major credit cards or by PayPal. The Group regularly monitors its exposure to bad debts in order to minimise exposure. Credit risk from cash and cash equivalents is managed via banking with well-established banks with a strong credit rating.

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; and
- 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 28 April 2018 and 29 April 2017, 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.

33. Financial risk management (continued)

At 28 April 2018, if the currency had weakened/strengthened by 10% against both the US Dollar and Euro with all other variables held constant, profit for the period would have been £7.3m (2017: £6.1m) 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 10% used for sensitivity analysis has been chosen because it represents a range of reasonably probable fluctuations in exchange rates.

The Group's foreign currency exposure is as follows:

				Group
		2018		2017
	US Dollar £m	**Euro £m**	US Dollar £m	Euro £m
Financial assets				
Trade receivables	**0.2**	**51.0**	1.1	32.1
Cash and cash equivalents	**16.6**	**28.6**	–	–
Financial assets	**16.8**	**79.6**	1.1	32.1
Financial liabilities				
Trade payables	**(9.2)**	**(12.9)**	(5.6)	(7.8)
Provisions	**–**	**(1.6)**	–	–
Cash and cash equivalents	**–**	**–**	(5.9)	(74.5)
Financial liabilities	**(9.2)**	**(14.5)**	(11.5)	(82.3)
Net exposure	**7.6**	**65.1**	(10.4)	(50.2)

The US Dollar and Euro overdrafts form part of an offset arrangement and as such, each currency is netted off against other cash balances in the same currency and is not recognised as an overdraft in its own right.

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 and 27.

Notes to the Group and Company Financial Statements

33. Financial risk management (continued)

Valuation hierarchy

The table below shows the financial instruments carried at fair value by valuation method:

	2018 Level 1 £m	2018 Level 2 £m	2018 Level 3 £m	Group 2017 Level 1 £m	Group 2017 Level 2 £m	Group 2017 Level 3 £m
Assets						
Derivative financial instruments						
– forward foreign exchange contracts	**–**	**–**	**–**	–	3.1	–
– financial assets at fair value through profit or loss	**–**	**–**	**–**	–	–	2.2
Liabilities						
Derivative financial instruments						
– forward foreign exchange contracts	**–**	**25.6**	**–**	–	7.8	–

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 28 April 2018.

The Company has £nil (2017: £2.2m) level 3 financial assets at fair value through profit or loss.

The notional principal amounts of the outstanding forward exchange contracts at 28 April 2018 was £203.4m (2017: £131.4m). Additionally, structured forward foreign exchange contracts are in place to purchase a notional amount of up to USD 228.0m (£165.5m) (2017: USD 704.0m, £543.9m) and sell a notional amount of up to EUR 383.5m (£337.7m) (2017: EUR 401.6m, £338.1m) in exchange for a variable amount of GBP depending on the underlying conditions at maturity.

Fair value movements show:

- the amount of change, during the period and cumulatively, in the fair value of the financial liability/asset that is attributable to changes in the credit risk of that liability;
- the difference between the financial liability's/asset's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation;
- the methods used to arrive at the above amounts; and
- if the entity believes that the disclosure given to comply with the above does not faithfully represent the change in the fair value of the financial liability attributable to changes in its credit risk, should disclosed the reasons for reaching this conclusion and the factors it believes are relevant.

Derivative financial instruments

The table below analyses the Group's and Company's derivative financial instruments which will be settled on a gross basis. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Group 2018 £m	Group 2017 £m	Company 2018 £m	Company 2017 £m
Forward foreign exchange contracts – held for trading				
Outflow	**(296.6)**	(166.9)	**–**	–
Inflow	**276.9**	171.1	**–**	–
Net derivative exposure	**(19.7)**	4.2	**–**	–

All cash flows will occur within 18 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.

33. Financial risk management (continued)

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	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Forward foreign exchange contracts – current	**–**	3.1	**–**	–
Forward foreign exchange contracts – non-current	**–**	–	**–**	–
Total derivative financial assets	**–**	3.1	**–**	–
Forward foreign exchange contracts – current	**18.5**	1.4	**–**	–
Forward foreign exchange contracts – non-current	**7.1**	6.4	**–**	–
Total derivative financial liabilities	**25.6**	7.8	**–**	–

All financial derivative instruments are due within 18 months.

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.

Financial assets at fair value through profit or loss

Anatwine disposal

On 8 June 2017, the Group sold its entire interest in Anatwine Limited (6.2%) for £2.2m. The shares were held at fair value of £2.2m, there is therefore nil impact to profit or loss. The fair value of the asset of £2.2m has therefore been reduced to £nil (2017: £2.2m).

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 2017.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is defined in note 35. Total capital employed is calculated as "equity" as shown in the consolidated balance sheet plus net debt. The Group is in a net cash position at 28 April 2018.

The Board has put in place a distribution policy which takes into account 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. 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 3 times by underlying profit after tax (see note 35 for definition). The Group complied with this policy throughout the year.

The capital structure is as follows:

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Equity	**408.5**	372.4	**554.6**	526.3
Cash and cash equivalents	**75.8**	65.4	**14.0**	1.2
Net cash	**75.8**	65.4	**14.0**	1.2

Notes to the Group and Company Financial Statements

33. Financial risk management (continued)

Financial instruments by category

	Assets at fair value through profit or loss 2018 £m	Loans and receivables 2018 £m	Total 2018 £m	Assets at fair value through profit or loss 2017 £m	Loans and receivables 2017 £m	Group Total 2017 £m
Trade and other receivables excluding prepayments	–	112.4	112.4	–	83.8	83.8
Derivative financial instruments	–	–	–	3.1	–	3.1
Financial assets at fair value through profit or loss	–	–	–	2.2	–	2.2
Cash and cash equivalents	–	75.8	75.8	–	65.4	65.4
Financial instruments – assets	–	188.2	188.2	5.3	149.2	154.5

	Liabilities at fair value through profit or loss 2018 £m	Other financial liabilities at amortised cost 2018 £m	Total 2018 £m	Liabilities at fair value through profit or loss 2017 £m	Other financial liabilities at amortised cost 2017 £m	Group Total 2017 £m
Derivative financial instruments	25.6	–	25.6	7.8	–	7.8
Trade and other payables excluding non-financial liabilities	–	162.6	162.6	–	154.9	154.9
Financial instruments – liabilities	25.6	162.6	188.2	7.8	154.9	162.7

	Loans and receivables 2018 £m	Company Loans and receivables 2017 £m
Trade and other receivables excluding prepayments	192.4	114.2
Cash and cash equivalents	14.0	1.2
Financial instruments – assets	206.4	115.4

	Other financial liabilities at amortised cost 2018 £m	Company Other financial liabilities at amortised cost 2017 £m
Trade and other payables excluding non-financial liabilities	163.2	86.3
Financial instruments – liabilities	163.2	86.3

34. Share capital

Authorised, allotted and fully paid 5p shares:

Group and Company	Number of shares	Value of shares (£m)
28 April 2018	**81,630,277**	**4.1**
29 April 2017	81,358,746	4.1

271,531 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.

35. 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 "underlying" basis. Results on an underlying basis are presented before exceptional and other items.

The APMs used in the financial statements are: Global Brand revenue, underlying gross profit and margin, underlying operating profit and margin, underlying profit before tax, underlying tax expense, underlying profit before tax for core operations, underlying effective tax rate, underlying earnings per share, operating trading loss - China 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. Global Brand revenue is a new measure in the period, further details are below.

Exceptional and other items

The Group's statement of comprehensive income and segmental analysis separately identify trading results before exceptional and other items. The Directors believe that presentation of the Group's results in this way is an alternative analysis of the Group's financial performance, as exceptional and other items are identified by virtue of their size, nature or incidence. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee and assists in providing a relevant analysis of the trading results of the Group. In determining whether events or transactions are treated as exceptional and other items, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

Examples of charges or credits meeting the above definition and which have been presented as exceptional and other items in the current and/or prior years include:

Exceptional items

- Acquisitions/disposals of significant businesses and investments;
- Impact on deferred tax assets/liabilities for changes in tax rates;
- Business restructuring programmes; and
- Asset impairment charges and onerous lease provisions.

Other items

- The movement in the fair value of unrealised financial derivatives; and
- IFRS 2 charges in respect of Founder Share Plan ("FSP").

In the event that other items meet the criteria, which are applied consistently from year to year, they are also treated as exceptional and other items.

Notes to the Group and Company Financial Statements

35. Alternative performance measures (continued)

Exceptional and other items in this period

The following items have been included within “exceptional and other items” for the period ended 28 April 2018:

Fair value re-measurement of foreign exchange contracts – Financial years 2018 and 2017 item

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 “exceptional and other items” due to both their size and nature. The size of the movement on the fair value of the contracts is dependent in particular 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. The Directors do not therefore consider these unrealised losses/gains to be a reflection of the trading performance in the period. When contracts mature, the profit or loss is reflected in underlying profit before tax.

Store asset impairment and onerous lease provision - Berlin Kranzler – new item in financial year 2018

The Berlin Kranzler store was approved by the Board on 21 May 2015 and opened on 4 December 2016. The store has not achieved expected paybacks due to sales underperformance.

An impairment of £5.0m of fixed assets has therefore been made on the basis their recoverable amount is less than their carrying value. In addition, an onerous lease provision of £2.2m has been recognised, reflecting the shortfall in the net present value of the future cash flows compared to the net present value of the future rent obligations within the lease.

The Directors consider the store impairment and onerous lease provision to be an “exceptional and other item” due to the materiality of the charge. In addition, the Directors believe the charge, while considered significant, is not a reflection of the underlying trading performance in the period.

Please see note 6 for further details.

Buy-out of Netherlands agent – new item in financial year 2018

On 23 November 2017, Superdry signed an agreement to terminate the licence granted in 2009 to Portare B.V., the Group’s Netherlands licence partner. The termination payment was £1.6m.

The Directors consider the termination payment to be an “exceptional and other item” due to the size and one-off nature of the charge.

Founder Share Plan (“FSP”) – IFRS 2 charge – new item in financial year 2018

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 “exceptional and other 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. The full year charge for FY19, FY20 and FY21 has been estimated between £3m – £5m each period. While the charge is spread over a number of financial years, the plan is a one-time scheme. Accordingly the IFRS 2 charge in respect of the FSP is considered to be an “exceptional and other 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 with regard to 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 and not a reflection of the trading performance in the period.

See note 9 for further details of the FSP.

Global Brand revenue

Global Brand revenue represents the equivalent value of Group revenue at the values paid by consumers. It is calculated by uplifting all revenues by applicable sales tax rates and uplifting revenues in our Wholesale division by a factor representing the applicable mark up from wholesale to consumer prices. In the opinion of the Directors, uplifting revenues in this way to show Global Brand revenue is useful to understand the growth of the brand, offering a consistent measure despite the variances that result from multiple routes to market.

35. Alternative performance measures (continued)

Global Brand revenue (continued)

A reconciliation from reported revenue to Global Brand revenue is set out below:

	2018 £m	2017 £m
Reported revenue	872.0	752.0
Uplift to reflect values paid by consumers	732.2	561.7
Global Brand revenue	1,604.2	1,313.7

Underlying gross profit and margin

In the opinion of the Directors, underlying gross profit and margin are measures which seek to reflect the underlying performance of the Group that will contribute to long-term sustainable profitable growth. It is a key internal management metric for assessing segmental performance. As such, they exclude the impact of exceptional and other items.

A reconciliation from gross profit, the most directly comparable IFRS measure, to the underlying gross profit and margin, is set out below.

	2018 £m	2017 £m
Reported revenue	872.0	752.0
Gross profit	506.5	453.0
Exceptional and other items	nil	nil
Underlying gross profit	506.5	453.0

	2018 £m	2017 £m
Gross margin	58.1%	60.2%
Underlying gross margin	58.1%	60.2%

Underlying operating profit and margin

In the opinion of the Directors, underlying operating profit and margin are measures which seek to reflect the underlying performance of the Group that will contribute to long-term sustainable profitable growth. The Directors focus on the trends in underlying operating profit and margins, and it is a key internal management metric for assessing segmental performance. As such, they exclude the impact of exceptional and other items.

A reconciliation from operating profit, the most directly comparable IFRS measure, to the underlying operating profit and margin, is set out below.

	2018 £m	2017 £m
Reported revenue	872.0	752.0
Operating profit	68.6	87.2
Exceptional and other items	31.7	2.2
Underlying operating profit	100.3	89.4

	2018 £m	2017 £m
Operating margin	7.9%	11.6%
Underlying operating margin	11.5%	11.9%

Notes to the Group and Company Financial Statements

35. Alternative performance measures (continued)

Underlying profit before tax

In the opinion of the Directors, underlying profit before tax is a measure which seeks to reflect the underlying performance of the Group that will contribute to long-term sustainable profitable growth. 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.

This is a measure used within the Group's incentive plans. Refer to the Remuneration Report on page 78 for explanation of why this measure is used within incentive plans.

As such, underlying profit before tax excludes the impact of exceptional and other items.

A reconciliation from profit before tax, the most directly comparable IFRS measures, to the underlying profit before tax, is set out below.

	2018 £m	2017 £m
Profit before tax	**65.3**	84.8
Exceptional and other items	**31.7**	2.2
Underlying profit before tax	**97.0**	87.0

Underlying profit before tax for core operations

In the opinion of the Directors, underlying profit before tax for core operations is a useful measure to review the performance of the Group as it excludes those costs that will be non-recurring in the long-term. These excluded costs are exceptional and other items, initial trading losses in development markets and distribution centre migration costs.

A reconciliation from profit before tax, the most directly comparable IFRS measures, to profit before tax for core operations, is set out below.

	2018 £m	2017 £m
Profit before tax	**65.3**	84.8
Exceptional and other items	**31.7**	2.2
Underlying profit before tax	**97.0**	87.0
Initial trading losses in development markets	**5.1**	2.2
Distribution centre migration costs	**0.5**	2.1
Underlying profit before tax for core operations	**102.6**	91.3

Underlying tax expense and underlying effective tax rate

In the opinion of the Directors, underlying tax expense is the total tax charge for the Group excluding the tax impact of exceptional and other items. Correspondingly, the underlying effective tax rate is the underlying tax expense divided by the underlying 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 underlying tax expense, is set out below:

	2018 £m	2017 £m
Underlying profit before tax	**97.0**	87.0
Tax expense	**(14.6)**	(18.8)
Exceptional and other items – tax impact of items included in profit before tax	**(7.3)**	(0.4)
Exceptional and other items – impact on deferred tax assets/liabilities for changes in tax rates	**1.2**	0.9
Underlying tax expense	**(20.7)**	(18.3)
Underlying effective tax rate	**21.3%**	21.0%

35. Alternative performance measures (continued)

Underlying earnings per share

In the opinion of the Directors, underlying earnings per share is calculated using basic earnings, adjusted to exclude exceptional and other items net of current and deferred tax.

A reconciliation from the basic and diluted earnings per ordinary share, the most directly comparable IFRS measures, to underlying basic and diluted earnings per ordinary share, is set out below:

	2018 £m	2017 £m
Underlying profit before tax	97.0	87.0
Underlying tax expense	(20.7)	(18.3)
Underlying profit after tax	76.3	68.7
Profit after tax	50.7	66.0
Basic		
Earnings per share (pence)	62.2	81.2
Underlying basic earnings per share (pence)	93.6	84.5

	2018	2017
Diluted		
Earnings per share (pence)	61.9	80.7
Underlying diluted earnings per share (pence)	93.1	84.0
Weighted average number of shares – basis	81,510,921	81,303,378
Weighted average number of shares – diluted	81,956,045	81,751,539

Operating trading loss – China

The operating trading loss in respect of China represents the net impact of the joint venture on Group profit after tax, taking into account licence fee income from the joint venture, which is then offset against the share in the joint venture loss. The Directors believe this is an important indicator of performance of this development market.

	2018 £m	2017 £m
Share of trading loss in joint venture	3.0	2.6
Licence fee income included within other gains and losses	(0.9)	(0.4)
Operating trading loss – China	2.1	2.2

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. The Group is in a net cash position at 28 April 2018.

Notes to the Group and Company Financial Statements

36. 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. The address of the Company's registered office is shown on page 66.

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 is Superdry Plc. The registered office address of each related undertaking is listed below:

UK

Superdry Plc
C-Retail Limited
DKH Retail Limited
Fragrances 55 Limited
SuperGroup Limited
SuperGroup Concessions Limited
SuperGroup International Limited
SuperGroup Internet Limited
Unit 60 The Runnings
Cheltenham
Gloucestershire
GL51 9NW
United Kingdom

Europe

SuperGroup Europe BVBA
SuperGroup Belgium NV
SuperGroup Belgium Finance NV
Simonisstraat 53
Elsene
1050 Brussels
Belgium

Superdry Germany GmbH
Sendlinger Str.6
80331
Munich
Germany

Superdry France SARL
16 Rue Portalis
75008
Paris
France

SuperGroup Netherlands BV
SuperGroup Netherlands Retail BV
Nieuwstraat 156
5126CH
Gilze
The Netherlands

SuperGroup Retail Spain S.L.U
30-38 Carrer Pellaires
08019
Barcelona
Spain

SuperGroup Retail Ireland Limited
c/o Egan O'Reilly Solicitors
19, Upper Mount Street
Dublin 2
Ireland

SuperGroup Sweden AB
c/o CorpNordic Sweden AB
Box 16285
103 25 Stockholm
Sweden

Superdry Norway A/S
Kongens Gate 12
0153 Oslo
Norway

Superdry Retail Denmark A/S
SuperGroup Nordic and Baltics A/S
SD 1 Aps
SD 2 Aps
Balticagade 24
8000, Aarhus C
Denmark

Horace
703 Route Nationale
83310
Grimaud
France

Asia

SuperGroup India Private Limited
14th Floor, Dr. Gopal Das Bhawan
28 Barakhamba Road
New Delhi – 110001
India

Superdry Mumessillik Hizmet ve Ticaret Limited Sirketi
Baglar Mahallesi Yavuz Sultan Selim
Caddesi Canel
Plaza no: 15
Kat 9 Bagcılar-istanbul
Turkey

Superdry Hong Kong Limited
1106-8, 11th Floor, Tai Yau Building
No 181 Johnston Road
Wanchai
Hong Kong

Trendy & Superdry Holding Limited
13th Floor Gloucester Tower
The Landmark
15 Queen's Road
Central
Hong Kong

North America

Superdry Retail LLC
Superdry Wholesale LLC
SuperGroup USA Inc
160 Greentree Drive
Suite 101
Dover
DE 19904
USA

Five year history

(Unaudited)	2014* £m	2015 £m	2016** £m	2017 £m	**2018 £m**
Revenue	430.9	486.6	597.5	752.0	**872.0**
Cost of sales	(173.6)	(190.4)	(229.7)	(299.0)	**(365.5)**
Gross profit	257.3	296.2	367.8	453.0	**506.5**
Selling, general and administrative expenses – underlying	(200.5)	(238.3)	(303.2)	(375.4)	**(418.5)**
Other gains and losses (net) – underlying	4.7	6.0	8.5	11.8	**12.3**
Operating profit before exceptional and other items – underlying	61.5	63.9	73.1	89.4	**100.3**
Exceptional and other items (net)	(16.8)	(3.7)	(17.0)	(2.2)	**(31.7)**
Operating profit	44.7	60.2	56.1	87.2	**68.6**
Finance costs (net)	0.6	(0.2)	(0.1)	0.2	**(0.3)**
Share of loss in investment/joint venture	(0.1)	(0.5)	(0.6)	(2.6)	**(3.0)**
Profit before tax	45.2	59.5	55.4	84.8	**65.3**
Tax expense	(17.4)	(13.5)	(14.1)	(18.8)	**(14.6)**
Profit for the period	27.8	46.0	41.3	66.0	**50.7**
Profit attributable to non-controlling interests	0.4	0.6	0.1	–	**–**
Profit attributable to equity shareholders	27.4	45.4	41.2	66.0	**50.7**
Underlying profit before tax	62.0	63.2	72.4	87.0	**97.0**
Basic earnings per share (pence)	34.0	56.1	50.7	81.2	**62.2**
Underlying basic earnings per share (pence)	58.0	59.1	70.9	84.5	**93.6**
Weighted average number of shares (m)	80.6	81.0	81.1	81.3	**81.5**

* Accounting period consisting of 51 weeks and 6 days.
** Accounting period consisting of 53 weeks.

Shareholder information

Registered office and contact information

Unit 60 The Runnings
Cheltenham
Gloucestershire
GL51 9NW
Registered in England and Wales
Registered Number 07063562
T: +44 (0) 01242 578 376

Shareholder enquiries may be submitted to company.secretary@superdry.com

This report and other information on Superdry Plc is available to download on corporate.superdry.com

General shareholder enquiries

Enquiries relating to shareholders, such as the transfer of shares, change of name or address, lost share certificates or dividend cheques, should be referred to the Company's registrar, Computershare, using the details below:

Computershare Investor Services Plc
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Shareholder information line: 0370 889 3102. Lines are open Monday to Friday, excluding bank holidays and weekends, 8.30am to 5.30pm. Please dial +44 370 889 3102 if calling from outside the UK.

* For those with hearing difficulties, a textphone is available on 0370 702 0005 for UK callers with compatible equipment.

Annual General Meeting

The Annual General Meeting will be held at 10.30am on Tuesday 11 September 2018 at the offices of Investec Bank plc, 30 Gresham Street, London, EC2V 7QP. The notice of the meeting, together with details of the business to be conducted at the meeting, is available on corporate.superdry.com

The voting results of the 2018 AGM will be accessible on corporate.superdry.com shortly after the meeting.

Dividends

An interim dividend for the financial year ended 28 April 2018 of 9.3p per ordinary share was paid on 26 January 2018. A final dividend of 21.9p per share has been proposed and, subject to approval at the AGM, will be paid on 21 September 2018 to all shareholders on the register on 13 July 2018.

Dividends can be paid by BACS directly into a UK bank account, with the tax voucher being sent to the shareholder's address. A dividend mandate form is available from Computershare or at www.computershare.co.uk

Electronic communications

Shareholders may choose to receive all shareholder documentation in electronic form rather than paper. If you elect this option you will receive an email each time a shareholder document is published on our website.

Tax vouchers and annual statements will be sent to your Investor Centre account. You can register for the Investor Centre at www.computershare.com/investor

To receive documentation in electronic form you just need to change your preference on your Investor Centre account or, alternatively, you can call the shareholder information line on 0370 889 3102.

Share dealing

Superdry Plc certificated shares can be traded through most banks, building societies or stockbrokers. Computershare offers telephone and internet dealing services. Terms and conditions and details of the commission charges are available on request.

This service is available Monday-Friday from 8.00am to 4.30pm excluding bank holidays and weekends, where a professional and qualified dealer will be pleased to assist you. If you would like to use the service please call 0370 703 0084. Please ensure you have your Shareholder Reference Number (SRN) ready when making the call. The SRN appears on your share certificate or your nominee statement.

To register for internet dealing services visit www.computershare-sharedealing.co.uk

Share price information

The latest Superdry Plc share price is available on corporate.superdry.com

Unauthorised brokers (boiler room scams)

Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice, get the correct name of the person and organisation and check that they are properly authorised by the Financial Conduct Authority (FCA) before getting involved by visiting www.fca.org.uk/register/

If you think you have been approached by an unauthorised firm you should contact the FCA consumer helpline on 0800 111 6768. More detailed information can be found at www.fca.org.uk/consumers/protect-yourself/unauthorised-firms

Cautionary statement

This Annual Report and Accounts ("***Report***") contains certain forward-looking statements with respect to the financial condition, results of the operations and businesses of Superdry Plc. These statements and forecasts involve risk, uncertainty and assumptions because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements are made only as at the date of this Report. Except as required by law, Superdry Plc has no obligation to update the forward-looking statements or to correct any inaccuracies therein.

The information contained within this Report is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this Report, this inside information is now considered to be in the public domain.

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