Annual Reports and Accounts 2019


Superdry.
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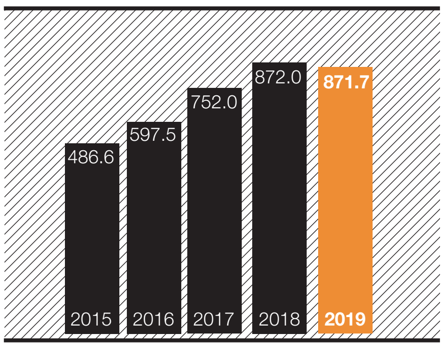
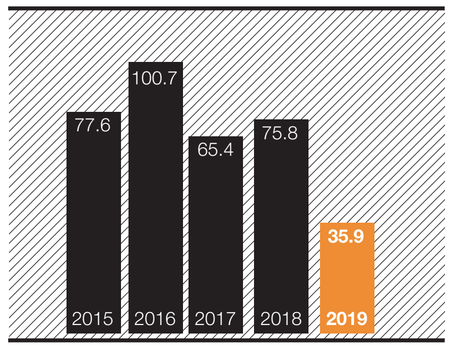
Highlights

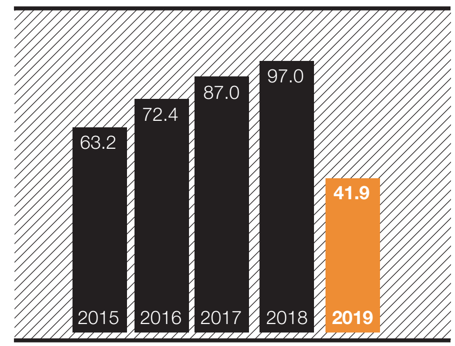
Group Revenue £871.7m
0.0% year on year



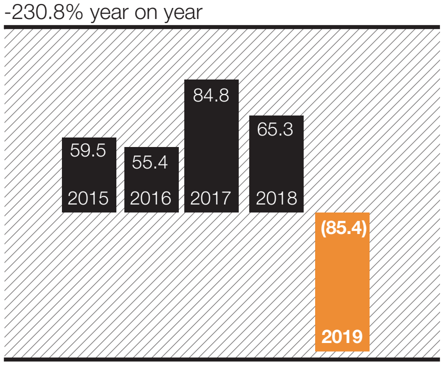
Year-end net cash[1] £35.9m
-52.6% year on year



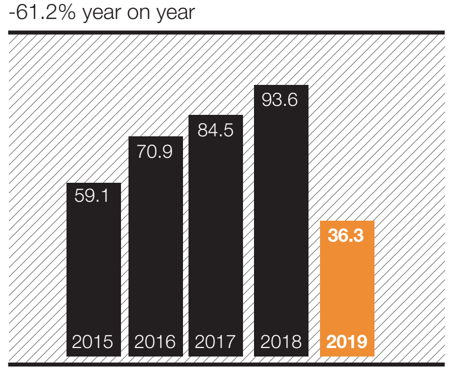
Underlying[1] Group profit before tax £41.9m
-56.8% year on year



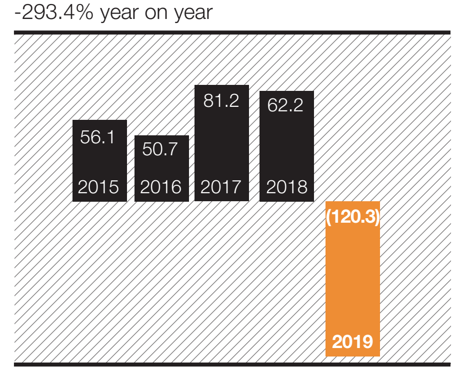
Group statutory profit/loss before tax £(85.4)m
-230.8% year on year



Underlying[1] basic earnings per share 36.3 pence
-61.2% year on year



Basic earnings per share (120.3) pence
-293.4% year on year



1. 'Underlying' and 'Net Cash' are used as alternative performance measures ("APMs"). Definition of APMs capitalised and how they are calculated are included in note 35.

Operational Highlights

- Revenue flat year on year at £871.7m
- Gross margin down 250bps to 55.6%
- Underlying profit before tax down 56.8% to £41.9m
- Group statutory loss before tax of £85.4m
- Year-end net cash position down 52.6% to £35.9m
- Dividends paid in the year up 91.7% to £46.0m
- Full year ordinary dividend 11.5p per share representing 3.2× cover
- Capital expenditure reduced by 56.1% to £24.4m
- New design and product led strategy for FY20 with the Founder returning as CEO

Contents

Chairman's Statement

"The last year has been a year of considerable challenge and change for Superdry."

The last year has been a year of considerable challenge and change for Superdry with profit warnings issued in October and December 2018 and May 2019, amidst a difficult trading landscape for most fashion retailers. Unseasonably warm weather over a prolonged period had led to a declining sales performance and it appeared that Superdry may have been losing its appeal to its traditionally broad consumer base.

Towards the end of 2018, shareholder and founder Julian Dunkerton engaged with the Board to express his frustration with the Company's performance and to request a place on the Plc Board. The Board and Julian were unable to reach a consensus as to his ongoing involvement in the business and so, on 1 March 2019 Julian, together with fellow founder and shareholder James Holder, took the step of requisitioning a general meeting of shareholders. That meeting took place on 2 April 2019 and the resolutions proposed at the meeting, to appoint Julian and me to the Board of the Company as Directors, were duly passed.

At the first Board meeting following the General Meeting on 2 April 2019, the Chief Executive Officer, Euan Sutherland, and the Chief Financial Officer, Ed Barker, stood down from the Board with immediate effect. Julian Dunkerton was appointed Interim Chief Executive Officer. At the same meeting the previous Chairman, Peter Bamford, and Non-Executive Director Penny Hughes also stood down from the Board with immediate effect.

The other Non-Executive Directors, Minnow Powell, Dennis Millard, John Smith and Sarah Wood, gave notice that they would also step down from the Board on 1 July 2019 after serving the three-month notice period under their contracts. As a result I agreed to take up the role of Chairman with effect from 2 April. I have welcomed the opportunity to work with the existing Non-Executive Directors over the last three months and greatly appreciate the support they have given me. On 3 June 2019 we were delighted to announce that Nick Gresham had joined the Company as Interim Chief Financial Officer.

After just 14 weeks Julian and I are stabilising the business and working hard together to reset Superdry's strategy in order to provide the foundations for the future. While there may be early wins, the turnaround to sustained profitable growth will take time. We are fortunate that Julian agreed to take on the role as Interim Chief Executive Officer until we find a suitable permanent successor. It will be vital to ensure that the successful candidate can work closely with Julian and the rest of his leadership team to ensure that the direction of the business remains true to Julian's vision; preliminary work has started to ensure that we have a clear specification of the skills and experience that will be necessary for the role.

The business also needs to modernise itself in terms of its infrastructure, working environment and leadership structure to operate in the multi-channel world of retail.

We have made good progress on finding replacement Non-Executive Directors. On 4 July we announced the appointment of Helen Weir as Senior Independent Director and Alistair Miller as Chairman of the Audit Committee. They both have extensive relevant experience both in the retail sector and in the public company environment. The search for an additional two Non-Executive Directors is also well advanced.

It has been a year of considerable change and I would particularly like to thank all of my new colleagues at Superdry, who are working so hard despite the challenges we are facing. There will be more change to come. I would also like to thank our shareholders and wider stakeholder community for their support as Superdry looks to the future.

Peter Williams
Chairman
9 July 2019

Strategi

c rep t

At a Glance

[Intent]

Deliver a platform for significant financial growth.

[How]

By working as a team to define a better future for the brand and the business, leveraging the positive energy and expertise within the business.

[Our Mission]

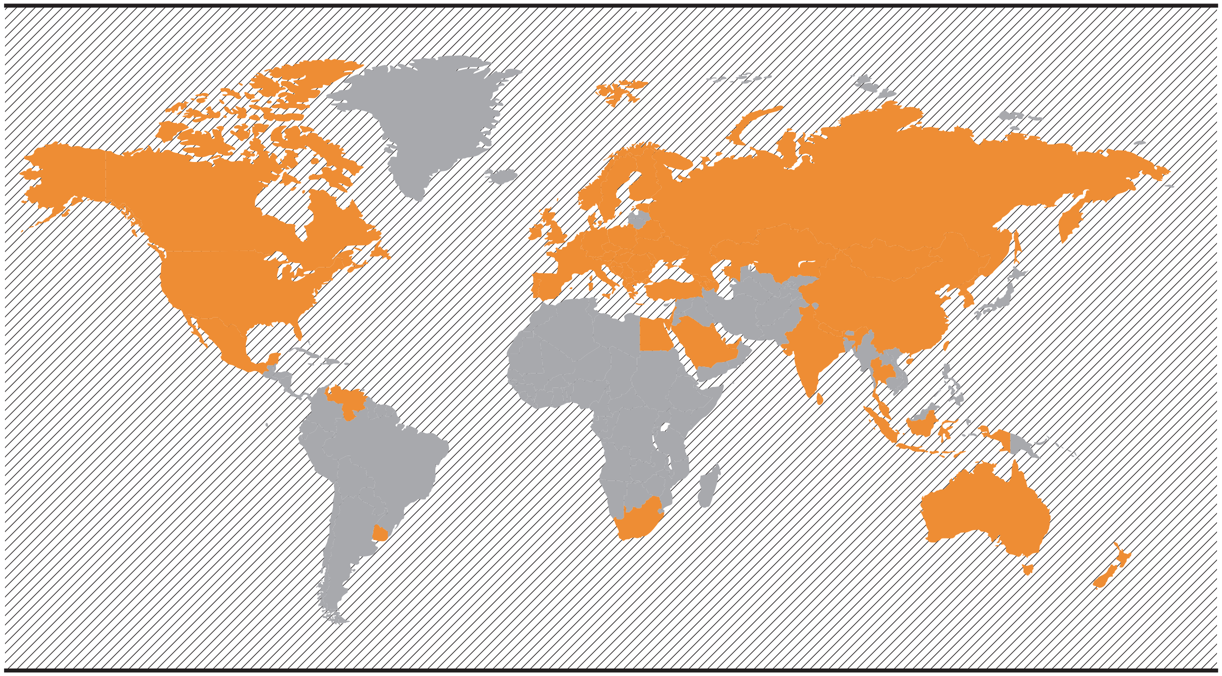
Build a creative and product led brand to inspire and engage the contemporary style obsessed consumer – always.

What we do

Our 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.

Where we operate



Our Business Model

We design, produce and sell premium branded apparel to a global marketplace. Adopting a flexible, capital-light, multi-channel approach to markets means we are able to evolve quickly to maximise opportunity. We embrace digital technology in every aspect of our business model, be that in design, sourcing, marketing or selling. We take time to understand the needs of consumers and leverage the skills and capabilities of our colleagues and business partners to be efficient and responsive to market trends and demands.

OUR VALUES

At Superdry, we believe it is important to be up front and open about the things we care about the most – and our Values have been defined with this in mind. Our Values help shape our Superdry character and personality and guide us all in the way we do things around here.

Our Values really matter to every Superdry colleague. In fact, we care about them so much we turned them into real Superdry care labels.

Our Customers

Our target customers are characterised by **attitude not age.**

[01] Our nine consumer profiles are built on behaviour and life stage

Our biggest ever piece of global quantitative and qualitative consumer insight research has led to the development of our nine box grid of consumer profiles. These profiles were built around buying behaviour and attitudes towards fashion and then further segmented by age range, to allow us to design product and communicate with consumers on a more personal and relevant level.

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.

We know our customers are aspirational, appreciative of style, quality and attention to detail and are focused on value for money.

[02] Customer insight

Insights continue to show that Superdry is a strong brand with considerable democratic appeal. From our segmentation work, we know that we have strong appeal with customers for their personal style, functional and gifting purchase missions; however, shopping for an event or for a night out represents an area of significant opportunity to increase appeal. 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. While these insights are detailed and specific in terms of shopping missions, they also serve us well when we build our creative directions and our collection segmentation.

By analysing the in-depth research, we are able to identify the opportunity by age grouping, by attitude/behaviour, relative to cultural influence and by style choice. From this, we have developed a nine box grid of consumers and four key style choices which influence our mainline collection and provide the foundation for new collection based opportunities, allowing us to personalise our consumers' individual style choice and also their brand experience.

This insight research and the creative direction will fuel positive consumer engagement by identifying relevant growth opportunities and influencing our product and communication strategy.

[03] Building a strong customer proposition

We continue to target a broad multi-channel relationship with our consumers to enhance their experience. Our channels are increasingly inter-linked, with E-commerce connected to stores via Click and Collect and iKiosk and further connected to Wholesale through our partner programme with third party platforms such as Zalando.

Our E-commerce 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 consumers should be able to order from anywhere, from any device, with any payment method and have it delivered to any location.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Our Market and Routes to Customers

We continue to focus on expanding Superdry globally, using an omni-channel approach focused on capital-light routes to customers

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 licence 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 expend rapidly into locations, drive brand awareness and gain market share without significant capital investment.

Wholesale channels represent the most significant route to customer for the brand, representing approximately 38.4% of Group Revenues in FY19 and consisting of three distinct routes to market:

- Independent retailers and distribution partners represent the largest part of our Wholesale routes to market, accounting for 43.7% of total Wholesale revenue, through more than 3,900 (2,800 customer accounts) points of distribution.
- Franchise and licence partners represent the majority of our store portfolio. Our franchise estate now stands at 488 (+58 China Joint Venture) Superdry stores, across 57 countries. Franchise and licence stores generate 36.2% of total Wholesale revenues, with 61.3% 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 2019, our 43 key account relationships generated 20.1% of total Wholesale revenues.

Consistency and quality continue to be critical to the development of Superdry and this is controlled through our Wholesale channels, via a combination of contractual requirements and quality-control audits.

Superdry continues to occupy a niche position within the branded fashion market, defined by our unique product ranges, superb quality and the design detail for which we are famous. Superdry continues to develop and strengthen consumer opportunities in Eastern Europe, the USA and China.

Consumers' shopping habits continue to change, with online channels increasingly used to research and purchase products. Cross-channel strategies ensure that the consumer experience is enhanced. 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 particular stage of development.

E-commerce

[4] **Superdry branded websites (20 in all)**

[5] **Partner websites that build brand awareness and access a different customer base (16 in all)**

[6] **Off-price E-commerce (eBay UK, Germany, Australia and USA)**

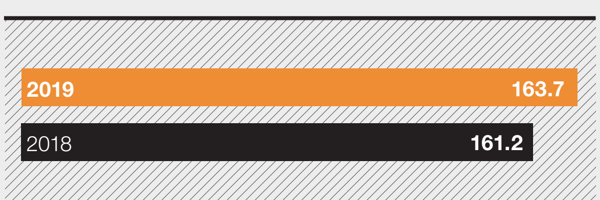
Commentary

Within the E-commerce channel, owned Superdry branded websites are often our vehicle for initial entry into new markets, allowing us to access unmet customer demand and to build brand awareness, with minimal capital investment and the ability to fulfil orders from our expended distribution network. We have 36 international websites (including third party websites, covering 15 different languages) and will continue to accelerate our online presence to capture growing consumer demand.

E-commerce connects to wholesale through our partner programme, for example Zalando, Next or La Redoute, and to stores via Click and Collect and ikiosk.

Retail channel revenues

E-commerce



Owned stores

[7] **Owned stores in primary catchments**

[8] **Outlet stores**

Commentary

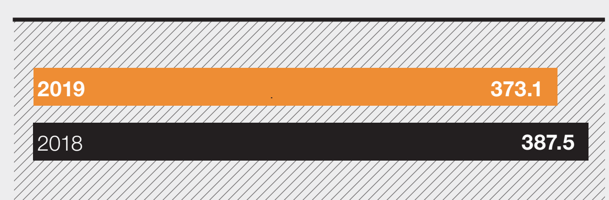
Owned stores remain important to our brand proposition with our store estate predominately based on short-term, flexible property terms. As an illustration of this, over 70% of the Group's current owned store portfolio has an exit opportunity within the next four financial years.

Owned stores total 248 across 11 countries where the brand has been established, primarily through Wholesale and E-commerce. 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.

Similar to eBay within E-commerce, 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.

Retail channel revenues

Stores



Interim Chief Executive's Review

Our aim is to restore Superdry to a high margin business, with strong brand recognition and a loyal customer base, to put a halt to constant discounting and to reinvigorate the E-commerce business, providing vision for this channel of opportunity.

This has been a year of considerable change at Superdry, and one of the most challenging in our history of creative progress and strong sales growth and the issues in the business will not be resolved overnight. My first priority on returning to Superdry has been to steady the ship and get the culture of the business back to the one which drove its original success. All of the team in Superdry are working incredibly hard to deliver the direction being set out, with a real focus on returning the business to its design-led roots and getting the retail basics right.

In a difficult retail climate, full year Group revenue was flat on the prior year, with a first half performance benefiting from discounting and space growth followed by poor performance in the second half across all channels.

Full year underlying profit before tax was £41.9m, significantly below the prior year of £97.0m and after including £11.1m credit related to the utilisation of the onerous lease provision and the reduced depreciation following the impairment charge triggered in January 2019.

Non-cash onerous lease and impairment charges of £129.5m, impacting *circa* half of the retail estate as a result of decreasing store revenues and cautious recovery plan. This resulted in a full year statutory loss before tax of £85.4m, versus prior year profit of £65.3m.

While improving the productivity of our business, concurrently our focus will be on driving cost efficiencies to support investment in Superdry, to streamline operations, reduce excess capacity and right-size the Company to create profitable growth. We are examining the business in detail, looking at every issue and opportunity in turn, and we will deliver a full strategic update later in the year.

We remain in a cash positive position with closing cash of £35.9m. This supports maintaining the dividend policy and the proposal to pay a final dividend of 2.2p per ordinary share giving a full year dividend of 11.5p per ordinary share.

Strategy

My express intention in returning to the business is to guide the brand that James Holder and I founded, back to its design-led roots. This desire is driven by our belief that, together with the wider design team that we had assembled at Superdry, we can return the Company to strong revenue growth, restore double-digit EBIT margins and rebuild profitability over a three-year time frame.

This programme has started in earnest and I would like to share with you the strategic objectives that underpin this new direction and creative reinvigoration of a great British brand.

We have reversed the previous buyer-led approach to return to being a design-led business; we have re-engaged Super Design Lab and our exceptional internal creative teams; we are returning to the quality of product for which the brand previously became famous; we are producing a continuous flow of innovative, brand enhancing product and capsule collections. Critically, we are enhancing and supporting the business by reducing lead times, and producing cutting edge, commercial branded product.

Primarily, Superdry is a brand that retails. As such we are returning the Company to the retail basics: placing the consumer at the heart of the design process; taking decisions and acting swiftly; trialling products and ideas, learning quickly, and rolling out the winners; driving cost efficiency to keep the brand lean and agile.

Product and Design

Understanding our customer is key, and we are committed to ensuring that brand quality and fit are the best in the world at a price that is achievable to everyone. The relationship between the reinvigorated Super Design Lab and our in-house designers will be very important. These two elements will be clearly aligned but there will be a distinct difference with regards to approach. I will stay with the in-house designers and will support the selection of ranges to ensure there is a breadth of strong design and core classics. Through judicious use of design collaborations, we shall broaden and strengthen both the customer appeal and the opportunities for our brand.

This separation of the in-house team and the Super Design Lab will ensure that the creative process is not constrained, there are separate goals, but the end products will be able to sit alongside each other in a complementary way.

This creates a halo effect for the brand and allows a drop ship model, with limited edition products online and in-store. This will enable active engagement on social media and generate excitement amongst our consumers. We believe this will re-engage age groups for which, potentially, we have not been effectively catering. We will create more targeted and larger ranges which will bear fruit in forward orders from Jan/Feb 2020 in Wholesale and Autumn 2021 in Retail.

Globally there is little competition for an accessible fabric and fit driven, branded offering of our quality and our price proposition. The incorporation of branding in the design process makes us unique. At Superdry we blend the branding into the design itself, a design decision which differentiates us from our competitors. Moving forward, we are excited about how we can reinvigorate the Superdry brand.

Brand and Marketing

In the current year, we will be increasing investment behind our brand and marketing activities with the desire to reignite the brand DNA. We will be creating more visually exciting brand assets to use across all channels and to help achieve this we will be increasing the marketing team headcount and experience.

We recognise the opportunity social media offers a brand like Superdry and therefore we are already making changes to bring social media activity back in-house to enable us to reduce costs and reinvest this to significantly improve our social influence online.

Interim Chief Executive's Review

Channels to market – Retail

Our strategy moving forward will be to limit discounting. Our approach will be carefully considered, and the main focus of any clearance activity will be in outlets, rather than in our stores and online.

We are testing the proposition offered in our stores through increased density, choice and customer experience. In our stores we are testing various different combinations of fixtures, product density and product choice, and will deliver an enhanced retail experience across all stores: that sense of excitement for all customers who cross the threshold to our stores is vital.

The Company is currently conducting a thorough review of its owned store portfolio but still sees its store estate as a key asset in Superdry's mission to develop its digital business, a clear advantage that we have over pure play E-commerce retailers. Our stores are equipped to take and fulfil orders, and from later in FY20, we will implement the capability to maximise both the return on our stock and availability to our customers. We will also take advantage of naturally occurring lease expiry and break points to consider relocations and rationalisations to optimise the physical footprint of our estate and identifying a number of opportunities for rent renegotiations.

As such, we hope to improve profitability across our own store estate without needing to close a significant number of our stores.

Channels to market – E-commerce

Superdry continues to be a brand with huge digital potential and E-commerce is likely to be the fastest growing division of our business over the next five years: its high returns and capital light nature will enhance overall returns for shareholders. Having rebalanced our capital investment towards digital channels, we have a dynamic rolling programme of enhancements, each of which improves the customer experience. By adding a far greater degree of social media to the mix, we can expand the range and personalise what we put in front of customers.

We are redesigning the Superdry website, making the navigation-to-basket easier and quicker and enhance and improve overall appearance and the digital consumer experience in order to increase conversion rates.

When I first returned at the beginning of April 2019, there was a large amount of stock available in our warehouses but not accessible to customers. By releasing this stock, it will potentially more than double the choice online. This has moved us from a potential of 60,000 SKUs (Stock Keeping Unit) online in early spring to a potential of 140,000 SKUs by the end of the summer. This stock that had previously been in a warehouse has now been achieving full price sales. We have been in the process of removing all promotional activity in outlets and building gross margin.

Another quick win has been immediately rectifying the October jackets proposition by creating a commercial range that will flow into all channels. I have been committed to creating products that appeal to more clearly defined demographics, by keeping consumer tastes and fashions central to the design process, and producing great products, accordingly.

We have been setting up a fast response graphics programme with unlimited potential for newness from September 2019 onwards. This is key for us as it enables us to create products incredibly quickly. The online channel has to drop newness every week allowing us to replace a discount message with the constant newness is fundamental for any premium brand.

These changes will energise the Superdry brand once again across our digital channels, and we will adapt our physical stores to reflect any new information, another advantage that we have over pure play E-commerce retailers.

Channels to market – Wholesale

Our commitment to a reduction in promotional activity will enhance our relationship with Wholesale customers. This will be supported through a rebalance and growth in Wholesale choice with our offering tailored to customers locations. Our Wholesale customers are crucial partners in our global sales operation. We look forward to providing them with exciting and innovatively designed new product that will, in turn, delight and engage their own customers. Superdry will be looking at the Wholesale opportunities on a country by country basis.

There will be a constant flow of short lead time products layered over the top of the mainline range to provide an improved level of responsiveness. Our return to delivering more design classics will reduce the fashion risk on products with a long lead time.

We will double the product option count, including an expansion of womenswear, Superdry sport, and a premium range, underpinned by our never-out-of-stock products (classic style, core colour) and our core products (classic style, fresh colours). Over these we can layer our responsive product (trend led, short order quantities) which will generate freshness and excitement for the brand.

The market has developed, and it is important that Superdry can evolve to meet the new demands. Our approach is to capture the way people shop now and utilise the power of social media and marketing to support the growth of our brand.

Summary

Across the world, there are many opportunities Superdry has for growth. Asia is an area of significant growth potential and therefore we are looking towards this region as providing one of the most exciting future opportunities for Superdry. In terms of our other geographic locations, we see multiple opportunities for growth across our channels. In the UK particularly it will be online and a broadening of our demographic. In Europe it will be largely franchise and online. In the US this growth is likely to stem from own retail stores and online.

The most successful fashion companies and brands are driven, nurtured and grown by relentlessly creative and entrepreneurial teams. They understand and anticipate evolving trends and rapidly developing consumer tastes, delivering for customers through a multi-channel environment, generating retail excitement and a sense of theatre.

Our aim is to restore Superdry to a high margin business, with strong brand recognition and a loyal customer base, to put a halt to constant discounting and to reinvigorate the E-commerce business, providing vision for this channel of opportunity.

I am proud of our people's passion and engagement and I want to thank all Superdry colleagues for their creative energy and dedication to our great company.

Julian Dunkerton
Co-Founder and Interim Chief Executive Officer
9 July 2019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Interim Chief Financial Officer's Review

"In a difficult retail climate, Group revenue saw a small decline year on year of £0.3m to £871.7m (2018: £872.0m). This was driven by the modest growth achieved in our Wholesale channel, which delivered a sales increase of 3.6%, offset by a revenue decline of 2.2% in our Retail channel."

Revenue

In a difficult retail climate, Group revenue saw a small decline year on year of £0.3m to £871.7m (2018: £872.0m). This was driven by the modest growth achieved in our Wholesale channel, which delivered a sales increase of 3.6%, offset by a revenue decline of 2.2% in our Retail channel. After a first half total revenue growth of 3.1%, boosted by promotional discounting and space growth, the second half of the year traded significantly worse at a decline of 2.7%.

The currency translation impact of the Group's international operations was 0.0% and therefore no impact to Group revenues on a constant currency basis.

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

Our Retail division

Our Retail division includes Owned Store and E-commerce as routes to market. E-commerce growth of 1.6% was offset by an Owned Store decline of 3.7%, resulting in the Retail division delivering revenue of £536.7m (2018: £548.6m), down 2.2% on the year.

Retail store performance benefited from 5.8% average space growth in the year, adding a net two stores to close at 248 owned stores across the UK, Europe and the USA, and therefore like-for-like store sales saw a decline of 9.6%, following a decline of (6.0)% in FY2018. E-commerce revenue grew by 1.6%, a marked slowdown from FY2018 (+25.8%), with declines in third party sites amplifying the slower growth from owned sites.

Despite this deceleration, the relative growth of E-commerce resulted in participation within Retail revenue increasing from 29.4% to 30.5%.

Retail revenue	2019 £m	2018 £m	Change
Owned Retail Stores	**373.0**	387.4	(3.7%)
E-commerce	**163.7**	161.2	1.6%
Total Retail revenue	**536.7**	548.6	(2.2%)
E-commerce revenue as a proportion of Total Retail revenue	**30.5%**	29.4%	

Performance in our largest market, the UK and ROI, was weak, with revenues declining 7.0%. This was driven by continued negative LFL performance in our store estate, as well as a significant slowdown in E-commerce revenues in the second half of FY2019.

Revenues in Europe grew by 0.5%, with growth in France and Germany offsetting relative weakness in smaller EU markets. The results also benefited from the annualisation of FY2018 store openings (6.9% average net space increase).

North America saw strong growth in store revenues, benefiting from a net ten new store openings since the start of FY2018 offsetting LFL declines in that market. However, E-commerce weakness was a drag on this performance, impacted by a significantly reduced range offering as we transitioned to in-market fulfilment.

Retail revenue by territory	2019 £m	2018 £m	Change
UK and Republic of Ireland	**263.4**	283.2	(7.0%)
Europe	**208.1**	207.1	0.5%
Rest of World and other	**65.2**	58.3	11.8%
Total Retail revenue	**536.7**	548.6	(2.2%)

Our Wholesale division

Our Wholesale division includes multi-brand independents and distributors, franchise and licence stores in secondary catchments and developing markets and physical and online department stores as routes to market. Wholesale revenue of £335.0m was up 3.6% year on year (2018: £323.4m), driven by our franchise stores and local independent retailers.

Performance in our Key Accounts (major/multiple retailers) was flat year on year, with growth in the US and Europe offsetting declines in the UK. At the end of the year the Group had Wholesale operations in 69 countries including 464 (2018: 394) Superdry branded franchise stores and 22 (2018:18) licensed stores.

Wholesale revenue by territory	2019 £m	2018 £m	Change
UK and Republic of Ireland	**38.8**	42.1	(7.8%)
Europe	**222.5**	211.4	5.3%
Rest of World and other	**73.7**	69.9	5.4%
Total Wholesale revenue	**335.0**	323.4	3.6%

Gross Margin

The reduction in Group gross margin by 250bps to 55.6% (2018: 58.1%) predominantly reflects increased discounting in the retail channel undertaken in response to challenging conditions in the retail environment, together with the impact of the comparative growth in our relatively lower margin Wholesale operation. Gross margin benefited from a 50bps foreign exchange tailwind year on year, driven by the timing of USD denominated purchases for the Spring/Summer 2018 season.

Gross Margin by channel	2019	2018	Change
Retail	**63.7%**	66.8%	(3.1)%pts
Wholesale	**42.5%**	43.2%	(0.7)%pts
Total Gross Margin	**55.6%**	58.1%	(2.5)%pts

Operating Costs

Underlying selling, general and administrative expenses of £447.0m (2018: £418.5m) include the sales and distribution costs for the Retail and Wholesale channels of £372.4m (2018: £346.4m) and Central costs of £74.6m (2018: £72.1m).

Sales and distribution costs (which include costs associated with operating stores, depreciation and transporting products) totalled £372.4m (2018: £346.4m), an increase of 7.5%. Growth in these costs compares to flat revenues, and are primarily driven by continued investment in our logistics capabilities, and the annualisation of our prior year store opening programme, together with the impact of foreign exchange movements.

Underlying Central costs (which include the costs of operating our global operations teams, support functions and related depreciation) were £74.6m (2018: £72.1m), an increase of 3.5%. Growth in these costs reflects continued investment in key category and design teams and the depreciation and licence costs from ongoing investments in more scalable and functional IT applications, together with the impact of realised losses on foreign exchange movements. This was partially offset by lower variable pay costs.

Underlying other gains and losses (which include royalty income and other income) were £10.8m (2018: £12.3m), a decrease of 12.2%. This is partly the result of a reduction in compensation received from brand protection activities, and also reflects that the income recognised from gift vouchers breakage has reduced following the adoption of IFRS 15 (see note 3 for further details).

Net finance costs of £1.0m (2018: £0.3m) relate to the increased usage of our overdraft facility year on year, as well as arrangement fees relating to the Revolving Credit Facility, agreed in January 2019. The net underlying share of loss of our China joint venture of £3.7m (2018: £3.0m) is the result of the broader trading challenges seen across the business.

In addition to the items above, the operating loss before tax is after charging net exceptional and other charges of £116.3m (2018: £31.7m).

Underlying Profit Before Tax

	Underlying 2019 £m	Underlying 2018 £m
Revenue:		
Retail	**536.7**	548.6
Wholesale	**335.0**	323.4
Group revenue	**871.7**	872.0
Underlying operating profit:		
Retail	**27.1**	66.3
Wholesale	**95.6**	106.1
Central costs	**(74.6)**	(72.1)
Underlying total operating profit/(loss)	**48.1**	100.3
Underlying operating margin	**5.5%**	11.5%
Net finance income – Central costs	**(1.0)**	(0.3)
Impairment losses on financial assets – Wholesale and Central costs	**(1.5)**	–
Share of joint venture – Central costs	**(3.7)**	(3.0)
Total profit/(loss) before tax	**41.9**	97.0

Underlying profit before tax (as defined in note 35) for the 52-week trading period was £41.9m (2018: £97.0m), 56.8% below the prior year.

Group underlying operating margin declined by 600bps on last year to 5.5% (2018: 11.5%). Declines were driven predominantly by the deleveraging effect of negative LFL performance in the owned store estate, with the retail channel driving 450bps of the Group margin dilution. Wholesale accounted for the remainder of the decline, as a consequence of distribution costs growing ahead of revenue, leading to a 140bps drag. Central costs increasing ahead of revenues drove an additional 100bps of the decline. Foreign exchange impacts were relatively benign at an operating margin level, with purchasing benefits in cost of sales offset by the impact of realised losses on foreign exchange movements.

Interim Chief Financial Officer's Review

	2019 £m	Group 2018 £m
Underlying profit before tax	**41.9**	97.0
Exceptional and other items		
Unrealised gain/(loss) on financial derivatives	**23.9**	(20.8)
Store asset impairment and onerous lease provision	**(129.5)**	(7.2)
Restructuring, strategic change and other impairment costs	**(8.1)**	–
Buy-out of Netherlands agent	**–**	(1.6)
IFRS 2 charge on Founder Share Plan	**(2.6)**	(2.1)
Total exceptional and other items in operating profit	**(116.3)**	(31.7)
Impairment of losses on financial assets	**(8.5)**	–
Share of joint venture exceptional costs	**(2.5)**	–
Total exceptional and other items before tax	**(127.3)**	(31.7)
Reported (loss)/profit before tax	**(85.4)**	65.3

Exceptional and other items in the period totalled a charge of £127.3m in the year (2018: £31.7m charge).

At our Interims in December we announced a review of our owned store portfolio to address both the structural challenges we are seeing in terms of channel shift and also to drive future profitable growth. As a result of this review, and reflecting revised cautious future projections, unprofitable stores have been identified. Accordingly, a non-cash net impairment and onerous lease charge has been made of £129.5 million (FY2018: £7.2 million), affecting 114 stores.

The worst performing ten stores represent around 40% of the net impairment charge and around 50% of the onerous lease charge. The onerous lease charge represents around 20% of the future operating lease commitments, as disclosed in note 30.

Following the change in management on 2 April there is a renewed focus on stores as an opportunity for profitable growth, both through trading improvement and the renegotiation of rents. Consequently, a store-by-store review is under way to ensure that potentially profitable space is not reduced prematurely. As such, we do not expect a significant number of closures in FY2020.

Onerous lease provision utilisation and reduced depreciation as a result of the impairment charge will unwind over the remaining life of the impacted leases, with the benefit to underlying profit before tax peaking in FY2020, and diminishing as these leases expire or are exited. In line with the relative profitability over the course of the financial year, the utilisation of the onerous lease provision is lower in the second half of the year, driven by the relative profitability in the store over the peak trading period.

The trigger date for this impairment review was 27 January 2019, following our peak trading period, and consequently the exceptional charge is deemed to occur at the end of the third quarter in FY2019. Consequently, the unwind of the impairment and utilisation of the onerous provision over the fourth quarter benefits underlying profit before tax for FY2019 by £11.1m.

The table below shows the profile of this benefit through FY2023:

£m	Q4 19 £m	H1 20 £m	H2 20 £m	FY20 £m	FY21 £m	FY22 £m	FY23 £m
Reduced depreciation from store impairment unwind	2.6	4.6	4.5	9.1	8.8	7.3	5.5
Onerous lease provision utilisation*	8.5	10.5	7.0	17.5	16.0	12.3	11.0
Net benefit to underlying profit before tax	11.1	15.1	11.5	26.6	24.8	19.6	16.5

* Onerous lease utilisation in FY19 per the financial statements is £9.3m. The additional £0.8m relates to utilisation of onerous lease provisions made in previous financial years

IFRS 16 'Leases' replaces the current lease accounting requirements and becomes effective for the year ending 26 April 2020. The adoption of this accounting standard will impact operating profit in future periods. It will also have an impact on the accounting for the onerous lease provision in the Balance Sheet at 27 April 2019. There is no cash impact. Further information about this accounting standard and its impact on the Group is provided in note 3.

Exceptional items also include £8.1m in relation to costs of restructuring and change in strategy, plus other impairment charges predominantly in relation to the China joint venture.

Other items in the year include a £23.9m credit in respect of the fair value movement in financial derivatives (2018: £20.8m 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 £2.6m 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.

Given the continuing joint venture losses and significantly lowered operating projections in the market, we have written down the value of our investment in China in full. This results in a further £2.5m exceptional cost, relating to an onerous lease provision and store impairment, as well as the write off of deferred tax assets.

In addition, the loan balance of £8.5m has been fully impaired under IFRS 9 to reflect the uncertainty of the timeline for repayment of the existing loans due from the joint venture.

The determination of the value of joint venture investments is further explained in note 20.

Taxation in the period

Our tax expense on underlying profit of £12.7m (2018: £20.7m) represents an underlying effective tax rate of 29.1% (2018: 21.3%).

This is higher than the UK statutory rate of 19.0% (2018: 19.0%) to the level of the overseas losses in relation to which no tax benefit is recognised, paying more tax in high tax jurisdictions such as Belgium, depreciation and amortisation on non-qualifying assets and the non-deductibility of the joint venture loss in the period. In the medium-term we anticipate that the substantial majority of the Group's earnings will be taxed in the UK.

(Loss)/profit for the period

After exceptional and other items, Group loss after tax for the year was £98.5m, compared to a profit of £50.7m in 2018.

Earnings/loss per share

Reflecting the decreased profit achieved by the Group during the year, underlying basic EPS is 36.3p (2018: 93.6p), a decrease of (61.2)%.

The underlying performance of the business, offset by the exceptional and other items outlined above, results in a reported basic EPS of (120.3)p (2018: 62.2p) based on a basic weighted average of 81,870,875 shares (2018: 81,510,921 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 36.2p (2018: 93.1p) and diluted EPS is (120.0)p (2018: 61.9p). These are based on a diluted weighted average of 82,068,659 (2018: 81,956,045) shares.

Dividends

An interim dividend of 9.3p per share was paid on 25 January 2019. In line with the revised dividend policy the Board has recommended a final ordinary dividend of 2.2p per share, taking the full-year ordinary dividend to 11.5p per share.

If approved, the final ordinary dividend will represent a cash outflow of approximately £1.8m and will be paid on 20 September 2019 to all shareholders on the register at the close of business on 19 July 2019. The total ordinary dividend represents an earnings cover consistent with the dividend policy.

Cash flow, balance sheet and investments

Superdry remains strongly cash-generative, with operating cash generated before working capital movements of £78.5m (2018: £135.2m) and retained net cash balances of £35.9m (2018: £75.8m) at the end of the year after funding continued investment across our business.

During the year, the Group increased its uncommitted bank facility from £20m to £40m. This reduced back to £20m in the second half of the year. The maximum drawdown on this facility in the period was £26m, and it was undrawn at year-end. In recognition of the continued growth of the Group's Wholesale operation and changes to inventory flows reflecting the increasingly global nature of the brand, and in planning for the longer term, the Group signed a three-year revolving credit facility in January 2019 to accommodate peak working capital requirements. The maximum drawdown on this facility in the period was £22m and it was undrawn at year-end.

£m	2019 £m	2018 £m
Operating cash flow before movements in working capital	**78.5**	135.2
Working capital movement	**(23.9)**	(30.9)
Net interest	**(1.0)**	(0.3)
Taxes	**(15.9)**	(23.9)
Net cash generated from operations	**37.7**	80.1
Investments	**–**	(3.2)
Long-term loan to joint venture	**(5.0)**	(3.3)
PPE and intangible assets	**(24.4)**	(55.7)
Cash received from disposal of financial assets	**–**	2.2
Dividends	**(46.0)**	(24.0)
Other (including foreign currency movement)	**(2.2)**	14.3
Net (decrease)/increase in cash	**(39.9)**	10.4
Cash and cash equivalents at end of period	**35.9**	75.8

Net cash generated from operations of £37.7m has decreased versus the prior year (2018: £80.1m), mainly as a result of the reduction in profit before tax.

Working capital was an outflow of £23.9m, including an increase in inventories of £25.5m and a net reduction in trade and other debtors of £9.4m. Trade and other payables were an outflow of £7.8m.

Cash investment in property, plant and equipment and intangible assets totalled £24.4m (2018: £55.7m). During the year, £14.6m (2018: £46.6m) of capital additions were made, of which £7.0m (2018: £30.4m) related to leasehold improvements across the Group. The remaining balance of capital additions includes furniture, fixtures and fittings (£4.2m) and computer equipment (£3.3m). Capital expenditure has reduced significantly in the year as a result of reduced investment in the store portfolio given the current economic climate and a similar level of investment in infrastructure.

As at 27 April 2019, the net book value of property, plant and equipment was £74.1m (2018: £130.2m).

Interim Chief Financial Officer's Review

Intangible assets, comprising goodwill, lease premiums, distribution agreements, trademarks, the website and computer software, stood at £51.5m at the year-end (2018: £57.8m). Additions in the year were £9.2m (2018: £11.1m), comprising mainly website and software additions.

Due to the challenging trading conditions and higher level of working capital currently held, net cash generated from operations reduced to £54.6m (2018: 104.3m). As a result, we have actively reduced capital expenditure in the year, with capital investment totalling £24.4m (2018: £55.7m). When combined with dividend payments of £46.0m (2018: 24.0m), an increase of £21.9m year on year, mainly as a result of a Special Dividend paid in December 2018, this has resulted in a year-end cash balance of £35.9m, down £39.9m year on year.

Working capital

Current assets		2019 £m	2018 £m	Change
Working capital	Inventories	**190.8**	162.3	17.6%
	Trade and other receivables	**122.4**	140.0	(12.6)%
	Trade and other payables	**(127.3)**	(119.7)	6.4%
Total working capital		**185.9**	182.6	1.8%

Inventories, trade and other receivables and trade and other payables increased 1.8% during the year to £185.9m (2018: £182.6m) and as a proportion of Group revenue was 21.3% (2018: 20.9%).

Inventory levels increased by 17.6% at a total level to £190.8m (2018: £162.3m), a direct consequence of the challenging trading conditions already highlighted. In addition to the ongoing stock provisioning policy, an additional £2.5m of stock write-downs were made relating to excess stock held in our North American distribution centres, reflecting the more cautious operating forecasts in this market. This additional and specific write-down is equivalent to 1.3% of our inventory held at year-end.

Total and other receivables decreased by 12.6% to £122.4m (2018: £140.0m), with trade receivables (+2.8%) growing more slowly than Wholesale revenue (+3.6%), and the decrease in other receivables driven by lower prepayments year on year.

Total payables increased by 6.4% to £127.3m (2018: £119.7m) due to the timing of payments around the period end.

Outlook

Global retail markets are expected to remain highly competitive and the consumer outlook continues to be uncertain, including the continued uncertainty of the impact of Brexit. Given the scale of the trading downturn in FY19 and the lead times required to rectify the product range and proposition, management view FY20 as a year of reset, both operationally and financially, creating a platform from which Superdry can return to long-term profit growth.

We expect our financial performance this year to reflect market conditions and the historic issues inherited. Despite early, albeit small positive results from new initiatives across the Retail channel, we expect Group revenue to show a slight decline in FY20, particularly in the first half, as we rebalance promotional activity and strengthen the brand. The stronger full price trading stance in Retail will support gross margin rate gains, partially offset by the dilutive impact of channel mix towards Wholesale.

Overheads and central costs are expected to reduce slightly year on year, with savings from store costs and central efficiencies partially offset by investments required in focus areas such as marketing. Within these expectations we will keep a tight control on cash, investing to support profitable growth while rebuilding cash resources.

Our future reported financial performance will also include the positive impact of the onerous lease and impairment unwind.

Assessment of the Group's Prospects

The Directors have made appropriate enquiries and consider that the Group has adequate resources to continue in operational existence for the foreseeable future, which comprises the period of at least 12 months from the date of approval of the financial statements. In addition, in accordance with provision C.2.2 of the 2016 Corporate Governance code, the Directors have assessed the prospects and viability of the Company and its ability to meet liabilities as they fall due over the medium-term.

Background

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

A review of the business performance is set out in the financial review. Like-for-like store sales have declined in the year by 9.6% and wholesale and E-commerce sales growth have also decelerated year on year (to 3.6% and 1.6% respectively). Underlying profit before tax has fallen from £97.0m in the prior year to £41.9m. An exceptional charge of £127.3m (2018: £31.7m) has been recognised in the year primarily relating to store impairment and onerous lease charges, costs incurred as a result of strategic changes implemented by the new management team post the EGM on 2 April and announced restructuring initiatives at Head Office. Despite this the Group remains profitable on an underlying basis, and cash generative. The year-end cash balance is £35.9m (2018: £75.8m).

The Group had a committed Revolving Credit Facility (RCF) of £70m available until January 2022, beyond which it may be extended at the discretion of the lender for a further two years. This facility was not drawn down at the year-end but was partially utilised during the year, reflecting the seasonality of cash flows during the Group's annual trading cycle. In addition, the Group has an overdraft facility of £20m available on a rolling annual basis, albeit as this is not committed, it has not been considered by management as part of the going concern and viability assessment. The covenants in the facility are tested bi-annually and are based around the Group's leverage and fixed charge (rent and interest) cover. The covenants are tested on a 'frozen GAAP' basis and hence the adoption of IFRS 16 will not impact them.

The interim CEO's strategy for the Group is described within the annual report. This strategy has been used to develop a medium-term financial plan, which has been used for the basis of management's going concern and viability conclusions. The Plan, which is in its early stages of implementation, assumes the Group halts the continued decline in performance in FY20. In the medium-term, the plan then assumes the return to strong revenue growth, the restoring of double-digit EBIT margins and the rebuilding of profitability over a three-year time frame.

The medium-term financial plan referred to above has been sensitised for severe but plausible variations in trading performance. The sensitivities reflect the recent decline in performance, the continued challenging economic conditions and uncertainty regarding the future success of the new strategy. This assessment is linked to a robust assessment of the principal risks facing the Group. The principal risks are outlined on pages 24 to 31.

The downside scenario assumes the following. The assumed rate of sales decline in FY20 is worse than that experienced by Superdry over the last year:

- A 10% decrease in store like-for-like sales in FY20 compared to FY19. In FY21, a further decline in like-for-like sales of 5%
- A 5% decrease in E-commerce sales in FY20 compared to FY19. In FY21, an increase in sales of 5%
- A 5% decrease in Wholesale sales in FY20 compared to FY19. In FY21, an increase in sales of 5%
- Sales growth for FY22 and FY23 across all channels is then forecast to be approximately 50% less than the growth assumed in management's medium-term plan.

In addition, the possible impact of a 'hard Brexit' has been estimated and modelled. This assumes an adverse impact on UK gross margin rate to reflect possible FX volatility and duty increases. In modelling a severe but plausible scenario over the four-year assessment period, these downside scenarios have been modelled in combination.

The severe but plausible downside trading scenario has a significant impact on the financial position of the Group in future years. However, the Directors have considered mitigating actions that could be reasonably implemented, together with the availability of the RCF until at least January 2022. The mitigating actions considered by management are a reduction in uncommitted capital expenditure, suspension of the dividend, and a lower buy of new season stock in line with the lower sales values.

Going concern

After considering the forecasts, sensitivities and mitigating actions available to management, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, and operate within its borrowing facilities and covenants for a period of at least 12 months from the date of signing the financial statements. Accordingly, the financial statements continue to be prepared on the going concern basis.

Viability

As explained above, in order to comply with Section 2.2 of the Corporate Governance Code, the Directors have assessed the prospects of the Group over a longer period than the 12 months required by the 'going concern' provision. The Directors have assessed the viability of the Group over the four-year period through to FY23, which coincides with the Group's strategic review period and is consistent with the medium-term financial plan. Furthermore, beyond this period, performance is impacted by both UK and International economic conditions which become increasingly difficult to predict.

This assessment has considered the potential impact of the principal risks on the business in particular future performance and liquidity over the period. In making this statement, the Directors have considered the resilience of the Group under varying market conditions together with the effectiveness of any mitigating actions.

As already described in the statement on going concern, as part of this assessment the Directors have considered a severe but plausible trading scenario and the impact of a 'hard Brexit', and have taken account of the availability of the Group's RCF.

While recognising the challenging retail environment will increase the risks and costs around the future refinancing of this facility, based on current market conditions the Directors believe that Superdry has the appropriate plans and mitigations in place to maximise the prospects of a successful renewal in advance of the January 2022 expiry.

The stress testing indicated that, after taking account of the mitigating actions, the Group is able to operate within its funding facilities and covenants for the four-year assessment period.

Based on this assessment, the Directors have a reasonable expectation that the Group will have sufficient resources to continue in operation and meet its liabilities as they fall due over the period to April 2023. However, a sustained downturn as a result of the new strategy not turning the business around, and a failure to renew the RCF, would threaten the viability of the business over the four-year assessment period.

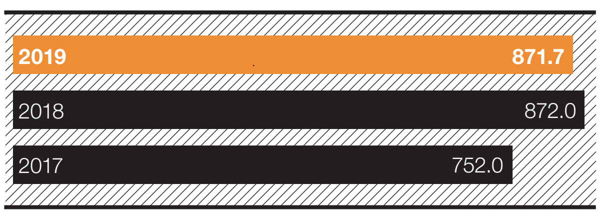
Key Performance Indicators

Financial

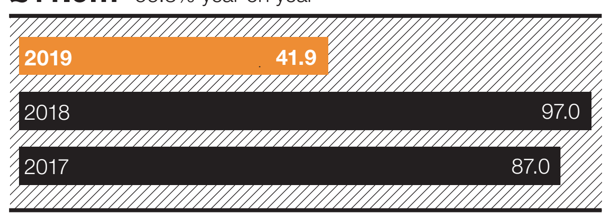
Financial definitions

- Foreign currency sales are translated at the average rate for the months 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 number of shares; and
- Underlying is defined as reported results before exceptional items and other items, and is further explained in note 35 to the financial statements.

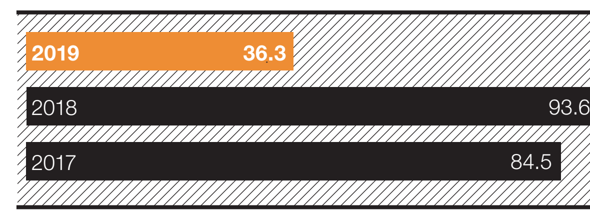
Group revenue £871.7m
0.0% year on year



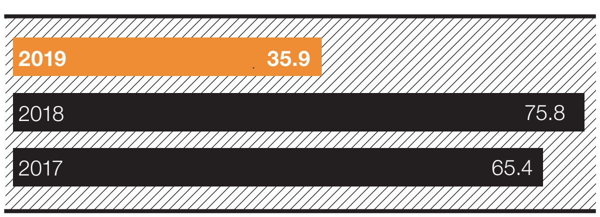
Underlying[1] Group profit before tax £41.9m -56.8% year on year



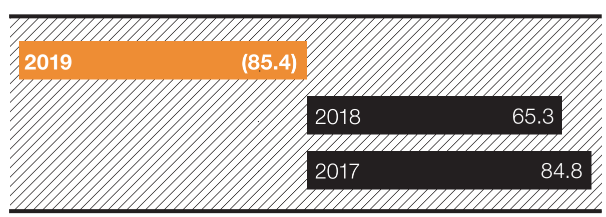
Underlying[1] basic EPS (p) 36.3p
-61.2% year on year



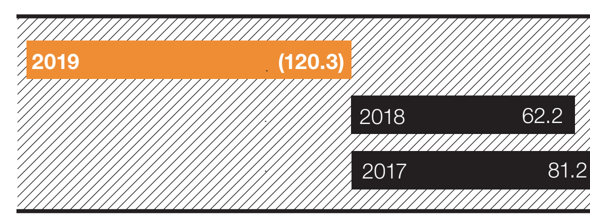
Year-end net cash[1] (£m) £35.9m
-52.6% year on year



Group (loss)/profit before tax (£m) £(85.4)m -230.8% year on year



Basic EPS (p) (120.3)p
-293.4% year on year



1. 'Underlying' and 'Net Cash' are used as alternative performance measures ("APMs"). Definition of APMs capitalised and how they are calculated are included in note 35.

Operational

Operational definitions

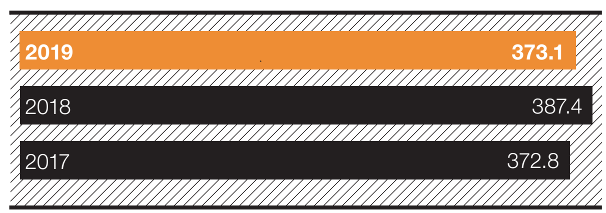
- Gross margin percentage is gross profit expressed as a percentage of Group revenue;
- Retail Store revenue is revenue representing amounts receivable for goods supplied, net of discounts, actual returns, returns provisions and value added taxes from all of our owned store estate including concessions;
- Like-for-like sales growth is defined as the year on year increase in revenue from stores and concessions open for more than one year, and allowing for store upsizing of no more than 100% in original trading space less the impact of store closures;
- Total retail selling space is defined as the trading floor area of all stand-alone stores, excluding concessions, and does not include stockrooms, administration and other non-trading areas;
- Wholesale revenue is revenue represents amounts receivable for goods supplied, net of discounts, actual returns, returns provisions and value added taxes from all of our wholesale activities; and
- E-commerce revenue is revenue represents amounts receivable for goods supplied, net of discounts, actual returns, returns provisions and value added taxes from all of our websites including third parties.

Group gross margin (%) 55.6%

-250bps year on year

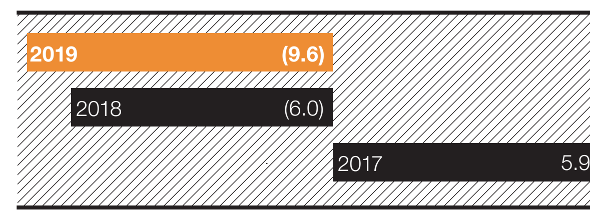
Retail store revenue (£m) £373.1m

-3.7% year on year



Retail like-for-like (%) (9.6)%

-60.0% year on year



Total retail selling space (100 square feet) 1,197,000 sq ft 1.5% year on year

Wholesale revenue (£m) £335.0m

3.6% year on year

E-commerce revenue (£m) £163.7

160bps year on year

Note: During the year we have assessed our operational KPIs and now consider the above to be a better reflection of the operational performance of the business.

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

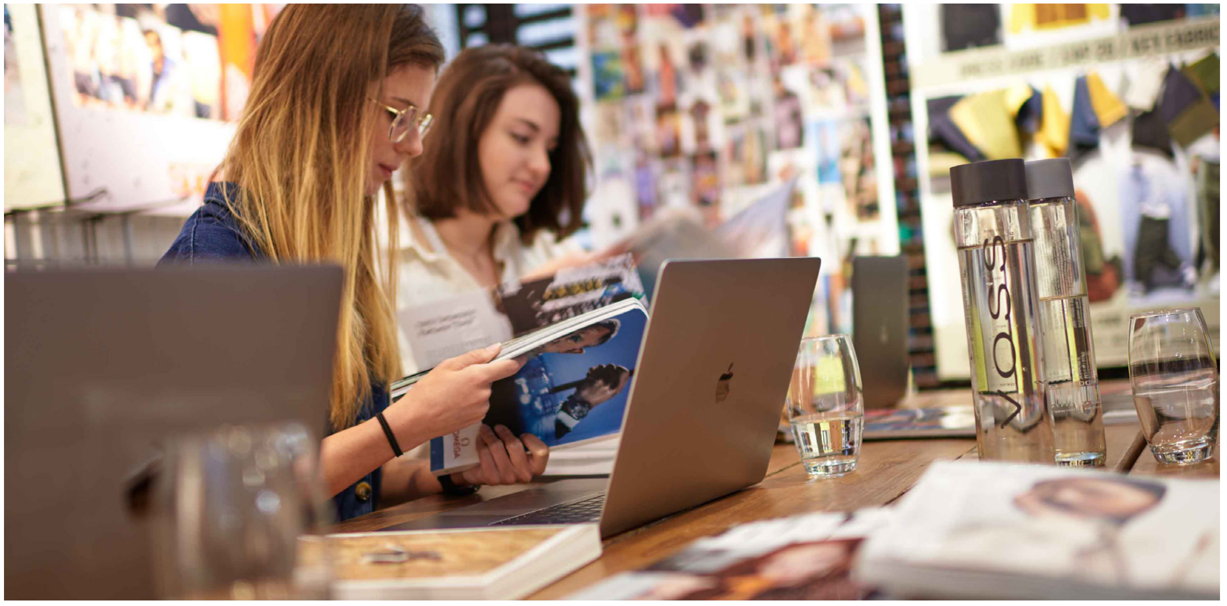
How We Manage Our Risks

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 and a set of principal risks and uncertainties, which are set against the Interim Chief Executive Officer's strategy. These are reviewed formally and updated on a regular basis to ensure that they are 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, has met regularly 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.

In FY19, the Committee was 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, Wholesale and E-commerce Director and an Internal Audit representative from KPMG. Functional risk registers have been 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 we have concluded that this risk warrants consideration in its own right, rather than being viewed as a composite element of other risks. On 8 April 2019, a new Head of Internal Audit and Risk was appointed to further enhance our risk management activities.



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

How We Manage Our Risks

Ref	Risk	Potential Impact	Mitigation	Risk Velocity	Change in Risk 2017	Change in Risk 2018	Change in Risk 2019
AR1	A new global strategy is being developed; failure to deliver on this may lead to negative impact on revenue and profit.	Failure to achieve planned growth targets could significantly impact corporate and investor sentiment. Failure to appeal to the target customers could lead to increased erosion of brand equity.	The return of Julian Dunkerton to the business will lead to a change in the strategy of the brand. It is recognised that development of the new strategy is a work in progress, but the intention is to return to being a design led business, returning to the quality of product that the brand became famous for and not diversifying into areas such as kidswear. We will move away from relying on discounts to generate sales, relying instead on the quality and targeting of the product.	Months	← →	← →	↑
AR2	Damage may occur to the Superdry Brand or the Brand may continue to lose its appeal. This could result from many factors, including diminishing brand resonance (as described in AR3) 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 or loss of / unauthorised access to customer data (as covered in AR7).	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.	From its inception in 2003, Superdry has grown strongly, developing an instantly recognisable brand. The last few years have provided a challenge for retail across the board, and a new strategy, being developed following the return of Julian Dunkerton to the Board, will aim to renew the brand equity. A reintroduction of the innovative creative input and reconnection with the core customers will underpin this reinvigoration of the DNA of the brand. Our in-house brand protection team 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 a core element of our strategy, 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.	Weeks	← →	← →	↑

Ref	Risk	Potential Impact	Mitigation	Risk Velocity	Change in Risk 2017	Change in Risk 2018	Change in Risk 2019
AR3	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 and/or the wrong options creating 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.	The next 12 months will see a refocus on our brand DNA, using the unique nature, appeal and position of the brand to produce innovative product attractive to our key consumer groups. The future plan will utilise the DesignLab to produce a continuous flow of innovative, brand enhancing products and capsule collections. Transitioning back to a two season model, including continuity and a never out of stock approach, will enable seasonally relevant product to be in-store and available to customers. Elements such as leveraging the short lead time of Turkey production for in-season relevant drops will also be considered. There will be a focus on enhancing the customer experience in-store and online.	Months	← →	← →	↑
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.	Each new market that we enter is 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. As part of the developing strategy, we will review the growth in our key markets, particularly the US and China and adapt our approach accordingly. These markets have not been immune from pressures we have seen elsewhere within the Group, however, they will remain a key part of our new strategy.	Months	← →	← →	↑
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.	The recent Board level changes have inevitably led to a number of senior leadership changes across the business; however, Superdry remains an attractive employment brand proposition and benefits from a strong cadre of long-serving colleagues with a deep understanding and knowledge of our brand DNA. Superdry has a progressive approach to talent management, developing leaders of the future and promoting from within the business wherever possible. As our new strategy evolves over the coming months, our talent pool will be reviewed against this and any future new requirements identified.	Months	↓	← →	↑

How We Manage Our Risks

Ref	Risk	Potential Impact	Mitigation	Risk Velocity	Change in Risk 2017	Change in Risk 2018	Change in Risk 2019
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, E-commerce 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	↑	↑	↑
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 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 continue to operate a strict change freeze during the Group's key trading period in order to minimise the risk of infrastructure disruption.	Days	← →	↑	← →

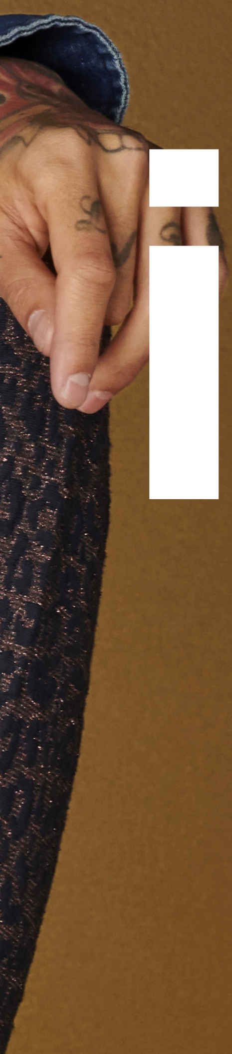
Ref	Risk	Potential Impact	Mitigation	Risk Velocity	Change in Risk 2017	Change in Risk 2018	Change in Risk 2019
AR8	Failure to comply with legal and regulatory frameworks.	Failure to comply with legal obligations or regulatory frameworks in the diverse markets in which we operate could result in financial 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 believe we operate processes and systems which are robust to ensure compliance with all applicable regulation, e.g. GDPR.	Weeks	← →	↑	← →
AR9	Risk of significant changes in currency exchange rates. Risk of not being able to renew banking facilities.	Our financial results could be impacted by changes in exchange rates. Our going concern and viability may be impacted by the ability to renew banking facilities to support cash flow through the trading cycle.	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. The Group is cash positive and generative, with flexibility to manage outflows to protect its ability to meet liabilities, including reducing capital investment and capital returns in the form of dividends.	Weeks	↑	← →	↑
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	← →	← →

How We Manage Our Risks

Ref	Risk	Potential Impact	Mitigation	Risk Velocity	Change in Risk 2017	Change in Risk 2018	Change in Risk 2019
AR11	E-commerce 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.	Our new online strategy will restore and increase SKU count through DesignLab, reinstate the design and creative team and 'in season' drops. In addition, it will capitalise on short lead time of Turkey production for 'in season' relevant drops and increased SKU counts for soft goods. It will develop a strong brand marketing, performance marketing and social media strategy to drive traffic to the website, while reducing discount messaging. Intelligent data driven personalisation will be a key driver and the introduction of automation will enable us to go faster to market with the customer – their experience always being front of mind. The introduction of new payment methods will help with the acquisition and retention of Gen Z customers. 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. We will also complete an overhaul of our websites, including a site redesign and a new photography directive.	Days	NEW	← →	↑
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 the new strategy and are an important source of ongoing revenue. The brand has a relatively small store portfolio totalling 734 stores across 63 countries, with over 400 of these stores being operated by third parties under franchise arrangements. The Group's owned store portfolio of 248 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 three 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. However, accounting rules require the Company to provide for any unavoidable losses to the point of lease break and to write down the value of assets of any unprofitable store; this has resulted in a non-cash exceptional impairment and onerous lease charge of £129.5m in the year.	Months	N/A	NEW	↑

Ref	Risk	Potential Impact	Mitigation	Risk Velocity	Change in Risk 2017	Change in Risk 2018	Change in Risk 2019
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. The Group considers the following risks to be most relevant to Superdry: • Potential increase of import duties on imports from suppliers outside the EU (in particular Turkey); • Frontier delays at the UK/EU border causing customs delays on imports of stock; • Potential fluctuations in the value of Sterling and the impact on UK markets and Superdry cost base; • Delays on shipments to EU customers from the UK and impact on availability in distribution centres; • Potential loss of harmonised rights in EU on intellectual property; • Restriction on mobility of labour within the EU and loss of key personnel. The Group believes however that the risks arising are partly mitigated by the following factors: • Less than 30% of Global brand revenue is now generated in the UK; • We operate three distribution centres, including one in Belgium, one in the US and one in the UK. Mitigating actions could be taken such that only UK destined stock needs to be imported into the UK; and • We have a diversified supplier base in, but not restricted to, Turkey, China and India.	Months	N/A	NEW	← →


Susta



inability

"It's a fantastic achievement and I would like to congratulate the team on exceeding our targets for 2019 and wish them continued success in working towards our goal of transforming Superdry into a 100% organic cotton business."

Julian Dunkerton, Co-Founder and Interim Chief Executive Officer

Sustainability

Sustainable Development Goals (SDGs)

Along with our SR40, we as a business have started to use the Sustainable Development Goals (SDGs) to track the impacts that our business and wider sustainability activities have on their achievement, and to target priorities on a country level.

SDG5 Gender Equality

Where we work with factories and farms with significant participation of women, we aim to empower these women to actively engage in their workplace or community. Our core focus country is India.

SDG7 Affordable and Clean Energy

As a global brand, using clean (renewable) energy is a global focus, and our SR40 Goal to move to 100% renewable electricity in our business and direct supply chains demonstrates this.

SDG 13 Climate Action, SDG 15 Life on Land and SDG 14 Life below Water

The UN Food and Agriculture Organisation (FAO) recently recognised the role of agro ecological systems, such as organic farming, in addressing the huge challenges associated with conventional farming techniques including biodiversity loss and water contamination. Superdry's move to 100% Organic Cotton aims to positively impact these goals in our Cotton source regions.

Paul Thomas
Energy and Environment Manager

Carly Thomas
Ethical Trading Manager

A team of award winning volunteer colleagues participated in the Trust's Million Maker Programme . . . they raised in excess of

£50,000

This section provides:

1. Progress we have made so far against each SR40 Goal.
2. Update on wider Sustainability activities to make the best product sustainably, to protect our planet and support our people.

Sustainability: Super Responsible 40

This year has marked our first full year for our SuperResponsible40 (SR40), and we have made significant progress.

We are more aware than ever of the impact our industry has on the planet and the people that produce our clothing.

Our SR40 plan is our response to our belief that a business can have the greatest positive impact using innovation and creativity to make products from sustainable materials, in protecting our planet by using resources responsibly and in supporting our people, our suppliers' people and local communities.

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 52% of everything we make, we're transforming Superdry into an organic cotton business. Before Genetically Modified Organisms (GMOs) were introduced 20 years ago, cotton was organic. By 2040, all ours will be too. Organic means no chemicals, no GMOs, no pesticides, less water. Organic means a better life for farmers: no exposure to harmful chemicals and pesticides, sustainable harvests and in our farmers' words: 'healthier soil for the next generation to farm from'.

This year, we converted 5.4% of our Global Cotton Volume to Organic Cotton – exceeding our 2019 milestone of 3% and meeting our 2020 milestone one year early.

With less than 1% of global supply being organic, we recognise that we cannot sustainably transform into an organic cotton brand in current market conditions. We have completed our first year of Farmer Engagement and Development (FED) which aims to stabilise and grow the Organic Cotton value chain – through disruptive investment at the base of the chain.

What have we converted?

Polos and core basic (non-printed) Tees

This category was the first to switch as it is one of our largest categories. We are phasing organic through the range this year, and aim to convert all Polos and core basic Tees by the end the AW20 season. We are taking a category by category approach to ensure organic cotton is integrated at design phase and within the supplier base.

We have made a significant impact in our first year with 26% styles converted in by SS19.

Sleepwear

We moved all cotton based sleepwear into Organic Cotton from FL18, two years ahead of plan. Going forward, organic cotton will become a core part of sleepwear, underwear and socks.

Farmer Engagement and Development (FED)

In May 2019 we completed our first year working directly with 968 organic local farmers, across 16 villages in Madhya Pradesh, India.

These farmers are either organic by default (i.e. they do not have access to conventional seeds, fertilisers, etc.), or have recently chosen to convert back to organic farming for the betterment of their land.

Utilising local trainers specialising in best organic practices and winter cropping, we are investing in education programmes to help utilise best techniques – and ultimately maximise yields through better inputs and agronomic practices.

This is our first year operating at this level of the supply chain, and through our India Sourcing Office we have fed bales from these farms into three of our India based factories making our Polos and core basic T-shirts.

By doing this we are able to get better visibility of payments made to farmers for their organic cotton – prioritising an Organic premium on bales to better support livelihoods.

FED Empowerment for Women Farmers

Female participation across the 16 farms we work runs at approximately 50%, and as such we have looked at ways to connect with these farmers to help them build better livelihoods.

Our FED team has recruited two dedicated women's welfare trainers to work directly with women farmers to raise awareness on gender specific health and hygiene, education access and human rights.

This work directly supports progress towards Gender Equality SDG 5 at farm level.

What's next?

Having already met our 2020 target, our plan is to learn from this year, expand the use of organic cotton into new categories and continue developing our FED programme to deliver best possible value to farmers.

Our next target is 10% by 2025 which – based on current rates of transformation – is achievable, while ensuring we continue to invest in building capacity within our supply chain through to farms.

Link to SDGs

Case Study

Organic Cotton Accelerator (OCA)

"Direct-to-farm sourcing is imperative to securing sustainable cotton—that is why OCA is 100% farm first . . ." - OCA

Superdry is an Affiliate Contributor of the Organic Cotton Accelerator (OCA; "oak-ah"), a multi-stakeholder organisation focusing on creating a prosperous organic cotton sector that benefits everyone – from farmer to consumer.

Affiliates in OCA account for an annual turnover of over €165bn and 70% of global procurement of organic cotton by volume.

OCA's team works alongside our suppliers and local teams to build capacity and address integrity, quality of service and prosperity at farm level.

Sustainability: Super Responsible 40

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.

A team of award-winning volunteer colleagues participated in the Trust's Million Maker Programme and, alongside developing their own business and personal leadership skills, they raised in excess of £50,000.

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.

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.

Link to SDGs

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 our franchises 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:

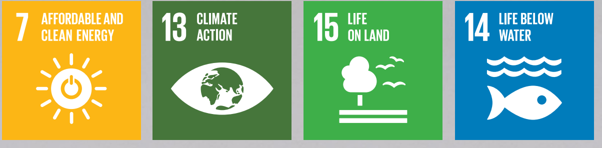
1. 100% renewable electricity for our own business by 2020
2. 100% renewable electricity in franchise stores and distribution centres by 2030
3. 100% renewable electricity in main suppliers' businesses by 2040

We have maintained our 100% usage of renewable electricity for our own business this year. Where possible we make sure we focus on the most environmentally benign carbon free generation technology, specifically wind and solar power.

An energy mapping exercise of our distribution centres and franchise stores has taken place. Calculations of emissions from energy use in these facilities can be seen in the Global Greenhouse Gas Emissions on page 47. Use of renewable electricity in these facilities currently stands at 1% (from the solar array on the roof of our UK distribution centre).

We completed an initial assessment across our supply base on renewable electricity uptake – initial results showed that at least 25 sites already have some form of renewable generation technology installed.

Link to SDGs



Sustainability: Product

Making the best product sustainably – Supply Chain

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 integrated SR40 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.

	# Factories Actively included in Ethical Trading Programme		
	Tier 1	**Tier 2**	**Tier 3**
China & South East Asia	103	24	Launch FY21
India	30	36	3
Turkey	29	52	15
ROW	13	12	Launch FY21
TOTAL	175	124	18

We work with 424 factories globally:

- 175 '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). 100% of these factories are audited on a regular basis (every 6 to 12 months).
- 124 '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 established our Hong Kong ethical trading team in FY19 and we will be extending this process to all suppliers once they meet capacity in FY20.
- 18 'Tier 3' factories – these 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, with 100% volume sourced from Turkey and India covered to date. We plan to extend this programme in China and the rest of the world in FY21 to enable local offices to reach full capacity.

Animal Welfare

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

We published our Animal Welfare policy on our website this year, and continue to deliver 100% Responsible Down Standard ("RDS") accredited outerwear.

Chemical Compliance

At Superdry, we believe it is very important to operate and produce our clothing and accessories in conditions that respect the environment and safeguard our customers.

We have strict standards in place on harmful and hazardous substances. We actively engage our suppliers on applicable requirements and monitor them through our dedicated locally based teams, and our nominated global independent third party testing lab.

We test for harmful and hazardous substances – as defined by REACH and other globally recognised standards – applying a risk-based due diligence approach. Should we identify problematic substances, we work quickly and appropriately to ensure customer safety remains at the top of our agenda.

Case Study

Ellen MacArthur Foundation

This year Superdry joined the Ellen MacArthur Foundation with the mandate to look to beyond 'take-make-dispose', using creativity and innovation to help build a restorative fashion economy.

In February 2019 we signed up to their 'New Plastics Economy' charter on Packaging, requiring us to:

1. Take action to eliminate problematic or unnecessary plastic packaging by 2025;
2. Take action to move from single-use towards reuse models where relevant by 2025;
3. Ensure a significant percentage of plastic packaging is reusable, recyclable, or compostable by 2025; and
4. Set an ambitious 2025 recycled content target across all plastic packaging used.

Work on this has already begun. Earlier this year, we reviewed all packaging, focusing on eliminating unnecessary packaging or replacing items with more sustainable alternatives. Notably, we plan to start with:

1. Paper carrier bags made from 100% FSC certified recycled paper, 100% recyclable with innovative knitted paper handle means no contamination of the paper recycling stream (Summer 2019);
2. An E-commerce bag with reduced weight and use of recycled content (end 2019);
3. Fully recyclable craft card on all underwear and loungewear packaging (AW19);
4. Recycled Polyester Care Labels (FL19); and
5. FSC card on all Swing Tags (SS20).

Our new SR40 Steering Committee oversees these steps and monitors progress. Representatives from product focused and operational teams sit in the committee which meets every six weeks with the mandate to drive and deliver sustainable product opportunities across the business.

Decision to switch to sustainable alternatives is managed with impacted departments, and where there is a noted impact, is signed off at the Executive Committee of the Board of the Company.

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.

The six core values we defined and introduced last year 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.

4,966 people (including part-time colleagues) across the UK, Europe, US and Asia now make up the Superdry family.

The fourth year of our SuperSay Group-wide engagement survey demonstrated once again that our colleagues agree with 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. The digital internally secure social media tool, Workplace, has become central to all our communications sharing of information, experiences and great stories across the Group. Workplace is central to our mental health awareness and well-being programme; through which we have created an open dialogue with colleagues around mental health, the warning signs, tips on how to manage health & well-being and how leaders can support teams and individuals with mental health challenges. Superdry has also teamed up with 'Shout', the online text messaging service for people experiencing a mental health crisis; and a number of our colleagues have trained as volunteer crisis counsellors.

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 around 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.

4,966

people (including part-time colleagues) across the UK, Europe, US and Asia now make up the Superdry family.

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 annual sharing of our Gender Pay Gap Report (detailed report on our website) provides further insight and is enhancing our diversity conversation and 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 manager 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	6	86	1	14	7
Executive Committee	7	70	3	30	10
Direct Reports of the Executive Committee	25	54	21	46	46
Senior Employees	57	57	43	43	100
Other Employees	2,007	42	2,787	58	4,794
Total Employees	2,102	42	2,855	58	4,957

Data as at 27 April 2019. Further information on our Board composition can be found on pages 52 to 53 and information on our policy on diversity can be found on pages 57 and 66.

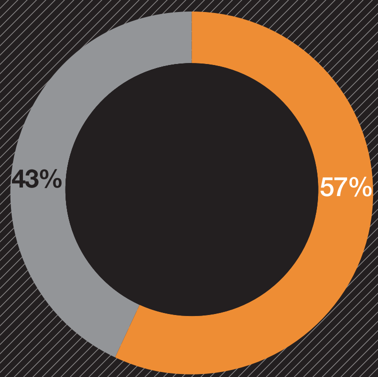
As at 27 April 2019, 24 out of 56 members of Superdry's leadership team (as defined for the purposes of the Hampton-Alexander Review) were women.

Link to SDGs

5 GENDER EQUALITY

Sustainability: Our Suppliers' People

Gender split



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 131,931 people globally – 57% are women, 43% are men.

Our Ethical Trading Code of Practice represents our baseline requirements which work 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 – whichever affords the worker the greater protection.
2. **Remedy:** Where we find issues we support factories to make improvements with the aim of providing decent work and economic growth (SDG 8) to all people operating in our supply chain.

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.

We have Superdry dedicated labour standard experts operating in each key source country – Turkey, India and China. Global oversight is provided from our Head Office Ethical Trading team.

Directly reporting into the Director of Sourcing, the Head Office Ethical Trading team provides benchmark data on factory ethical performance to inform sourcing priorities.

Independence is maintained through regular reporting mechanisms to the Chief Operating Officer, Executive Committee and the Board of Directors.

Respect: Maintaining an accurate benchmark of Factory Conditions

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 100% of 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 a system of control audits which are completed by dedicated integrity auditors.

We work with local community organisations, and wider labour standards experts to complete off-site 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.

To enable global consistency in approach, we have re-established Standard Operating Procedures globally for risk assessing factories based on issues identified in audit which we track against severity of impact, and probability of occurrence. This was finalised in April 2019 and is currently being trialled as a fully integrated function of our PLM system.

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

Our factories (Tiers 1, 2 and 3) provide jobs to over 131,931 people globally

Link to SDGs

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.

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 bi-weekly or monthly training and capacity building where factories demonstrate non compliances 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, and often worker driven, solutions.

We continue to prioritise Worker Voice in all key factories and work to ensure these factories have effective means to raise issues to management collectively.

Case Study

Gender awareness and Career Progression for Women

We are committed to making a positive contribution to **SDG5 Gender Equality**.

Where we work with factories and farms with significant participation of women we aim to empower these women to actively engage in their workplace or community.

Following a successful pilot between August 2017 and May 2018, we have now extended this programme in four factories in Southern India, extending the scope of the programme to build a career progression pathway in factory, alongside community outreach covering life skills, health and well-being – aiming to promote gender empowerment and prevent gender based violence.

Launched alongside other brands at the British High Commission in Delhi in October 2018, this programme will run through to March 2020.

The three factories selected account for 3,473 women or 23% women making Superdry product in India. Combined with last year’s programme which covered 6,181 workers we have now reached 62% of the women working across our Indian supply chain.

Link to SDGs

5 GENDER EQUALITY

Sustainability: Ethics

Collaborating with others:
We are members of numerous local multi stakeholder organisations including local ETI platforms (India and Turkey), The Brand Ethics Working Group ("BEWG") (India) and SORFOS (Turkey) – to ensure we remain informed of and can act upon prevailing local solutions. We plan to establish membership in China and South East Asia groups in FY20.

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. In June 2018, 250 colleagues took part in a 100km cycle ride around the Cotswolds. Our initial aim was to get 100 colleagues cycling 100km and raising £100 each for The Prince's Trust. We were overwhelmed with the engagement from colleagues in this event and with 160 participants raised in excess of £50,000. This financial year we raised or donated approximately £509,000, to charitable organisations including The Prince's Trust, Newlife and Mental Health Innovations. This total is an increase of £58,000 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 2019, we matched £4,466 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 £99,322 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 fourth reporting year for our disclosure which will be published alongside this report and will be available on our Group website.

This financial year we raised or donated approximately

£509,000

to charitable organisations including The Prince's Trust, Newlife and Mental Health Innovations.

£99,322

has been donated for the great work that Newlife undertakes.

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.

Superdry is committed to supporting the achievement of SDG 7 Clean and Affordable Energy and reducing our greenhouse gas emissions, energy consumption and waste in line with SDG 13 Climate Action.

Our environmental function is integrated into our core business operations, and 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 34% against the baseline resulting in a saving of 4,280 tonnes of emissions. This also represents a 5 percentage point improvement over last year. As in previous years, these savings have come from improved lighting, heating and air conditioning technology as well as strict building controls strategies and close scrutiny of metering data. Our partnership with energy controls specialists Optimised Buildings was designated 'Retail Energy Project of the Year' at the 2018 Energy Awards.

Zero waste to landfill

We continue to operate a zero waste to landfill policy where we control the destination of our waste – namely at our UK head office and distribution centre.

Global Greenhouse Gas Emissions

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

	1 May 2018 to 30 April 2019	1 May 2017 to 30 April 2018
Emissions:		
Scope 1: Combustion of fuel and operation of facilities	**301**	187
Scope 2: Electricity, heat, steam and cooling purchased for own use – location based method	**8,457**	9,197
Emissions per £m of revenue	**10.04**	10.76

	1 May 2018 to 30 April 2019	1 May 2017 to 30 April 2018
Scope 3: Indirect emissions		
Upstream Leased Assets	**147**	n/a
Business Travel	**2,409**	2,822
Operation of Franchise Stores	**9,097**	n/a
Energy used in operation of distribution centres	**1,329**	1,441
Third party logistics:		
Factory to distribute centre	**74,286**	43,819
Distribution centre to store/customer	**11,961**	24,708
Total Scope 3	**99,229**	72,790

	1 May 2018–30 April 2019	
	Location based method	Market based method
Emission comparison		
Scope 2: Electricity, heat, steam and cooling purchased for own use	8,457	149

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 £m of revenue declined by 7% over the past 12 months reflecting both the increase in electrical efficiency in our stores and a decline in the emission intensity of grid electricity, especially in the UK. 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. Emissions from Scope 2 electricity are therefore zero as 100% of our electricity is from renewable sources. We still report 149 tonnes of emissions in this category as these arise from the purchase of heating and cooling for certain stores.

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

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 2018.

Although we strive to ensure that our emission figures are accurate, access to the relevant data is not always possible and, therefore, some estimation is necessary. Fourteen per cent of our emissions this year are based on estimated data.

Link to SDGs

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

15 LIFE ON LAND

14 LIFE BELOW WATER

Sustainability: Non-Financial Information Statement

Non-Financial Information Statement

The table below shows where information can be found in relation to the requirements of Companies Act 2006 section 414CA and 414CB.

Reporting Requirement	Annual Report Section(s)
Business Model	Our Customers, Our Market and Routes to Customers, Interim Chief Executive Officer's Review, Interim Chief Financial Officer's Review
Policies/Policy Outcomes	Sustainability, Corporate Governance Report, Audit Committee Report, Nomination Committee Report, Directors' Remuneration Report
Environmental matters	Chairman's Statement, Sustainability, Interim Chief Executive Officer's Review
Employees	Sustainability, Corporate Governance Report, Nomination Committee Report, Directors' Remuneration Report
Anti-Corruption and Anti-Bribery	How We Manage Our Risks, Audit Committee Report
Social matters	Sustainability, Nomination Committee Report
Respect for Human Rights	Sustainability
Principal Risks	How We Manage Our Risks, Audit Committee Report
Non-Financial Key Performance Indicators	Chairman's Statement, Sustainability, Nomination Committee Report

This report was approved by the Board of Directors of Superdry Plc on 9 July 2019 and signed on its behalf by:

Julian Dunkerton
Interim Chief Executive Officer

Nick Gresham
Interim Chief Financial Officer

9 July 2019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Board of Directors

Peter Williams
Chairman

Appointed: 2 April 2019

Committee membership: Remuneration, Nomination (Chairman)

Peter is Chairman of the Nomination Committee and a member of the Remuneration Committee. Peter is Chairman at U and I Group PLC, the leading property regeneration company; DP Eurasia N.V, owner of the Domino's Pizza franchise in Turkey and Russia; Mister Spex GmbH, the multi-channel retailer selling eyewear online and in stores from its base in Berlin; and Sophia Webster, the accessories brand. In his non-executive career Peter played a major role in the growth of the two major online fashion retailers in the UK – at ASOS, he was the Senior Independent Director for eight years during which time the market value of the company grew from £70m to over £4.5bn; and at boohoo he was Chairman for five years from the IPO, during which time the market value grew from £560m to £2.16bn. In his executive career he was Chief Executive at both Selfridges plc and Alpha Airports plc.

Julian Dunkerton
Interim Chief Executive Officer

Appointed: 2 April 2019

Julian Dunkerton is one of the UK's most successful retailing entrepreneurs; he founded Cult Clothing in 1985, then Superdry in 2003 with James Holder. Julian has delivered 34 years of successful retail growth from start up to a £1.6bn market capitalisation (Superdry, January 2018).

Julian's outstanding commercial instincts and innate understanding of the Superdry customer, coupled with James' attention to detail, love for iconic product and striking Japanese imagery, saw the brand quickly become a British success story and worn by high-profile celebrities including David Beckham, Kylie Jenner and Idris Elba. In 2010, Julian led the float of the company on the London Stock Exchange at an initial value of £400m.

Julian is respected across the industry, winning multiple awards including PLC Entrepreneur of the Year (2013); CEO of the Year: UK Stock Market Awards (2011) and Ernst & Young Entrepreneur of the Year: Retail UK (2010).

In 2015, Julian stepped down from his role as Chief Executive at Superdry, taking on the role of Brand Founder and Product Development Director. This allowed him to concentrate on his main passion, the development of new product lines. Julian returned as Interim CEO earlier this year to reignite the original passion of the brand, invigorate the product offering and fulfil Superdry's potential as a global retail phenomenon.

Nick Gresham
Interim Chief Financial Officer

Appointed: 3 June 2019

Nick Gresham joined Superdry in June 2019. With over 30 years' retail experience, Nick brings a wealth of experience in global multi-channel brands having worked for Debenhams, Virgin Retail, Home Retail Group including Homebase, Oak Furnitureland and most recently WiggleCRC. A qualified Accountant, Nick also brings strong operational controls and strategic thinking to his roles.

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.

Directors until 1 July 2019

Dennis Millard
Senior Independent Non-Executive Director

Appointed: 1 February 2018

Resigned: 1 July 2019

Committee membership: Audit, Remuneration (Chairman), Nomination

Dennis was Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees until 1 July 2019. He is Chairman of The Watches of Switzerland 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 Chairman of Halfords Group Plc and Connect Group plc and Senior Independent Director at Debenhams plc, Premier Farnell plc and Xchanging plc. Dennis has broad commercial and financial experience in the retail, service, distribution and manufacturing sectors in the UK and internationally. He is a member of the South African Institute of Chartered Accountants and holds an MBA from the University of Cape Town.

Dennis stood down from the Board on 1 July 2019.

Minnow Powell
Independent Non-Executive Director

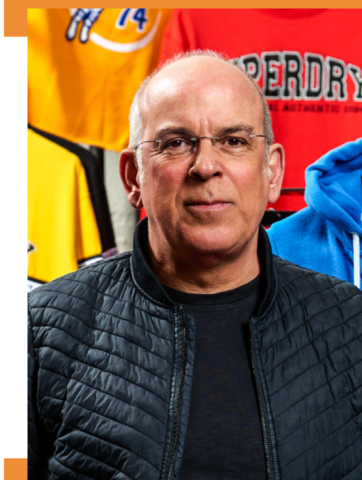
Appointed: 1 December 2012

Resigned: 1 July 2019

Committee membership: Audit (Chairman), Remuneration

Minnow was Chairman of the Audit Committee and a member of the Remuneration Committee until 1 July 2019. 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.

Minnow stood down from the Board on 1 July 2019.



John Smith
Independent Non-Executive Director

Appointed: 1 February 2018

Resigned: 1 July 2019

Committee membership: Audit, Remuneration, Nomination

John was a member of the Audit, Remuneration and Nomination Committees until 1 July 2019. He was, until 3 June 2019, 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.

John stood down from the Board on 1 July 2019.

Sarah Wood
Independent Non-Executive Director

Appointed: 1 October 2018

Resigned: 1 July 2019

Committee membership: Remuneration

Sarah was a member of the Remuneration Committee until 1 July 2019. She is the chair and co-founder of Unruly, the global video advertising marketplace acquired by News Corp in 2015. As well as being a technology ambassador for London and a board member of Tech Nation, Sarah is also an ambassador for The Prince's Trust Women Supporting Women programme. In 2015 Sarah was named City AM Entrepreneur of the Year and in 2016 was awarded an OBE for services to technology and innovation and named Veuve Clicquot Businesswoman of the Year. She is also the author of Stepping Up: How to Accelerate Your Leadership Potential, which calls for more diverse, digital and empathetic business leaders.

Sarah stood down from the Board on 1 July 2019.

Corporate Governance Report

Code compliance

The Board supports the principles laid down in the UK Corporate Governance Code issued by the Financial Reporting Council ("FRC") in April 2016 (the "Code") which applies to financial years beginning on or after 17 June 2016. The new Code of Corporate Governance (the "new Code"), published by the FRC in July 2018, is applicable to accounting periods commencing on, or after, 1 January 2019. Superdry will report on its application of the new Code in the annual report for its next financial year, which commenced on 1 May 2019.

The following, together with the Directors' biographies on pages 52 and 53, the Directors' Remuneration Report on pages 67 to 85, the Directors' Report on pages 86 to 88, the Nomination Committee Report on pages 65 to 66 and the Audit Committee Report on pages 59 to 64, provide an explanation of how the principles of the Code have been applied during the year.

The Board considers that it was of a sufficient size and balance to meet the requirements of the business and it has been in compliance with the provisions of the Code (other than in relation to the issue described in the section headed Performance Evaluation below) throughout financial year 2019. As set out in further detail in the 'Board Changes' section below, Superdry has temporarily not been in compliance with the new Code from 2 July 2019 due to its Board composition. This will be resolved following the appointment of two additional Non-Executive Directors to the Board on 11 July 2019 (as announced on 4 July 2019).

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.

Board changes

Following the General Meeting held on 2 April 2019, requisitioned by shareholders Julian Dunkerton and James Holder, the composition of the Superdry Board changed.

At that meeting, resolutions were passed appointing Peter Williams and Julian Dunkerton as Directors after which a Board meeting was held. During that Board meeting Euan Sutherland, the then Chief Executive Officer, and Ed Barker, the then Chief Financial Officer, resigned as Directors, as did the then Chairman, Peter Bamford and Non-Executive Director Penny Hughes.

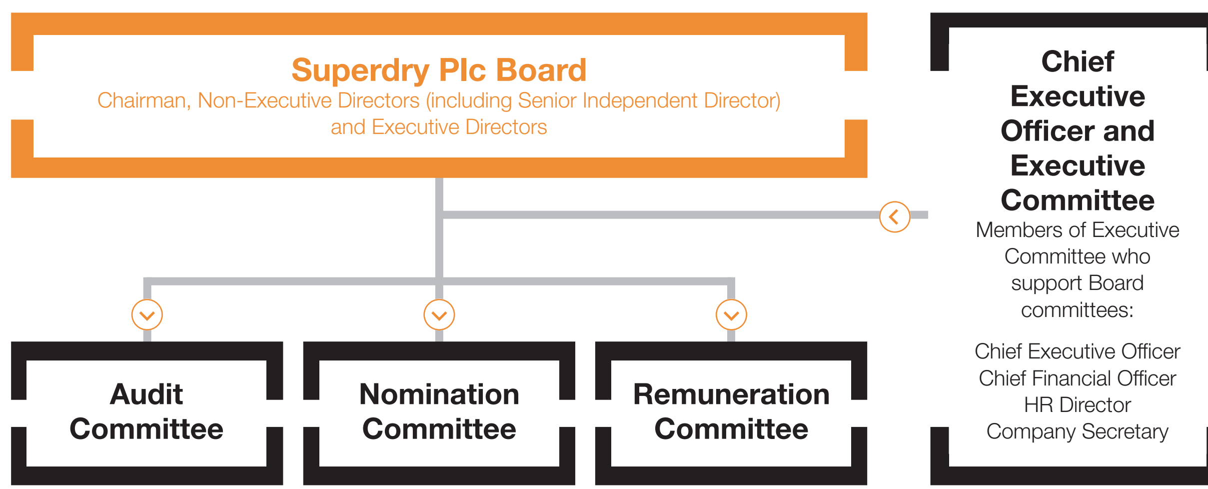
Non-Executive Directors Dennis Millard, Minnow Powell, John Smith and Sarah Wood also gave notice of their intention to stand down as Directors on 1 July 2019. Peter Williams was elected Chairman and Julian Dunkerton was appointed as Interim Chief Executive Officer during the same Board meeting. Nick Gresham was appointed as Interim Chief Financial Officer with effect from 3 June 2019.

On 4 July 2019 Superdry announced the appointment of Helen Weir and Alastair Miller as Non-Executive Directors, with their appointments to take effect from 11 July 2019.

The following section describes the Board and governance framework which operated during financial year 2019 and up to 1 July 2019. For a short period, from 2 July 2019 to 10 July 2019 inclusive, and as fully explained above, the Board comprised three Directors and it was therefore not possible for the usual Committee structure to operate. During this period, all decisions were taken by the Board, comprising three Directors (the independent Chairman, the Interim Chief Executive Officer and the Interim Chief Financial Officer). The biographies of these Directors appear on page 52.

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 diagram below. Each of these Board Committees is chaired by a separate chair and has written terms of reference, which are reviewed regularly by the Board and which are available on corporate.superdry.com.



Read more on page 59

Read more on page 65

Read more on page 67

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 49. 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. 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 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 (resigned 2 April 2019)	6/6	–	5/5	–
Ed Barker (resigned 2 April 2019)	6/6	–	–	–
Julian Dunkerton (appointed 2 April 2019)	–	–	–	–
Keith Edelman (resigned 11 September 2018)*	2/2	–	1/2	0/1
Penny Hughes (resigned 2 April 2019)	6/6	4/4	5/5	6/6
Dennis Millard (resigned 1 July 2019)	6/6	–	5/5	7/7
Minnow Powell (resigned 1 July 2019)	6/6	4/4	–	7/7
John Smith (resigned 1 July 2019)†	6/6	4/4	–	6/7
Euan Sutherland (resigned 2 April 2019)	6/6	–	–	–
Nick Wharton (resigned 5 July 2018)	2/2	–	–	–
Peter Williams (appointed 2 April 2019)	–	–	–	1/1
Sarah Wood (appointed 1 October 2018 and resigned 1 July 2019)	3/3	–	–	5/5

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

* Keith Edelman was unable to attend a Remuneration Committee meeting which had to be rescheduled at short notice due to prior alternative commitments and one Nomination Committee meeting as a result of an urgent personal matter which made his attendance impossible.

† Due to prior alternative commitments, John Smith was unable to attend one Remuneration Committee meeting which had to be scheduled at short notice.

Up to 2 April 2019, Committee membership was as follows:

- Audit Committee: Penny Hughes, Minnow Powell (Chairman) and John Smith
- Remuneration Committee: Penny Hughes (Chairman), Dennis Millard, Minnow Powell, John Smith and Sarah Wood
- Nomination Committee: Peter Bamford (Chairman), Penny Hughes and Dennis Millard

Following the General Meeting on 2 April 2019 and up until 1 July 2019, Committee membership was as follows:

- Audit Committee: Dennis Millard, Minnow Powell (Chairman) and John Smith
- Remuneration Committee: Dennis Millard (Chairman), Minnow Powell, John Smith, Peter Williams and Sarah Wood
- Nomination Committee: Dennis Millard, John Smith and Peter Williams (Chairman)

During financial year 2019, in addition to its routine business, strategic planning and presentations from the Executive Committee members and senior managers, the Board also:

- considered succession planning for Non-Executive Directors including the roles of Chairman and Senior Independent Director;
- approved the appointment of one Non-Executive Director;
- approved the appointment of Chief Product/Creative Officers;
- 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;
- issued three profit warnings (in October 2018, December 2018 and May 2019);
- had significant engagement with shareholders, particularly in the lead up to the General Meeting on 2 April 2019;
- 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;
- held a General Meeting on 2 April 2019, which had been requisitioned by shareholders Julian Dunkerton and James Holder; and
- considered a number of changes in strategic direction following the change in executive leadership on 2 April 2019.

The Non-Executive Directors meet with the Chairman separately on a regular basis without the Executive Directors present – there were three such meetings during the financial year.

Corporate Governance Report

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.

Annual Report and Accounts approvals process

Minnow Powell, Dennis Millard, Sarah Wood and John Smith served as Non-Executive Directors (the "Departing Non-Executive Directors") on the Board during financial year 2019 and up to the date of their resignation on 1 July 2019. Audit Committee meetings were held on 28 June and 1 July 2019 and a Remuneration Committee meeting was held on 28 June 2019, all of which were attended by the Departing Non-Executive Directors. Those meetings (and a Board meeting held on 1 July 2019) included discussion on the key judgements reflected in the Annual Report and Accounts, which were not yet finalised, with management, the external Auditor, Deloitte and the internal auditor. The various Committee reports included in the Annual Report and Accounts were finalised, approved on and are dated 1 July 2019, except for the inclusion of any material adjustments that arose in the Annual Report and Accounts between 1 July and 9 July when they were due to be finalised.

While the Annual Report and Accounts were not complete and finalised on 1 July 2019, they were sufficiently advanced such that the Board of Directors (including the Departing Non-Executive Directors), taking into account their responsibilities as Directors, approved these draft Annual Report and Accounts in principle. Written representations were accordingly provided to Deloitte. The approval of the draft Annual Report and Accounts and written representations did not take into account any events or findings that arose subsequent to 1 July 2019.

The final Annual Report and Accounts were approved by and are the responsibility of the Board as constituted on 9 July 2019 comprising the Chairman, Interim Chief Executive Officer and Interim Chief Financial Officer. It is noted that a number of adjustments were identified and recorded in the period from 1 July to 9 July. These adjustments were not subject to review nor approval by the Departing Non-Executive Directors, who resigned on 1 July. The Statement of Directors' Responsibilities (page 89) has been signed by the Interim Chief Executive Officer and Interim Chief Financial Officer on 9 July 2019.

Non-Executive Director independence and time commitment

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 and a clause is included in their letters of appointment setting out their required time commitment.

During his tenure as Chairman until 2 April 2019, and having considered his other commitments, including at B&M European Value Retail SA and Spire Healthcare Group Plc, the Board was satisfied that Peter Bamford had adequate time to be able to act as Chairman.

Peter Williams was appointed as a Director and Chairman on 2 April 2019 at the General Meeting requisitioned by Julian Dunkerton and James Holder. While the previous Board had expressed concerns that given the nature and circumstances of Mr Williams' nomination he would not be independent on appointment, the Board determined at its meeting on 1 July 2019 that Mr Williams' approach to being Chairman since his appointment has demonstrated that he is independent and acting in the interests of shareholders generally. As such the Board determined that Peter Williams was independent on appointment.

The Board also considered Mr Williams' time commitments. The Board is aware that Mr Williams was made Chairman of the Board at short notice and, initially, had prearranged commitments which he had to honour. Since his appointment, however, the Board is aware that his availability has increased and accordingly having considered his other commitments, including at U and I Group plc and DP Eurasia NV, the Board is satisfied that Peter Williams has adequate time to be able to act as Chairman of the Company's Board.

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. An external evaluation was scheduled to take place in 2019; however, following the General Meeting on 2 April 2019, four Directors, including the Chief Executive, Chairman, Chief Financial Officer and Chair of the Remuneration Committee resigned with immediate effect; four further Non-Executive Directors tendered their resignations and two new Directors were appointed to the Board.

Lintstock Consultants ("Lintstock") had been engaged in February 2019 to carry out the 2019 external evaluation (originally scheduled to take place during April 2019). Following consultation with Lintstock and consideration by the Board of the benefits of carrying out an evaluation under the circumstances which followed the General Meeting on 2 April 2019, the Board decided that the external evaluation should be postponed to early 2020, anticipating that new Board members would be in place and assimilated by then, leading to a more effective and valuable evaluation.

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

Re-election of Directors

Dennis Millard, Minnow Powell, John Smith and Sarah Wood stood down from the Board on 1 July 2019. Peter Williams and Julian Dunkerton, who were appointed on 2 April 2019 by shareholder resolution and Nick Gresham, who was appointed by the Board on 3 June 2019, will offer themselves for election at the AGM. The Board considers the Directors offering themselves for 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 59 to 85.

During the year, additional ad hoc Board and Committee meetings were held as required. Non-Committee members may attend Committee meetings by invitation from the relevant Chair. 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 attend Board meetings to make presentations to the Directors.

In addition, the Non-Executive Directors make site visits to ensure they are kept up to date with developments across the business.

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 Sarah Wood's appointment 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. Appropriate induction programmes will be arranged for new directors.

Diversity

We believe in respecting individuals and their rights in the workplace. Please see pages 42 to 43 of the Strategic Report and page 66 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 one-day Capital Markets Event was held on 16 October 2018. The presentations given and videos of the event are available on corporate.superdry.com.

The Chairman meets regularly with major institutional shareholders to gain a balanced understanding of their views and to discuss strategic development and corporate governance. He is also in regular communication with our significant private shareholders, Julian Dunkerton (Interim Chief Executive Officer since 2 April 2019) 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 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 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 that they 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 89.

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, established by the Executive Committee and with oversight provided by the Audit Committee. The Risk Committee meets regularly 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, potential impact and mitigating actions, 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 regularly 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 an 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.

Corporate Governance Report

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 2019 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 during the year, which it felt was satisfactory.

Political contributions

The Company has 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 8 July 2019, 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	15,122,105	18.4	Direct
Standard Life Aberdeen	12,326,293	15.0	Indirect
Investec Asset Management	8,248,600	10.1	Indirect
Old Mutual Global Investors	6,295,560	7.7	Indirect
Artemis Investment Management	3,773,135	4.6	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.

Following the shareholders' meeting on 2 April 2019, the Board requested and Julian Dunkerton has entered into a letter of undertaking in favour of the Company under which he has agreed not to sell, dispose or otherwise deal with (other than in the course of ordinary exceptions) his shareholding for a period expiring on 1 April 2021.

Share capital

Details of our share capital are set out in the Directors' Report on page 86.

Independent Auditor

On the recommendation of the Audit Committee, the Directors will put a resolution before the AGM to reappoint Deloitte LLP as Auditor for financial year 2020.

Annual General Meeting

Our AGM will be held at The Runnings, Cheltenham GL51 9NW on 11 September 2019 commencing at 10.30am. 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. Details of the Directors' service agreements and their letters of appointment are given in the Directors' Remuneration Report on pages 67 to 85.

The Directors consider that each of the proposed resolutions to be presented at the AGM are 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
9 July 2019

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	4/4
Penny Hughes (resigned 2 April 2019)	1 April 2015	4/4
John Smith	1 February 2018	4/4
Dennis Millard (appointed 2 April 2018)	2 April 2019	0/0

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

All of the Committee members are Non-Executive Directors. The Board considers them all to be independent. Three members (I, as the Audit Committee Chairman, John Smith and Dennis Millard) 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 the external Auditor also attend Committee meetings.

The role of the secretary to the Committee is performed by the Company Secretary or the Deputy Company Secretary. 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 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 2019, the Committee considered carefully the outcome of the store portfolio review and the resulting accounting adjustments as reflected in these financial statements, the identification and disclosure of exceptional and other items, including those driven by the Board changes and associated changes to the Group strategy, the ability of the Group to continue as a going concern and the Viability Statement. In determining both the store impairment and onerous lease provisions, the Board as a whole considered carefully past performance and forecast performance across the whole store portfolio.

Audit Committee Report

The Audit Committee considered and consulted with the auditors:

a. on whether E-commerce sales could be attributed to specific stores in a sufficiently supportable manner to include those sales in the individual store impairment and provision calculations. While management and the Committee, supported by the auditors, believed that E-commerce sales could be technically attributed, the basis of such attribution was difficult to determine, due to insufficient evidence to estimate reliably the attribution, and research showed that such an approach was not common practice across other retailers. The sensitivity of attributing 10% of E-commerce sales is shown in note 2 of the financial statements.

b. to what extent distribution and central costs should be included and allocated to stores as part of those calculations. In particular, the Committee considered which costs should be attributed to stores as part of the impairment calculations and which costs relating to store properties were unavoidable and hence included in the onerous lease calculations.

c. The Committee also considered the sensitivities as to how the charge might change with changes in various assumptions, including forecast trading assumptions in the long-term financial plan, and the related disclosures in the financial statements.

Other significant areas considered included accounting for foreign exchange, accounting for the Founder Share Plan (***"FSP"***) in light of the lower share price in the second half of the financial year, the appropriateness of inventory provisions and the new RCF committed facility that was secured in February 2019. 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 adoption of new accounting standards: IFRS 9 'Accounting for Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and the preparedness for IFRS 16 'Leases' which will be implemented in the next financial year.

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 the prior year review of the internal audit function, an in-house Head of Internal Audit and Risk was recruited toward the end of the financial year to enhance internal capability in the area alongside our in-house internal audit manager. KPMG led the internal audit function during the year.

Minnow Powell
Audit Committee Chairman
1 July 2019

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 24. 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

The security of our data is hugely significant to the business and a key area of focus for the Committee. The business has continued to bolster information security capabilities and review procedures by improving IT security controls, training, monitoring, testing and oversight. This year defences have been strengthened by investing in additional monitoring and insight technologies and engagement with specialist third parties to both test defences and assess maturity levels.

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, management presented the results of testing of disaster recovery plans for major IT components critical to business operations.

The business continues to assess and test levels of maturity given the increased risks of cyberattacks and complexity of the external threat environment. A continuous improvement programme of work is in place, owned by a new IT Security Manager, covering both technical and procedural areas that is responsive to the changing risk landscape, the evolving business model, the regulatory environment and the changing shape of our systems landscape. The Audit Committee monitors all progress in terms of maturity improvement and technology delivery and the Committee continues to receive reports and updates from management on the IT security improvement activities and plans for the Group.

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, while a little delayed, 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 accounts payable, banking and treasury, the potential for implementing hedge accounting in the Group financial statements, taxation and the management of credit control with presentations given by the managers responsible.

The Committee received and considered presentations in respect of the store portfolio review, and the costs associated with the restructuring and strategic change programmes. The Committee considered whether these items are non-underlying, in accordance with guidelines on alternative performance measures. Specifically and, after considering advice from the Auditor, the Committee concurred with management's judgement as:

- The size of the store portfolio review charge, being an impairment of £42.6m and an onerous lease of £86.9m, meets the definition of exceptional and other items. In addition, the Committee reviewed the basis of the charge, taking into account the treatment of E-commerce sales, the allocation of relevant central overheads and the opinion of independent third party surveyors about the best strategy for dealing with excess space.
- The treatment of costs associated with the Restructuring programme announced by the business and of those associated with Strategic Change following the changes to the Board with effect 2 April 2019.

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 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.

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 31.

Audit Committee Report

Adoption of new accounting standards

The Group has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' both of which are effective for the period ending 27 April 2019.

Both IFRS 9 and IFRS 15 have been applied retrospectively at 27 April 2019 using the 'modified retrospective method' by adjusting the opening balance sheet at that date. The impact of both standards is explained in note 3 to the financial statements.

At the balance sheet date the only new standard in issue but not yet effective that will have a material impact is IFRS 16 'Leases'.

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 with regular reporting 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 has been impacted by the store review process and, with the work continuing, it is now 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. The adoption of IFRS 16 in 2019/20 will lead to a restatement of the onerous lease charge as part of that charge will become an impairment charge as the assets capitalised are impaired.

The critical accounting estimates and judgements, in addition to the store impairment and onerous lease provisions 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 store portfolio review, strategic change programme and restructuring programme 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 2 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.
Provisions for inventory, returns and receivables	Management judgement is required and estimates are used to support the provisions.	For each provision, the Committee considered and challenged the judgements made by management and assessed the available evidence, including historic trends, and concluded that the provisions were appropriate.

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.

Following an Internal Audit Report some of the Group's compliance policies are being refreshed.

Internal audit effectiveness

The annual review of the internal audit plan considers the outputs from the Risk Committee and ensures that the upcoming year is planned, and the following year is agreed in outline, so that areas of focus are audited on a regular basis. During the year, internal audit has delivered 13 audits including coverage of the following areas: IT General Controls, Health & Safety, Inter-company and transfer pricing, and China and Belgium operations.

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. Following the latest review in October 2018 the decision was made to recruit an in-house Head of Internal Audit and Risk to review and enhance the provision of internal audit and risk services and this was in place as of April 2019.

Effectiveness of external audit

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, was undertaken and the results considered by the Committee in October 2018. The review adopted the Financial Reporting Council ("***FRC***") guidance on effectiveness. The review concluded that the external audit was executed effectively by Deloitte.

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 92 to 107 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

Following a formal tender process in 2017, Deloitte LLP were appointed as Auditor at the 2017 AGM. The senior statutory auditor, Ed Hanson, has overseen the audit of the Superdry Group since the financial period ended 28 April 2018. The Company intends to put the external audit out to tender at least as often as is required by applicable law, rules, regulations and best practice in line with the Competition and Markets Authority and EU requirements for mandatory tendering and rotation of the audit firm. Under current regulations the external audit must be put out to tender by 2027. The Company has complied with the provisions of the CMA Audit Order during the financial year. 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.

Audit Committee Report

Details of all non-audit services provided during the year are set out within the note on Auditor's remuneration on page 133 in the financial statements and are summarised in the table below:

	2019 £'000	2018 £'000
Audit fees – base	**509**	468
Audit fees – additional accrual	**452**	–
Total audit fees	**961**	468
Non-audit fees		
Audit-related assurance services	**41**	40
Other	**0**	1
Total non-audit fees	**41**	41
Non-audit fees as a percentage of audit fees	**4%**	9%
Audit fees payable to other audit firms for the audit of foreign subsidiaries	**73**	17
Total Auditor's remuneration	**1,075**	526

Non-audit fees were 4% and were incurred in respect of the interim review. The accrued audit overrun costs are to be agreed and approved by the Audit Committee.

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.

This report takes no account of events or findings which take place subsequent to 1 July 2019[1].

Minnow Powell
Audit Committee Chairman
1 July 2019

1. As set out in the Corporate Governance Statement on page 56 the final Annual Report and Accounts were approved by and are the responsibility of the Board as constituted on 9 July 2019 comprising the Chairman, Interim Chief Executive Officer and Interim Chief Financial Officer. It is noted that a number of adjustments were identified and recorded in the period from 1 July to 9 July 2019. These adjustments were not subject to review nor approval by the Departing Non-Executive Directors, who resigned on 1 July 2019.

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 and removal from 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) (resigned 2 April 2019)	29 January 2010	5/5
Keith Edelman* (resigned 11 September 2018)	4 February 2010	1/2
Penny Hughes (resigned 2 April 2019)	1 April 2015	5/5
Dennis Millard (resigned 1 July 2019)	1 February 2018	5/5
John Smith (resigned 1 July 2019)	2 April 2019	–
Peter Williams (Chairman)	2 April 2019	–

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

* Keith Edelman was unable to attend one Nomination Committee meeting as a result of an urgent personal matter which made his attendance impossible.

Dear shareholder

I am pleased to present the Nomination Committee report on behalf of the Board. The Committee reviews the leadership and succession needs of the organisation and ensures that appropriate procedures are in place for the nomination, induction, training and evaluation of directors. The Committee is at all times mindful of the importance of a diverse senior leadership team, including gender, social background and ethnicity.

Activities during the year

The prime focus of the Committee this year has been overseeing changes to the Board and Executive Committee's composition and ensuring that Superdry has the right talent in place at senior level to achieve its objectives. The Committee also considered succession planning for both Executive and Non-Executive Directors. Following the General Meeting on 2 April 2019, the Committee also considered a number of candidates for the Non-Executive Director roles that would become vacant on 1 July 2019.

During the year, the Committee monitored the performance of the members of the Executive Committee and reviewed Superdry's organisational structure. The Committee, together with the Chief Executive Officer and, after 2 April 2019, the Interim Chief Executive Officer, has continued to review the organisational structure in order to achieve the successful delivery of Superdry's strategic plans and to ensure the right leadership is in place to guide Superdry through a period of change.

An annual Board evaluation was not performed this year – please refer to page 56 in the Corporate Governance Report for full details.

The Committee met five times during the year. In addition to the members of the Committee, the Chief Executive Officer (or Interim 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.

Nomination Committee Report

Director changes and Board composition

Keith Edelman did not stand for re-election at the AGM and stood down from the Board on 11 September 2018. Sarah Wood was appointed as a Non-Executive Director on 1 October 2018.

Following the resignation of Euan Sutherland, Chief Executive Officer, at the General Meeting held on 2 April 2019 (after resolutions to appoint Julian Dunkerton and I to the Board were passed by a narrow majority), Julian Dunkerton was appointed Interim Chief Executive Officer. At the same meeting, former Chairman Peter Bamford, Executive Director Ed Barker (Chief Financial Officer) and Non-Executive Director Penny Hughes each stood down from the Board with immediate effect and I was appointed Chairman. Nick Gresham, Interim Chief Financial Officer, was appointed on 3 June 2019.

Dennis Millard, Minnow Powell, John Smith and Sarah Wood tendered their resignations following the General Meeting on 2 April 2019 and stood down from the Board on 1 July 2019.

The Committee reviews regularly the composition of the Board and membership of Board committees. On 2 April 2019, Dennis Millard was appointed Chairman of the Remuneration Committee and a member of the Audit Committee, following Penny Hughes' resignation. I was appointed to the Remuneration Committee and to the Nomination Committee (as its Chairman) and John Smith was appointed to the Nomination Committee.

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 the Chairman, 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 responsibility for all such appointments.

The exceptional circumstances leading up to and at the General Meeting on 2 April 2019 resulted in Julian Dunkerton and I being appointed to the Board by means of a shareholder vote. As a result, the normal processes for Board appointments outlined above was not followed in regard to those appointments. It is the Board's intention that the process outlined above will apply to all new appointments of Directors to the Board.

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 (or Interim 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 merits of each candidate, having assessed the skills and experience that they can bring to Superdry. We ensure that the Board and the Executive Committee have a mix of experience which includes operating in a global business.

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.

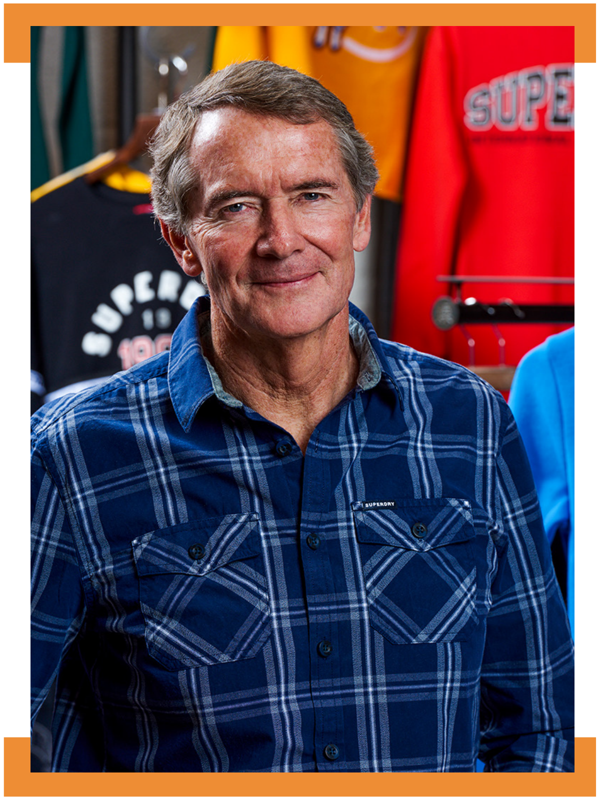
The Board recognises the importance of women having greater representation at senior level in the Company. In November 2017 the recommendations of The Hampton-Alexander Review into women in leadership roles were extended so that FTSE 250 companies should target a representation level of at least 33% women in the leadership teams of their organisations. I am pleased to report that as at 27 April 2019, 24 out of 56 members of Superdry's leadership team (as defined for the purposes of the Hampton-Alexander Review) were women.

At Board level we continue to try to meet our diversity aspirations and, during financial year 2019, we did reach our target of 25% female representation (between 1 October 2018 and 2 April 2019). Further details on Superdry's gender diversity can be found on pages 42 to 43 of the Strategic Report.

The Board also 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.

Peter Williams
Nomination Committee Chairman
1 July 2019

Directors' Remuneration Report



Principal responsibilities

The Committee met seven 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.

Membership and meeting attendance

Committee member	Member since	Number of meetings attended/ Maximum*
Penny Hughes (Chair until stepping down on 2 April 2019)	**1 April 2017**	**6/6**
Dennis Millard (Appointed Chairman on 2 April 2019)†	**1 February 2018**	**7/7**
Minnow Powell†	**1 December 2012**	**7/7**
John Smith† [1]	**1 February 2018**	**6/7**
Sarah Wood†	**1 October 2018**	**5/5**
Peter Williams	**2 April 2019**	**1/1**

Actual number of meetings attended

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

† Stepped down on 1 July 2019

[1] Due to prior alternative commitments, John Smith was unable to attend one Remuneration Committee meeting, which had to be scheduled at short notice

Annual Statement

On behalf of the Board, I am pleased to present our 2019 Directors' Remuneration Report.

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 (which remains unchanged); the second covers remuneration in action for the financial year 2019 and how it will be implemented for the financial year 2020. 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 2019.

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 that 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 and retain talented people able to lead and 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 the TSR comparator group;
- reviewing the salary, benefits and bonus schemes for the Senior Executives and agreeing the level of bonus awards to be made to them;
- 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 Directors' Remuneration Report received 98.92% shareholder approval at the 2018 AGM. As part of an annual review cycle the Committee once again reviewed the Remuneration Policy and determined that it remains fit for purpose. A wider review of the Remuneration Policy will take place over the course of the next year and, in line with our three-year cycle, shareholder approval for this will be sought at the September 2020 AGM. The Committee therefore proposes no changes to the Remuneration Policy for financial year 2020.

Remuneration for financial year 2019

The overall financial performance of the business has fallen short of expectations this year and as a result there will be no annual bonus awards in relation to financial year 2019 and nil vesting under the 2016 PSP awards.

Board changes

Following the 2 April 2019 General Meeting in respect of the election of Julian Dunkerton and Peter Williams to the Board, Peter Bamford (Chairman), Euan Sutherland (Chief Executive Officer), Ed Barker (Chief Financial Officer) and Penny Hughes (Chair of the Remuneration Committee) stepped down from the Board on this date. Euan Sutherland and Ed Barker will serve their notice. Peter Bamford and Penny Hughes did not serve their notice or receive any payment in lieu of notice. In addition, Dennis Millard, Minnow Powell, Sarah Wood and John Smith gave three-months' notice under their contracts and stood down as Directors with effect from 1 July 2019. Full details of their termination arrangements are set out on page 82.

Following the resignations, Peter Williams was appointed Chairman of the Board and Julian Dunkerton was appointed Interim Chief Executive Officer on 2 April 2019 and Nick Gresham joined Superdry in June 2019 as Interim Chief Financial Officer. Details of the remuneration arrangements for Peter Williams, Julian Dunkerton and Nick Gresham are set out below and in detail on pages 76 to 77.

Gender pay gap report

The annual sharing of our Gender pay gap report provides further insight; and is enhancing our diversity conversation and ensuring equality. 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 have, in the past, been 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, as our most senior roles are largely filled by men, we need to continue 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 pages 42 to 43.

Key elements of 2020 remuneration arrangements

The Remuneration Committee determined an annual fee for Peter Williams of £200,000 and an annual base salary for Julian Dunkerton of £600,000 from appointment and no changes to these levels will be made for the financial year 2020. Nick Gresham's annual base salary from appointment was £375,000. Benefits will continue to be aligned to the Remuneration Policy and pension provision will be capped at no more than 7.5% of salary (into the Group's personal pension plan and/or in the form of a salary supplement).

We will continue to operate an annual bonus plan for financial year 2020 based on the achievement of a stretching profit targets (majority) and shared business objectives (minority). The maximum bonus opportunity in financial year 2020 will be 100% of base salary for the Interim Chief Executive Officer and Interim Chief Financial Officer and any bonus will be prorated to reflect time served in the financial year.

There is currently no intention to grant PSP awards to the Executive Directors during the financial year 2020 given that Julian Dunkerton and Nick Gresham's appointments are on an interim basis. Should the Committee determine that PSP awards will be granted to Executive Directors during the financial year (i.e. for a permanent Executive Director appointment), full details of award levels and performance conditions will be disclosed in the relevant RNS issued post grant and will be set out in the relevant Directors' Remuneration Report.

AGM

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 2019 AGM. We look forward to your support.

Dennis Millard
Remuneration Committee Chairman
1 July 2019

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.

This section sets out a summary of the Remuneration Policy as approved by shareholders at the AGM on 12 September 2017 (the full Remuneration Policy is presented in the Annual Report 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 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 any 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 Interim Executive Directors' contracts, which could give rise to, or impact, remuneration payments or payments for loss of office.

Element	Terms
Notice period	Three months by Superdry and three months by the Executive Director.
Contract date	Julian Dunkerton – 2 April 2019 Nick Gresham – 3 June 2019
Expiry date	Julian Dunkerton is engaged as Interim Chief Executive Officer on a fixed term contract of ten months. Nick Gresham is engaged as Interim Chief Financial Officer on a fixed term contract of six months.
Base salary	As per fixed term contracts (noting Interim nature of appointments).
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, pro rata to service, subject to our policy in relation to such a scheme and to the approval of the Committee.
Long-term incentive plan	None (noting Interim nature of appointments).

The service contract for a new Executive Director is likely to include provisions for a notice period of up to 12 months by either party, an annual salary review and participation in the Company's annual bonus and Long-Term Incentive Plan.

Directors' Remuneration Report

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.

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.

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 from employee surveys, as provided to the Committee 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.

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 a 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' 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
Penny Hughes[1]	1 April 2015
Dennis Millard[3]	1 February 2018
Minnow Powell[3]	1 December 2012
John Smith[3]	1 February 2018
Sarah Wood[3]	1 October 2018
Peter Williams	2 April 2019
Peter Bamford[1]	29 January 2010
Keith Edelman[2]	4 February 2010

1. Stepped down on 2 April 2019
2. Stepped down on 11 September 2018
3. Stepped down from the Board on 1 July 2019

All Non-Executive Director letters of appointment are available for inspection at our registered office during normal hours of business and will also be available at our AGM.

Directors' Remuneration Report

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 2020, and how it was implemented in financial year 2019. 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 9.8.8 R 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 2020:

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. Current annual base salary levels are as follows:

		From 1 May 2019*	From 1 May 2018*	Increase
Julian Dunkerton	Interim Chief Executive Officer	**£600,000**[1]	£600,000[1]	0%
Nick Gresham	Interim Chief Financial Officer	**£375,000**[2]	N/A	N/A

* Or appointment if later

1. Julian Dunkerton was appointed Interim Chief Executive Officer on 2 April 2019
2. Nick Gresham was appointed as Interim Chief Financial Officer on 3 June 2019.

Benefits in kind and pension (unaudited)

Benefits will continue to be aligned to the Remuneration Policy and pension provision will be capped at no more than 7.5% 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 2020. This will be based on the achievement of a stretching financial metric linked to underlying profit before tax (80% of the bonus opportunity), and shared business objectives (20% 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 2020 will be 100% of base salary for the Interim Chief Executive Officer and the Interim Chief Financial Officer and any bonus will be pro-rated to reflect time served in the financial year.

Long-term incentives (unaudited)

There is currently no intention to grant PSP awards to Executive Directors during the financial year 2020 given Julian Dunkerton and Nick Gresham's appointments are on an interim basis. Should the Committee determine that PSP awards should be granted to Executive Directors during the financial year (i.e. for a permanent appointee), full details of award levels and performance conditions will be disclosed in the relevant RNS issued post grant.

Non-Executive Directors (audited)

No change will be made in 2019 to the annual fees for Non-Executive Directors and the Chairman.

Annual fee levels for financial year 2020 are as follows:

Role	From 1 May 2019	From 1 May 2018
Chairman (Peter Bamford to 2 April 2019, Peter Williams from 2 April 2019)	**£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

		Base salary/ fees	Taxable benefits[1]	Pension contributions[2]	Annual bonus	LTIPS	Other payments	Total
Executive Directors								
Julian Dunkerton	2019	46,027[3]	767	3,452	–	–	–	50,246
	2018	381,480[4]	17,570	–	–	–	–	399,050
Non Executive Directors								
Dennis Millard	2019	73,507[5]	1,993	–	–	–	–	75,500
	2018	18,125	1,112	–	–	–	–	19,237
Minnow Powell	2019	67,500[6]	3,852	–	–	–	–	71,352
	2018	67,500	2,779	–	–	–	–	70,279
John Smith	2019	55,000[5]	2,155	–	–	–	–	57,155
	2018	13,750	992	–	–	–	–	14,742
Sarah Wood	2019	32,083[7]	1,025	–	–	–	–	33,108
	2018	–	–	–	–	–	–	–
Peter Williams	2019	15,342[3]	711	–	–	–	–	16,053
	2018	–	–	–	–	–	–	–
Former Directors								
Euan Sutherland	2019	672,412[8]	35,922	100,862	–	–	–	809,196
	2018	714,000	37,989	106,798	701,505	1,102,234[9]	–	2,662,526
Ed Barker	2019	346,233[8]	15,413	51,940	–	107,461[11]	275,809[12]	796,856
	2018	15,625[10]	583	2,343	–	–	–	18,551
Nick Wharton	2019	74,800[13]	3,188	11,220	–	–	–	89,208
	2018	416,160	16,454	62,424	272,585	948,227	–	1,715,850
Peter Bamford	2019	184,444[8]	2,195	–	–	–	–	186,639
	2018	200,000	3,128	–	–	–	–	203,128
Penny Hughes	2019	62,250[8]	2,464	–	–	–	–	64,714
	2018	62,951	1,654	–	–	–	–	64,605
Keith Edelman	2019	15,639[14]	2,911	–	–	–	–	18,550
	2018	77,083	2,218	–	–	–	–	79,301
Beatrice Lafon	2019	–	–	–	–	–	–	–
	2018	23,360[15]	33	–	–	–	–	23,393
Steve Sunnucks	2019	–	–	–	–	–	–	–
	2018	23,360[15]	61	–	–	–	–	23,421

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. Julian Dunkerton received a Company contribution of 7.5% of base salary in the form of a cash allowance
3. Julian Dunkerton and Peter Williams were appointed on 2 April 2019
4. Julian Dunkerton stepped down on 31 March 2018
5. Dennis Millard and John Smith were appointed on 1 February 2018 and stepped down on 1 July 2019
6. Minnow Powell stepped down on 1 July 2019
7. Sarah Wood was appointed on 1 October 2018 and stepped down on 1 July 2019
8. Euan Sutherland, Ed Barker, Peter Bamford and Penny Hughes stepped down on 2 April 2019
9. For the purposes of the single figure, the 2015 PSP value was calculated using the actual share price on vesting of £11.26
10. Ed Barker was appointed on 16 April 2018
11. For the purposes of the single figure table, the Restricted Stock Award was calculated by multiplying the number of shares by the average share price of £5.21, over the last quarter of the financial period ended 27 April 2019
12. For the purposes of the singe figure table, the Restricted Stock Award was calculated using the actual share price on vesting of £12.43
13. Nick Wharton stepped down on 5 July 2018
14. Keith Edelman stepped down on 11 September 2018
15. Beatrice Lafon and Steve Sunnucks stepped down on 12 September 2017

Directors' Remuneration Report

Annual bonus for the year ended 27 April 2019 (audited)

For financial year 2019 the maximum annual bonus opportunity was 150% of salary for the Chief Executive Officer, Euan Sutherland, and 100% of salary for the Chief Financial officer, Ed Barker. The performance against the targets is set out below.

	Underlying Profit Before Tax (70%)	Shared business Target (15%)
Target	For FY19, the start to earn threshold was set at £103m underlying profit before tax (offering 25% of the opportunity), on target at £107m (offering 50% of the opportunity) and a maximum award at £111m (100% of the opportunity).	50% of this part: Year on Year Capital Light Channel Revenue Growth targets, with a start to earn threshold of 5% p.a. (offering 25% of the opportunity), on target at 7.5% (offering 50% of the opportunity) and a maximum award at 10% (100% of the opportunity). 50% of this part: Year on Year Store Revenue Growth targets, with a start to earn threshold of 2.5% p.a. (offering 25% of the opportunity), on target at 5% (offering 50% of the opportunity) and a maximum award at 7.5% (100% of the opportunity). In addition, a quality of earnings underpin applied to revenue growth is delivered with appropriate margins.
Assessment	Group underlying profit before tax out-turn for the year was £41.9m which was below the on-target trigger.	Capital Light Channel Revenue Growth was 2.9% (0% payout) Store Revenue Growth was (3.7)%. (0% payout)

	Personal Objectives (15%)	Assessment
Euan Sutherland	• Lead the product reset programme • Lead the global store format development plan • Deliver new Investor Relations strategy • Deliver key senior executive recruitments and ensure high quality integration • Develop and execute Global Brand Plan	Following the resignations of Euan Sutherland and Ed Barker during the financial year 2019 and the forfeiture of any annual bonus in respect of the year, the Remuneration Committee has not assessed individual performance against the objectives.
Ed Barker	• Develop knowledge of Superdry business and operations • Align and improve financial accountabilities across the leadership team • Develop performance metrics • Review investor register, seek to create a more diverse shareholder base, conducting US and EU roadshows • Review and optimise capital allocation • Review treasury and foreign exchange policy • Enhance finance function trust and planning scores within the business	

Irrespective of performance against the bonus targets, no bonus awards are payable to Euan Sutherland and Ed Barker as a result of their resignations during the 2019 financial year.

Performance share plan (audited)

The PSP awards granted on 15 August 2016 were based on a three-year performance period ended 27 April 2019. 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.	8%	12%	-23%	0% (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	Below median	0% (max. 30%)
					0%

Share awards granted in the year (audited)

PSP Awards

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	25 July 2018	109,318[2]	200% of base salary	£1,456,560[2]	Vesting will be determined by EPS and TSR over the performance period	Three financial years ending 2020/2021
Ed Barker	25 July 2018	42,217[2]	150% of base salary	£562,500[2]		

1. PSP awards are structured as conditional awards.
2. Based on a share price of £13.33 which was the ten-day weighted average share price.

Following the resignations of both Euan Sutherland and Ed Barker, the above awards lapsed on 2 April 2019.

Buyout Awards

In addition to the above, on 6 July 2018, the Company made Awards in relation to 45,539 ordinary shares to Ed Barker in accordance with the terms which the Company had offered Ed in order to recruit him as Chief Financial Officer. Under those terms, the Company had agreed to make the Awards in order to compensate Ed for bonus awards (cash and deferred share bonuses) and outstanding long-term incentive plan awards that he would forfeit on leaving his previous employment. In determining the Awards the underlying principle was that Ed would be compensated on a like-for-like basis in terms of vesting periods, value and applicable performance conditions. Of the 45,539 shares awarded: 22,189 shares vested on 6 July 2018, 14,012 vested on 31 May 2019, 6,614 shares will vest on the date of cessation and 2,724 shares lapsed upon resignation.

Directors' Remuneration Report

Directors' interests in share awards (audited)

The table below set out details of the Executive Directors' outstanding share awards:

Executive	Scheme	At 28 April 2018	Granted during the period	Vested during the period	Lapsed during the period	At 27 April 2019	Date of award	Performance period	Normal vesting date	Share price on date of grant
Euan Sutherland	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
	PSP	–	109,318	–	(109,318)	–	25/07/2018	3 financial years ending 2020/2021	25/07/2021	13.33
	Deferred Bonus Share plan	11,712	–	–	–	11,712	15/08/2016	3 financial years ending 2018/2019	15/08/2019	15.81
	Deferred Bonus Share plan	20,607	–	–	–	20,607	20/07/2017	3 financial years ending 2019/2020	20/07/2020	14.98
Total		307,477	109,318	(91,358)	(293,118)	32,319				
Nick Wharton	PSP	54,138	–	(54,138)	–	–	14/08/2015	3 financial years ending 2017/2018	14/08/2018	14.77
	PSP	25,797	–	– –	(2,866)	22,931	15/08/2016	3 financial years ending 2018/2019	15/08/2019	15.81
	PSP	27,768	–	–	(12,341)	15,427	20/07/2017	3 financial years ending 2019/2020	20/07/2020	14.98
Total		107,703	–	(54,138)	(15,207)	38,358				
Ed Barker	PSP	36,106	–	–	(36,106)	–	16/04/2018	3 financial years ending 2019/2020	16/04/2021	15.57
	Buyout	–	45,539	(22,189)	(2,724	20,626	06/07/2018	n/a	31/05/2019 31/05/2020	12.43
	PSP	–	42,217	–	(42,217)	–	25/07/2018	3 financial years ending 2020/2021	25/07/2021	13.33
Total		36,106	87,756	(22,189)	(81,047)	20,626				

All awards granted under the PSP are subject to continued employment, or in the case of Nick Wharton, Remuneration Committee discretion to be awarded good leaver status. They are subject to the satisfaction of the performance conditions set out for each plan. 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 27 April 2019 are set out below:

Director	27 April 2019	28 April 2018	Shareholding guideline %	% Against Salary	PSP	Deferred Shares	SAYE	BAYE	Total
Executive Directors									
Julian Dunkerton[1]	15,122,105	20,622,105	200%	12,853%		–	–	–	**15,122,105**
Non-Executive Directors									
Minnow Powell[2]	3,925	1,496	–	–	–	–	–	–	**3,925**
Dennis Millard[2]	4,000	–	–	–	–	–	–	–	**4,000**
John Smith[2]	1,599	–	–	–	–	–	–	–	**1,599**
Sarah Wood[2]	12,500	–	–	–	–	–	–	–	**12,500**
Peter Williams[1]	–	–	–	–	–	–	–	–	
Peter Bamford[3]	10,000	6,000	–	–	–	–	–	–	**10,000**
Penny Hughes[3]	1,230	–	–	–	–	–	–	–	**1,230**
Former Directors									
Ed Barker[3]	24,739	–	–	–	–	20,626	–	180[4]	**45,545**
Keith Edelman[5]	4,000	4,000	–	–	–	–	–	–	**4,000**
Euan Sutherland[3]	144,019	–	–	–	–	32,319[6]	–	477[7]	**176,815**
Nick Wharton[8]	5,000	5,000	–	–	38,358	–	–	–	**43,358**

1. Julian Dunkerton and Peter Williams were appointed on 2 April 2019.
2. Shares represent those held by the Director on 1 July 2019, the date the Director stepped down.
3. Shares represent those held by the Director on 2 April 2019, the date the Director stepped down.
4. 162 partnership shares, 16 matching shares and 2 dividend shares.
5. Shares represent those held by the Director on 11 September 2018, the date the Director stepped down.
6. Shares awarded under 2016 and 2017 Annual Bonus Plan (deferred for three years).
7. 405 partnership shares, 40 matching shares and 32 dividend shares.
8. Shares represent those held by the Director on 5 July 2019, the date the Director stepped down.

Directors' Remuneration Report

Executive Board Director Leavers (audited)

Euan Sutherland

Euan Sutherland and Ed Barker resigned from their respective positions as Chief Executive Officer and Chief Financial Officer on 2 April 2019 following the shareholder vote to reinstate Julian Dunkerton and appoint Peter Williams to the Board (with Julian becoming Interim Chief Executive Officer).

Subsequent to his resignation, Euan received £55,868 in basic salary, £2,301 in taxable benefits, and £8,380 in pension contributions during the financial year, in line with his Settlement Agreement. He is still due to receive £672,412 in basic salary, £27,699 in taxable benefits and £100,862 in pension contributions over his notice period. The Group has recorded an exceptional expense in relation to remuneration and benefits to be received by Euan during this period.

Euan's employment with the Group will terminate on 2 April 2020. No termination payment is due to Euan and should he commence a new role prior to the end of his notice period on 2 April 2020 he will cease to be an employee of Superdry with immediate effect and all remuneration payments and benefits will cease. No annual bonus award is due in relation to the financial year 2019 annual bonus plan and he will not participate in the financial year 2020 annual bonus plan. His entitlement to the 2016, 2017 and 2018 PSP awards lapsed on his resignation. He remains entitled to benefit from two deferred bonus share plan awards relating to the 2016 and 2017 annual bonus plan awards. The 11,712 shares due under the 2016 plan will vest on 1 August 2019. The 20,607 shares due under the 2017 plan will vest on 20 July 2020.

Ed Barker

Subsequent to his resignation, Ed received £28,767 in basic salary, £1,074 in taxable benefits, and £4,310 in pension contributions during the relevant financial year, in line with his Settlement Agreement. Ed's employment with the Group will terminate on 1 October 2019. No termination payment is due to Ed and should he commence a new role prior to the end of his notice period on 1 October 2019, he will cease to be an employee of Superdry with immediate effect and all remuneration payments and benefits will cease. No annual bonus award is due in relation to the financial year 2019 annual bonus plan and he will not participate in the financial year 2020 annual bonus plan. His entitlement to the 2018 PSP awards lapsed on his resignation. Ed benefits from two Restricted Share Plan awards granted to him on his appointment in 2018 as part of the buyout of shares he forfeited on leaving his previous employer. The first of these matured on 31 May 2019 awarding him 14,012 shares. The second Restricted Share Plan award will be prorated to 6,614 shares to reflect his reduced time served in the plan and will mature on his termination date of 1 October 2019.

Nick Wharton

As disclosed last year, Nick Wharton left the Board on 5 July 2018. Nick remained available to Superdry and engaged on projects and other matters until leaving on 30 September 2018. During that time he received £98,600 in basic salary, £3,412 in taxable benefits, and £14,790 in pension contributions, during the relevant financial year. Nick was not eligible for an annual bonus for 2019. On 14 August 2018, 54,138 PSP awards originally granted in 2015 vested at a pre-tax value of £609,593. Unvested PSP awards granted in 2016 and 2017 will continue to vest at the normal vesting dates, subject to performance and time pro-rating. However, given that the performance conditions do not appear likely to be met, the expectation is that these awards will lapse in due course. No further payments have been or will be made.

Non-Executive Director Leavers (audited)

Peter Bamford

Peter Bamford ceased to be a Non-Executive Director and Chairman of the Board of the Company on 2 April 2019. He received his normal £200,000 per annum fee for financial year 2019, up to this date on a pro rata basis. No further payments were or will be made to Peter Bamford in connection with his resignation from office.

Penny Hughes

Penny Hughes ceased to be a Non-Executive Director of the Company and Chair of the Remuneration Committee on 2 April 2019. She received her normal fee of £67,500 per annum (reflecting a base fee and an increment for her role as Chair of the Remuneration Committee) for 2018/19 up to this date on a pro rata basis. No further payments were or will be made to Penny Hughes in connection with her resignation from office.

Dennis Millard

Dennis Millard ceased to be a Non-Executive Director of the Company and Chair of the Remuneration Committee on 1 July 2019. He received his normal fee of £72,500 per annum (reflecting a base fee and an increment for his role as Senior Independent Director) and an increased annual fee of £85,000 from 2 April 2019 (reflecting an increment for his role as Remuneration Committee Chair). Fees were paid up to 1 July on a pro rata basis and there will be no further payments to Dennis Millard in connection with his resignation from office.

Minnow Powell

Minnow Powell ceased to be a Non-Executive Director of the Company and Chair of the Audit Committee on 1 July 2019. He received his normal fee of £67,500 per annum (reflecting a base fee and an increment for his role as Chair of the Audit Committee). Fees were paid up to 1 July on a pro rata basis and there will be no further payments to Minnow Powell in connection with his resignation from office.

John Smith

John Smith ceased to be a Non-Executive Director of the Company on 1 July 2019. He received his normal fee of £55,000 per annum. Fees were paid up to 1 July on a pro rata basis and there will be no further payments to John Smith in connection with his resignation from office.

Sarah Wood

Sarah Wood ceased to be a Non-Executive Director of the Company on 1 July 2019. She received her normal fee of £55,000 per annum on a pro rata basis from her appointment on 1 October 2018 to her stepping down on 1 July 2019. No further payments were or will be made to Sarah Wood in connection with her resignation from office.

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.

	2019 £m	2018 £m	Change
Employee remuneration costs (£m)	**115.4**	116.9	(1.2)%
Ordinary dividends (£m)	**25.5**	24.0	6.25%
Special dividends (£m)	**20.5**	–	100%

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

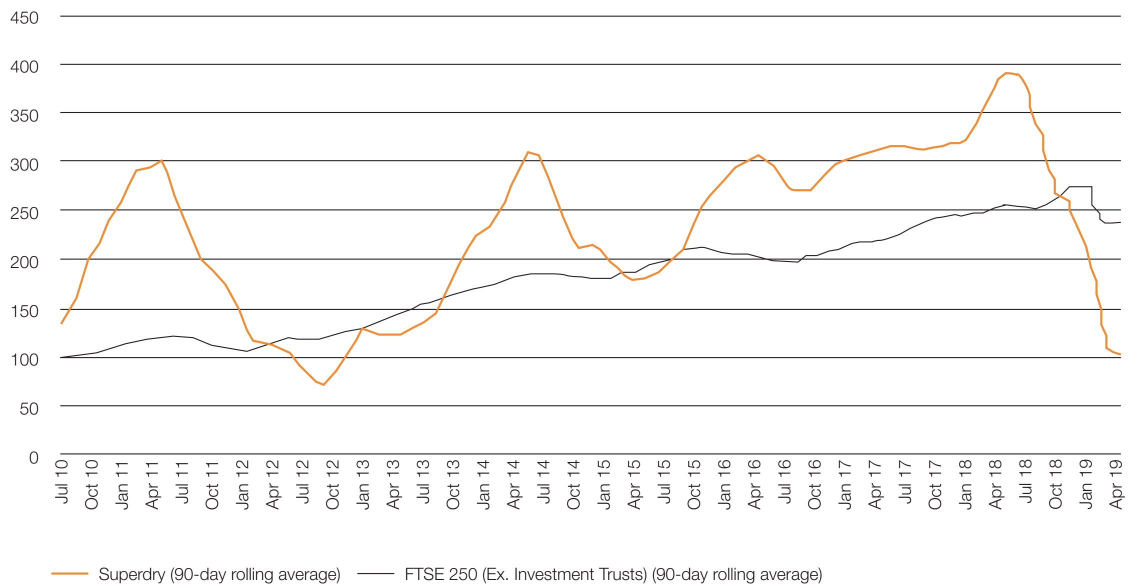
The table below shows the movement in salary, benefits and annual bonus for the Chief Executive Officer between the current and previous financial year compared to the average of all employees of the Group.

Element of remuneration		% change
Salary	Chief Executive Officer	0%
	Employees	0.9%
Taxable benefits	Chief Executive Officer	nil
	Employees	nil
Annual bonus	Chief Executive Officer	-100%
	Employees	n/a

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 27 April 2019. The FTSE 250 (excluding Investment Trusts) was selected as Superdry was a constituent for the majority of the period shown.



Single figure table (audited)

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

Year ended	Chief Executive Officer	Total remuneration	Annual bonus (% of max)	Long-term incentives (% of max)
2019	Julian Dunkerton*	£50,246	n/a	n/a
2019	Euan Sutherland†	£809,196	0%	0%
2018	Euan Sutherland†	£2,662,526	65.5%	100%
2017	Euan Sutherland†	£4,000,708	96.1%	58.2%
2016	Euan Sutherland†	£1,677,125	85.0%	n/a
2015	Euan Sutherland†	£602,862	33.3%	n/a
2015	Julian Dunkerton*	£419,180	–	n/a
2014	Julian Dunkerton*	£419,412	–	n/a
2013	Julian Dunkerton*	£419,406	–	n/a
2012	Julian Dunkerton*	£419,463	–	n/a

* Julian Dunkerton was appointed as Interim Chief executive Officer on 2 April 2019 and previously held the role of Chief Executive Officer from 2012 to 22 October 2014 when he switched to the role of Founder, Product and Brand Director.

† Euan Sutherland was appointed as Group Chief Executive Officer on 22 October 2014 and stepped down on 2 April 2019. His 2018 total remuneration figure has been updated to reflect the actual value of his 2015 PSP awards which vested in August 2018. The figure disclosed in the 2018 Annual Report was based on an estimate.

Advisers to the Committee

Following a review of advisers during the year, the Committee appointed FIT to replace Mercer Kepler. Fees for the financial year 2019 charged by FIT and Mercer Kepler on the basis of time and materials amounted to £12,670 and £25,600 respectively. As neither FIT nor Kepler Mercer provided any other services to the Group during the year, the Committee is satisfied that the advice provided was independent. Both firms are members of the Remuneration Consultants Group and comply with its code of conduct.

Dilution

In accordance with current guidance for employee share scheme dilution, 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

Shareholder voting in respect of the Directors' Remuneration Policy (2017 AGM) and last year's Annual Report on Remuneration (2018 AGM) received the following votes from shareholders:

	For	Against	Votes withheld
Directors' Remuneration Policy (2017 AGM)			
Total number of votes	72,447,443	1,717,915	42,000
% of votes cast	97.68	2.32	

	For	Against	Votes withheld
Directors' Remuneration Report (2018 AGM)			
Total number of votes	68,239,283	743,432	1,957
% of votes cast	98.92	1.08	

Dennis Millard
Remuneration Committee Chairman
1 July 2019

Directors' Report

We present the Directors' Report together with the Group's audited Financial Statements for financial year 2019. The Corporate Governance Report set out on pages 54 to 58 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 52 to 53 for full details of the Directors.

Results and dividends

Our Financial Statements for financial year 2019 are set out on pages 108 to 165, which should be read in conjunction with 'Interim Chief Financial Officer's Review' on pages 16 to 21.

A special dividend of 25.0p per share was paid on 14 December 2018 and an interim ordinary dividend of 9.3p per share was paid on 25 January 2019.

The Directors have proposed a final ordinary dividend of 2.2p per ordinary share being payable on 20 September 2019 to all shareholders on the register at the close of business on 19 July 2019, giving a total ordinary dividend in respect of financial year 2019 of 11.5p.

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 31.

The Directors' Remuneration Report, excluding the Directors' Remuneration Policy, will be subject to an advisory vote at the AGM on 11 September 2019.

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 resource 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 Group has 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 page 135.

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 67 to 85, 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 158 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 2019, we had 81,995,248 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);
- 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; and
- a letter of undertaking in favour of the Company under which Julian Dunkerton (who holds 15,122,105 shares) has agreed not to sell, dispose of or otherwise deal with (other than in the course of ordinary exceptions) his shareholding for a period expiring on 1 April 2021.

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 54 to 58. 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 2018 to repurchase up to 10% of its issued share capital. During financial year 2019, 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 2019 the Trustees held no 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 2019 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 81.

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.

Risk management and internal controls

The Board is responsible for the Group's system of internal controls, which are assigned to manage the business risks faced by the Group, and for reviewing the effectiveness of those controls. The Risk and Audit Committees, together with the internal audit function, have identified the principal risks facing the Group and have established a framework and systems for evaluating and managing those risks. The framework and systems have been in place for the whole of the year under review and up to the date of this report. Details of risk management and the principal risks facing the Group are set out on pages 24 to 31. Further information can also be found in the Audit Committee report on pages 59 to 64.

UK Corporate Governance Code

Our statement on corporate governance and compliance with the Code can be found in the Corporate Governance Report on pages 54 to 58 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 2018, shareholders approved resolutions authorising the Company to:

- allot shares up to an aggregate nominal value of £1,360,655 (representing one-third of our issued share capital as at 31 July 2018);
- approve the disapplication of pre-emption rights for cash issues of shares in respect of ordinary shares with a nominal value of £204,098 (representing approximately 5% of our issued share capital as at 31 July 2018); 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.

Directors' Report

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.

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 44.

Greenhouse gas emissions

We have measured our operational and wider carbon footprint for the past nine 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 47 and is incorporated into the Directors' Report by reference.

Location of Disclosures

The table below sets out the location of disclosures incorporated into the Directors' Report, by reference. The majority of the disclosures required under Listing Rule 9.8.4 R are not applicable to the Group. The table below includes the location of the disclosures for those requirements that do apply:

Disclosure	Page
Allotment of equity securities (LR9.8.4 R)	158
Annual General Meeting (AGM)	58
Corporate Governance Report, including reports from each Board Committee	54 to 85
Directors' interests	81
Directors' statement of responsibility	89
Diversity	57
Employee share schemes	73
Financial instruments and financial risk management	153 to 158
Financial review (LR9.8.4 R)	16 to 21
Going Concern and Viability statement	21
Key Performance Indicators	22 to 23
People and Development	42
Risk Management and Internal Control	87

Disclosure of information to auditors

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 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.

Simon Callander
Company Secretary
9 July 2019

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 page 52, 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 Management Report includes 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 9 July 2019 and signed on its behalf by:

Julian Dunkerton
Interim Chief Executive Officer

Nick Gresham
Interim Chief Financial Officer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Independent Auditor’s Report

to the members of Superdry Plc

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Superdry Plc (the ‘parent Company’) and its subsidiaries (the ‘Group’) give a true and fair view of the state of the Group’s and of the parent Company’s affairs as at 27 April 2019 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 which comprise:

- the Group statement of comprehensive income;
- the Group and parent Company balance sheets;
- the Group and parent Company statements of changes in equity;
- the Group and parent Company cash flow statement;
- 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 parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC’s Ethical Standard were not provided to the Group or the parent Company.

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

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Store asset impairment and onerous leases; • Going concern; • Wholesale revenue cut-off and returns provision; • Valuation of inventory; • Classification and disclosure of exceptional and other items; • Management override of controls; and • Impairment of investment in subsidiaries and intercompany receivables in the parent Company balance sheet. 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 . As set out below, changes in our Key Audit Matters compared to the prior year reflect the decline in the business performance and the Board and strategic changes following the Extraordinary General Meeting on 2 April 2019 (“the EGM”).
Materiality	The materiality that we used for the Group financial statements was £3.8m, which was determined on the basis 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, 91% of the Group’s revenue and 90% of the Group’s underlying profit before tax.

Significant changes in our approach	We have devised our audit strategy to respond to the risks within the retail market in general and the Board and strategic changes within the Group following the EGM. As a result, we have elevated and extended the risk associated with certain balances and judgement areas as set out below: • Wholesale revenue cut-off and the associated returns provision has been identified as a key audit matter in the year. The quantum of wholesale revenue recognised in the year is impacted by management decisions regarding the timing of shipments to customers and the estimate of sales returns. • Given the Board changes in the year, management override of controls is considered to be a key audit matter. This includes the completeness and disclosure of related party transactions. • Going concern is a new key audit matter in the year following the decline in performance of the business. • Impairment of investment in subsidiaries and intercompany receivables in the parent Company balance sheet is a new key audit matter in the year following the decline in business performance, the revision of the Group's forecast performance and the reduction in the market capitalisation of the Group. Store asset impairment continues to be a key audit matter, as it was in the prior year. In the current year, this key audit matter also includes the adequacy of the associated onerous lease provision. The deterioration of actual and forecast financial performance has resulted in a greater level of judgement being required in the current year. Consistent with the prior year, the appropriateness of inventory provisioning and the classification and disclosure of 'exceptional and other items' continue to be key audit matters.

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 pages 20 to 21 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 twelve months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the Group, its business model and related risks, including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the Directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the Directors' plans for future actions in relation to their going concern assessment. For more details, refer to the going concern key audit matter on page 96.

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 24 to 31 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation on pages 57 to 58 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 pages 20 to 21 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.

Independent Auditors' Report

to the members of Superdry Plc

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Store asset impairment and onerous lease

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 Net Book Value of the store assets (including lease premiums) as at 27 April 2019 was £38.0m (2018: £97.7m). This is after the recording of an impairment charge of £42.6m, following the assessment which was undertaken during the year. The impairment charge relates to 114 stores (2018: 4 stores). An onerous lease charge of £86.9m (2018: £2.2m) has also been recognised.

The store impairment review involves management making several estimates to determine the Value In Use of the stores (being the net present value of the forecast cash flows). This is then compared to the book value of stores' assets, to identify whether any impairment is required. In making this assessment, management determines each store to be a cash generating unit.

Stores are also assessed to determine whether an onerous lease provision is required. This includes those stores forecast to generate a net loss over the remainder of the lease term. The provision represents the present value of the estimated unavoidable costs over the period of the remaining lease agreement.

The key audit matter relates to the appropriateness of management's estimate of future trading performance of the stores, which is used to derive the Value In Use. Value In Use is calculated from cash flow projections and relies upon management's assumptions and estimates of future trading performance, allocation of direct costs and overheads, long-term growth rates and discount rates.

The impairment and onerous lease model is complex and is prepared using Excel spreadsheets which increases the scope for error. We therefore engaged our specialist modelling team to assist in auditing the integrity of the Excel model.

The impairment model utilises the forecasts included in the Board's medium-term plan, which covers the periods up to 30 April 2023. As set out in note 2, the model is highly sensitive to changes in forecast performance, most notably sales.

The Board's medium-term plan is prepared on a top-down basis and not at an individual store level. For the purpose of the impairment review, an exercise has therefore been performed to allocate the forecasts across the individual stores. This has involved management judgement.

The forecast performance in the Board's medium-term plan represents a change in strategy for the business, as summarised in the Interim Chief Executive Officer's statement on pages 12 to 14. The implementation of this strategy is in its early stages and consequently there is uncertainty regarding the ability to achieve the forecast store performance. The recent decline in the Group's trading and the challenging environment in the retail sector add to this uncertainty.

The key assumption in forecast store performance is a stabilisation of the like-for-like sales decline experienced in FY19, returning to growth in FY22. Future profitability is also anticipated to benefit from, inter alia, a reduction in sales discounting.

As set out in the Audit Committee Report on page 60, management believes there is an interdependency between the store estate and e-commerce sales, as the stores help to promote brand awareness and therefore drive e-commerce sales. Also, evolving shopping habits suggest people may visit a store to select an item and then choose to purchase online. This interdependency would suggest that a proportion of e-commerce sales (and associated costs) could be attributed to stores, if the value can be reasonably estimated and supported. The Group provided some evidence to support the interdependency of store and e-commerce sales. In particular, there is evidence that the opening of a new store drives a marked increase in e-commerce sales in the locality and that e-commerce sales are generally more concentrated in the catchment area close to stores. Consideration was therefore given to identifying a cash generating unit as a store together with a proportion of online sales. However, the Group was not able to obtain sufficient, reliable evidence to quantify the e-commerce sales being driven by the stores. Consequently, after careful consideration, the Group decided not to attribute any e-commerce sales to stores for the purpose of the impairment and onerous lease calculations.

Refer to notes 1j 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 and onerous lease provisioning process;
- Assessing the methodology applied in performing the impairment review and onerous lease calculation, with reference to the requirements of IAS 36 'Impairment of Assets' and IAS 37 'Provisions' respectively;
- Assessing management's process of allocating the top-down medium-term plan to the individual store impairment review and challenging the judgements applied;
- Assessing the reasonableness of management's definition of a cash generating unit, including the judgement regarding attributing e-commerce sales;
- Challenging the key assumptions utilised in the cash flow forecasts (including store sales and costs) with reference to the historical trading performance, market expectations, peer comparison and our understanding of the Group's strategic initiatives. Given the forecasts reflect a new strategy which is in its early stages, our challenge has included the consideration of other businesses who have attempted a similar turnaround, and both the opportunities and risks of Superdry achieving a successful implementation;
- Challenging the allocation of direct and other costs to stores by assessing the individual costs against the criteria within IAS 36 and IAS 37;
- 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;
- Reviewing management's 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 and onerous lease provision in notes 2 and 18 of the financial statements

Key observations

While a number of best practice modelling improvements were identified and have been separately reported to management, we are satisfied with the integrity of the model.

We highlight that attribution of e-commerce sales would reduce the impairment and the onerous lease charge by a material amount, therefore this is a significant area of judgement. We concur with the judgement that the Group has made, although note that this is an area which will remain under review as more data and therefore evidence becomes available in future periods.

As set out above, the store impairment and onerous lease provision has required significant management judgement. In particular, it requires the successful implementation of a new strategy, which is in its early stages and is in the context of a challenging retail sector. The impairment charge and onerous lease provision is underpinned by the assumption that the decline in like-for-like store sales is reversed and returned to growth in FY22.

From the work performed, we concluded that the level of impairment and onerous lease charge recognised on the store estate is appropriate. Given the uncertainties noted, the sensitivity disclosures provided in note 2 provide important information to assess the impact of a change in key assumptions.

We note a 1% decrease in year-one sales growth for each territory per annum leads to a £4.6m adjustment to the impairment and onerous lease charge.

Independent Auditors' Report

to the members of Superdry Plc

Going concern

Key audit matter description

The Group was in a net funds position at the year-end and has a £70m committed facility, which expires in January 2023.

The cyclical nature of the business results in the funding position of the Group varying considerably during the year. This cyclicality results from seasonal trading variations, the timing of inventory purchases and dividend payments. Consequently, the Group is forecast to utilise a portion of the committed facility in the year ending 30 April 2020 and during the period covered by the viability statement (4 years to 30 April 2023).

The deterioration of the trading performance of the Group in the year, together with the uncertainties arising from the volatility in the Retail Sector and macro-economic environment (including Brexit), result in a greater level of management judgement in forecasting the Group's future funding position compared to previous years.

The Key Audit Matter on store asset impairment and onerous lease refers to the Board's medium-term plan. This has also been used as the basis of our going concern review. The medium-term plan contains a number of key assumptions, particularly regarding the reversal of the decline in like-for-like store sales (as noted above), together with strengthening sales growth in the Wholesale and e-commerce channels. Also, following a decline in gross profit margin in recent periods, this is forecast to stabilise in the medium-term plan.

In assessing going concern, management has modelled a combined trading and Brexit sensitivity to the forecast cash flows. The trading sensitivity models a decline in sales performance across all three channels. The Brexit sensitivity models an increase in costs and therefore dilution in profit margin. Management has also considered what mitigating actions could reasonably be taken to offset the impact of these downside sensitivities.

The Audit Committee has included the adoption of the going concern basis of accounting as a key risk on page 62. See also management's going concern disclosures on pages 20 to 21.

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 drafting, review and approval of the Group's going concern assessment.

Specifically, our work has focused on the following;

- Testing the mechanical accuracy of the model used to prepare the Group's forecast;
- Considered the consistency of management's forecasts with other areas of the audit, including the store impairment and onerous lease review;
- Challenging the key assumptions within the going concern assessment, with reference to the historical trading performance, current trading uncertainty, market expectations, peer comparison and our understanding of the Group's new strategic initiatives;
- Assessing the impact of reasonably possible downside scenarios on the Group's funding position and covenant calculations, including the appropriateness of the Brexit assumptions;
- Obtaining an understanding of the financing facilities, including repayment terms and covenants;
- Assessing the Group's future liquidity and cash headroom;
- Assessing and challenging the mitigating actions available to management, should these be required to offset the impact of the forecast performance not being achieved;
- Assessing the appropriateness of risk factors disclosed in the Group's going concern statement; and
- Challenging the sufficiency of the Group's disclosures over going concern.

Key observations

From the work performed above, we are satisfied that the adoption of the going concern basis of accounting and the disclosure in respect of the Group's ability to continue as a going concern are appropriate.

Wholesale revenue cut-off and returns provision

Key audit matter description	Consistent with IFRS 15 *Revenue*, the Group's policy is to recognise revenue when the contractual risks and rewards have passed to the customer. For retail stores, this is at the time of purchase. For e-commerce and wholesale, this is at the time of delivery. The Board and strategic changes following the EGM on 2 April 2019 could result in different decisions being made regarding wholesale shipments and therefore revenue recognised. Consequently, we have identified wholesale revenue cut-off and the associated returns provision to be a key audit matter in the current year. For the 52 weeks ended 27 April 2019, wholesale revenue of £335.0m has been recognised (2018: £323.4m) net of a returns provision of £5.1m (2018: £3.6m). Refer to notes 1e and 4 for the Group's revenue recognition policy and segment information note, as well as the significant issues section of the Audit Committee report.
How the scope of our audit responded to the key audit matter	We have assessed the design and implementation of key controls around the wholesale revenue cut-off and returns provision process, assessing the revenue recognition policy and ensuring it is appropriately implemented. We have assessed the judgements and inputs used in determining the returns provision required at year-end. Specifically, we have: • For a sample of wholesale sales immediately pre and post-year-end, we have agreed the sale back to customer order and dispatch note to ensure revenue has been recognised in the correct period; • Assessed the percentage of pre-season forward orders dispatched in the current year versus the prior year; • Tested the inputs into the customer returns provision liability and challenged the appropriateness of the assumptions used. This has been performed primarily with reference to historical returns trends. • Performed 'look back testing' by comparing the level of actual post-year-end returns with the year-end provision, to assess the appropriateness of the year-end liability.
Key observations	From the work performed above, we concluded that wholesale revenue recognition is appropriate and the returns provision is sufficient.

Independent Auditors' Report

to the members of Superdry Plc

Valuation of inventory

Key audit matter description	As at 27 April 2019, the Group held £190.8m of inventory (2018: £162.3m). The stock provision was £3.9m (2018: £3.3m), representing 2% (2018: 2%) of the 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 considers unlikely to be sold through regular clearance channels. This requires management judgement to assess the quality of products provided for and the expected realisable value. Following a review of the existing policy and historically negligible stock being sold at a loss or written off, management has revised the stock provisioning policy in the year. Aged stock is now provided for at a higher percentage but the provision is only applied to stock 6 seasons or older, rather than 3 under the previous policy. The change in estimate would have had an immaterial impact on the stock provision in the prior year. Following the EGM and resulting Board changes, there has been a change in strategy regarding certain product lines. As a result, 'kidswear' and a footwear licensing deal have been discontinued. Exceptional costs of £1.7m have been recognised as a result of this decision in relation to expenditure incurred in relation to 'kidswear'. See note 6 for further details. Refer to note 1o for the Group's inventory provisioning policy, note 23 inventory and the Audit Committee report.
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 percentages 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; • ensured that all stock impacted by the change in strategy has been appropriately provided for; and • verified the accuracy of the data used in the calculation by testing the season 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 27 April 2019 are £128.2m charge (2018: £25.6m charge) and includes the store impairment and onerous lease charge, the fair value movement in financial instruments, restructuring costs, the impact of the strategic changes following the outcome of the EGM and the IFRS 2 charge associate with the Founder Share Plan. 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.

The impairment and onerous lease charge of £129.5m has been disclosed as an 'exceptional and other item' due to its size, nature and incidence. Also, related to the deterioration on actual and forecast performance, a deferred tax asset of £7.5m related to the US business has been fully impaired.

The share of joint venture exceptional cost relates to an impairment and onerous lease charge as a result of a similar store portfolio review in China, together with a deferred tax de-recognition. The decline in current and forecast trading performance of the joint venture has also resulted in the impairment of the long-term loan receivable.

The £23.9m fair value re-measurement of foreign exchange contracts (2018: £20.8m) 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 35. This is consistent with the disclosure adopted in the prior year.

Restructuring and strategic change costs, which include the payment in lieu of notice for the departing CEO, totalling £8.1m have been presented as exceptional.

As set out in note 6, the Founder Share Plan Scheme (***FSP***) 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 and will not be renewed should the share price fail to reach the target vesting price. 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. This is consistent with the disclosure adopted in the prior year.

Refer to note 1ag 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 and other 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. Costs disclosed as strategic change costs and restructuring costs have been agreed to underlying audit evidence to determine that both the value and the timing of recognition is appropriate.

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 note that the inclusion of the Founder Share Plan Scheme and fair value re-measurement of foreign exchange contracts in 'exceptional and other items' is consistent with the prior year.

In relation to the other items included, we note that they relate to a combination of the material deterioration in business performance and costs associated with the recent Board changes.

Independent Auditors' Report

to the members of Superdry Plc

Management override of controls

Key audit matter description	Management override of the control framework within the business has the potential to lead to errors within the reported results. This is a pervasive risk, but is especially relevant to areas in which there is judgement or uncertainty, such as provisioning and assessing the recoverability of assets throughout the Group, including store fixed assets, investments, deferred tax assets and inventory. The risk of management override of controls within the Group encompasses the posting of journals across the business, consolidation adjustments and any bias observed in accounting judgements. Given the change in Board and governance structure during the year and the associated change in strategy, it is important that the judgements taken by management fall within a reasonable range and have been applied consistently year on year, or where there has been a change in approach that this has been adequately justified and disclosed. As a result, we considered this to be a key audit matter. This includes assessing whether the completeness and accuracy of the related party disclosures in the Annual Report given the interim CEO is a significant shareholder. Refer to note 21 for the Group's related party disclosures and the Audit Committee report for further consideration of the management override of control risk.
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 posting and approval of manual journals and the consolidation process. In addition, we have: • Utilised Deloitte Analytics to assess the completeness of the population of journals provided by management and profiling the data to identify a sample of journals displaying potentially fraudulent characteristics. The sampled journals have been agreed back to supporting documentation to test their validity. Material profit impacting consolidation journals have also been tested back to supporting documentation. • Reviewed minutes of board meetings and held discussions with the senior finance team to identify any transactions which have occurred outside the usual course of business. • Challenged the key assumptions applied by management for all significant risk areas where an element of judgement or estimate exists as set out in the key audit matters section above. • Performed testing of the design and implementation of key review controls.
Key observations	From the work performed above, no instances of inappropriate management override of controls have been identified.

Impairment of investment in subsidiaries and intercompany receivables in the parent Company balance sheet

Key audit matter description

The carrying value of the investment in subsidiaries of £411.7m (2018: £458.5m) and the intercompany receivables of £164.5m (2018: £187.3m) have been assessed for impairment by reference to IAS 36 *Impairment of Assets* and IFRS 9 *Financial Instruments* respectively.

Following the decline in business performance in the year, the revision of the Group's forecast performance and the reduction in the market capitalisation of the Group, this is considered to be a key audit matter.

In assessing the recoverability of the intercompany receivables, a range of possible credit loss outcomes has been considered. In assessing the carrying value of the investment in subsidiaries, the Board's medium-term plan has been used to estimate the value in use of each of the subsidiaries held. This is the same medium-term plan used for the store impairment, onerous lease, going concern and long-term viability assessments.

As discussed in our key audit matter on store asset impairment and onerous lease, the forecast performance of the business is subject to uncertainty.

An impairment charge of £51.3m has been recognised in relation to the investment in subsidiaries and the loan loss allowance of £44.2m has been recognised in relation to intercompany balances

Refer to note 2 for the assessment undertaken, the resulting impairment recorded and sensitivity disclosures.

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

Our audit procedures included:

- Challenging the key assumptions within management's forecasts as described in the store impairment and going concern Key Audit Matters on pages 94 to 96;
- Testing the mechanical accuracy of the model;
- Assessing the methodology applied in reviewing the investments for impairment and assessing the recoverability of intercompany balances, with reference to the requirements of IAS 36 '*Impairment of Assets*' and IFRS 9 '*Financial Instruments*' respectively;
- Considered the consistency of management's forecasts with other areas of the audit, including the store impairment, onerous lease review and going concern;
- Reviewing management's 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 investment impairment and intercompany recoverability in notes 2, 20 and 24 of the financial statements

Key observations

From the work performed, we are satisfied that the impairment recorded and the carrying value of the investments in subsidiaries and intercompany receivables are appropriate.

Independent Auditors' Report

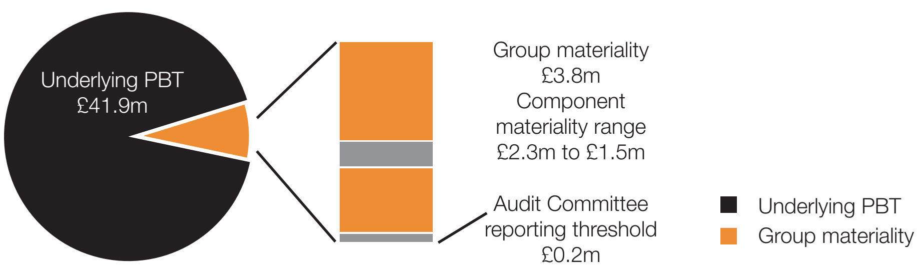
to the members of Superdry Plc

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	£3.8m (2018: £4.7m)	£3.4m (2018: £4.2m)
Basis for determining materiality	9.1% of underlying pre-tax profit (2018: 5%) of £41.9m (2018: £97.0m). This has been determined based on 5% of the average underlying profit before tax for the last three years as this better reflects the size and scale of the Group than current year performance alone.	The basis of materiality is net assets, taking into account the Group materiality, the materiality is approximately 1% of net assets (2018: 1%).
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. We are satisfied that using a three-year average to determine materiality best reflects the trading scale of the business and balance sheet. The calculated materiality of £3.8m sits within the range of 5-10% of profit before tax as normal practice when determining materiality for listed companies.	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 £190,000 (2018: £235,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

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.

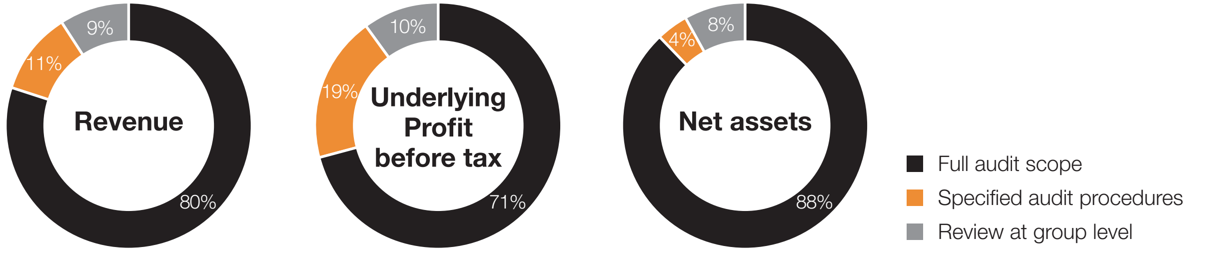
Based on that assessment, we focused our Group audit scope primarily on the audit work at seven (2018: seven) components. Four (2018: four) of these were subject to a full audit being DKH Retail Limited, C-Retail Limited, SuperGroup Internet Limited and Superdry Plc (parent Company). The remaining three components (2018: three) being Germany, Belgium and the US 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% (2018: 92%) of the Group's net assets, 91% (2018: 89%) of the Group's revenue and 90% (2018: 92%) 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 £1.5m to £2.3m (2018: £1.9m to £2.4m).

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 statement 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. The recoverability of the investment in the joint venture balance and associated long-term loans has been performed by the Group audit team. The store impairment and onerous lease charge recorded by the joint venture (and reflected in the Group's investment in the joint venture) has been audited by Deloitte China in accordance with instructions issued by the Group audit team. The Group audit team has led planning calls with the Chinese team, reviewed their work and participated in their local close meeting with management to ensure the adequate supervision and direction of the audit activities.



Independent Auditors' Report

to the members of Superdry Plc

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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, internal audit, Company secretariat and the audit committee, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team, including our tax, valuations, IT, real estate and industry specialist team members, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
  - Store asset impairment and onerous leases;
  - Wholesale revenue cut-off and returns provision;
  - Valuation of inventory; and
  - Classification and disclosure of "exceptional and other" items;
- obtaining an understanding of the legal and regulatory framework that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Group. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and pension and tax legislation. In addition, compliance with terms of the Group's covenants were fundamental to the Group's ability to continue as a going concern.

Independent Auditors' Report

to the members of Superdry Plc

Audit response to risks identified

As a result of performing the above, we identified store asset impairment and onerous leases, wholesale revenue cut-off and returns provision, valuation of inventory and classification and disclosure of 'exceptional and other' items as key audit matters. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing the supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

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 Board of Directors 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 2 years, covering the 52 week periods ending 28 April 2018 to 27 April 2019.

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).

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.

Edward Hanson (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
9 July 2019

Group statement of comprehensive income

for the 52 weeks ending 27 April 2019

	Note	**Underlying* 2019 £m**	**Exceptional and other items (note 6) £m**	**Total 2019 £m**	Underlying* 2018 £m	Exceptional and other items (note 6) £m	Total 2018 £m
Revenue	4	**871.7**	**–**	**871.7**	872.0	–	872.0
Cost of sales		**(387.4)**	**–**	**(387.4)**	(365.5)	–	(365.5)
Gross profit		**484.3**	**–**	**484.3**	506.5	–	506.5
Selling, general and administrative expenses	5	**(447.0)**	**(140.2)**	**(587.2)**	(418.5)	(10.9)	(429.4)
Other gains and losses (net)	11	**10.8**	**23.9**	**34.7**	12.3	(20.8)	(8.5)
Operating profit/(loss)	12	**48.1**	**(116.3)**	**(68.2)**	100.3	(31.7)	68.6
Finance income	13	**0.3**	**–**	**0.3**	–	–	–
Finance expense	13	**(1.3)**	**–**	**(1.3)**	(0.3)	–	(0.3)
Impairment losses on financial assets	20, 24	**(1.5)**	**(8.5)**	**(10.0)**			
Share of loss of joint venture	20	**(3.7)**	**(2.5)**	**(6.2)**	(3.0)	–	(3.0)
Profit/(loss) before tax	4	**41.9**	**(127.3)**	**(85.4)**	97.0	(31.7)	65.3
Tax expense	14	**(12.2)**	**(0.9)**	**(13.1)**	(20.7)	6.1	(14.6)
Profit/(loss) for the period		**29.7**	**(128.2)**	**(98.5)**	76.3	(25.6)	50.7
Attributable to:							
Owners of the Company		**29.7**	**(128.2)**	**(98.5)**	76.3	(25.6)	50.7
Other comprehensive income/(expense) net of tax:							
Items that may be subsequently reclassified to profit or loss							
Currency translation differences		**(1.4)**	**–**	**(1.4)**	2.6	–	2.6
Total comprehensive income/(expense) for the period		**28.3**	**(128.2)**	**(99.9)**	78.9	(25.6)	53.3
Attributable to:							
Owners of the Company		**28.3**	**(128.2)**	**(99.9)**	78.9	(25.6)	53.3
		pence per share		**pence per share**	pence per share		pence per share
Earnings per share:							
Basic	16, 35	**36.3**		**(120.3)**	93.6		62.2
Diluted	16, 35	**36.2**		**(120.0)**	93.1		61.9

* Underlying is defined in note 35.

2019 is for the 52 weeks ended 27 April 2019 and 2018 is for the 52 weeks ended 28 April 2018.

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 113 to 165 inclusive are an integral part of the Group and Company financial statements.

Balance sheets

Company number: 07063562

	Note	Group 27 April 2019 £m	Group 28 April 2018 £m	Company 27 April 2019 £m	Company 28 April 2018 £m
ASSETS					
Non-current assets					
Property, plant and equipment	18	**74.1**	130.2	**8.2**	14.8
Intangible assets	19	**51.5**	57.8	**17.0**	16.9
Investments in subsidiaries	20	**–**	–	**411.7**	458.5
Investment in joint venture	20	**–**	6.2	**–**	12.4
Long-term loan to joint venture	20	**–**	3.3	**–**	3.3
Deferred tax assets	22	**32.8**	38.8	**1.2**	1.6
Derivative financial instruments	33	**1.3**	–	**–**	–
Total non-current assets		**159.7**	236.3	**438.1**	507.5
Current assets					
Inventories	23	**190.8**	162.3	**2.1**	2.3
Trade and other receivables	24	**122.4**	140.0	**184.0**	194.5
Derivative financial instruments	33	**0.4**	–	**–**	–
Assets classified as held for sale	18	**2.4**	–	**2.4**	–
Cash and cash equivalents	25	**35.9**	75.8	**0.5**	14.0
Total current assets		**351.9**	378.1	**189.0**	210.8
LIABILITIES					
Current liabilities					
Trade and other payables	27	**127.3**	119.7	**248.4**	163.4
Provisions for other liabilities and charges	28	**18.1**	–	**1.0**	–
Current tax liabilities		**0.4**	9.8	**–**	–
Derivative financial instruments	33	**1.4**	18.5	**–**	–
Total current liabilities		**147.2**	148.0	**249.4**	163.4
Net current assets/(liabilities)		**204.7**	230.1	**(60.4)**	47.4
Non-current liabilities					
Trade and other payables	27	**39.3**	44.6	**0.3**	0.3
Provisions for other liabilities and charges	28	**61.6**	5.3	**1.8**	–
Deferred tax liabilities	22	**0.8**	0.9	**–**	–
Derivative financial instruments	33	**2.0**	7.1	**–**	–
Total non-current liabilities		**103.7**	57.9	**2.1**	0.3
Net assets		**260.7**	408.5	**375.6**	554.6
EQUITY					
Share capital	34	**4.1**	4.1	**4.1**	4.1
Share premium		**149.1**	149.0	**149.1**	149.0
Translation reserve		**(3.0)**	(1.6)	**–**	–
Merger reserve		**(302.5)**	(302.5)	**–**	–
Retained earnings		**413.0**	559.5	**222.4**	401.5
Total equity		**260.7**	408.5	**375.6**	554.6

The Company loss for the year is £136.5m (2018: £45.6m profit). The notes on pages 113 to 165 inclusive are an integral part of the Group and Company financial statements. The financial statements on pages 108 to 165 were approved by the Board of Directors and authorised for issue on 9 July 2019 and signed on its behalf by:

Julian Dunkerton
Interim Chief Executive Officer

Nick Gresham
Interim Chief Financial Officer

Cash flow statements

for the 52 weeks ending 27 April 2019

	Note	Group 2019 £m	Group 2018 £m	Company 2019 £m	Company 2018 £m
Cash generated from operating activities	31	**54.6**	104.3	**67.9**	51.0
Interest paid		**(1.0)**	(0.3)	**(5.2)**	(0.1)
Tax (paid)/received		**(15.9)**	(23.9)	**(13.9)**	0.1
Net cash generated from operating activities		**37.7**	80.1	**48.8**	51.0
Cash flow from investing activities					
Investments in subsidiaries	20	**–**	–	**(2.3)**	(3.5)
Investment in joint ventures	20	**–**	(3.2)	**–**	(3.2)
Long-term loan to joint venture	20	**(5.0)**	(3.3)	**(5.0)**	(3.3)
Purchase of property, plant and equipment		**(15.7)**	(44.6)	**(3.7)**	(4.0)
Purchase of intangible assets		**(8.7)**	(11.1)	**(5.7)**	(7.5)
Cash received from disposal of financial assets	31	**–**	2.2	**–**	2.2
Net cash used in investing activities		**(29.4)**	(60.0)	**(16.7)**	(19.3)
Cash flow from financing activities					
Dividend payments	17	**(46.0)**	(24.0)	**(46.0)**	(24.0)
Proceeds of issue of share capital		**0.1**	0.6	**0.1**	0.6
Net cash used in financing activities		**(45.9)**	(23.4)	**(45.9)**	(23.4)
Net (decrease)/increase in cash and cash equivalents	32	**(37.6)**	(3.3)	**(13.8)**	8.3
Cash and cash equivalents at beginning of period	32	**75.8**	65.4	**14.0**	1.2
Exchange (losses)/gains on cash and cash equivalents		**(2.3)**	13.7	**0.3**	4.5
Cash and cash equivalents at end of period		**35.9**	75.8	**0.5**	14.0

The notes on pages 113 to 165 inclusive are an integral part of the Group and Company financial statements.

Statements of changes in equity

for the 52 weeks ending 27 April 2019

Group	Note	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
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
Effect of change in accounting policy for IFRS 9 and 15		–	–	–	–	(5.5)	(5.5)
Balance at 28 April 2018 – as restated		4.1	149.0	(1.6)	(302.5)	554.0	403.0
Comprehensive income							
(Loss)/Profit for the period		–	–	–	–	(98.5)	(98.5)
Other comprehensive income							
Currency translation differences		–	–	(1.4)	–	–	(1.4)
Total other comprehensive income		–	—	(1.4)	–	–	(1.4)
Total comprehensive income for the period		–	–	(1.4)	–	(98.5)	(99.9)
Transactions with owners							
Employee share award schemes	8,9	–	–	–	–	3.5	3.5
Shares issued		–	0.1	–	–	–	0.1
Deferred tax – employee share award scheme		–	–	–	–	–	–
Dividend payments	17	–	–	–	–	(46.0)	(46.0)
Total transactions with owners		–	0.1	–	–	(42.5)	(42.4)
Balance at 27 April 2019		4.1	149.1	(3.0)	(302.5)	413.0	260.7

Statements of changes in equity

for the 52 weeks ending 27 April 2019

Company	Note	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
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
Effect of change in accounting policy for IFRS 9 and 15		–	–	–	–
Balance at 28 April 2018 – as restated		4.1	149.0	401.5	554.6
Comprehensive income					
(Loss)/profit for the period	15	–	–	(136.5)	(136.5)
Total comprehensive income for the period		–	–	(136.5)	(136.5)
Transactions with owners					
Employee share award schemes	8,9	–	–	3.5	3.5
Shares issued		–	0.1	–	0.1
Exchange differences		–	–	(0.1)	(0.1)
Dividends paid	17	–	–	(46.0)	(46.0)
Total transactions with owners		–	0.1	(42.6)	(42.5)
Balance at 27 April 2019		4.1	149.1	222.4	375.6

Distributable reserves for the Company as at 27 April 2019 are £222.4m (2018: £401.5m).

The notes on pages 113 to 165 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 27 April 2019

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 ("***2019***") is for the 52 weeks ended 27 April 2019 (2018: 52 weeks ended 28 April 2018 ("***2018***")).

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 Group 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.

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. At the point of sale, a refund liability and corresponding adjustment to revenue is recognised for those products expected to be returned.

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. At the point of sale, a refund liability and corresponding adjustment to revenue is recognised for those products expected to be returned.

E-commerce revenue

Revenue from the provision of the sale of goods on the internet is recognised at the point that control of the inventory has passed to the customer, which is when the goods are received by the customer. Transactions are settled by credit card, payment card or 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 e-commerce credit notes based on the expected level of returns, which in turn is based upon the historical rate of returns. At the point of sale, a refund liability and corresponding adjustment to revenue is recognised for those products expected to be returned.

Wholesale revenue

Wholesale revenues from the sale of goods are recognised at the point that control of the inventory has passed to the customer, which depends on the specific terms and conditions of sales transactions and which is typically upon delivery. Revenues are settled in cash, net of discounts. Provisions are made for Wholesale credit notes based on the expected level of returns, which in turn is based upon the historical rate of returns. At the point of sale, a refund liability and corresponding adjustment to revenue is recognised for those products expected to be returned.

f) Other income

Royalty income

The Group receives royalty income from its franchise partners based on specific agreements in place. The income is recognised based on the specific performance obligations within the agreements. This income is recognised within other income as it does not relate to consideration for goods supplied to customers.

g) Finance 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.

h) 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.

i) 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.

1. Principal accounting policies (continued)

i) Leasing and similar commitments (continued)

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.

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.

j) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Cost includes the original purchase price and the costs attributable to bringing the asset into its working condition. Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are recognised in the Group statement of comprehensive income.

Depreciation is provided at rates calculated to write down the cost of the assets, less their estimated residual values, over their remaining useful economic lives as follows:

Freehold buildings	–	50 years on a straight-line basis
Leasehold improvements	–	5 – 10 years on a straight-line basis
Furniture, fixtures and fittings	–	5 – 10 years on a straight-line basis
Computer equipment	–	3 – 5 years on a straight-line basis

Land is not depreciated. Residual values and useful economic lives are reviewed annually and adjusted if appropriate.

Property, plant and equipment is reclassified as held for sale assets if their carrying amount will be recovered through a highly probable sale transaction rather than through continuing use (note 1q).

k) Impairment of non-financial assets

The carrying values of non-financial assets are tested annually to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the asset does not generate cash flows which are independent from other assets, the recoverable amount of the cash generating unit ("***CGU***") to which the asset belongs is estimated.

The recoverable amount of a non-financial asset is the higher of its fair value less costs to sell, and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or CGU.

An impairment loss is recognised in the Group statement of comprehensive income whenever the carrying amount of an asset or CGU exceeds its recoverable amount. An impairment loss in a subsidiary consolidated under predecessor accounting (note 1ad) is recognised as a movement in the merger reserve and retained earnings in addition to recognising a loss on the Group statement of comprehensive income.

Further information on how impairments have been calculated can be found in note 2.

l) 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

Notes to the Group and Company Financial Statements

1. Principal accounting policies (continued)

l) Intangible assets (continued)

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.

m) 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. When the Group's share of losses exceed the Group's interest in the joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations on behalf of the joint venture.

Where losses in joint ventures exceed the investment value held for the entity, the surplus loss is applied to the long-term loans made to the joint venture and the carrying value is written down accordingly.

n) 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 profit and loss account. 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).

o) 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.

p) Trade receivables

Trade receivables are recognised at original invoice amount and subsequently measured at amortised cost, less an allowance for doubtful debts. Following the introduction of IFRS 9 these doubtful debts are recognised using a simplified mode of the lifetime expected credit loss model.

q) Assets classified as held for sale

Non-current assets are classified as held for sale when their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable, the asset is available for immediate sale, and when it is expected to complete within one year. These assets are stated at the lower of carrying amount and fair value less costs to sell.

r) 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.

s) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the obligation can be estimated reliably. Provisions are discounted using the risk free rate if the impact on the provision is deemed to be material.

1. Principal accounting policies (continued)

s) Provisions (continued)

Provisions for onerous leases are recognised when the Group believes that the unavoidable costs of meeting or exiting the lease obligations exceed the economic benefits expected to be received under the lease.

t) 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.

u) 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.

v) 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.

w) 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. Where losses in joint ventures exceed the investment value held for the entity, the surplus loss is applied to the long-term loans made to the joint venture and the carrying value is written down accordingly.

x) Trade and other payables

Trade and other payables, excluding lease incentives (see note 1i), are non-interest bearing and are initially recognised at their fair value and subsequently measured at amortised cost. Generally, this results in their recognition at their nominal value.

y) 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;

Notes to the Group and Company Financial Statements

1. Principal accounting policies (continued)

y) Taxation (continued)

- 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.

z) 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.

aa) Share capital

Ordinary shares are classified as equity. The share capital represents the nominal value of shares that have been issued.

ab) 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.

ac) Retained earnings

The retained earnings reflect the accumulated profits and losses of the Group.

ad) 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).

ae) 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.

af) Cost of sales

Cost of sales comprises movements between opening and closing inventories, purchases, carriage in, commissions payable, and other related expenses. As explained in note 1e, customers have a right of return. When customers exercise this right, the Group has a right to recover the product and as such recognises a right to returned goods asset and a corresponding adjustment to cost of sales. This is based on the historical rate of return.

ag) 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;

1. Principal accounting policies (continued)

ag) Exceptional and other items

- derecognition of deferred tax assets; and
- asset impairment and onerous lease 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 2019 is included in notes 6 and 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

Retail store assets (as with other financial and non-financial assets) are subject to impairment based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to dispose, although as all of the Group's retail owned stores are leasehold, only value in use has been considered in the impairment assessment. Value in use is calculated from expected future cash flows using suitable discount rates and including management assumptions and estimates of future performance. Store asset carrying values are considered net of the carrying value of any landlord cash contributions received in relation to each store. An impairment of £42.6m (2018: £5.3m) was recognised in the period.

For impairment testing purposes, the Group has determined that each store is a cash generating unit (***"CGU"***). Each CGU is tested for impairment if any indicators of impairment have been identified. Given the decline in store like-for-like sales in the year, all 248 owned stores have been tested for impairment in the current year.

Store asset carrying values are considered net of the carrying value of any cash contribution received in relation to that store.

The value in use of each CGU is calculated based on the Group's latest budget and forecast cash flows, covering a four-year period (the ***"medium-term financial plan"*** or ***"plan"***), which have regard for historic performance and knowledge of the current market, together with the Group's views on the achievable growth, all of which have been reviewed and approved by the Board. The cash flows are discounted using the weighted average cost of capital (***"WACC"***). The Plan is prepared on a 'top down' basis and has been attributed to individual stores based on their historic performance relative to the rest of the store estate. Cash flows beyond this four-year period as set out in the Plan are extrapolated using a long-term growth rates that approximate to country-specific rates. The cash flows are modelled for each store through to their lease expiry date. No lease extensions have been assumed in the modelling, unless they were committed at the balance sheet date.

Management estimates discount rates using pre tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. The discount rates are derived from the Group's post-tax WACC and range from 9.2% to 15.5%.

The key estimates for the value in use calculations are those regarding discount rates and expected changes to future cash flows used in the value in use calculation.

The key assumptions used in determining store cash flows are the growth rates in both sales and gross profit margins as set out in the medium-term financial plan. The medium-term financial plan reflects the interim CEO's strategy as set out on pages 12 to 14. Specifically, the Plan, which is in its early stages of implementation, assumes the Group halts the continued decline in performance in the financial year 2020. In the medium-term, the plan then assumes the return to strong revenue growth, the restoring of double-digit EBIT margins and the rebuilding of profitability over a three-year time frame. Further significant costs (or credits) may be recorded in future years dependent on the success of the new strategy and the turnaround of the business.

Notes to the Group and Company Financial Statements

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

Store impairments (continued)

During the year, the Group has recognised an impairment charge of £36.5m relating to property, plant and equipment and an impairment charge of £6.1m relating to intangible assets. These impairment charges have been recognised within exceptional items within selling, general and administrative expenses.

The net carrying value of property, plant and equipment plus intangible assets subject to impairment assessment was £86.4m. The value of impaired assets, net of remaining capital contributions, is £4.6m.

The Group has carried out a sensitivity analysis on the impairment tests for its owned store portfolio on an aggregated basis for property, plant and equipment (note 18) and intangibles (note 19), using various reasonably possible scenarios based on recent market movements including discount rates and a change to the sales and margin assumptions in the medium-term financial plan:

- An increase of 50bps in the gross margin rate for each territory would decrease impairment by £0.3m
- A decrease of 50bps in the gross margin rate for each territory would increase impairment by £0.3m
- An increase of 1% in the discount rate for each territory would increase impairment by £0.2m
- A decrease of 1% in the discount rate for each territory would decrease impairment by £0.1m
- An increase of 1% in year 1 sales growth for each territory would decrease impairment by £0.2m
- A decrease of 1% in year 1 sales growth for each territory would increase impairment by £0.5m

In addition, the Group has considered a range of reasonably possible outcomes within the Plan period. The scenario modelled is consistent with the sensitivities applied for the viability assessment, set out on page 21. This would increase the impairment charge by £1.7m.

Onerous lease provisions

Management has also assessed whether impaired and unprofitable stores require an onerous lease provision. An onerous lease provision has been recognised when the Group believes that the unavoidable costs of meeting or exiting the lease obligations exceed the benefits expected to be received under the lease.

The calculation of the net present value of future cash flows is based on the same assumptions for growth rates and expected changes to future cash flows as set out above, discounted at the appropriate risk adjusted rate. The costs of exiting leases as set out in the lease agreement, either at the end of the lease or the lease break date (whichever is shorter), have been considered in the calculation. Other than for the Berlin Kranzler store, for which an onerous lease provision was recognised in the prior year of £2.2m, no sublet income has been assumed.

Based on the factors set out above, the Group has recognised an onerous lease provision charge in the year of £86.9m (2018: £2.2m). The onerous lease charge has been recognised within exceptional items within selling, general and administrative expenses. Further significant costs (or credits) may be recorded in future years dependent on the success of the new strategy and turnaround of the business.

The Group has performed sensitivity analysis on the onerous lease provisions using reasonably possible scenarios based on recent market movements, consistent with those sensitivities disclosed above in the ‘store impairment’ section:

- An increase of 50bps in the margin rate for each territory would decrease the onerous lease charge by £2.8m
- A decrease of 50bps in the margin rate for each territory would increase the onerous lease charge by £2.4m
- An increase of 1% in the risk free rate for each territory would decrease the onerous lease charge by £3.3m
- A decrease of 1% in the risk free rate for each territory would increase the onerous lease charge by £3.5m
- An increase of 1% in year 1 sales growth for each territory would decrease the onerous lease charge by £4.6m
- A decrease of 1% in year 1 sales growth for each territory would increase the onerous lease charge by £4.1m

The downside scenario modelled in the viability assessment (see page 21 for further details), would increase the onerous lease charge by £27.1m.

Recognition of deferred tax assets

The future prospects of the US onshore business are based on estimates over a four-year time frame in line with the Board approved Group financial plan. The performance of the US business deteriorated in the year and the revised forecasts have been updated to reflect a less optimistic outlook. The business continues to be loss making. There is increased uncertainty regarding the future utilisation of the deferred tax asset and it has therefore been derecognised. The Directors consider this to be an “exceptional and other” cost due to the size and “one-off” nature of the adjustment. See notes 14 and 22 for more details.

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

Impairment of investments in subsidiary undertakings and intercompany debtor balances

Management has estimated the loss allowance required on its intergroup receivables under IFRS 9's expected credit loss model. Where there has been no significant increase in credit risk since initial recognition of the asset the loss allowance is estimated using the 12-month expected credit losses (that is cash shortfalls arising from events of default taking place within one year of the balance sheet date). The loss allowance recorded in respect of such financial assets is immaterial.

Where there has been a significant increase in credit risk since initial recognition of a financial asset the loss allowance is estimated based on the lifetime expected credit loss. A significant increase in credit risk is considered to exist where any contractual cash flow relating to the financial asset is 90 days or more overdue or otherwise where there is a significant adverse change in the borrower's financial condition or anticipated performance.

The lifetime expected credit loss reflects management's estimate of the expected future receipts from the borrower based on the borrowers' medium-term financial plans (adjusted if significant to represent a probability weighted amount over more than one economic scenario) discounted using the effective interest rate relevant to each receivable.

The carrying value of the investment in subsidiary undertakings has also been assessed for impairment in accordance with IAS 36. The recoverable amount of each subsidiary is based on the discounted cash flows available to be paid to the Company from the relevant subsidiaries after the settlement of each entity's liabilities based on estimated cash flows determined using the Group's medium-term financial plan period extended to cover a period of 10 years using a long-term growth rate of 1.5%. The recoverable amount is compared to the investment carrying value and any difference recorded as impairment.

An IFRS 9 loan loss allowance on intercompany receivables of £44.2m and an impairment charge of £51.3m on the Group's investment in subsidiary undertakings has been recognised.

The most significant estimation input related to the lifetime expected credit losses and value in use calculations is the expected future performance of each entity in the base case forecasts; most significantly the sales growth assumptions.

Further significant loan loss and impairment charges may be recorded in the future dependent on the success of the new strategy and the turnaround of the business.

The lifetime expected credit loss could also be impacted by changes in estimation of the impact of alternative economic scenarios.

The Group has carried out sensitivity analysis using various reasonably possible scenarios based on recent market movements including discount rates and a change to the sales assumptions in the medium-term financial plan.

- If sales were 5% higher than forecast, this would decrease loan loss allowance by £nil and decrease impairment in subsidiaries by £0.1m
- If sales were 5% lower than forecast, this would increase loan loss allowance by £nil and increase impairment in subsidiaries by £0.1m
- An increase of 1% in discount rate, would increase impairment in subsidiaries by £1.4m. There would be no impact on the loan loss allowance as this is based on the effective interest rate.
- A decrease of 1% in discount rate, would decrease impairment in subsidiaries by £1.5m. There would be no impact on the loan loss allowance as this is based on the effective interest rate.

Critical judgements in applying the Group's accounting policies

Management consider that judgements made in the process of applying the Group's accounting policies that could have a significant effect on the amounts recognised in the Group financial statements are as follows:

Attributing E-commerce sales and costs to stores

Judgement is required as to whether E-commerce sales (and associated costs) could be attributed to stores for the purposes of impairment testing when calculating the value in use of each store CGU. While management believes that a proportion of E-commerce sales could be attributed to stores, the basis of such attribution was difficult to determine, due to insufficient evidence to reliably estimate. For this reason, only iKiosk and Click & Collect E-commerce sales have been deemed directly attributable to a store within the individual store CGU value in use calculations.

Attributing 10% of unallocated e-commerce sales and the related costs, would decrease the impairment and onerous lease charge by £1.5m and £7.7m respectively.

Long-term loans receivable

Judgement is required as to whether the long-term loans receivable balance due from Trendy & Superdry Holdings Limited is recoverable. In making this assessment, management has considered the lifetime expected credit losses under IFRS 9. Given the historical trading performance, asset impairment and onerous leases charges recorded by the company in the year and uncertainty regarding future profitability, the long-term loan balance of £8.5m has been fully impaired. The impairment loss has been recognised within exceptional items within impairment losses on financial assets. See note 20 for more information.

Notes to the Group and Company Financial Statements

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

Exceptional and other items

Judgements are required as to whether items are disclosed as exceptional and other items, with consideration given to both quantitative and qualitative factors. Further information about the determination of exceptional and other items in financial year 2019 is included in note 35 on pages 158 to 160.

3. New accounting pronouncements

New standards adopted in the year

The Group has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' effective for the period ending 27 April 2019. Both IFRS 9 and IFRS 15 have been applied retrospectively at 27 April 2019 using the 'modified retrospective method' by adjusting the opening balance sheet at that date.

IFRS 9 'Financial Instruments'

IFRS 9 supersedes IAS 39 'Financial instruments: recognition and measurement' and covers the accounting for financial instruments. The Group has adopted IFRS 9 retrospectively by adjusting opening reserves. The impact of IFRS 9 on retained earnings is £2.6m. 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

The Group does not currently undertake hedge accounting, as such there has been no impact in this regard.

a) Impairment model based on expected credit losses

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss approach. Under IFRS 9, a financial asset is credit-impaired when one or more of the following events have occurred, which have a significant impact on the expected future cash flows of the financial asset:

- significant financial difficulty;
- a breach of contract, such as a default or past-due event;
- a concession was granted due to economic or contractual reasons relating to financial difficulty that would not otherwise be considered;
- probable bankruptcy;
- the disappearance of an active market; and
- the original debt was at a deep discount reflecting incurred credit losses.

3. New accounting pronouncements (continued)

The main impact of this change in approach on the Group is in relation to trade receivables from wholesale customers. As at 28 April 2018, an additional £3.2m (£2.6m after tax) of impairment losses on trade receivables would have been recognised as a result of applying this change in approach. The table below shows the impact of these changes to the brought forward balance sheet as at 28 April 2018.

	28 April 2018 Reported £m	Bad debt provision £m	28 April 2018 Restated £m
Non-current assets			
Deferred tax assets	38.8	0.6	39.4
Other non-current assets	197.5	–	197.5
Total non-current assets	**236.3**	0.6	**236.9**
Current assets			
Trade and other receivables	140.0	(3.2)	136.8
Other current assets	238.1	–	238.1
Total current assets	**378.1**	(3.2)	**374.9**
Net assets	**408.5**	(2.6)	**405.9**
Equity			
Retained earnings	**559.5**	(2.6)	**556.9**
Other equity	**(151.0)**	–	**(151.0)**
Total Equity	**408.5**	(2.6)	**405.9**

IFRS 15 'Revenue from contracts with customers'

IFRS 15 supersedes IAS 11 "Construction contracts", IAS 18 "Revenue" and related interpretations and it applies to all revenue arising from contracts with customers, except those in the scope of other standards. The new standard provides a principles-based single model for revenue recognition based on when performance obligations are satisfied, using a five-step approach.

The Group has adopted IFRS 15 using the 'modified retrospective method' of adoption. The key considerations along with the impact of adopting IFRS 15 are described below. There is a small impact on retained earnings of £2.9m on adoption of IFRS 15.

a) Sale of goods

The Group's contracts with customers for the sale of products generally include one performance obligation. The Group has concluded that revenue from the sale of product should be recognised at the point in time when control of the asset is transferred to the customer. This is as follows for our different routes to market:

- Own store and concession revenue is recognised at the point of sale of a product; and
- Wholesale and E-commerce revenue is recognised on either delivery or customer collection.

This represents a minor change in the Group's accounting policy, whereby Wholesale and E-commerce revenue was previously recognised on either delivery or despatch. This has led to an immaterial £0.2m difference in the timing of revenue recognition in the current year. The impact to reserves from this adjustment is £1.8m.

b) Gift charge breakage

Gift cards represent a customer's right to receive goods or services (and the entity's performance obligation to transfer or stand ready to transfer, goods or services) in the future. Customers, however, do not always use the gift cards in full (or at all), resulting in breakage.

Under IAS 18, the Group provided for breakage based on historic rates of redemption. A liability was calculated on the total issued face value of the gift voucher at the point the gift voucher was issued and adjusted for this expected rate of redemption.

Under IFRS 15 where an entity expects to be entitled to a breakage amount it recognises the expected breakage amount as revenue (within other income) in proportion to the pattern of rights exercised by the customer. This differs from the historic calculation adopted under IAS 18, in that the breakage should be recognised over the course of the gift card being exercised rather than on issuance. The resulting adjustments on adopting IFRS 15 reduced retained earnings by £1.1m with corresponding adjustments to trade and other payables and deferred tax assets.

Notes to the Group and Company Financial Statements

3. New accounting pronouncements (continued)

c) Variable consideration

Product sales provide customers with a right of return within a specified period and are therefore deemed to be variable under IFRS 15.

Under IFRS 15, the Group uses the expected value method to estimate the value of goods that will be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. Under the previous standard, IAS 8, expected returns were estimated using a similar approach and therefore no adjustment to the value of variable consideration was required to profit after tax or retained earnings on transition to IFRS 15.

Prior to the adoption of IFRS 15, the amount of revenue relating to expected returns (and corresponding adjustment to Cost of Sales) was deferred and recognised net in the balance sheet within trade and other payables.

Under IFRS 15 the Group has adjusted Inventories to include the value of returned inventory, which forms part of the expected returns provision. The amount of revenue relating to expected returns remains within Trade and other payables.

The table below shows the impact of these changes to the brought forward balance sheet as at 28 April 2018. The financial year 2018 Group statement of comprehensive income was already disclosed with sales and cost of sales appropriately grossed up.

	28 April 2018 Reported £m	Sale of goods £m	Gift card breakage adjustment £m	Returns provision adjustment £m	**28 April 2018 Restated £m**
Non-current assets	**236.3**	–	–	–	**236.3**
Current assets					
Inventories	162.3	2.6	–	5.2	170.1
Other current assets	215.8	–	–	–	215.8
Total current assets	**378.1**	2.6	–	5.2	**385.9**
Current liabilities					
Trade and other payables	119.7	–	1.1	5.2	126.0
Other current liabilities	28.3	4.4	–	–	32.7
Total current liabilities	**148.0**	4.4	1.1	5.2	**158.7**
Non-current liabilities	**57.9**	–	–	–	**57.9**
Net assets	**408.5**	(1.8)	(1.1)	–	**405.6**
Equity					
Retained earnings	**559.5**	(1.8)	(1.1)	–	**556.6**
Other equity	**(151.0)**	–	–	–	**(151.0)**
Total equity	**408.5**	(1.8)	(1.1)	–	**405.6**

3. New accounting pronouncements (continued)

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 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 16 'Leases' replaces the current lease accounting requirements including IAS 17 'Leases', and becomes effective for the accounting period ended 26 April 2020. It requires entities to apply a single lease accounting model, with lessees recognising right-of-use assets and lease liabilities on the balance sheet for all applicable leases. In addition, the nature of expenses related to the lease will change because IFRS16 replaces the straight operating lease expense with a depreciation charge for the right-of-use assets and an interest cost relating to the lease liabilities. While the cash flow profiles of store operating lease arrangements will not change, EBITDA profitability (as defined in note 35) will improve significantly as a result. The Group has a large portfolio of leased properties and other equipment, including stores and warehouses. The minimum lease commitment on these at the financial year-end is £424.4m (see note 30).

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. A further update will be provided with our Interim statements in December 2019.

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. Additionally IFRS 16 will have an impact on the carrying value of the onerous lease provisions that have been recognised in the Balance Sheet at 27 April 2019.

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.

Notes to the Group and Company Financial Statements

4. Segment information (continued)

Segmental information for the business segments of the Group for financial years 2019 and 2018 is set out below:

	Retail 2019 £m	Wholesale 2019 £m	Central costs 2019 £m	Group 2019 £m
Total segment revenue	**539.5**	**637.3**	**–**	**1,176.8**
Less: inter-segment revenue	**(2.8)**	**(302.3)**	**–**	**(305.1)**
Revenue from external customers	**536.7**	**335.0**	**–**	**871.7**
(Loss)/profit before tax	**(87.7)**	**101.1**	**(98.8)**	**(85.4)**

The following additional information is considered useful to the reader:

	Underlying* 2019 £m	Exceptional and other items £m	Reported 2019 £m
Revenue			
Retail	**536.7**	**–**	**536.7**
Wholesale	**335.0**	**–**	**335.0**
Total revenue	**871.7**	**–**	**871.7**
Operating profit			
Retail	**27.1**	**(114.8)**	**(87.7)**
Wholesale	**95.6**	**7.0**	**102.6**
Central costs	**(74.6)**	**(8.5)**	**(83.1)**
Total operating profit/(loss)	**48.1**	**(116.3)**	**(68.2)**
Net finance income – Central costs	**(1.0)**	–	**(1.0)**
Impairment losses on financial assets – Wholesale and Central costs	**(1.5)**	**(8.5)**	**(10.0)**
Share of loss of investment – Central costs	**(3.7)**	**(2.5)**	**(6.2)**
Profit/(loss) before tax			
Retail	**27.1**	**(114.8)**	**(87.7)**
Wholesale	**94.1**	**7.0**	**101.1**
Central costs	**(79.3)**	**(19.5)**	**(98.8)**
Total profit/(loss) before tax	**41.9**	**(127.3)**	**(85.4)**

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

The impairment losses on store asset impairment of £42.6m all relate to the retail segment.

	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

4. Segment information (continued)

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 expense – 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.

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
	2019 £m	2018 £m
External revenue – UK	**302.2**	325.3
External revenue – Europe	**430.6**	418.5
External revenue – Rest of world	**138.9**	128.2
Total external revenue	**871.7**	872.0

Included within external revenue overseas is revenue of £226.7m (2018: £214.7m) generated by overseas subsidiaries. The total of non-current assets, other than deferred tax assets, located in the UK is £56.1m (2018: £86.6m), and the total of non-current assets located in other countries is £70.8m (2018: £110.9m).

Notes to the Group and Company Financial Statements

5. Selling, general and administrative expenses

	Group 2019 £m	2018 £m
Staff costs (note 7)	**115.7**	116.9
Operating lease rentals for leasehold properties	**68.8**	73.8
Depreciation and amortisation	**41.9**	41.1
Impairment of property, plant and equipment and intangibles	**42.6**	5.3
Restructuring, strategic change and other costs	**8.1**	–
Onerous lease charge	**86.9**	2.2
Other (including rates, service charges and professional fees)	**223.2**	190.0
Total selling, general and administrative expenses	**587.2**	429.4

Restructuring, strategic change and other costs include a credit of £0.3m which relates to staff costs for the purpose of note 7.

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 2019 is included in note 35. They are disclosed separately in the Group statement of comprehensive income.

	Group 2019 £m	2018 £m
Exceptional and other items		
Unrealised gain/(loss) on financial derivatives	**23.9**	(20.8)
Store asset impairment and onerous lease provision	**(129.5)**	(7.2)
Restructuring, strategic change and other costs	**(8.1)**	–
Buy-out of Netherlands agent	**–**	(1.6)
IFRS 2 charge on Founder Share Plan (note 9)	**(2.6)**	(2.1)
Total exceptional and other items in operating profit	**(116.3)**	(31.7)
Impairment losses on financial assets	**(8.5)**	–
Share of joint venture exceptional costs	**(2.5)**	–
Total exceptional and other items	**(127.3)**	(31.7)
Taxation		
Tax impact of non-underlying adjustments (note 14)	**1.7**	7.3
Deferred tax – exceptional (note 22)	**(2.6)**	(1.2)
Total taxation	**(0.9)**	6.1
Total exceptional and other items	**(128.2)**	(25.6)

Exceptional and other items before tax in the period totalled a charge of £127.3m in the year (2018: £31.7m charge).

6. Exceptional and other items (continued)

At our Interim results announcement in December ("***Interims***"), we announced a comprehensive review of our owned store portfolio to address both the structural challenges we are seeing in terms of channel shift and also to drive future profitable growth. As a result of this review, and the financial year 2019 store performance and reflecting revised future projections, unprofitable stores, those stores at risk of becoming unprofitable over time, and other stores where anticipated future performance would not support the carrying value of assets, have been identified. The overall costs charged to reflect a non-cash net impairment and onerous lease provision in the year were £129.5m (2018: £7.2m), affecting around 100 stores. A significant level of estimation has been used to determine the changes to be recognised in the year-end, further disclosure and sensitivities can be found in notes 18 and 19 to the accounts on pages 137 and 142. Further significant costs (or credits) may be recorded in future years dependant on the success of the new strategy and turnaround of the business.

Exceptional items also include costs of £2.3m in relation to restructuring costs as a result of the cost-saving programme announced at Interims in December, £3.6m relating to costs as a result of the strategic change with Julian Dunkerton re-joining the business on 2 April 2019, and other costs of £2.2m.

Other items in the year include a £23.9m credit in respect of the fair value movement in financial derivatives (2018: £20.8m 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 (see notes 33 and 35 for further details). The IFRS 2 charge of £2.6m in respect of the Founder Share Plan is also included within other items (see note 9 for further details).

The share of joint venture exceptional cost relates to an impairment and onerous lease charge of £1.8m as a result of a similar store portfolio review in China, and a deferred tax derecognition of £0.7m.

A deferred tax exceptional charge of £7.5m is as a result of changes to the forecast of the future profitability of the US business, the deferred tax charge on derivative trades is £4.6m. This total charge of £12.0m is offset by a credit of £9.5m in respect of temporary timing differences on the store impairment and onerous lease provision charge (see note 22 for further details).

7. Employee expense

		Group		Company
	2019 £m	2018 £m	**2019 £m**	2018 £m
Wages and salaries	**97.4**	97.1	**14.2**	16.9
Social security costs	**12.1**	11.8	**2.1**	2.5
Share awards charge	**3.5**	6.1	**2.2**	4.5
Pension costs – defined contribution scheme	**2.4**	1.9	**0.7**	0.7
Total employee expense	**115.4**	116.9	**19.2**	24.6

Details of the share based compensation plans are detailed under notes 8 and 9.

The total employee benefit expense includes £0.3m which has been credited within exceptional and other items.

The closing pension creditor for the Group is £0.4m (2018: £0.3m).

The average monthly number of full-time equivalent employees, including Directors on a service contract, are as follows:

		Group		Company
	2019 No.	Restated 2018 No.	**2019 No.**	Restated 2018 No.
Administration	**737**	710	**223**	228
Retail	**2,542**	2,576	**85**	76
Total average headcount	**3,279**	3,286	**308**	304

The 2018 average headcount disclosure has been restated. Warehouse operations are outsourced and therefore any logistics or supply chain colleagues are considered to be within Administration.

Directors' remuneration is detailed in the Directors' Remuneration Report on pages 67 to 85.

Notes to the Group and Company Financial Statements

7. Employee expense (continued)

Remuneration of key members of management, who are the Executive Directors, Chief Operating Officer, Digital Director, Group General Counsel, Group HR Director, Group Marketing and Business Development Director, Group Retail Director, and Wholesale and E-commerce Director, recorded in the Group statement of comprehensive income, is as follows:

		Group
	2019 £m	2018 £m
Short-term employee benefits	**3.0**	5.5
Post-employment benefits	**0.4**	0.4
Share based payments	**0.8**	3.0
Payment for loss of office	**0.2**	–
Total remuneration of key members of management	**4.4**	8.9

The total amounts for Directors' remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

		Group
	2019 £m	2018 £m
Short-term employee benefits	**2.0**	3.0
Share based payments	**0.1**	2.2
Money purchase pension contributions	**0.2**	0.2
Total aggregate Directors' remuneration	**2.3**	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 and Company
	2019 Number of shares	**2019 Weighted average exercise price**	2018 Number of shares	2018 Weighted average exercise price
At start of the period	**950,566**	–	1,012,363	–
Granted	**461,225**	**12.39**	402,580	14.66
Exercised	**(321,762)**	**14.58**	(215,428)	9.97
Forfeited	**(405,161)**	**13.88**	(107,557)	15.09
Cancelled	**–**	**–**	(141,392)	9.96
Total number of outstanding share awards at end of the period	**684,868**	**–**	950,566	–

None of the share awards were exercisable at the period end date (2018: nil).

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:

			Group and Company
Grant date	Type of award	Number of shares	Vesting period
October 2018	Share awards	**30,172**	3 years
August 2018	Share awards	**431,053**	3 years

The fair value of the shares awarded at the grant date during the year is £4.7m (2018: £5.3m). The fair value of the award is determined using a Black–Scholes pricing model. A charge of £0.5m (2018: charge of £3.7m) 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 1,061p. The options outstanding at 27 April 2019 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 37.1%; expected term of three years; risk free rate of 0.74%; and an expected dividend yield of nil.

Save As You Earn

A Save As You Earn scheme is operated by the Group. A credit of £0.1m (2018: charge of £0.2m) 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 10,392 shares (2018: 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 2019 for these awards is £0.5m (2018: £0.1m).

Notes to the Group and Company Financial Statements

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 £2.6m (2018: £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 £6.2m (2018: £11.4m).

The number of share awards granted in the period is 919,969.The number still in issue as at 27 April 2019 is 5,235,136. The weighted average remaining contractual life of the outstanding options as at 27 April 2019 is 15 months, these options have a nil exercise price.

10. Auditor's remuneration

During the period, the Group obtained the following services from the Company's Auditors as detailed below:

	Group 2019 £'000	Group Restated 2018 £'000
Audit services		
Fees payable to the Company's Auditors for the audit of the Company and the consolidated financial statements	**686**	213
The audit of the Company's subsidiaries pursuant to legislation	**275**	255
Total audit fees payable to the Company's Auditors and its associates	**961**	468
Fees payable to the Company's Auditors and its associates for other services		
Audit-related assurance services – interim review	**41**	40
All other services	**–**	1
Total fees payable to the Company's Auditors and its associates for other services	**41**	41
Audit fees payable to other audit firms for the statutory audit of foreign subsidiaries	**73**	17
Total Auditors' remuneration	**1,075**	526

Fees payable to the Company's Auditors for the audit of the Company and the consolidated financial statements include an accrual, yet to be agreed by the Audit Committee, for additional work in relation to the store portfolio review and strategic changes that took place as a result of the change in directors on 2 April 2019.

The 2018 disclosure has been restated in respect of audit fees payable to other audit firms for the statutory audit of foreign subsidiaries.

11. Other gains and losses (net)

	Group 2019 £m	Group 2018 £m
Unrealised fair value gain/(loss) on foreign exchange forward contracts	**23.9**	(20.8)
Royalty income	**9.1**	8.8
Other income	**1.7**	3.5
Total other gains and losses	**34.7**	(8.5)

The unrealised fair value gain on foreign exchange forward contracts of £23.9m (2018: £20.8m loss) has been treated as an exceptional and other item, see note 6.

Royalty income relates to Wholesale royalty agreements, see note 1f) for further detail. Other income in the both financial years includes rent and profit from the sales of fixtures and fittings to franchisees.

Notes to the Group and Company Financial Statements

12. Operating profit/(loss)

Group operating profit/(loss) is stated after charging/(crediting):

	Group 2019 £m	Group 2018 £m
Depreciation on property, plant and equipment – owned (note 18)	**32.6**	33.4
Loss on disposal of property, plant and equipment (note 18)	**0.4**	0.4
Impairment of property, plant and equipment (note 5)	**36.5**	5.3
Impairment of intangibles (note 5)	**6.1**	–
Restructuring, strategic change and other property costs (note 5)	**8.1**	–
Amortisation of intangible assets (note 19)	**9.3**	7.7
Cost of inventories recognised as an expense	**358.9**	346.2
Impairment of inventories included in the above figure (note 23)	**0.8**	2.0
Operating lease rentals for leasehold properties (note 5)	**68.8**	73.8
Buy-out of Netherlands agent (note 6)	**–**	1.6
Onerous lease provision charge (note 5)	**86.9**	2.2
Net foreign exchange losses/(gains)	**4.6**	0.9

The above Group operating profit/(loss) has includes £2.6m of depreciation savings and £8.5m of onerous lease utilisation, following the store asset impairments (see further details in note 2). An additional £0.8m relates to utilisation of onerous lease provisions made in the previous financial years.

13. Finance income and expense

	Group 2019 £m	Group 2018 £m
Bank interest	**0.3**	–
Total finance income	**0.3**	–
Bank interest	**(1.3)**	(0.3)
Total finance expense	**(1.3)**	(0.3)

14. Tax expense

The tax expense comprises:

	2019 £m	Group 2018 £m
Current tax		
– UK corporation tax charge for the period	**7.5**	19.2
– Adjustment in respect of prior periods	**(2.0)**	0.1
– Overseas tax	**3.5**	2.5
Exceptional tax expense	**(1.7)**	–
Total current tax	**7.3**	21.8
Deferred tax		
– Origination and reversal of temporary differences	**9.5**	(4.8)
– Deferred tax asset movements in respect of tax losses	**(5.8)**	(2.9)
– Adjustment in respect of prior periods	**(0.5)**	(0.7)
Exceptional tax expense	**2.6**	1.2
Total deferred tax	**5.8**	(7.2)
Total tax expense	**13.1**	14.6

The tax expense on underlying profit is £12.2m (2018: £20.7m). The net tax charge on exceptional and other items is £0.9m (2018: £7.2m credit). An exceptional tax credit of £11.1m primarily arises as a result of the store impairment and onerous lease review. An exceptional tax charge of £12.0m arises as a result of the reversal of the US deferred tax asset in respect of losses and a movement on the derivative contracts.

Factors affecting the tax expense for the period are as follows:

	2019 £m	Group 2018 £m
(Loss)/profit before tax	**(85.4)**	65.3
(Loss)/profit multiplied by the standard rate in the UK – 19.0% (2018: 19.0%)	**(16.2)**	12.4
Expenses not deductible for tax purposes	**1.8**	1.2
Non-deductible joint venture loss	**0.8**	0.6
Differences in overseas tax rates	**(9.0)**	(1.6)
Deferred tax assets not recognised	**36.8**	1.4
Difference in UK deferred tax to corporation tax rate	**0.5**	–
Adjustment in respect of prior periods	**(2.5)**	(0.6)
Total tax expense excluding exceptional items	**12.2**	13.4
Exceptional tax expense	**0.9**	1.2
Total tax expense including exceptional items	**13.1**	14.6

The Group's tax expense on underlying profit of £12.2m represents an effective tax rate of 29.0% for the period ended 27 April 2019. The Group's underlying effective tax rate of 29.0% is higher than the statutory rate of 19.0%, primarily due to the level of the overseas losses in relation to which no tax benefit is recognised, paying more tax in high tax jurisdictions such as Belgium, depreciation and amortisation on non-qualifying assets and the non-deductibility of the joint venture loss in the period.

Notes to the Group and Company Financial Statements

15. (Loss)/Profit attributable to Superdry Plc

The after tax loss for the 52 weeks ended 27 April 2019 for the Company was £136.5m (52 weeks ended 28 April 2018: profit of £45.6m). There was a credit to equity reserve of £3.5m (2018: £6.1m 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 27 April 2019 were £222.4m (2018: £401.5m).

16. Earnings per share

		Group
	2019 £m	2018 £m
Earnings		
(Loss)/Profit for the period attributable to owners of the Company	**(98.5)**	50.7
	No.	No.
Number of shares at year-end	**81,995,248**	81,630,277
Weighted average number of ordinary shares – basic	**81,870,875**	81,510,921
Effect of dilutive options and contingent shares	**197,784**	445,124
Weighted average number of ordinary shares – diluted	**82,068,659**	81,956,045
Basic earnings per share (pence)	**(120.3)**	62.2
Diluted earnings per share (pence)	**(120.0)**	61.9

Underlying earnings per share

		Group
	2019 £m	2018 £m
Earnings		
Underlying profit for the period attributable to the owners of the Company	**29.7**	76.3
	No.	No.
Weighted average number of ordinary shares – basic	**81,870,875**	81,510,921
Weighted average number of ordinary shares – diluted	**82,068,659**	81,956,045
Underlying basic earnings per share (pence)	**36.3**	93.6
Underlying diluted earnings per share (pence)	**36.2**	93.1

There were no share-related events after the balance sheet date that may affect earnings per share.

17. Dividends

	2019 £m	Group and Company 2018 £m
Equity – ordinary shares		
Interim for the 52 weeks to 27 April 2019 – paid 9.3p per share (2018: 9.3p)	**7.6**	7.6
Final dividend for the 52 weeks to 28 April 2018 – paid 21.9p per share (2017: 20.2p)	**17.9**	16.4
Special dividend – paid 25.0p per share	**20.5**	–
Total dividends paid	**46.0**	24.0

In addition, the Directors are proposing a final dividend in respect of the financial period ended 27 April 2019 of 2.2p per share (2018: 21.9p) which will absorb an estimated £1.8m of shareholders' funds. The final dividend will be paid on 20 September 2019 to shareholders on the register at the close of business on 19 July 2019.

18. Property, plant and equipment

Movements in the carrying amount of property, plant and equipment were as follows:

	Land and buildings £m	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Group Total £m
52 weeks ended 27 April 2019					
Cost					
At 29 April 2018	**7.5**	**206.8**	**59.6**	**24.3**	**298.2**
Exchange differences	**–**	**(0.3)**	**–**	**0.2**	**(0.1)**
Additions	**0.1**	**7.0**	**4.2**	**3.3**	**14.6**
Disposals	**–**	**(0.9)**	**(0.2)**	**–**	**(1.1)**
Reclassified as held for sale	**(2.3)**	**(0.1)**	**–**	**–**	**(2.4)**
At 27 April 2019	**5.3**	**212.5**	**63.6**	**27.8**	**309.2**
Accumulated depreciation and impairments					
At 29 April 2018	**0.3**	**115.7**	**33.0**	**19.0**	**168.0**
Exchange differences	**–**	**(1.1)**	**(0.2)**	**–**	**(1.3)**
Depreciation charge	**0.1**	**20.4**	**8.3**	**3.8**	**32.6**
Impairments	**0.1**	**30.3**	**5.3**	**0.8**	**36.5**
Disposals	**–**	**(0.6)**	**(0.1)**	**–**	**(0.7)**
At 27 April 2019	**0.5**	**164.7**	**46.3**	**23.6**	**235.1**
Net balance sheet amount at 27 April 2019	**4.8**	**47.8**	**17.3**	**4.2**	**74.1**

Notes to the Group and Company Financial Statements

18. Property, plant and equipment (continued)

See note 2 for further information on the impairments in the year.

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

Company

	Land and buildings £m	**Leasehold improvements £m**	**Furniture, fixtures and fittings £m**	**Computer equipment £m**	**Total £m**
52 weeks ended 27 April 2019					
Cost					
At 29 April 2018	**3.8**	**10.2**	**3.1**	**14.8**	**31.9**
Additions	**–**	**0.6**	**0.6**	**2.5**	**3.7**
Disposals	**–**	**–**	**–**	**–**	**–**
Reclassified as held for sale	**(2.3)**	**(0.1)**	**–**	**–**	**(2.4)**
At 27 April 2019	**1.5**	**10.7**	**3.7**	**17.3**	**33.2**
Accumulated depreciation					
At 29 April 2018	**–**	**2.4**	**1.2**	**13.5**	**17.1**
Exchange differences	**–**	**(0.1)**	**(0.1)**	**–**	**(0.2)**
Depreciation charge	**–**	**1.3**	**0.7**	**2.1**	**4.1**
Impairments	**–**	**3.5**	**0.5**	**–**	**4.0**
At 27 April 2019	**–**	**7.1**	**2.3**	**15.6**	**25.0**
Net balance sheet amount at 27 April 2019	**1.5**	**3.6**	**1.4**	**1.7**	**8.2**

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

Assets reclassified as held for sale

Land held by the Group and the Company was marketed for sale during the year. A contract for sale had been agreed and signed by 27 April 2019, with a completion date of 31 December 2019. As such this asset has been reclassified as held for sale at year-end. There is nil profit or loss as a result of this sale. See note 2 for more information.

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 27 April 2019						
Cost						
At 29 April 2018	**3.5**	**38.6**	**15.9**	**15.2**	**21.6**	**94.8**
Exchange differences	**–**	**–**	**–**	**0.2**	**(0.4)**	**(0.2)**
Additions	**0.3**	**8.9**	**–**	**–**	**–**	**9.2**
At 27 April 2019	**3.8**	**47.5**	**15.9**	**15.4**	**21.2**	**103.8**
Accumulated amortisation						
At 29 April 2018	**2.2**	**16.1**	**6.9**	**11.8**	**–**	**37.0**
Exchange differences	**–**	**–**	**–**	**(0.1)**	**–**	**(0.1)**
Amortisation charge	**0.3**	**7.3**	**0.9**	**0.8**	**–**	**9.3**
Impairments	**–**	**–**	**6.1**	**–**	**–**	**6.1**
At 27 April 2019	**2.5**	**23.4**	**13.9**	**12.5**	**–**	**52.3**
Net balance sheet amount at 27 April 2019	**1.3**	**24.1**	**2.0**	**2.9**	**21.2**	**51.5**

	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

Lease premiums includes a lease at a net book value of £1.7m (2018: £8.4m), following an impairment of £5.8m, in relation to the Regent Street store. This has been amortised over 15 years with under eight years remaining. See note 2 for further information on treatment of lease premiums.

19. Intangible assets (continued)

	Trademarks £m	Website and software £m	Company Total £m
52 weeks ended 27 April 2019			
Cost			
At 29 April 2018	**0.4**	**30.4**	**30.8**
Additions	**0.2**	**5.5**	**5.7**
At 27 April 2019	**0.6**	**35.9**	**36.5**
Accumulated amortisation			
At 29 April 2018	**–**	**13.9**	**13.9**
Amortisation charge	**0.1**	**5.5**	**5.6**
At 27 April 2019	**0.1**	**19.4**	**19.5**
Net balance sheet amount at 27 April 2019	**0.5**	**16.5**	**17.0**

	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

Impairment of goodwill

Goodwill of £21.2m is split into £14.1m for Wholesale and £7.1m 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. For goodwill impairment testing purposes, 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 2019 were measured based on post-tax value in use (2018: 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.

Notes to the Group and Company Financial Statements

19. Intangible assets (continued)

Key assumptions

In determining the recoverable amount it is necessary to make a series of assumptions to estimate the present value of future cash flows. In each case, these key assumptions have been made by management reflecting historical performance and are consistent with relevant external sources of information.

Discount rates

Management estimates discount rates using pre tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. The discount rates are derived from the Group's post-tax weighted average cost of capital of 8.7% (2018: 7.3%). The pre-tax weighted cost of capital is 9.8% (2018: 9.2%).

Operating cash flows

The key assumptions within the forecast operating cash flows include the growth rates in both sales and gross profit margins, changes in the operating cost base as set out in the medium-term financial plan, and the level of capital expenditure over a four-year period.

Long-term growth rates

To forecast beyond the four years, a long-term average growth rate of 1.5% (2018: 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
	27 April 2019 £m	28 April 2018 £m
Investments at beginning of period – net book value	**458.5**	452.6
Additions in the period	**4.5**	5.9
Impairments	**(51.3)**	–
Investments at end of period – net book value	**411.7**	458.5

The total net book value of investments is £411.7m (2018: £458.5m). An investment of £2.3m was made in SuperGroup Sweden AB as a capital injection. An additional amount 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.

Impairment of investments in subsidiary undertakings

The Company tests investments in subsidiary undertakings annually for impairment.

The recoverable amount of each subsidiary is based on the discounted cash flows over the medium-term financial plan period, extrapolated for a total of 10 years at the long-term growth rate of 1.5% (adjusting for any intercompany impairment as explained in note 24). The recoverable amount is compared to the investment carrying value and any difference recorded as impairment.

Management estimates discount rates using pre tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. The discount rates are derived from the Group's post-tax WACC and range from 8.7% to 14.4%.

This review has led to an impairment of £51.3m being recognised in respect of subsidiaries in the Retail segment. No impairment has been recognised in respect of subsidiaries in the Wholesale segment.

The cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and small movements in these assumptions could lead to an increased impairment. The Company has carried out a sensitivity analysis on the impairment tests for its investment in subsidiary undertakings, using various reasonably possible scenarios. Further detail is set out in note 2.

20. Investments (continued)

Subsidiaries

All of the subsidiaries have been included in the consolidated financial statements. A list of the subsidiaries held during the year is set out below:

Subsidiary	Principal activity	Country of incorporation	**2019 % shares**
C-Retail Limited[1] - (07139142)	Clothing retailer in UK	UK	**100**
DKH Retail Limited[1,4] - (07063508)	Worldwide wholesale distribution	UK	**100**
SuperGroup Belgium NV[1]	Holds the investment in SuperGroup Netherlands BV	Belgium	**100**
SuperGroup Belgium Finance NV[1]	Provides finance to the European entities	Belgium	**100**
SuperGroup Concessions Limited[1] - (07139101)	Clothing retailer in concessions	UK	**100**
SuperGroup Europe BVBA	Clothing retailer in Belgium	Belgium	**100**
Superdry France SARL[1]	Clothing retailer in France	France	**100**
Superdry Germany GmbH[1,3]	Clothing retailer in Germany	Germany	**100**
SuperGroup India Private Limited[1]	Manages supplier relationships in India	India	**100**
SuperGroup Internet Limited[1] - (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,] - (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 and Norway branches which are not material.
5. Exempt from statutory audit.

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 27 April 2019. 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	27 April	Hong Kong	50	Equity
Horace SARL (France)	27 April	France	50	Equity

As at 27 April 2019, the carrying value of the investment in Trendy & Superdry Holding Limited was £nil. A charge of £3.7m was recognised in the financial statements, reflecting the Group's 50% share of the total loss in the year.

	Group		Company	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Opening net assets	**6.2**	6.0	**12.4**	9.2
Investment in the period	**–**	3.2	**–**	3.2
Share of loss for the period – Group only	**(3.7)**	(3.0)	**–**	–
Share of deferred tax derecognition	**(0.7)**	–	**–**	–
Share of onerous lease charge	**(1.4)**	–	**–**	–
Share of store asset impairment	**(0.4)**	–	**–**	–
Impairment of investment	**–**	–	**(12.4)**	–
Closing net assets	**–**	6.2	**–**	12.4

The residual share of joint venture exceptional costs of £3.9m is unrecognised in line with the Group policy.

Long-term loan to joint venture

During the year, Superdry Plc advanced £5.0m to the trading subsidiaries of Trendy & Superdry Holding Limited. The term of the loans is three years and interest accrues at 5% per annum.

	Group		Company	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Opening loan balance	**3.3**	–	**3.3**	–
Additional loans in the period	**5.0**	3.3	**5.0**	3.3
Interest in the period	**0.2**	–	**0.2**	–
Impairment of loan recoverability	**(8.5)**	–	**(8.5)**	–
Closing loan balance	**–**	3.3	**–**	3.3

The loan balance has been impaired under IFRS 9 to reflect the uncertainty of the timeline for repayment of the existing joint venture loans. See note 2 for further information.

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 67 to 85.

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 67 to 85, 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 was appointed as a Director of Superdry Plc, and became a related party. The Group has spent £nil (2018: £0.2m) on travel and subsistence through companies in which he has a personal investment during the period. The balance outstanding at 27 April 2019 was £nil (2018: £nil). This expenditure includes the provision of corporate travel, hotel and catering services supplied on an arm's-length basis. These interests have been disclosed and authorised by the Board.

In addition, the Group occupies two properties owned by J M Dunkerton SIPP pension fund whose beneficiary and member trustee is Julian Dunkerton. The properties are rented to the Group on an arm's-length basis. The rent charge in the Group statement of comprehensive income is £0.1m (2018: £0.1m).

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	
	2019 £m	2018 £m	**Balance sheet 27 April 2019 £m**	Balance sheet 28 April 2018 £m
C-Retail Limited	**8.4**	7.1	**51.3**	46.8
DKH Retail Limited	**16.2**	12.5	**50.5**	56.6
Superdry France SARL	**1.1**	0.8	**1.1**	1.1
Superdry Germany GmbH	**2.7**	2.2	**4.2**	2.4
Superdry Retail Denmark	**–**	–	**–**	0.2
SuperGroup Concessions Limited	**–**	0.1	**–**	0.9
SuperGroup Internet Limited	**7.6**	6.3	**37.4**	28.3
SuperGroup Retail Ireland Limited	**0.6**	0.6	**0.6**	0.6
SuperGroup Retail Spain S.L.U.	**0.4**	0.3	**0.4**	0.6
SuperGroup Europe BVBA	**0.9**	0.8	**1.7**	0.8
SuperGroup Netherlands BV and SuperGroup Netherlands Retail BV	**0.7**	0.6	**8.5**	8.2
SuperGroup Nordic and Baltics A/S	**–**	0.2	**1.0**	1.0
Superdry Retail LLC	**2.9**	1.5	**8.9**	9.2
Superdry Wholesale LLC	**0.7**	0.5	**0.1**	25.3
Superdry Retail Sweden AB	**–**	–	**–**	5.3

In addition, loan interest of £0.2m (2018: £nil) has been charged to Superdry Retail LLC, £0.2m (2018: £0.1m) of loan interest to Superdry Wholesale LLC and £0.1m (2018: £0.2m) 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

The movement on the Group deferred tax account is as shown below:

Group

Net deferred tax assets £m	Depreciation in excess of capital allowances	Temporary timing differences	Tax losses	Intangible assets - deferred tax asset	Intangible assets - deferred tax liability	Derivatives	Total
At 29 April 2018	2.6	6.5	11.9	12.8	(0.8)	4.8	37.8
Credited/(charged) to the Group statement of comprehensive income – underlying	0.4	0.6	(1.6)	(2.6)	–	–	(3.2)
Credited/(charged) to the Group statement of comprehensive income – exceptional	–	9.5	(7.5)	–	–	(4.6)	(2.6)
Credited/(charged) to equity	–	–	–	–	–	–	–
At 27 April 2019	**3.0**	**16.6**	**2.8**	**10.2**	**(0.8)**	**0.2**	**32.0**

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 prospects of the US onshore business are based on estimates over a four-year time frame in line with the Board approved Group financial plan. The performance of the US business deteriorated in the year and the revised forecasts have been updated to reflect a less optimistic outlook. The business continues to be loss making. There is increased uncertainty regarding the future utilisation of the deferred tax asset and it has therefore been derecognised with an additional asset of £8.6m arising in the year also not being recognised. The Directors consider this to be an "exceptional and other" cost due to the size and "one-off" nature of the adjustment.

No deferred tax liability is recognised on temporary differences of £26.0m (2018: £nil) relating to current and historic losses generated by the US operations.

The Group holds a deferred tax liability of £0.8m (2018: £0.8m) in relation to intangible assets.

The movement on the Company deferred tax account is as shown below:

Company

Net deferred tax assets £m	Depreciation in excess of capital allowances	Temporary timing differences	Tax losses	Intangible assets	Derivatives	Total
At 29 April 2018	0.5	1.1	–	–	–	1.6
Credited/(charged) to the Group statement of comprehensive income – underlying	0.2	(0.7)	0.1	–	–	(0.4)
Credited/(charged) to the Group statement of comprehensive income – exceptional	–	–	–	–	–	–
Credited/(charged) to equity	–	–	–	–	–	–
At 27 April 2019	**0.7**	**0.4**	**0.1**	–	–	**1.2**

23. Inventories

	Group 2019 £m	Group 2018 £m	Company 2019 £m	Company 2018 £m
Finished goods	**190.8**	162.3	**2.1**	2.3
Net inventories	**190.8**	162.3	**2.1**	2.3

Inventory write-downs for each period are as follows:

	Group 2019 £m	Group 2018 £m	Company 2019 £m	Company 2018 £m
At start of period	**3.3**	3.1	**0.1**	0.1
Write-downs for the period	**0.8**	2.0	**–**	–
Utilised in period	**(2.4)**	(1.8)	**–**	–
At end of period	**1.7**	3.3	**0.1**	0.1

24. Trade and other receivables

	Group 2019 £m	Group 2018 £m	Company 2019 £m	Company 2018 £m
Trade receivables	**93.0**	86.7	**–**	–
Less: allowance for expected credit losses	**(5.4)**	(1.5)	**–**	–
Net trade receivables	**87.6**	85.2	**–**	–
Other amounts due from related parties	**–**	–	**164.5**	187.3
Taxation and social security	**0.2**	6.3	**15.4**	3.7
Other receivables	**8.8**	14.4	**1.1**	1.4
Prepayments	**18.9**	27.6	**3.0**	2.1
Rent deposits held by landlords	**6.9**	6.5	**–**	–
Total trade and other receivables	**122.4**	140.0	**184.0**	194.5

Prepayments for the Group include £10.0m (2018: £18.4m) of prepaid rent and rates.

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.

Impairment of trade receivables – Group accounts

The Group has retrospectively adopted IFRS 9, which has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss approach. For further details see note 2 and 24.

The table below shows the credit risk exposure on the Group's trade receivables:

	Carrying amount £m	**Current £m**	**Overdue 1-30 days**	**Overdue 31-60 days**	**Overdue 60 days +**
Expected loss rate %	5.8%	0.3%	1.0%	2.0%	47.6%
Gross carrying amount – trade receivables	93.0	67.2	10.4	5.1	10.3
Loss allowance	(5.4)	(0.2)	(0.1)	(0.1)	(5.0)

Notes to the Group and Company Financial Statements

24. Trade and other receivables (continued)

The other classes within trade and other receivables have no historical credit losses and as such there is no expected credit loss allowance to recognise on those assets.

The closing loss allowances for trade receivables as at 27 April 2019 reconciles to the opening loss allowances as follows:

	2019 £m
At start of period – calculated under IAS 39	**1.5**
IFRS 9 adjustment (note 3)	**3.2**
Opening loss allowance calculated under IFRS 9	**4.7**
Change in allowance, net of recoveries charged to the Group statement of comprehensive income	**1.5**
Receivables written off during the year as uncollectable	**(0.8)**
At end of period	**5.4**

In the prior period the provision for impairment of trade receivables opened at £0.6m and closed at £1.5m. The trade receivables that were neither past due nor impaired were all assessed to be fully recoverable. The Group's internal credit rating system was based upon historical information about counterparty default risks. 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.

The analysis of the ageing of past due trade receivables under IAS 39 in the prior period was as follows:

	Not past due or impaired 2018 £m	Past due but not impaired 2018 £m	Past due and impaired 2018 £m
Current	63.2	–	–
Overdue 1 – 30 days	–	9.0	–
Overdue 31 – 60 days	–	4.8	0.1
Overdue 60 days +	–	7.6	2.0
Total trade receivables	63.2	21.4	2.1

Impairment of intercompany receivables – Company accounts

At 27 April 2019 £47.7m of intercompany receivables were included in stage 3 of IFRS 9's general impairment model. At the date of transition to IFRS 9 all amounts were included in stage 1. The loss allowance recorded with an impairment charge during the year on the receivables transferred to stage 3 amounted to £44.2m. The loss allowance recorded on receivables in stage 1 at the year-end and on the date of transition to IFRS 9 was immaterial. The incurred loss allowance recorded at 28 April 2018 under IAS 39 was £nil and no material impact resulted on adoption of IFRS 9.

Following the adoption of IFRS 9 by the Parent company, the existing incurred loss approach under IAS 39 has being replaced by the expected credit loss model approach of IFRS 9. This replaces the incurred loss approach under IAS 39 with the forward-looking expected credit losses model of IFRS 9.

The Company has carried out sensitivity analysis on the loan loss allowance using reasonably possible scenarios. Further detail is set out in note 2.

Under IFRS 9 as at the start of the year, no provision was recognised against amounts due from intercompany subsidiaries, and there was no impact of transition upon IFRS 9. However, as at year-end there are amount within intercompany receivables that are classified as stage 3, against which an expected credit loss of £44.2m has been recognised. All other intercompany receivable amounts are classified as stage 1, and as such no expected credit loss has been recognised on these.

25. Cash and cash equivalents

	Group 2019 £m	Group 2018 £m	Company 2019 £m	Company 2018 £m
Cash at bank and in hand	**35.9**	75.8	**0.5**	14.0
Total cash and cash equivalents	**35.9**	75.8	**0.5**	14.0

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 27 April 2019, the Group had £6.6m (2018: £53.6m) deposited with HSBC Bank Plc, £0.7m (2018: £0.8m) deposited with Barclays Bank Plc, £1.3m (2018: £1.2m) deposited with Santander UK Plc, £6.9m (2018: £11.0m) deposited with BNP Paribas, £3.3m (2018: £2.2m) deposited with ING Bank, £0.5m (2018: £0.7m) deposited with Sydbank, £nil (2018: £0.4m) deposited with Societe Generale, £nil (2018: £0.9m) deposited with Den Norske Bank, £0.9m (2018: £nil) deposited with DNB ASA and £0.6m (2018: £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 21 June 2019 for HSBC bank is Aa3 (2018: Aa3), Barclays Bank Plc is A2 (2018: A2), Santander UK Plc is A2 (2018: Aa3), BNP Paribas is Aa3 (2018: Aa3), ING Bank is Aa3 (2018: Aa3), Sydbank is A2 (2018: A2), Societe Generale is A1 (2018: A1), Den Norske Bank is Aa2 (2018: Aa2) and Banque Populaire Alsace Lorraine Champagne is A1 (2018: 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 27 April 2019 (28 April 2018: £nil).

Included with cash and cash equivalents is £0.2m (2018: £0.3m) of rent deposits held for sub-tenants of the Regent Street Store, and £1.0m of cash deposits from franchise customer guarantees. This is restricted cash.

26. Borrowings

The Group and Company had no secured liabilities (bank and collateralised borrowings) as at 27 April 2019 (28 April 2018: £nil). The Group has a £20m uncommitted overdraft facility which has no financial covenants is included within the offset arrangements, there are no financial covenants. During the year, the Group entered into a £70m committed syndicated revolving credit facility (RCF) which is available for 3 years. The facility can be increased by £35m or extended by up to two years, at the request of the Group and the agreement of the lenders. The facility has two financial covenants: a leverage covenant, this being the ratio of the Group's consolidated net debt to consolidated underlying EBITDA and a fixed charge covenant, this being the ratio of EBITDA plus consolidated rent payable to consolidated net interest payable and consolidated net rent payable. Both covenants are measured over a 12-month period and are tested twice per year. At 27 April 2019 neither the RCF or the overdraft had any drawings (28 April 2018: £nil).

27. Trade and other payables

	Group 2019 £m	Group Restated 2018 £m	Company 2019 £m	Company 2018 £m
Non-current				
Deferred cash contributions and rent-free periods	**37.9**	44.4	**0.3**	0.3
Other payables	**1.4**	0.2	**–**	–
Total non-current trade and other payables	**39.3**	44.6	**0.3**	0.3
Current				
Trade payables	**64.2**	81.1	**3.1**	4.9
Amounts due to related parties	**–**	–	**237.0**	153.0
Taxation and social security	**2.7**	1.7	**0.4**	0.5
Other payables	**0.3**	0.9	**0.2**	0.3
Deferred income	**19.8**	9.0	**–**	–
Accruals	**31.1**	17.5	**7.6**	4.6
Deferred cash contributions and rent-free periods	**9.3**	9.5	**0.1**	0.1
Total current trade and other payables	**127.4**	119.7	**248.4**	163.4
Total trade and other payables	**166.7**	164.3	**248.7**	163.7

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	
	2019 £m	2018 £m	**2019 £m**	2018 £m
1 – 2 years	**7.8**	8.9	**0.1**	0.1
2 – 5 years	**18.1**	16.9	**0.1**	0.1
Greater than 5 years	**12.0**	18.6	**0.1**	0.1
Non-current deferred cash contributions and rent-free periods	**37.9**	44.4	**0.3**	0.3

The comparative figures in the above table have been restated to split accruals from deferred income.

Gift voucher liability

As described in note 3, gift cards constitute contract liabilities for the purpose of IFRS 15. This is the case where payment is received in advance of the performance obligations, which will be performed at a later point in time. IFRS 15 therefore requires disclosure of the value of these outstanding liabilities at year-end, and the value recognised during the year for those performance obligations being met. More information on the transition to IFRS 15 can be found in note 3. The below amounts are included within trade and other payables:

	Group
	2019 £m
Opening balance	**2.3**
Effect of change in accounting policy for IFRS 15	**1.1**
Adjusted opening balance	**3.4**
New issues	**8.1**
Released to the income statement	**(8.0)**
Closing balance	**3.5**

Substantially all of the revenue deferred at the current financial year-end will be recognised within in the following two financial years.

28. Provision for other liabilities and charges

				Group
	Onerous lease	**Other provisions**	Onerous lease	Other provisions
	2019 £m	**2019 £m**	2018 £m	2018 £m
Provision at the start of the period	**2.5**	**2.8**	–	3.1
Transfer from other payables	**–**	**–**	0.6	–
New provisions – onerous lease	**86.9**	**–**	2.2	–
Exchange differences	**(1.6)**	**–**	–	–
Utilisation in the period	**(9.3)**	**–**	(0.3)	(0.3)
Charge/(release) in the period	**–**	**(1.6)**	–	–
Dilapidations and onerous lease provision at the end of the period	**78.5**	**1.2**	2.5	2.8
Analysed as:				
Current provisions	**18.1**	**–**	–	–
Non-current provisions	**60.4**	**1.2**	2.5	2.8

28. Provision for other liabilities and charges (continued)

Dilapidations provisions will be utilised upon the exit or expiry of various property leases which are expected to be between 2019 and 2031. Onerous lease provisions are utilised over the remaining life of the lease, expected to be between 2019 and 2029. Other provisions relate to supplier disputes and dilapidations.

		Company
	Onerous lease	Onerous lease
	2019 £m	2018 £m
Provision at the start of the period	**–**	–
New provisions – onerous lease	**3.3**	–
Exchange differences	**(0.1)**	–
Utilisation in the period	**(0.4)**	–
Dilapidations and onerous lease provision at the end of the period	**2.8**	–
Analysed as:		–
Current provisions	**1.0**	–
Non-current provisions	**1.8**	–

29. Contingencies and commitments

Capital expenditure commitments

		Group		Company
	2019 £m	2018 £m	**2019 £m**	2018 £m
Property, plant and equipment	**–**	0.4	**–**	–

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
	2019 £m	2018 £m	**2019 £m**	2018 £m
Due within 1 year	**91.8**	95.2	**2.3**	2.6
Due in more than 1 year, but no more than 5 years	**246.4**	294.5	**7.0**	6.2
Due in more than 5 years	**86.2**	157.7	**2.4**	2.0
Total operating lease commitments	**424.4**	547.4	**11.7**	10.8

The future aggregate minimum lease payments have been calculated on the basis of the full lease terms with reference to any break clauses where applicable.

Notes to the Group and Company Financial Statements

31. Note to the cash flow statement

Reconciliation of operating profit to cash generated from operations

	Note	Group 2019 £m	Group 2018 £m	Company 2019 £m	Company 2018 £m
Operating (loss)/profit		**(68.2)**	68.6	**(14.5)**	44.7
Adjusted for:					
– (Gain)/Loss on derivatives	6	**(23.9)**	20.8	**–**	–
– Depreciation of property, plant and equipment	18	**32.6**	33.4	**4.1**	3.8
– Amortisation of intangible assets	19	**9.3**	7.7	**5.6**	4.6
– Impairment of property, plant and equipment	18	**42.6**	5.3	**4.0**	–
– Loss on disposal of property, plant and equipment	18	**0.4**	0.4	**–**	–
– Increase in onerous lease provision	6	**86.9**	–	**3.3**	–
– Restructuring costs	6	**0.5**	–	**–**	–
– Release on fair value of financial assets	33	**–**	2.2	**–**	2.2
– Cash received from disposal of financial assets	33	**–**	(2.2)	**–**	(2.2)
– Release of lease incentives		**(9.7)**	(8.0)	**(0.1)**	0.1
– Employee share award schemes	8	**0.9**	4.0	**0.7**	3.2
– IFRS 2 charge – FSP	9	**2.6**	2.1	**0.6**	0.5
– Foreign exchange losses	12	**4.5**	0.9	**(0.3)**	(4.4)
Operating cash flow before movements in working capital		**78.5**	135.2	**3.4**	52.5
Changes in working capital:					
– Increase in inventories		**(25.5)**	(5.7)	**0.2**	(0.6)
– Decrease/(increase) in trade and other receivables		**9.4**	(27.9)	**(19.4)**	(77.4)
– (Decrease)/increase in trade and other payables, and provisions		**(7.8)**	2.7	**83.7**	76.5
Cash generated from operating activities		**54.6**	104.3	**67.9**	51.0

Group cash flows arising from exceptional and other costs are £2.5m.

32. Net cash/(debt)

Analysis of net cash/(debt)

	2018 £m	Cash flow £m	Non-cash changes £m	Group **2019 £m**
Cash and short-term deposits	75.8	(37.6)	(2.3)	**35.9**
Total net cash	75.8	(37.6)	(2.3)	**35.9**

	2018 £m	Cash flow £m	Non-cash changes £m	Company **2019 £m**
Cash and short-term deposits	14.0	(13.8)	0.3	**0.5**
Total net cash/(debt)	14.0	(13.8)	0.3	**0.5**

Non-cash changes relates to exchange gains on cash and cash equivalents. Interest of £1.0m (2018: £0.3m) 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 – Group accounts

Credit risk is managed on a Group basis through a shared service centre based in Cheltenham. Credit risk arises from cash and cash equivalents, as well as credit exposures to Wholesale and to a lesser extent 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 and bank guarantees, as well as adopting credit insurance where appropriate. Sales to Retail customers are settled in cash, by 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.

Impairment of financial assets

From 29 April 2018, the Group applied the IFRS 9 simplified approach in measuring expected credit losses. The Group's financial assets subject to the expected credit loss model are primarily trade receivables.

A loss allowance is recognised based on expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Significant increase in credit risk

The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. Balances after insurance over 30 days and over £30k are assessed individually for credit impairment. The proportion of those balances over £30k that are considered impaired is used as the basis for a fixed provision rate that is applied to the remaining balances under £30k to calculate the additional expected credit loss.

Credit impaired financial assets and write-off policy.

The group considers a financial asset to be credit impaired when one or more of the following events have occurred:

- Significant financial difficulty is experienced by the debtor
- A breach of contract, such as a default or past due event

Notes to the Group and Company Financial Statements

33. Financial risk management (continued)

- A concession was granted due to economic or contractual reasons relating to financial difficulties that would not otherwise be considered
- Probable bankruptcy
- The disappearance of an active market
- The original debt was at a deep discount reflecting incurred credit losses.

Where the Group specifically holds insurance, has parental company guarantees, or holds the legal right of offset with debtors which are also creditors, the loss provision is applied only to the extent of the uninsured or net exposure.

Trade receivables are written off when there is no reasonable expectation of recovery following assessment of the above indicators. Trade receivables written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. The exposure at default is represented by the asset's gross carrying value, less specific insurance held, at the reporting date.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The Group recognises an impairment gain or loss in profit for all financial instruments with a corresponding adjustment to their carrying amount through a loss account.

Credit risk – Company accounts

There was no impact to the Company resulting from the transition to the application of the classification and measurement requirements of IFRS 9. The expected credit loss model is required to be applied to the intercompany receivable balances, which are classified as held at amortised cost. The increase in the loss allowance during the current year relates to a deterioration in the borrower's credit risk during the current period.

Foreign currency risk

The Group's foreign currency exposure arises from:

- transactions (sales/purchases) denominated in foreign currencies;
- monetary items (mainly cash receivables and borrowings) denominated in foreign currencies; 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 27 April 2019 and 28 April 2018, 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.

At 27 April 2019, 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 £0.6m (2018: £7.3m) 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.

33. Financial risk management (continued)

The Group's foreign currency exposure is as follows:

	2019 US Dollar £m	2019 Euro £m	Group 2018 US Dollar £m	Group 2018 Euro £m
Financial assets				
Trade receivables	**1.7**	**57.3**	0.2	51.0
Cash and cash equivalents	**4.6**	**4.6**	16.6	28.6
Financial assets	**6.3**	**61.9**	16.8	79.6
Financial liabilities				
Trade payables	**(9.8)**	**(10.0)**	(9.2)	(12.9)
Provisions	**(24.9)**	**(29.4)**	–	(1.6)
Cash and cash equivalents	**–**	**–**	–	–
Financial liabilities	**(34.7)**	**(39.4)**	(9.2)	(14.5)
Net exposure	**(28.4)**	**22.5**	7.6	65.1

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.

Valuation hierarchy

The table below shows the financial instruments carried at fair value by valuation method:

	2019 Level 1 £m	2019 Level 2 £m	2019 Level 3 £m	Group 2018 Level 1 £m	Group 2018 Level 2 £m	Group 2018 Level 3 £m
Assets						
Derivative financial instruments						
– forward foreign exchange contracts	**–**	**1.7**	**–**	–	–	–
– financial assets at fair value through profit or loss	**–**	**–**	**–**	–	–	–
Liabilities						
Derivative financial instruments						
– forward foreign exchange contracts	**–**	**(3.4)**	**–**	–	(25.6)	–

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 27 April 2019.

Notes to the Group and Company Financial Statements

33. Financial risk management (continued)

The notional principal amount of the outstanding spot and forward exchange contracts at 27 April 2019 was £270.1m (2018: £203.4m). Additionally, structured forward foreign exchange contracts are in place to purchase a notional amount of up to USD 86.5m (£67.0m) (2018: USD 228.0m, (£165.5m)) and sell a notional amount of up to EUR 183m (£158.1m) (2018: EUR 383.5m, (£337.7m)) 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		Company
	2019 £m	2018 £m	**2019 £m**	2018 £m
Forward foreign exchange contracts – held for trading				
Outflow	**(492.9)**	(296.6)	**–**	–
Inflow	**496.4**	276.9	**–**	–
Net derivative exposure	**3.5**	(19.7)	**–**	–

All cash flows will occur within 24 months. All derivative financial instruments are carried at fair value as assets when the fair value is positive and as liabilities when the fair value is negative.

The table below analyses the Group's and Company's derivative financial instruments. The amounts disclosed in the table are the carrying balances of the assets and liabilities as at the balance sheet date.

		Group		Company
	2019 £m	2018 £m	**2019 £m**	2018 £m
Forward foreign exchange contracts – current	**0.4**	–	**–**	–
Forward foreign exchange contracts – non-current	**1.3**	–	**–**	–
Total derivative financial assets	**1.7**	–	**–**	–
Forward foreign exchange contracts – current	**1.4**	18.5	**–**	–
Forward foreign exchange contracts – non-current	**2.0**	7.1	**–**	–
Total derivative financial liabilities	**3.4**	25.6	**–**	–

All financial derivative instruments are due within 24 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.

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 2018.

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 27 April 2019.

33. Financial risk management (continued)

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 three 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	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Equity	**260.7**	408.5	**375.6**	554.6
Cash and cash equivalents	**35.9**	75.8	**0.5**	14.0
Net cash	**35.9**	75.8	**0.5**	14.0

Financial instruments by category

	Group					
	Assets at fair value through profit or loss 2019 £m	**Financial assets at amortised cost 2019 £m**	**Total 2019 £m**	Assets at fair value through profit or loss 2018 £m	Financial assets at amortised cost 2018 £m	Total 2018 £m
Trade and other receivables excluding prepayments	**–**	**103.5**	**103.5**	–	112.4	112.4
Derivative financial instruments	**1.7**	**–**	**1.7**	–	–	–
Cash and cash equivalents	**–**	**35.9**	**35.9**	–	75.8	75.8
Financial instruments – assets	**1.7**	**139.4**	**141.1**	–	188.2	188.2

	Group					
	Liabilities at fair value through profit or loss 2019 £m	**Other financial liabilities at amortised cost 2019 £m**	**Total 2019 £m**	Liabilities at fair value through profit or loss 2018 £m	Other financial liabilities at amortised cost 2018 £m	Total 2018 £m
Derivative financial instruments	**3.4**	**–**	**3.4**	25.6	–	25.6
Trade and other payables excluding non-financial liabilities	**–**	**164.0**	**164.0**	–	162.6	162.6
Financial instruments – liabilities	**3.4**	**168.3**	**167.4**	25.6	162.6	188.2

	Company	
	Financial assets at amortised cost 2019 £m	Financial assets at amortised cost 2018 £m
Trade and other receivables excluding prepayments	**181.0**	192.4
Cash and cash equivalents	**0.5**	14.0
Financial instruments – assets	**181.5**	206.4

Notes to the Group and Company Financial Statements

33. Financial risk management (continued)

		Company
	Other financial liabilities at amortised cost 2019 £m	Other financial liabilities at amortised cost 2018 £m
Trade and other payables excluding non-financial liabilities	**248.3**	163.2
Financial instruments – liabilities	**248.3**	163.2

34. Share capital

Authorised, allotted and fully paid 5p shares

Group and Company	Number of shares	Value of shares (£m)
27 April 2019	**81,995,248**	4.1
28 April 2018	**81,630,277**	4.1

364,971 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 following APMs have been used for 2019 and 2018: underlying gross profit and margin, underlying operating profit and margin, underlying profit before tax, underlying tax expense and underlying effective tax rate, underlying earnings per share and net cash/debt.

The following APMs have been introduced in 2019: underlying EBITDA, like-for-like revenue growth.

The following APMs are no longer used in 2019: Global Brand revenue, underlying profit before tax for core operations, and operating trading loss – China.

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.

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. It is also consistent with the way that management is incentivised. 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:

35. Alternative performance measures (continued)

Exceptional items

- Acquisitions/disposals of significant businesses and investments (including related to the joint venture);
- Impact on deferred tax assets/liabilities for changes in tax rates;
- Business restructuring programmes;
- Derecognition of deferred tax assets (including related to the joint venture); 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.

Exceptional and other items in this period

The following items have been included within “exceptional and other items” for the period ended 27 April 2019:

Fair value re-measurement of foreign exchange contracts – financial years 2019 and 2018 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.

Restructuring, strategic change and other costs – new item in financial year 2019

Exceptional items included costs of £2.3m in relation to restructuring costs as a result of the cost-saving programme, £3.6m relating to costs as a result of the strategic change with Julian Dunkerton re-joining the business on 2 April 2019, and other costs of £2.2m. The Directors consider these to be “exceptional and other” costs due to their size and their “one-off” nature. These are not considered to be a reflection of the trading performance in the period. See note 6 for further details.

Store asset impairment and onerous lease provision – financial years 2019 and 2018 item

A store asset impairment and onerous lease provision review was performed during the year across the Group’s store portfolio. An impairment of £42.6m of fixed assets has been made on the basis that the recoverable amount is less than the carrying value. In addition, an onerous lease provision of £86.9m 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.

A similar exercise was performed in financial year 2018 for the Berlin Kranzler store, resulting in an asset impairment of £5.0m and an onerous lease provision of £2.2m.

The Directors consider the store impairment and onerous lease provision to be an “exceptional and other item” due to the materiality of the charge. See notes 2 and 6 for further details.

Share of joint venture exceptional costs – new item in financial year 2019

During financial year 2019 Trendy & Superdry Holding Ltd carried out a store asset impairment and onerous lease provision review, similar to the one mentioned above, which has led to exceptional losses. This is a joint venture of the Group (see note 20) therefore the Group has recognised a share of these losses.

As part of this review the profitability of the recoverability of the loan made to the joint venture was considered. As settlement of the loans is not expected within the four-year time horizon of management’s strategic plan the full balance of £8.5m of these loans has been provided for in the year.

The Directors consider these to be “exceptional and other items” due to their size and the expectation that they are one-off in nature.

Notes to the Group and Company Financial Statements

35. Alternative performance measures (continued)

Founder Share Plan (“FSP”) – IFRS 2 charge – financial years 2019 and 2018 item

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 was previously used by the Directors to represent the equivalent value of Group revenue at the values paid by consumers. It was 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. This is no longer considered to be an important measure following the change in management, therefore this measurement has been removed for financial year 2019.

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.

	2019 £m	2018 £m
Reported revenue	**871.7**	872.0
Gross profit	**484.3**	506.5
Exceptional and other items	**nil**	nil
Underlying gross profit	**484.3**	506.5

	2019 £m	2018 £m
Gross margin	**55.6%**	58.1%
Underlying gross margin	**55.6%**	58.1%

35. Alternative performance measures (continued)

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.

	2019 £m	2018 £m
Reported revenue	**871.7**	872.0
Operating (loss)/profit	**(68.2)**	68.6
Exceptional and other items	**116.3**	31.7
Underlying operating profit	**48.1**	100.3

	2019 £m	2018 £m
Operating margin	**(7.8)%**	7.9%
Underlying operating margin	**5.5%**	11.5%

Underlying EBITDA

In the opinion of the Directors, underlying earnings before interest, tax, depreciation and amortisation (***"EBITDA"***) is a measure which seeks to assist in the calculation of the Return on Capital Employed for the Group. It is a key internal management metric. This is a new measure in the year, following the change in Directors.

A reconciliation from profit before tax, the most directly comparable IFRS measure, to underlying EBITDA is set out below.

	2019 £m	2018 £m
Reported revenue	**871.7**	872.0
(Loss)/profit before tax	**(85.4)**	65.3
Exceptional and other items	**127.3**	31.7
Underlying profit before tax	**41.9**	97.0
Depreciation	**32.6**	33.4
Amortisation	**9.3**	7.7
Net finance (income)/expense	**1.0**	0.3
Underlying EBITDA	**84.8**	138.4

Notes to the Group and Company Financial Statements

35. Alternative performance measures (continued)

Like-for-like revenue growth

In the opinion of the Directors, like-for-like revenue growth is a measure which seeks to reflect the underlying performance of the Group's stores without the impact of new or closed stores in the year. It is a key internal management metric for assessing revenue performance. Like-for-like sales growth is defined as the year-on-year increase in revenue from stores and concessions open for more than one year, and allowing for store upsizing of no more than 100% in original trading space less the impact of store closures. As such, they exclude the changes to the store portfolio. This is a new measure in the year, following the change in Directors.

A reconciliation from reported revenue, the most directly comparable IFRS measure, to the like-for-like revenue growth, is set out below.

	2019 £m	2018 £m
Reported revenue	**(3.7%)**	9.2%
Like-for-like store revenue	**(9.6%)**	(6.0)%

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 73 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.

	2019 £m	2018 £m
Profit before tax	**(85.4)**	65.3
Exceptional and other items	**127.3**	31.7
Underlying profit before tax	**41.9**	97.0

Underlying profit before tax for core operations

Underlying profit before tax for core operations was previously used by the Directors to excludes those costs that will be non-recurring in the long-term, in relation to initial trading losses in development markets and distribution centre migration costs. The costs for these are no longer considered to be an important measure following the change in management, therefore this measurement has been removed for financial year 2019.

35. Alternative performance measures (continued)

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:

	2019 £m	2018 £m
Underlying profit before tax	**41.9**	97.0
Tax expense	**(13.1)**	(14.6)
Exceptional and other items – tax impact of items included in profit before tax	**(1.7)**	(7.3)
Exceptional and other items – impact on deferred tax assets/liabilities for changes in tax rates	**2.6**	1.2
Underlying tax expense	**(12.2)**	(20.7)
Underlying effective tax rate	**(29.1)%**	21.3%

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:

	2019 £m	2018 £m
Underlying profit before tax	**41.9**	97.0
Underlying tax expense	**(12.2)**	(20.7)
Underlying profit after tax	**29.7**	76.3
Profit after tax	**(98.5)**	50.7
Basic		
Earnings per share (pence)	**(120.3)**	62.2
Underlying basic earnings per share (pence)	**36.3**	93.6

	2019	2018
Diluted		
Earnings per share (pence)	**(120.0)**	61.9
Underlying diluted earnings per share (pence)	**36.2**	93.1
Weighted average number of shares – basis	**81,870,875**	81,510,921
Weighted average number of shares – diluted	**82,068,659**	81,956,045

Notes to the Group and Company Financial Statements

35. Alternative performance measures (continued)

Operating trading loss – China

The operating trading loss in respect of China was previously used by the Directors to represent the net impact of the joint venture on Group profit after tax, taking into account licence fee income from the joint venture. This is no longer considered to be an important measure following the change in management, therefore this measurement has been removed for financial year 2019.

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 27 April 2019.

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 and Wales. The address of the Company's registered office is shown on page 58.

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
SuperGroup Concessions 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)	2015 £m	2016* £m	2017 £m	2018 £m	**2019** £m**
Revenue	486.6	597.5	752.0	872.0	**871.7**
Cost of sales	(190.4)	(229.7)	(299.0)	(365.5)	**(387.4)**
Gross profit	296.2	367.8	453.0	506.5	**484.3**
Selling, general and administrative expenses – underlying	(238.3)	(303.2)	(375.4)	(418.5)	**(447.0)**
Other gains and losses (net) – underlying	6.0	8.5	11.8	12.3	**10.8**
Operating profit before exceptional and other items – underlying	63.9	73.1	89.4	100.3	**48.1**
Exceptional and other items (net)	(3.7)	(17.0)	(2.2)	(31.7)	**(116.3)**
Operating profit/(loss)	60.2	56.1	87.2	68.6	**(68.2)**
Finance costs (net)	(0.2)	(0.1)	0.2	(0.3)	**(1.0)**
Impairment losses on financial assets	–	–	–	–	**(10.0)**
Share of loss in investment/joint venture	(0.5)	(0.6)	(2.6)	(3.0)	**(6.2)**
Profit/(loss) before tax	59.5	55.4	84.8	65.3	**(85.4)**
Tax expense	(13.5)	(14.1)	(18.8)	(14.6)	**(13.1)**
Profit/(loss) for the period	46.0	41.3	66.0	50.7	**(98.5)**
Profit attributable to non-controlling interests	0.6	0.1	–	–	**–**
Profit/(loss) attributable to equity shareholders	45.4	41.2	66.0	50.7	**(98.5)**
Underlying profit before tax	63.2	72.4	87.0	97.0	**41.9**
Basic earnings per share (pence)	56.1	50.7	81.2	62.2	**(120.3)**
Underlying basic earnings per share (pence)	59.1	70.9	84.5	93.6	**36.3**
Weighted average number of shares (m)	81.0	81.1	81.3	81.5	**81.9**

* Accounting period consisting of 53 weeks.

** Financial year 2019 includes the implementation of IFRS 9 and IFRS 15. The comparative periods have not been restated for this.

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 Wednesday 11 September 2019 at our Head Office, The Runnings, Cheltenham, Gloucestershire, GL51 9NW. 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 2019 AGM will be accessible on corporate.superdry.com shortly after the meeting.

Dividends

An interim dividend for the financial year ended 27 April 2019 of 9.3p per ordinary share was paid on 26 January 2018. A final dividend of 2.2p per share has been proposed and, subject to approval at the AGM, will be paid on 20 September 2019 to all shareholders on the register on 19 July 2019.

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 to 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.

極度乾燥(しなさい)
Superdry®

Consultancy, design and production by:
jonesandpalmer.co.uk

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