SuperdryPlc

Interim results for the 26 weeks ended 28 October 2017 and peak trading update

10 January 2018

Digital drives strong Superdry brand performance
Disruptive multi-channel approach delivers 20% growth in sales and profit

Superdry Plc[1] (‘*Superdry*’ or ‘Group’) today announces interim results for the 26 weeks ended 28 October 2017 (‘1H18’ or the ‘period’).

FINANCIAL HIGHLIGHTS

- Strong trading performance with Group revenue up 20.4% to £402.0m (1H17: £334.0m), including a £12.0m benefit from foreign exchange
  - Wholesale revenue increased by 34.1% to £159.3m (1H17: £118.8m)
  - Retail revenue up 12.8% to £242.7m (1H17: £215.2m), including like-for-like[2,4] growth of 6.3% (1H17: 12.8%)
    - o Ecommerce revenue growth of 31.6% increasing participation to 25.2% (1H17: 21.6%)
    - o Store revenue of £181.5m (1H17: £168.7m) up 7.6% year-on-year
- Group gross margin of 57.1% (1H17: 58.8%) reflects announced investment to reduce inventory levels and sales mix to Wholesale channel
- Underlying[2] profit before income tax up 20.5% to £25.3m (1H17: £21.0m)
- Reported profit before income tax of £9.1m (1H17: £12.7m) reflecting the fair value movement on forward exchange contracts
- Underlying basic earnings per share 25.8p (1H17: 21.0p)
- Interim dividend increased by 19.2% to 9.3p (1H17: 7.8p)

STRATEGIC PROGRESS

<u>Global Digital Brand</u>

- Global Brand revenue[2] increased by 25.2% to £756.3m (1H17: £604.1m)
- Innovative digital marketing introducing new customers to *Superdry*
- First stand-alone *Superdry Sport* store opened in Cape Town
- Agreement reached for *Superdry Sport* to be official clothing supplier to the 2018 UK Invictus Games team
- Founder Share Plan launched, benefitting over 4,500 colleagues worldwide
- Good progress towards Super Responsible 40, *Superdry’s* stretching corporate responsibility goals

<u>World Market Opportunity</u>

- European DC enables market leading Ecommerce delivery proposition for EU consumers
- 50 new *Superdry* branded stores opened increasing portfolio to more than 600 stores
- Accelerated payback and flexible lease criteria set for future owned stores
- 13 net new owned stores opened, net 68,000 sq.ft, an annualised 15.4% increase in trading space
- Key development markets of North America and China in disciplined roll-out

<u>Relentless Innovation</u>

- Jacket ownership enhanced by responsibly sourced, premium down range, launched for AW17
- Further *Superdry Sport* range development, including technical footwear
- Next Generation stores continuing to deliver targeted two year payback

<u>Operational Excellence</u>

- Global infrastructure development continues including:
  - o Asian buying office established to further drive direct sourcing
  - o Multi-channel DC capability introduced to European distribution centre
- Stock re-basing programme on track to reduce stock cover by 6 weeks by summer 2018

Trading Update: 10 weeks to 6 January 2018

Against stretching comparatives (FY17: Total Retail growth +20.6%, Retail like-for-like growth +14.9%) peak trading delivered continued strong sales growth in our capital light channels of global Ecommerce & Wholesale. Our overall performance was supported by a trading approach matched to the consumer environment on an individual market and channel basis.

Total Group and individual channel performances were as follows:

Group

- Global Brand revenue[2] of £314.4m increased by 13.6% year-on-year
- Group revenue of £215.6m was 12.6% higher than the prior year, including an approximate 0.5% benefit from foreign exchange
- Group Retail like-for-like[2] growth of +4.7%

Individual channels

- Wholesale revenues grew by 20.4%
- Ecommerce revenues increased by 30.5%
- Retail stores, including the store expansion programme, which saw average trading space increase by 13.9% for the period, delivered sales growth of 3.1%

This performance reflects the continued consumer move online, which is at the heart of *Superdry's* Global Digital Brand strategy and demands even greater focus and innovation of our in-store consumer experience.

Euan Sutherland, Chief Executive Officer, said:

"*Superdry* has further strengthened its position as a Global Digital Brand obsessed with quality and design. We have delivered another strong performance demonstrating the unique advantages and attractiveness of *Superdry* and its relevance to customers around the globe. Our growth through our eight channels to market has further diversified the brand, both geographically and across channels, while continued innovation has further widened our product offer."

"Our focus is on executing against the growth opportunities we have identified. We have a clear brand positioning, an innovative approach to digital marketing, a disruptive multi-channel approach and a growing culture of operational excellence. Having traded through our peak trading period, the Board remains confident in delivering full year underlying profit before income tax in line with the range of analyst expectations[5] and in the quality of the sustainable financial performance we can deliver."

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Market Briefing
Management will present these results today at the London Stock Exchange at 9.30am.

Financial Calendar

Full year pre-close trading update	10 May 2018
Full year results announcement and presentation	5 July 2018

Notes:

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

2. Like-for-like sales ('LFL'), 'underlying' and 'Global Brand revenue' are used as alternative performance measures ('APM'). Definition of APMs and how they are calculated are included in note 23.

3. Key performance indicators for the period and 1H17 are outlined below. 1H17 is the 26 week period to 29 October 2016.

	1H18	**1H17**
Global Brand revenue (£m)	756.3	604.1
Total Group revenue (£m)	402.0	334.0
Total Retail revenue (£m)	242.7	215.2
Retail LFL sales[2] (%)	6.3	12.8
Net new Retail space added (sq.ft. '000s)	68	67
Average Retail Space (sq.ft. '000s)	1,084	939
Number of stores at period end:		
- Owned	233	210
- Franchised & Licensed	372	304
Payback on new stores opened FY14-FY17 (months)	25	23
Online participation (%) (as % of Total Retail revenue)	25.2	21.6
Wholesale revenue (£m)	159.3	118.8
Gross margin (%)	57.1	58.8
Underlying operating margin (%)	6.7	6.6
Underlying basic EPS (p)	25.8	21.0
Operating cash flow (£m)	19.4	1.4
Net cash position (£m)	33.8	40.4

4. The trading comparatives for each quarter of FY18 are detailed below (unaudited):

FY18	**Q1 18**	**Q1 17**	**YOY**	**Q2 18**	**Q2 17**	**YOY**	**1H18**	**1H17**
Total Retail sales (£m)	116.3	100.6	15.6%	126.4	114.6	10.3%	**242.7**	215.2
LFL sales (%)	9.3	11.9		3.7	13.7		**6.3%**	12.8
Ave. Space (sq.ft '000s)	1067	920	16.0%	1,100	957	14.9%	**1,084**	939

5. The Board considers market expectations for the financial year ended 28 April 2018 are best defined by taking the range of forecasts published by analysts who consistently follow the Group. The consensus of underlying PBT forecasts as at 5 January 2018, of which the Board is aware, is £98.9m with a range of £97.7m to £100.6m.

Notes to Editors

Superdry is a Global Digital Brand, obsessed with design, quality and fit and committed to relentless innovation. We design affordable, premium quality clothing, accessories and footwear which are sold around the world. We have a unique purpose to help our consumers feel amazing through wearing our clothes. We have a clear strategy for delivering continued growth via a disruptive multi-channel approach combining Ecommerce, Wholesale and physical stores. We operate in 55 countries, including our development markets of North America and China and have almost 5,000 colleagues globally.

Cautionary Statement

This announcement contains certain forward-looking statements with respect to the financial condition and operational results 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 announcement. Nothing in this announcement should be construed as a profit forecast. 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 announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Strategic Progress

The continued strength of our performance reflects our focus on the key value creating opportunities and the unique advantages and attractiveness of *Superdry* as a Global Digital Brand. During the period, reflecting the transformation of the business over the past three years and in order to maximise future returns, we refined our strategic framework to four new pillars that better reflect our opportunities for growth.

Our priority remains to execute the clear opportunities for the *Superdry* brand to generate long-term sustainable growth. Our eight channel growth strategy, underpinned by our unique product DNA, clear brand positioning, innovation focus and continued infrastructure investment, combines capital light growth in both Wholesale and Ecommerce with an increasingly disciplined approach to new space growth, targeting enhanced paybacks alongside shorter, more flexible leases.

We have continued to make significant progress against our four refined strategic pillars:

Global Digital Brand:

Superdry is a globally recognised brand; with a clear purpose and consistent global consumer perceptions leading to high levels of loyalty, underpinned by an exciting digital strategy that is delivering superior returns.

Our established Ecommerce strength, that delivered 31.6% revenue growth in the period, continues to develop. Over 700 customer experience enhancements were delivered by our in-house development team over the past twelve months. This channel represents a significant ongoing growth opportunity for us, as the online participation of apparel in our key existing markets is forecast to grow by 15% to 20% over the next four years. Further investments are planned to our Ecommerce proposition to continue to capitalise on this opportunity.

We continued to strengthen *Superdry's* presence through fully integrated digital and social marketing campaigns. These campaigns reinforce our ownership of our core categories, by illustrating breadth of choice suitable for every occasion, and leverages brand advocacy from a building influencer community to cost effectively introduce new consumers whilst strengthening relationships with existing consumers.

The key summer ''*The Night is Young''* campaign, was highly successful with the central film having over 7 million views, leading to 1.8 million website visits, significantly increased rate of new consumer acquisition and strong sales uplifts of featured designs.

Through innovative partnerships with thought leaders in the digital arena, we continue to build our understanding of and confidence to invest in broader brand building marketing. As an illustration of this, we significantly increased the amplification of the core autumn ''*This is the Jacket''* campaign in the UK, driving a consistent message across all consumer touch points and leveraging all forms of digital media. We also extended the campaign to Germany, delivering our first extensive, integrated, multi-media campaign in this market.

The scale of consumer engagement with *Superdry* from our campaigns to date is significant with over 500m social media impressions and 20m videos.

World Market Opportunity:

Superdry is sold in 148 countries. These markets and other significant development markets, that remain untapped, represent an opportunity for significant brand growth through implementing our eight channels to market.

Our approach to each market is considered and seeks to optimise returns and minimise risk by tailoring the channel and marketing strategy to each country and its stage of development. In delivering this strategy we benefit from deep experience and established capability in the following eight routes to the customer:

1. Owned stores in primary catchments;
2. Franchise stores in secondary catchments and developing markets;
3. *Superdry* branded websites;
4. Partner websites that build brand awareness and access a different customer base;
5. Department stores;
6. Multi-brand independents;
7. Outlet stores; and
8. Off-price Ecommerce.

Disciplined expansion continued during the period across each channel to market, led by flexible, capital light Wholesale and Ecommerce growth. In the period, 50 dedicated *Superdry* stores were added to the portfolio through 37 franchise stores and 13 owned stores, across 23 different countries. This increased the total store portfolio to 605 at the conclusion of the period.

The ongoing role of owned stores in key catchments is an important element of the overall *Superdry* brand experience and our past investments have delivered strong returns on our invested capital. While this investment will continue our future investments will be targeted to deliver improved paybacks, within two years of store opening, and will target shorter, more flexible lease terms.

Our owned new store opening programme continued as we extended our global footprint by opening 68,000 square feet of net new retail space. We remain on track to deliver new space in line with guidance for the full year, expanding our existing retail operations globally, but with a focus on Germany and the USA.

The brand's key development markets of North America and China represent the two largest apparel markets globally. Each market is now in disciplined roll-out and investment has continued, in line with their respective development plans.

Expansion in North America is continuing through Wholesale, Ecommerce and Retail, through the opening of 4 stores in the period. These stores apply the learning from the new stores trialled in the previous financial year and are centred on the top 75 premium malls, concentrated in the north eastern seaboard, Florida and California where consumer demographics are most attractive.

Our growth emphasis in China will now transfer to franchise stores, having established the necessary owned store locations to establish brand recognition. Our joint venture partner, Trendy International, already operates in approximately 3,000 franchise stores under a number of domestic and international apparel brands and has established relationships with master franchise partners. We will also use Ecommerce, via a Tmall site launched in November 2017, to further extend the reach of the brand.

In China we now operate 14 owned stores and have a portfolio of 9 franchise stores, with 15 *Superdry* stores having opened in the period.

Relentless Innovation:

Innovation is at the heart of *Superdry* and everything we do; from our tailored approached to developing each market, to our passion for identifying faster and more efficient ways to serve our global consumers, to our product designs introducing over 5,000 new styles to our consumers each year.

Significant opportunity exists to further extend *Superdry* within existing ownership categories such as jackets and also new product categories that are a natural extension to the brand. These range innovations, developed both in the core mainline range and, more disruptively, through the SuperDesignLab, will introduce *Superdry* products relevant to a greater number of our customers' life stages as well as developing ranges tailored for specific occasions.

Womenswear remains our most material growth opportunity, benefitting from ongoing insight led category management, and has for the 5th consecutive reporting period been our strongest growth category.

The introduction of a premium range of responsibly sourced down jackets builds on *Superdry's* established strength in jackets and has been extremely well received by consumers. Comparable in quality and specification to more established premium brands, the range of 15 options, from an entry price of £95 to £295, delivers precisely on the brand's core strengths of quality, design excellence and value for money.

Our *Superdry Sport* proposition continues to build, contributing well to overall revenue growth. The credibility of the range was strengthened through both the launch of an expanded range including performance footwear, developed in our SuperDesignLab and a partnership agreement in December 2017 to become the official clothing supplier to the UK team competing in the 2018 Invictus Games. The period also saw the opening of a planned series of stand-alone franchise stores together with 12 "shop-in-shop" implants in owned stores.

In addition to product development, our innovation focus is on increasing supply chain flexibility and efficiency. This includes the introduction of fast response capability for approximately 30% of options and the adoption of proven technology.

The period also saw the launch of the Founder Share Plan. As part of a wider strategy to attract, retain and reward colleagues, this innovative long-term incentive scheme will see all colleagues across the business being rewarded for the price accretion, above £18, of the shares held by Julian Dunkerton and James Holder.

Operational Excellence:

The process, people and infrastructure development plan necessary to develop the most efficient and effective operating model to support our global growth ambitions, outlined in March 2015, remains on track.

During the period the Group continued to develop its infrastructure, including the extension of multi-channel capability to our European distribution centre opened in 2016 and the successful implementation of a new Order Management System ("OMS") for Ecommerce. Together, these developments allowed our market leading Ecommerce delivery proposition to be introduced to key European markets ahead of peak trading. The new OMS protects product availability for customers by using systems capability to allow customers to receive deliveries from two or more distribution centres where complete fulfillment of their order cannot be achieved from the closest one.

Our Design to Customer programme continues to drive efficiency:

A newly established Hong Kong buying office means the Group now has dedicated in-market sourcing and quality resource in each of its three key production territories. Direct sourcing has increased since 2015 by over 30%, with our long term intention of 80% of product based on direct relationships with factories still on track.

The greater harmonisation of our Retail and Wholesale ranges remains a clear priority and provides a significant opportunity to leverage value throughout the supply chain from lower cost prices from a more concentrated buy, logistics improvements and enhanced sell through rates. We remain on track to double the level of range consistency over the next 18 months.

Increased range harmonisation described above and the inventory rebasing activity that will continue throughout the remainder of the financial year are key to the creation of a single consolidated inventory pool. Following the consolidation of all retail stock into a single inventory pool in 2015, plans are in progress to create a single inventory pool allowing flexible allocation of products between sales channels by the end of calendar year 2018.

Financial Review

Our financial performance during the first half of the year saw continued strong growth in revenue, which converted into growth in underlying profit before income tax of £25.3m, an increase of 20.5% year-on-year. The strength of this performance and the continued progress across our key performance indicators provides a solid platform for the remainder of the financial year.

Group profit and loss

	Unaudited 1H18 £m	Unaudited 1H17 £m	% change
Global Brand revenue[1]	**756.3**	604.1	**25.2%**
Revenue: Retail	**242.7**	215.2	12.8%
Wholesale	**159.3**	118.8	34.1%
Group revenue	**402.0**	334.0	**20.4%**
Gross profit	**229.5**	196.5	**16.8%**
Gross profit margin %	***57.1%***	*58.8%*	
Selling and distribution costs	**(166.8)**	(143.3)	**(16.4)%**
Central costs	**(41.4)**	(35.5)	**(16.6)%**
Other gains and losses	**5.7**	4.4	**29.5%**
Underlying operating profit[1]	**27.0**	22.1	**22.2%**
Underlying operating margin[1]	***6.7%***	*6.6%*	
Exceptional and other items:			
Fair value movement on forward contracts	**(15.9)**	(8.3)	(91.6)%
IFRS 2 charge – Founder Share Plan	**(0.3)**	-	100.0%
Total non-underlying adjustments	**(16.2)**	(8.3)	(95.2)%
Operating profit	**10.8**	13.8	**(21.7)%**
Net finance (expense)/ income	**(0.1)**	0.2	**(150.0)%**
Share of loss of joint venture and associate	**(1.6)**	(1.3)	**(23.1)%**
Profit before income tax	**9.1**	12.7	**(28.3)%**
Income tax expense	**(1.2)**	(3.3)	**63.6%**
Profit for the period	**7.9**	9.4	**(16.0)%**
Underlying profit before income tax[1]	**25.3**	21.0	**20.5%**
Underlying profit before income tax for core operations[1]	**30.8**	26.2	**17.6%**

[1]See note 23 for definitions and reconciliations of these APMs.

Group revenue increased by £68m to £402m. The increase of 20.4%, on the same period last year, was driven by strong performances in each of our primary channels to customer: Wholesale, Ecommerce and Retail stores.

Gross profit increased to £229.5m, representing a gross profit margin of 57.1%, a decrease of 170bps on the previous year. The reduction from the prior year primarily reflects the strong participation of relatively lower margin Wholesale sales. As previously guided, gross margins will also be impacted by the strategic decision to not pass on input inflation to consumers and investments being made throughout the current financial year to permanently reduce the overall level of inventory across the business. These inventory related investments were, however, partially offset by not repeating promotional mechanics trialled in the first half of the previous financial year.

Selling and distribution costs included costs associated with the storage and delivery of product, the operation of retail stores and fulfilment costs of Ecommerce and Wholesale orders. These have increased by 16.4% year-on-year. The largest component cost relates to operating stores, where the increase is driven by our continuing store opening programme in Europe and the USA, with average space increasing by 15.4% year-on-year.

Central costs have increased 16.6% year-on-year to £41.4m. This increase, relative to a revenue increase of 20.4%, reflects the net impact of continued investment in global infrastructure and capability to enable future planned growth, including that in North America, offset by efficiency gains from historic investments.

Underlying profit before income tax for the period was £25.3m (1H17: £21.0m), an increase of 20.5% year-on-year.

The Group continues to invest in each of its key development markets as they establish scale, with full year performance anticipated to be in line with existing guidance. Losses in the Group's North American operations were £3.6m (1H17: £2.2m) reflecting the impact of pre-trading costs for stores opened both in the period and early in the second half, together with planned increases in central resource to support planned growth. The Group's share of trading losses within the China joint venture total £1.4m. (1H17: £1.3m).

The first half also included the completion of the inventory transfers necessary to support the multi-channel operations of the distribution centres established in Europe and North America. In line with guidance, investments made to mitigate risk to availability during this period of migration totalled £0.5m.

Accordingly the underlying profit before income tax in the period for the Group's core operations totalled £30.8m (1H17: £26.2m) an increase of 17.6%.

Retail division (including Ecommerce)

	Unaudited 1H18 £m	Unaudited 1H17 £m	Change
External revenues % of Group Revenue	**242.7** **60.4%**	215.2 64.4%	12.8%
Retail underlying operating profit *Underlying operating profit margin*	**17.6** ***7.3%***	18.2 *8.5%*	(3.3)%

Retail division revenues grew by 12.8% to £242.7m in 1H18 (1H17: £215.2m). The strong growth in Retail sales reflects the continued expansion of owned stores together with continued positive like-for-like growth of 6.3% driven in particular by a strong performance in Ecommerce.

We continued to strengthen our Ecommerce proposition to take advantage of consumers' preference for the convenience of this channel. Ecommerce sales grew by around 31.6% during the period with participation of Retail sales at 25.2% (1H17: 21.6%).

Investment in new stores continued to generate strong returns on invested capital, averaging 25 months. Despite this level of return, future stores will now be targeted to deliver payback within two years of store opening. During the last 12 months, average retail square footage increased by 15.4% to 1,084k sq.ft, (1H17: 939k sq.ft), having opened 15 new stores, four in the UK, seven in Europe, four in the USA and closed two, resulting in 13 net new stores in the period. We also relocated four stores in the period.

Primarily reflecting the impact of a number of considered investments made in the channel, operating margins of 7.3% (1H17: 8.5%) were 120bps lower the previous year. Gross margin has been impacted by the decision not to increase retail prices to consumers, enhancing the brand's relative price position, and the dilutive impact of the increased scale of End of Season promotional activity to permanently reduce inventory levels across the business. Increased central and regional resource in North America to support future planned growth has led to operating costs in that market growing faster than revenue.

Wholesale division

Wholesale revenue by territory	**Unaudited 1H18 £m**	Unaudited 1H17 £m	Change
Wholesale revenue by territory:			
Europe	105.8	77.0	37.4%
UK and Republic of Ireland	21.5	18.7	15.0%
Rest of World	29.4	19.9	47.7%
Clearance and other	2.6	3.2	(18.8)%
Total Wholesale revenue	**159.3**	**118.8**	**34.1%**

Wholesale division	**Unaudited 1H18 £m**	Unaudited 1H17 £m	Change
External revenues	**159.3**	118.8	34.1%
% of Group Revenue	**39.6%**	35.6%	
Wholesale underlying operating profit	**50.8**	39.4	28.9%
Underlying operating profit margin	***31.9%***	*33.2%*	

Revenues within the Wholesale division increased by 34.1% year-on-year, delivering revenue of £159.3m in 1H18 (1H17: £118.8m) with strong growth in all territories and routes to consumer being: franchise, independents and key accounts.

The underlying operating profit was £50.8m, a 28.9% improvement year-on-year on 1H17 (£39.4m). Operating margins declined marginally to 31.9% (1H17: 33.2%) primarily reflecting the impact of currency, targeted inventory clearance as part of the wider inventory re-basing programme and brand development investments made in new markets (e.g. Russia) at their inception.

Exceptional and other items

Exceptional and other items are detailed in note 6.

Exceptional and other items primarily relate to the half yearly fair value adjustment of forward foreign exchange contracts, being a £15.9m loss on the residual deficit on contracts existing at the time of the vote to exit the European Union. As detailed in note 16, the remaining £0.3m charge within exceptional and other items is in relation to IFRS 2 charge for the Founder Share Plan.

Finance costs and income
Net finance costs amounted to £0.1m (1H17: Finance income of £0.2m).

Profit before income tax
After exceptional and other items, Group profit before income tax at £9.1m (1H17: £12.7m) was 28.3% lower than the prior year.

Taxation
Underlying income tax expense for 1H18 of £4.3m (1H17: £3.9m) represented an underlying effective tax rate of 17.0% compared to 18.6% in 1H17.

The difference between the 1H18 Group underlying tax rate of 17.0% and each of the FY18 forecast underlying rate of 21.0% and the UK statutory rate of 19.0% reflects the current year adjustment in respect of deferred tax assets on losses previously not recognised.

Profit for the period
After exceptional and other items, Group profit for the period at £7.9m (1H17: £9.4m) was 16.0% lower than the prior year.

Earnings per share
Underlying basic earnings per share was 25.8p (1H17: 21.0p). Reported basic earnings per share was 9.7p (1H17: 11.5p), calculated using the basic weighted average number of ordinary shares outstanding for the period of 81,405,473 (1H17: 81,275,275).

Diluted earnings per share is 9.6p (1H17: 11.5p) based on a diluted weighted average of 81,927,540 shares (1H17: 81,715,755 shares).

Dividends
Consistent with our dividend policy, we announce today an interim dividend of 9.3 pence per share (1H17: 7.8 pence per share), being one-third of the FY17 full year dividend. This will absorb an estimated £7.6m of shareholders' funds. The interim dividend will be paid on 26 January 2018 to shareholders on the register of the close of business on 19 January 2018.

The key parameters of our dividend policy are as follows:

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

Cash-flow, investments and working capital
We remain financially strong and highly cash generative, retaining net cash balances, excluding other financial assets, of £33.8m (1H17: £40.4m).

The first half year is customarily a period of working capital investment as inventories are built in advance of the peak trading period within the third quarter. In the current year the Group generated positive cash of £7.4m (1H17: cash outflow of £8.3m) from its operations from improved working capital practices, particularly trade debtor management.

Capital investment		**1H18 £m**	**1H17 £m**
Store portfolio	New stores	12.6	14.9
	Existing stores	7.3	4.9
	Franchise stores	1.2	1.6
		21.1	**21.4**
Infrastructure	IT (including software development)	4.7	5.2
	Distribution	1.6	3.2
	Head office	1.8	1.0
		8.1	**9.4**
Total capital investment		**29.2**	**30.8**
Capital creditor		**(2.4)**	**(5.0)**
Cash outflow	Capital additions	22.9	24.3
	Intangible assets	3.9	1.5
		26.8	**25.8**

Property, plant and equipment and intangible assets totalled £188.4m, increasing by £13.3m (7.6%) since the financial year end. While partly reflecting currency translation, the increase was driven primarily by our programme of store development including disciplined owned expansion within the EU and the USA, capital contributions to support franchise growth globally and store refurbishment investment to introduce the brand's Next Generation store concept. Infrastructure investment to enhance our Ecommerce customer experience and strengthen our central capability and facilitate our future planned growth also continued. The most significant investments within this related to ongoing introduction of multi-channel capability to our distribution centres located in Europe and North America and the implementation of a new OMS within Ecommerce.

Full year guidance for capital expenditure remains at between £60m and £70m.

Working Capital	1H18 £m	1H17 £m	Movement %
Inventories	200.0	160.5	24.6%
Trade and similar receivables[1]	128.0	95.9	33.5%
Trade and similar payables[2]	(151.5)	(124.2)	(22.0)%
Total working capital	**176.5**	**132.2**	**33.5%**

Notes:

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

Investment in inventories, trade and similar receivables and trade and similar payables increased year-on-year by £44.3m to £176.5m (1H17: £132.2m). The increase of 33.5% partly reflects the impact of currency and planned acceleration of seasonal inventories to ensure high levels of product availability in the key trading period. The remaining inventory growth is broadly in line with the revenue growth of the Group.

Trade and similar receivables remained well managed with a reduction in debtor days since the previous year. Trade and similar payables increased by 22.0% to £151.5m (1H17: £124.2m). This growth, which is marginally lower than the corresponding growth in inventory, reflects the timing of seasonal deliveries, outlined above, and the progressive movement of suppliers to standard trading terms.

Going concern

The Board reports that, having reviewed current performance and forecasts, they have a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. For this reason they have continued to adopt the ‘going concern’ basis in preparing the financial information.

Principal risks and uncertainties

The principal risks and uncertainties were outlined in the 2017 Annual Report (pages 48-54) and they remain unchanged. These are described in note 20 of this document. Following the announcement of the Group’s revised Global Digital Brand strategy in September 2017, the Board are re-evaluating these risks and uncertainties to ensure that they continue to reflect the key factors that may limit the Group’s ability to deliver its stated strategy and its financial and business objectives.

Following the outcome of the UK referendum on 23 June 2016 to leave the EU there are a number of uncertainties regarding how the exit will be achieved. Accordingly, the extent to which our operational and financial performance may be affected in the longer term will only become clear as details are finalised. The Group has established a Brexit working party which meets on a regular basis to discuss the key impacts of the Brexit decision. We continue to seek ways to mitigate these risks. In particular the establishment of our European distribution centre and the extension of multi-channel capability for this centre provide a level of security in terms of supply chain and customer delivery should the UK leave the EU customs union. We will continue to monitor the risks and uncertainties arising from Brexit within the Group’s existing risk management and control process as outlined in the 2017 Annual Report (pages 48-54).

Outlook

The first half year has delivered further growth in revenue and profits together with positive progress against the Group’s refined strategic framework. Trading during the third quarter has also been solid.

In the near term each of the Group’s channels are well positioned to deliver further profitable growth with an advantaged Ecommerce proposition and a strong forward sales programme in Wholesale. Disciplined owned store expansion will continue, taking advantage of favourable market conditions, particularly in North America. Longer term, the Board remains confident in the strength of the *Superdry* brand globally and that the continued successful execution of the Group’s strategy will deliver strong and sustainable financial performance.

Responsibility statement of the Directors in respect of the condensed consolidated interim financial information

On 9 January 2018 the Board of Directors of Superdry Plc approved this statement.

The Directors confirm that to the best of their knowledge:

- The condensed financial information has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU; and

- The interim management report includes a fair review of the information required by:

    a) DTR 4.2.7R of the *Disclosure and Transparency Rules,* being an indication of important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed financial information, and a description of the principal risks and uncertainties for the remaining 26 weeks of the financial year;

    b) DTR 4.2.8R of the *Disclosure and Transparency Rules,* being related party transactions that have taken place in the first 26 weeks of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

The Directors of Superdry Plc are listed on the Board section of the Group website; www.corporate.superdry.com

On behalf of the Board of Directors:

Euan Sutherland	Nick Wharton
Chief Executive Officer	Chief Financial Officer
9 January 2018	9 January 2018

Cautionary statement

This 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 announcement. 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 announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Condensed Group Statement of Comprehensive Income for the 26 weeks ended 28 October 2017 (unaudited)

	Note	**Underlying October 2017 £m**	**Exceptional and other items (note 6) £m**	**Total October 2017 £m**	Underlying October 2016 £m	Exceptional and other items (note 6) £m	Total October 2016 £m
Revenue	5	402.0	-	402.0	334.0	-	334.0
Cost of sales		(172.5)	-	(172.5)	(137.5)	-	(137.5)
Gross profit		**229.5**	**-**	**229.5**	**196.5**	**-**	**196.5**
Selling, general and administrative expenses		(208.2)	(0.3)	(208.5)	(178.8)	-	(178.8)
Other gains and losses (net)		5.7	(15.9)	(10.2)	4.4	(8.3)	(3.9)
Operating profit		**27.0**	**(16.2)**	**10.8**	**22.1**	**(8.3)**	**13.8**
Net finance (expense)/income		(0.1)	-	(0.1)	0.2	-	0.2
Share of loss of joint venture and associate	7	(1.6)	-	(1.6)	(1.3)	-	(1.3)
Profit before income tax		**25.3**	**(16.2)**	**9.1**	**21.0**	**(8.3)**	**12.7**
Income tax expense	8	(4.3)	3.1	(1.2)	(3.9)	0.6	(3.3)
Profit for the period		**21.0**	**(13.1)**	**7.9**	**17.1**	**(7.7)**	**9.4**
Attributable to:							
Owners of the company		21.0	(13.1)	7.9	17.1	(7.7)	9.4
		21.0	**(13.1)**	**7.9**	**17.1**	**(7.7)**	**9.4**
Other comprehensive income net of tax:							
Items that may be subsequently reclassified to profit or loss							
Currency translation differences		3.3	-	3.3	11.6	-	11.6
Total comprehensive income for the period		**24.3**	**(13.1)**	**11.2**	**28.7**	**(7.7)**	**21.0**
Attributable to:							
Owners of the company				11.2			21.0
				11.2			**21.0**
Earnings per share							
Basic	17	25.8		9.7	21.0		11.5
Diluted	17	25.6		9.6	20.9		11.5

Condensed Group Balance Sheet as at 28 October 2017

	Note	**Unaudited October 2017 £m**	Unaudited October 2016 £m	Audited April 2017 £m
ASSETS				
Non-current assets				
Property, plant and equipment	10	132.5	115.0	121.3
Intangible assets	11	55.9	58.8	53.8
Investment in joint venture	7	7.6	1.7	6.0
Deferred income tax assets		35.4	30.0	31.6
Derivative financial instruments	21	-	0.4	-
Total non-current assets		**231.4**	**205.9**	**212.7**
Current assets				
Inventories	13	200.0	160.5	157.2
Trade and other receivables		143.6	109.8	112.2
Derivative financial instruments	21	-	15.2	3.1
Financial assets at fair value through profit or loss	21	-	0.7	2.2
Cash and cash equivalents	19	33.8	40.4	65.4
Total current assets		**377.4**	**326.6**	**340.1**
LIABILITIES				
Current liabilities				
Trade and other payables		162.2	132.3	118.9
Current income tax liabilities		4.9	4.6	11.8
Derivative financial instruments	21	7.1	24.2	1.4
Total current liabilities		**174.2**	**161.1**	**132.1**
Non-current liabilities				
Trade and other payables		47.5	37.8	37.8
Provisions for other liabilities and charges		3.1	3.1	3.1
Deferred income tax liabilities		1.0	0.8	1.0
Derivative financial instruments	21	13.5	2.3	6.4
Total non-current liabilities		**65.1**	**44.0**	**48.3**
Net assets		**369.5**	**327.4**	**372.4**
EQUITY				
Share capital	14	4.1	4.1	4.1
Share premium		148.5	148.3	148.4
Translation reserve		(0.9)	2.4	(4.2)
Merger reserve		(302.5)	(302.5)	(302.5)
Retained earnings		520.3	475.1	526.6
Equity attributable to the owners of the company		**369.5**	**327.4**	**372.4**
Total equity		**369.5**	**327.4**	**372.4**

Condensed Group Cash Flow Statement for the 26 weeks ended 28 October 2017 (unaudited)

	Note	**October 2017 £m**	October 2016* £m
Operating profit		**10.8**	**13.8**
Adjusted for:			
- Loss on unrealised financial derivatives	6	15.9	8.3
- Depreciation of property, plant and equipment	10	16.6	14.0
- Amortisation of intangible assets	11	2.8	3.6
- Loss on disposal of property, plant and equipment	10	0.2	0.5
- Release of lease incentives		(4.3)	(4.5)
- Employee share award schemes	15,16	2.2	1.1
Operating cash flow before movements in working capital		**44.2**	**36.8**
Changes in working capital:			
- Increase in inventories		(42.1)	(44.5)
- Increase in trade and other receivables		(28.1)	(24.3)
- Increase in trade and other payables, and provisions		45.4	33.4
Cash generated from operating activities		**19.4**	**1.4**
Interest (paid)/ received		(0.1)	0.2
Tax paid		(11.9)	(9.9)
Net cash (used in)/generated from operations		**7.4**	**(8.3)**
Cash flow from investing activities			
Investments in joint ventures	7	(3.2)	-
Purchase of property, plant and equipment	10	(22.9)	(24.3)
Purchase of intangible assets	11	(3.9)	(1.5)
Cash received from disposal of financial asset	21	2.2	-
Net cash used in investing activities		**(27.8)**	**(25.8)**
Cash flow from financing activities			
Issue of share capital	14	0.1	-
Dividend payments	9	(16.4)	(30.1)
Net cash used in financing activities		**(16.3)**	**(30.1)**
Net decrease in cash and cash equivalents	19	**(36.7)**	**(64.2)**
Cash and cash equivalents, net of overdraft, at beginning of period	19	**65.4**	**100.7**
Exchange gains on cash and cash equivalents	19	5.1	3.9
Cash and cash equivalents, net of overdraft, at end of period	19	**33.8**	**40.4**

* The comparative figures have been restated to reflect the revised format of the cash flow statement adopted in the 2017 Annual Report.

Condensed Group Statement of Changes in Equity for the 26 weeks ended 28 October 2017 (unaudited)

		Attributable to the owners of the company						
		Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Other £m	**Total £m**
Balance at 29 April 2017		**4.1**	**148.4**	**(4.2)**	**(302.5)**	**526.6**	**-**	**372.4**
Comprehensive income								
Profit for the period		-	-	-	-	7.9	-	**7.9**
Other comprehensive income								
Currency translation differences		-	-	3.3	-	-	-	**3.3**
Total other comprehensive income		**-**	**-**	**3.3**	**-**	**-**	**-**	**3.3**
Total comprehensive income for the period		**-**	**-**	**3.3**	**-**	**7.9**	**-**	**11.2**
Transactions with owners								
Employee share award scheme	15	-	-	-	-	2.2	-	**2.2**
Shares issued	15	-	0.1	-	-	-	-	**0.1**
Dividends paid	9	-	-	-	-	(16.4)	-	**(16.4)**
Total transactions with owners		**-**	**0.1**	**-**	**-**	**(14.2)**	**-**	**(14.1)**
Balance at 29 October 2017		**4.1**	**148.5**	**(0.9)**	**(302.5)**	**520.3**	**-**	**369.5**

	Attributable to the owners of the company						
	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Other £m	**Total £m**
Balance at 30 April 2016	**4.1**	**148.3**	**(9.2)**	**(302.5)**	**494.7**	**-**	**335.4**
Comprehensive income							
Profit for the period	-	-	-	-	9.4	-	**9.4**
Other comprehensive income							
Currency translation differences	-	-	11.6	-	-	-	**11.6**
Total other comprehensive income	**-**	**-**	**11.6**	**-**	**-**	**-**	**11.6**
Total comprehensive income for the period	**-**	**-**	**11.6**	**-**	**9.4**	**-**	**21.0**
Transactions with owners							
Employee share award scheme	-	-	-	-	1.1	-	**1.1**
Dividends paid	-	-	-	-	(30.1)	-	**(30.1)**
Total transactions with owners	**-**	**-**	**-**	**-**	**(29.0)**	**-**	**(29.0)**
Balance at 29 October 2016	**4.1**	**148.3**	**2.4**	**(302.5)**	**475.1**	**-**	**327.4**

Condensed Group Statement of Changes in Equity for 29 April 2017 (audited)

	Attributable to the owners of the company						
	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Retained earnings £m	Other £m	**Total £m**
Balance at 30 April 2016	**4.1**	**148.3**	**(9.2)**	**(302.5)**	**494.7**	**-**	**335.4**
Comprehensive income							
Profit for the period	-	-	-	-	66.0	-	66.0
Other comprehensive income							
Currency translation differences	-	-	5.0	-	-	-	5.0
Total other comprehensive income	**-**	**-**	**5.0**	**-**	**-**	**-**	**5.0**
Total comprehensive income for the period	**-**	**-**	**5.0**	**-**	**66.0**	**-**	**71.0**
Transactions with owners							
Employee share award schemes	-	-	-	-	2.4	-	2.4
Shares issued	-	0.1	-	-	-	-	0.1
Dividend payments	-	-	-	-	(36.5)	-	(36.5)
Total transactions with owners	**-**	**0.1**	**-**	**-**	**(34.1)**	**-**	**(34.0)**
Balance at 29 April 2017	**4.1**	**148.4**	**(4.2)**	**(302.5)**	**526.6**	**-**	**372.4**

Explanatory Notes to the Interim Financial Information (unaudited)

1. Basis of preparation

Superdry Plc (formally SuperGroup Plc) is a company domiciled in the United Kingdom. The condensed interim financial information ("interim financial information") of Superdry Plc for the 26 weeks ended 28 October 2017 ("October 2017") comprise the company and its subsidiaries (together referred to as "the Group"). The prior comparative period is for the 26 weeks ended 29 October 2016 ("October 2016").

This interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The Group statutory financial statements for the 52 weeks ended 29 April 2017 ("April 2017") are available upon request from the company's registered office at Superdry Plc, Unit 60, The Runnings, Cheltenham, Gloucestershire, GL51 9NW or www.corporate.superdry.com.

This interim financial information has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and the requirements of the Disclosures and Transparency Rules. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Group financial statements as at and for the 52 weeks ended 29 April 2017, which have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. This interim financial information was approved by the Board of Directors on 9 January 2018.

The comparative figures for April 2017 are extracted from the Group's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the registrar of companies. The report of the auditors (i) was unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006. These sections address whether proper accounting records have been kept, whether the Group's accounts are in agreement with these records and whether the auditors have obtained all the information and explanations necessary for the purposes of the audit.

The financial information in this document is unaudited, but has been reviewed by the auditors in accordance with the Auditing Practices Board guidance on Review of Interim Financial Information.

This interim financial information has been prepared under the going concern basis, as disclosed further in the Financial Review.

2. Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as described below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3. Critical accounting estimates and judgements in applying accounting policies

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements for the 52 weeks ended 29 April 2017, as set out on page 117 of the Annual Report.

4. Seasonality of operations

Due to the seasonal nature of the Retail segment, higher revenues and operating profits are usually expected in the second half of the year. The weighting of higher revenues in the second half of the year is a consequence of the brand's strength in cooler weather categories, such as outerwear, which also carry higher average selling prices. Operating profits therefore benefit from operating cost leverage, particularly in the Group's stores. Wholesale seasonality is more evenly spread across the year.

In the financial period ended 29 April 2017, 44.4% of total revenues accumulated in the first half of the year, with 55.6% in the second half. This corresponded to 24.1% of underlying profit before income tax in the first half of the year and 75.9% in the second half.

5. Segmental 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 Board Members "the CODM"). The CODM assesses the performance of the operating segments based on underlying profit before income tax and 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 USA 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 (which includes design, finance, HR, IT, legal, marketing, merchandising, property, sourcing and the goodwill and intangibles arising on consolidation) separately to the Retail and Wholesale operations.

The revenue from external parties reported to the Board of Directors 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.

Segment information for the main reportable business segments of the Group for October 2017 is set out below:

October 2017 segmental analysis (unaudited)	Retail	Wholesale	Central	**Group**
	£m	£m	£m	**£m**
Total segment revenue	244.3	170.0	-	**414.3**
Inter-segment revenue (excluding royalties)	(1.6)	(10.7)	-	**(12.3)**
Revenue from external customers	**242.7**	**159.3**	**-**	**402.0**

October 2017 segmental analysis (unaudited)	**Underlying October 2017 £m**
Revenue	
Retail	242.7
Wholesale	159.3
Total revenue	**402.0**
Underlying operating profit	
Retail	17.6
Wholesale	50.8
Central	(41.4)
Total underlying operating profit	**27.0**
Exceptional and other items (note 6)	(16.2)
Net finance income	(0.1)
Share of loss of JV	(1.6)
Total profit before income tax	**9.1**

The exceptional and other items of £16.2m have been allocated as £11.2m to the Retail Segment, £4.7m to the Wholesale segment and £0.3m to the Central segment. The £0.3m charge in the Central Segment is in relation to the Founder Share Plan and the £15.9m loss in the other segments relates entirely to the fair value of forward exchange contracts, as disclosed further in note 6.

October 2016 segmental analysis (unaudited)	Retail	Wholesale	Central	**Group**
	£m	£m	£m	**£m**
Total segment revenue	228.9	133.9	-	**362.8**
Inter-segment revenue (excluding royalties)	(13.7)	(15.1)	-	**(28.8)**
Revenue from external customers	**215.2**	**118.8**	**-**	**334.0**

The following additional information is considered useful to the reader.

October 2016 segmental analysis (unaudited)

	Underlying October 2016 £m
Revenue	
Retail	215.2
Wholesale	118.8
Total revenue	**334.0**
Underlying operating profit	
Retail	18.2
Wholesale	39.4
Central	(35.5)
Total underlying operating profit	**22.1**
Exceptional and other items (note 6)	(8.3)
Net finance income	0.2
Share of loss of JV	(1.3)
Total profit before income tax	**12.7**

The exceptional and other items of £8.3m have been allocated as £0.3m to the Retail segment and £8.0m to the Wholesale segment. These balances relate to fair value of the forward exchange contracts, as disclosed further in note 6.

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:

	Unaudited October 2017	Unaudited October 2016
	£m	£m
External revenue – UK	148.3	137.0
External revenue – Europe	198.9	159.0
External revenue – Rest of world	54.8	38.0
Total external revenue	**402.0**	**334.0**

Included within non-UK external revenue is £101.1m (October 2016: £87.0m) generated by our overseas subsidiaries.

The total of non-current assets, other than deferred tax assets, located in the UK is £85.5m (October 2016: £61.9m, April 2017: £76.7m), and the total of non-current assets located in other countries is £108.1m (October 2016: £114.0m, April 2017: £104.4m)

6. Exceptional and other items

Non-underlying adjustments constitute exceptional and other items. These are defined in note 23 and are disclosed separately in the Group statement of comprehensive income.

	Unaudited October 2017 £m	Unaudited October 2016 £m
Loss on unrealised financial derivatives	(15.9)	(8.3)
IFRS 2 charge in respect of Founder Share Plan ('FSP') (see note 16)	(0.3)	-
Exceptional and other items	**(16.2)**	**(8.3)**
Taxation		
Tax impact of non-underlying adjustments	3.1	1.7
Deferred income tax – change in rates (note 8)	-	(1.1)
Taxation on exceptional and other items	**3.1**	**0.6**
Total exceptional and other items after taxation	**(13.1)**	**(7.7)**
Exceptional and other items are included within:		
Selling, general and administrative expenses	(0.3)	-
Other gains and losses (net)	(15.9)	(8.3)
Exceptional and other items	**(16.2)**	**(8.3)**

7. Share of loss of joint venture and associate

During FY18, Superdry Plc invested £3.2m in Trendy & Superdry Holding Limited as a 50% subscription for the issued share capital, and as at 29 April 2017, the carrying value of the investment was £6.0m. For 1H18 £1.6m (1H17: £1.3m) has been recognised as Superdry Plc's share of the loss for the period, and as such the investment is now held at £7.6m.

8. Income tax expenses

The Group's underlying income tax expense for 1H18 of £4.3m (1H17: £3.9m) represents an underlying effective tax rate of 17.0% compared to 18.6% in 1H17. The difference between 1H18 tax rate of 17.0% and FY18 forecast of 21% is that a current year adjustment in respect of deferred tax losses previously not recognised that have now been recognised in 1H18. The Group's underlying tax rate of 17.0% is lower (1H17: lower) than the UK statutory rate of 19% primarily due to this adjustment in respect of deferred tax losses.

Included within non-underlying items in 1H17 is a £1.1m tax charge in exceptional and other items which is as a result of the change in the UK corporation tax rate from 18% to 17% and the subsequent impact on deferred tax assets/liabilities. The 17% rate for UK corporation tax (effective from 1 April 2020) was substantively enacted on 6 September 2016, this adjustment was therefore made in 1H17.

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

	Unaudited October 2017	Unaudited October 2016
	£m	£m
Profit before income tax	**9.1**	**12.7**
Profits multiplied by the standard rate in the UK – 19.0% (1H17: 19.9%)	1.7	2.5
Expenses not deductible for tax purposes	0.7	0.6
Overseas tax differentials	(0.1)	(0.3)
Deferred tax assets now recognised in respect of losses at local tax rate	(1.1)	(0.6)
Deferred income tax change in rates (note 6)	-	1.1
Total income tax expense	**1.2**	**3.3**

9. Dividends

In the year ended April 2017 a final dividend of 20.2p per share was approved. These dividends were paid on 22 September 2017 to shareholders on the register at the close of business on 14 July 2017.

Consistent with our dividend policy, we announce today an interim dividend of 9.3 pence per share (1H17: 7.8 pence per share), being one-third of the FY17 full year dividend. This will utilise an estimated £7.6m of shareholders' funds. The interim dividend will be paid on 26 January 2018 to shareholders on the register at the close of business on 19 January 2018.

10. Property, plant and equipment

Movements in the net book value ("NBV") of property, plant and equipment in the period to October 2017 were as follows:

	Land and buildings	Leasehold improvements	Furniture, fixtures and fittings	Computer equipment	**Total Group**
	£m	£m	£m	£m	**£m**
NBV as at 29 April 2017	**7.3**	**86.6**	**24.0**	**3.4**	**121.3**
Additions	-	18.0	5.0	2.3	**25.3**
Disposals	-	(0.1)	-	(0.1)	**(0.2)**
Depreciation	-	(10.7)	(3.8)	(2.1)	**(16.6)**
Exchange differences	-	2.2	0.6	(0.1)	**2.7**
NBV as at 28 Oct 2017	**7.3**	**96.0**	**25.8**	**3.4**	**132.5**

11. Intangible assets

Movements in the net book value ("NBV") of intangible assets in the period to October 2017 were as follows:

	Trademarks	Websites and software	Lease premiums	Distribution agreements	Goodwill	**Total Group**
	£m	£m	£m	£m	£m	**£m**
NBV as at 29 April 2017	**1.3**	**17.2**	**10.2**	**4.3**	**20.8**	**53.8**
Additions	0.3	3.6	-	-	-	**3.9**
Amortisation	(0.1)	(1.7)	(0.6)	(0.4)	-	**(2.8)**
Exchange differences	-	(0.7)	-	0.7	1.0	**1.0**
NBV as at 28 Oct 2017	**1.5**	**18.4**	**9.6**	**4.6**	**21.8**	**55.9**

12. Capital expenditure commitments

The Group has capital expenditure commitments on property, plant and equipment of £8.5m at October 2017 (£7.1m at October 2016 and £4.6m at April 2017).

13. Inventory write-downs

The Group has provided for inventory write downs of £2.9m at October 2017 (£3.6m at October 2016 and £3.1m at April 2017). During the period, the charge for inventory write downs was £0.9m (£0.9m at October 2016 and £1.1m at April 2017), and the amounts utilised were £1.1m (£2.6m at October 2016 and £3.3m at April 2017).

14. Equity securities

221,714 ordinary shares of 5p each were authorised, allotted and issued in the period under the Superdry Plc Share based Long Term Incentive Plans, Save As You Earn and Buy As You Earn schemes.

15. Share based Long Term Incentive Plans and savings related share schemes

Performance Share Plan (PSP)
During 1H18, 358,947 share options were awarded under the PSP with a three year vesting period. The fair value of the shares awarded at the grant date during the period is £4.72m (2016: £4.43m). The total fair value of the entire outstanding share awards, taking into consideration management's estimate of the share awards meeting the vesting conditions and achieving the performance targets, is £7.34m (2016: £7.49m).

A total of 215,428 ordinary shares were exercised under the PSP during the period with a fair value of £2.08m (2016: 92,417 ordinary shares were exercised under the PSP with a fair value of £1.00m).

A charge of £1.62m has been recorded in the condensed Group Statement of Comprehensive Income for the period ended October 2017 (a charge of £1.05m was recorded in the condensed Group Statement of Comprehensive Income for the period ended October 2016).

Save As You Earn (SAYE)
The SAYE is a savings-related share scheme where employees can buy shares from post-tax salary for a fixed share price. During the period, a total of 4,149 shares were purchased under the scheme with a fair value of £0.01m (October 2016: 2,063 shares were purchased with a fair value of £0.01m).

The total fair value of the entire potential future share purchases, taking into consideration management's estimate of the employees meeting the vesting conditions, is estimated at £0.87m.

A charge of £0.17m has been recorded in the condensed Group Statement of Comprehensive Income for the period ended October 2017 (a charge of £0.05m was recorded in the condensed Group Statement of Comprehensive Income for the period ended October 2016).

Buy As You Earn (BAYE)
The BAYE is a savings-related share scheme where employees can buy shares from pre-tax salary based on an agreed market value share price. During the period, a total of 2,137 shares were purchased under the scheme. No fair value adjustment is required for the period ended October 2017 and no charge has been recorded in the condensed Group Statement of Comprehensive Income for the period ended October 2017.

Other schemes
During H1 FY18 share options were issued 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 1FY18 for these awards is £0.1m.

16. Founder Share Plan (FSP)

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 model.

The share based payment charge associated with the FSP will accrue over five financial periods, up until FY22.

A charge of £0.3m has been recorded in the condensed Group Statement of Comprehensive Income for the period ended October 2017. The charge has been included in exceptional and other items. Please see note 23 for further details.

17. Earnings per share

	Unaudited October 2017	Unaudited October 2016
	£m	£m
Earnings		
Profit for the period attributable to owners of the company	7.9	9.4
	Number	**Number**
Number of shares at period end	81,580,460	81,331,280
Weighted average number of ordinary shares - basic	**81,405,473**	**81,275,275**
Effect of dilutive options and contingent shares	522,067	440,480
Weighted average number of ordinary shares - diluted	**81,927,540**	**81,715,755**
Basic earnings per share (pence)	**9.7**	**11.5**
Diluted earnings per share (pence)	**9.6**	**11.5**

Underlying basic earnings per share

	Unaudited October	Unaudited October

	2017	2016
	£m	£m
Earnings		
Underlying profit for the period attributable to owners of the company	21.0	17.1
	Number	**Number**
Weighted average number of ordinary shares - basic	81,405,473	81,275,275
Weighted average number of ordinary shares - diluted	81,927,540	81,715,755
Underlying basic earnings per share (pence)	**25.8**	**21.0**
Underlying diluted earnings per share (pence)	**25.6**	**20.9**

18. Related parties

Directors of the Group within the period and their immediate relatives control 26.7% (October 2016: 38.1%) of the voting shares of the Group. There have been no material transactions in the period with related parties, including Directors.

James Holder is no longer a Director or member of the key management team, and his shareholding is not significant enough to exert control over the company. As such he is no longer a related party and therefore his shareholding has not been included for this period.

19. Net cash

Analysis of net cash - October 2017 (unaudited)	April 2017 £m	Cash flow £m	Other non-cash changes £m	**October 2017 £m**
Cash and short term deposits	65.4	(36.7)	5.1	**33.8**
Cash and cash equivalents	**65.4**	**(36.7)**	**5.1**	**33.8**
Total net cash	**65.4**	**(36.7)**	**5.1**	**33.8**

Analysis of net cash - October 2016 (unaudited)	April 2016 £m	Cash flow £m	Other non-cash changes £m	October 2016 £m
Cash and short term deposits	100.7	(64.2)	3.9	**40.4**
Cash and cash equivalents	**100.7**	**(64.2)**	**3.9**	**40.4**
Total net cash	**100.7**	**(64.2)**	**3.9**	**40.4**

20. Principal risks and uncertainties

The principal risks and uncertainties were outlined in the 2017 Annual Report (pages 48-54). These remain unchanged. Following the announcement of the Group's revised Global Digital Brand strategy in September 2017, the Board are re-evaluating these risks and uncertainties to ensure that they continue to reflect the key factors that may limit the Group's ability to deliver its stated strategy and its financial and business objectives. The principal risks and uncertainties outlined in the 2017 Annual Report were as follows:

- The Group's business may suffer if it is unable to predict or respond to fashion and design trends in a timely manner. This risk may become more significant as womenswear grows as a proportion of Group revenues;
- Failure to achieve long term business growth as a result of the lack of an effective strategy, the failure to successfully implement the strategy, an inappropriate business model in key markets or the failure to deliver critical infrastructure projects;
- Failure to deliver on our growth aspirations in the Group's key future development markets;
- Loss of key colleagues or the inability to attract and retain talent or preserve the *Superdry* culture;
- Economic and financial conditions or external world events result in challenging trading conditions or economic instability;
- Failure to protect the well-being of our customers and the colleagues who work for us or in support of our business;
- Key infrastructure or IT systems may be unavailable due to operational problems or a major incident;
- Brand damage may occur due to distribution through inappropriate channels or the existence of counterfeit product;
- Failure to comply with legal and regulatory frameworks;
- Risk of cyber, system or information security breach;
- Risk of significant changes in currency exchange rates;
- The Group is reliant upon a global supply chain and logistics infrastructure to maximise availability of products, on time and to specified quality;
- Multi-channel revenue growth driven by attractive, functional and reliable websites, advantaged service position and effective marketing strategies is key to the ongoing development of the brand; and
- The Group sells goods internationally and trades in foreign currencies. Brexit is likely to have financial and operational implications as well an impact on the foreign currency markets.[1]

[1] This is a new risk that has been added in the period.

21. Financial risk management and financial instruments

The 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 condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 29 April 2017. There have been no changes in the risk management department or in any risk management policies since the year end.

Liquidity risk

Compared to the year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group’s assets and liabilities that are measured at fair value at 28 October 2017.

Unaudited	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	2017	2017	2017	2016	2016	2016
	£m	£m	£m	£m	£m	£m
ASSETS						
Financial assets	-	-		-	-	0.7
Derivative financial instruments						
- Forward foreign exchange contracts	-	-	-	-	15.3	-
- Option contracts	-	-	-	-	0.3	-
LIABILITIES						
Derivative financial instruments						
- Forward foreign exchange contracts	-	4.2	-	-	19.3	-
- Option contracts	-	16.4	-	-	7.2	-

There were no transfers between levels during the period.

The fair value of the following financial assets and liabilities is approximate to their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

Financial Assets at fair value through profit or loss

During the period the Group sold its entire interest in Anatwine Limited for £2.2m. The fair value of the asset was £2.2m (H1 FY17: £0.7m), therefore there was no net impact on the Group Statement of Comprehensive Income as a result of this sale.

22. Post balance sheet events

On 23 November 2017, *Superdry* signed an agreement to terminate the licence granted in 2009 to Portare B.V., the Group’s Netherlands licence partner. This is effective from 1 January 2018.

23. Alternative performance measures

Introduction
The Directors assess the performance of the Group using a variety of performance measures, some are IFRS, and some are adjusted and therefore termed 'non-GAAP' measures or "Alternative Performance Measures" ('APMs'). The rationale for using adjusted measures is explained below. The Directors principally discuss the Group's results on an 'underlying' basis. Results on an underlying basis are presented before exceptional and other items.

The APMs used in this Interim Report are: Global Brand revenue, like-for-like sales, underlying gross profit and margin, underlying operating profit and margin, underlying profit before income tax, underlying income tax expense, underlying effective tax rate, underlying earnings per share, and underlying operating cash flow. A reconciliation from these non-GAAP measures to the nearest measure prepared in accordance with IFRS is presented below. The APMs we use may not be directly comparable with similarly titled measures used by other companies. There have been no changes in definitions from the prior period. Global Brand revenue is a new measure in the period, further details are below.

Exceptional and other items
The Group's income statement and segmental analysis separately identify trading results before exceptional and other items. The Directors believe that presentation of the Group's results in this way is an alternative analysis of the Group's financial performance, as exceptional and other items are identified by virtue of their size, nature or incidence. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee and assists in providing a relevant analysis of the trading results of the Group. In determining whether events or transactions are treated as exceptional and other items, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

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

<u>Exceptional items</u>

- Acquisitions/disposals of significant businesses and investments
- Impact on deferred income tax assets/liabilities for changes in tax rates
- Business restructuring programmes
- Asset impairment charges

<u>Other items</u>

- The movement in the fair value of unrealised financial derivatives
- 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 26 weeks ended 28 October 2017:

<u>Fair value re-measurement of foreign exchange contracts – 1H18 and 1H17 item</u>
The fair value of unrealised financial derivatives is reviewed at the end of each reporting period and unrealised losses/gains are recognised in the Income statement.

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 dependant 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 historic 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 underlying profit before tax.

Founder Share Plan (‘FSP’) – IFRS 2 charge – new item in 1H18
While there are no cost or cash implications for the company, 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 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 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 16 for further details of the FSP.

Global Brand revenue
Global Brand revenue represents the equivalent value of Group revenue at the values paid by consumers. It is calculated by uplifting all revenues by applicable sales tax rates and uplifting revenues in our Wholesale division by a factor representing the applicable mark up from wholesale to consumer prices. In the opinion of the Directors, uplifting revenues in this way to show Global Brand revenue is useful to understand the growth of the brand, offering a consistent measure despite the variances that result from multiple routes to market.

A reconciliation from reported revenue to Global Brand revenue is set out below:

	1H18	1H17
	£m	£m
Reported revenue	**402.0**	**334.0**
Uplift to reflect values paid by consumers	354.3	270.1
Global Brand revenue	**756.3**	**604.1**

Like-for-like sales
In the opinion of the Directors, like-for-like sales are defined as sales from owned stores and concessions which have been opened and operated for more than one year and includes Ecommerce revenues. Foreign currency sales are translated at the average rate for the month in which they are made. The measure is used widely in the retail sector as an indicator of sales performance and it is used internally by management to review year-on-year performance.

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.

	1H18	1H17	FY17
	£m	£m	£m
Reported revenue	**402.0**	**334.0**	**752.0**
Gross profit	229.5	196.5	453.0
Exceptional and other items	nil	nil	nil

Underlying gross profit	**229.5**	**196.5**	**453.0**

	1H18	1H17	FY17
	£m	£m	£m
Gross margin	57.1%	58.8%	60.2%
Underlying gross margin	**57.1%**	**58.8%**	**60.2%**

Underlying operating profit and margin
In the opinion of the Directors, underlying operating profit and margin are measures which seek to reflect the underlying performance of the Group that will contribute to long-term sustainable profitable growth. The Directors' focus on the trends in underlying operating profit and margins, and it is a key internal management metric for assessing segmental performance. As such they exclude the impact of exceptional and other items.

A reconciliation from operating profit, the most directly comparable IFRS measure, to the underlying operating profit and margin, is set out below.

	1H18	1H17	FY17
	£m	£m	£m
Reported revenue	**402.0**	**334.0**	**752.0**
Operating profit	10.8	13.8	87.2
Exceptional and other items	16.2	8.3	2.2
Underlying operating profit	**27.0**	**22.1**	**89.4**

	1H18	1H17	FY17
	£m	£m	£m
Operating margin	2.7%	4.1%	11.6%
Underlying operating margin	**6.7%**	**6.6%**	**11.9%**

Underlying profit before income tax
In the opinion of the Directors, underlying profit before income 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 in the Group Annual Report FY17 for explanation of why this measure is used within incentive plans.

As such underlying profit before income tax excludes the impact of exceptional and other items.

A reconciliation from profit before income tax, the most directly comparable IFRS measures, to the underlying profit before income tax, is set out below.

	1H18	1H17	FY17
	£m	£m	£m
Profit before income tax	9.1	12.7	84.8
Exceptional and other items	16.2	8.3	2.2
Underlying profit before income tax	**25.3**	**21.0**	**87.0**

Underlying profit before income tax for core operations
In the opinion of the Directors, underlying profit before income tax for core operations is a useful measure to review the performance of the Group as it excludes those costs that will be non-recurring in the long-term. These

excluded costs are exceptional and other items, initial trading losses in development markets and distribution centre migration costs.

A reconciliation from profit before income tax, the most directly comparable IFRS measures, to profit before income tax for core operations, is set out below.

	1H18	1H17
	£m	£m
Profit before income tax	9.1	12.7
Exceptional and other items	16.2	8.3
Underlying profit before income tax	25.3	21.0
Initial trading losses in development markets	5.0	3.5
Distribution centre migration costs	0.5	1.7
Underlying profit before income tax for core operations	**30.8**	**26.2**

Underlying income tax expense and underlying effective tax rate
In the opinion of the Directors, underlying income tax expense is the total income tax charge for the Group excluding the tax impact of exceptional and other items. Correspondingly, the underlying effective tax rate is the underlying income tax expense divided by the underlying profit before income tax.

These measures are an indicator of the ongoing tax rate of the Group.

A reconciliation from income tax expense, the most directly comparable IFRS measures, to the underlying income tax expense, is set out below:

	1H18	1H17	FY17
	£m	£m	£m
Underlying profit before income tax	**25.3**	**21.0**	**87.0**
Income tax expense	(1.2)	(3.3)	(18.8)
Exceptional and other items – tax impact of items included in profit before tax	(3.1)	(1.7)	(0.4)
Exceptional and other items – impact on deferred income tax assets/liabilities for changes in tax rates	-	1.1	0.9
Underlying income tax expense	**(4.3)**	**(3.9)**	**(18.3)**
Underlying effective tax rate	**17.0%**	**18.6%**	**21.0%**

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:

	1H18	1H17	FY17
	£m	£m	£m
Underlying profit before income tax	25.3	21.0	87.0
Underlying income tax expense	(4.3)	(3.9)	(18.3)
Underlying profit after income tax	**21.0**	**17.1**	**68.7**
Profit after tax	**7.9**	**9.4**	**66.0**
Basic			
Earnings per share (pence)	9.7	11.5	81.2
Underlying basic earnings per share (pence)	**25.8**	**21.0**	**84.5**

	1H18	1H17	FY17
Diluted			
Earnings per share (pence)	9.6	11.5	80.7
Underlying diluted earnings per share (pence)	**25.6**	**20.9**	**84.0**
Weighted average number of shares - basis	**81,405,473**	81,275,275	81,303,378
Weighted average number of shares - diluted	**81,927,540**	81,715,755	81,751,539

Underlying operating cash flow
In the opinion of the Directors, underlying operating cash flow is one of the key performance indicators by which our financial performance is measured. Underlying operating cash flow is defined as the aggregate of cash generated by operations excluding the cash impact of exceptional and other items.

Underlying operating cash flow is primarily an overall operational performance measure. However, the Directors also believe it is an important indicator of our liquidity.

Underlying operating cash flow reflects the cash we generate from operations before investing and financing activities. Underlying operating cash flow therefore excludes cash flows that are determined at a corporate level independently of ongoing trading operations such as capital expenditure, dividends, share buybacks, acquisitions and disposals, financing costs, tax payments, dividends from associates and the repayment and raising of debt. Underlying operating cash flow is not a measure of the funds that are available for distribution to shareholders.

	1H18	1H17	FY17
	£m	£m	£m
Reported cash generated by operations	**19.4**	**1.4**	**82.0**
Exceptional and other items – cash items	nil	nil	nil
Underlying operating cash flow	**19.4**	**1.4**	**82.0**

Please note in 1H18, 1H17 and FY17, all exceptional and other items were non cash movements.

INDEPENDENT REVIEW REPORT TO SUPERDRY PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 28 October 2017 which comprises the condensed Group Statement of Comprehensive Income, the condensed Group balance sheet, the condensed Group Statement of Changes in Equity, the condensed Group cash flow statement and related notes 1 to 23. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 28 October 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Statutory Auditor
London, United Kingdom
9 January 2018